

# Launch of Comcare/ANAO Better Practice Guide

## **The Management of Occupational Stress in Commonwealth Agencies**

2 December 1997

Pat Barrett  
Auditor-General for Australia



## **INTRODUCTION**

It is a pleasure for me to be associated with the launch of the Better Practice Guide for the Management of Occupational Stress. The ANAO was involved with Comcare Australia in the preparation of the Guide. We fully support the issue of the Guide and the package of which it forms a part. It is a timely initiative.

Many changes have taken place in agency structure and management methods during the past decade or so. There are strong indications that the costs of occupational stress, in human and financial terms, have grown substantially in this period. As you know, it has been a period of significant public service reform and structural change. If anything, the pace of change would seem to be increasing. Consequently, managers need greater awareness of the causes and impacts of occupational stress in their workplaces. They also need information on how workplaces can be better organised, and work carried out, to reduce those impacts. I am confident this Guide will assist managers towards these ends.

The ANAO contribution to the Better Practice Guide was based on our experience with an audit of the management of occupational stress in four selected agencies during 1996-97. The relevant Audit Report (No.8) was tabled in the Parliament in October last. The report includes observations made during the audit of good practice in various agencies and elsewhere. These have been included in the Guide as they should find a wider application in Commonwealth employment.

Comcare has also made significant efforts in stress prevention and assisting agency management. I refer in particular to the completion of pilot stress prevention programs funded by the Safety, Rehabilitation and Compensation Commission (SRC). Information on the results of those programs is also included in the package released today.

The package demonstrates that lessons learned during ANAO audits can form the basis for useful guidance for an audience wider than the agencies directly involved in the audit. I welcomed the opportunity to have ANAO work with Comcare to develop the Guide. The previous Guide covering '*Workers' Compensation Case Management*', was indicative of the opportunity for both agencies to cooperate in such initiatives.

## **THE COST OF OCCUPATIONAL STRESS**

The estimated cost of occupational stress to the Commonwealth workers' compensation system is currently around \$35 million per annum. Stress

# DRAFT

accounts for around 18 per cent of compensation expenditure and around 5 per cent of compensation cases accepted. Stress is the third highest cost category of illness, after back injuries and strains. The average cost of each stress compensation case, at \$23,000, is just under three times the average cost of a non-stress case.

There are, of course, additional costs other than those to the workers' compensation system. Stress adversely affects the working and personal lives of employees and many of these costs are incalculable. Even where no compensation case arises, stress can bring about unplanned staff absences and workplace disruption as well as imposing direct costs on agencies. What these various costs add up to is an overwhelming case for effective preventative policies and practices.

## INFORMATION FOR RISK MANAGEMENT

It is axiomatic that agency managers need sufficient information to determine appropriate risk management approaches. Statistics on the overall costs of stress are of general interest in assessing the direction and extent of the problem, but may be of minimal direct assistance to most workplace managers. However, the level of such costs does affect employing agencies directly through their workers' compensation premium costs. Controlling these costs depends, in part, on effective occupational health and safety programs in agencies. Preventing occupational stress should be an important part of these programs, as I have indicated. This should be an element of good corporate governance and addressed in that context at least from a strategic viewpoint.

The agency premium costs impact resources available to perform an agency's work and deliver its programs. Managers have to be aware of the possible effects of stress in their workplaces and on the delivery of their programs, in terms of its financial impact but more importantly of its effect on agency employees. And the latter applies not only to those directly affected but also to those associated with them. This flow-on effect has only been recognised by many managers in recent years. There is still a learning process about how best to deal with this human reaction without simply isolating the person concerned.

Occupational stress is a business risk. It is one which, according to research, has much to do with conditions in the workplace. Basically we are talking about the organisational environment of which there should be common 'ownership' and a 'culture' that recognises individual worth.

Agency managers are responsible for the conditions in workplaces, including those which constitute risk factors for occupational stress. These relate to elements such as the nature, diversity and volume of work an employee is

# DRAFT

asked to perform, the relationship of the work to employee training and skills (competencies), organisational features such as structure and management style, and employee perceptions of fairness in treatment and reasonableness of work outcomes expected. They obviously also include such factors as the physical work environment.

As with other business risks, managers need to assess the level of the risk of occupational stress in order to actively manage it. Identifying and assessing risks and associated exposures require a sound information base that both aids understanding and facilitates decision-making.

One of the significant findings of the ANAO audit was that managers could make more effective use of current sources of information on stress, and other workplace injuries. For instance, we found that some agencies made little use of the extensive statistical services that Comcare can provide for agency clients. Important simple information such as the numbers and locations of cases was not always reported. In a number of cases, the reports were directed to areas in a large organisation which were not directly concerned with occupational health and safety (OH&S) or with the responsibility or capacity to advise managers of the need for corrective action. The problem is how easily this situation can be redressed and any corrective action taken.

Comcare also provides opportunities for organisations to nominate a suitable base for the collection of compensation statistics by an area of an Agency, for example a branch. Again, this potentially useful source of information could have been more effectively used in a number of agencies. In its report on the audit, the ANAO highlighted the potential for wider use of Comcare information for analysis to understand the importance of factors such as the location and impact of stress on an organisation.

Such knowledge is vital if agencies are to target prevention programs effectively. Understanding the likely impact of decisions also enables agencies to take potential stress effects into consideration as part of implementing changes in their structures and programs. This has often been overlooked by managers, particularly in the planning stages. Yet for most programs it is, ironically, the most apparent problem with the often frenetic activity and pressures involved in the program implementation stage.

The Guide includes information about the range of Comcare's statistical services and how they can be used to manage stress and other occupational illnesses and injuries. I note also that Comcare is currently revamping the methods by which its customer reports can be provided, including the use of the Internet as a source of customer information. When implemented, this approach can bring about more direct and timely awareness by program managers of the impacts and costs arising from compensation related illnesses.

# DRAFT

Portfolio agencies should consider whether the Comcare initiatives could be made more useful if accompanied by the introduction of a reporting framework that would result in direct reporting to relevant managers of cost and impact information in respect of smaller agency groups under their direct control. The potential for such wider reporting can be realised if agencies take action in conjunction with Comcare to introduce appropriate shared systems for providing and accessing information related to specific areas. I know this is not a simple solution but such systems are at least technically available.

The Guide also refers to areas where individual agencies can take action to establish information sources on potential stress situations through their own information systems. A case in point is the occurrence of unplanned leave, considered to represent a leading indicator for the occurrence of rising occupational stress cases. Some agencies have in place effective systems for monitoring such absences which are well worth considering. Other ways in which agencies can use internal personnel information to help highlight emerging difficulties are fully discussed in the Guide.

## **STRATEGIES TO CONTROL OCCUPATIONAL STRESS**

The Guide also provides suggestions for agency strategies to manage the risk of stress. These draw heavily on the Safety, Rehabilitation and Compensation Commission's (SRC) Risk Management Model, released to Commonwealth agencies during 1996.

The ANAO found, as part of its audit, that the Model provides a useful framework within which agency managers can plan and target occupational health and safety programs, including stress prevention and management. The Model focuses in particular on the need to provide individual workers and work groups with information about OH&S, to keep that knowledge and information current and to engage 'natural' working groups in the process of identifying matters of concern and designing ways to change work practices to address them.

The ANAO found during the audit that a genuine commitment to these steps was an essential prerequisite to the development of effective strategies to deal with stress. Their adoption encouraged an attitude or culture in which OH&S became the concern of all employees. There were indications that this resulted in a greater appreciation of the importance of OH&S and resulted in a lower level of impact of stress related illness. The principles set out in the Guide further reinforce these points. More experience is needed to establish casual relationships but at least the Model has raised awareness which is a good start.

# DRAFT

We noted that stress prevention and management strategies cover a wide area of possible activities by agencies, ranging from increased awareness of the costs of compensation through to the devolution of premium costs to line managers and finally to ways of improving communications between corporate planners, immediate managers and the employees affected.

A strategy that has proved effective in some areas of employment is where line management is brought more closely into the process of dealing with an affected employee who initiates, or appears likely to initiate, a compensation claim for stress. The aim is to have management at the workplace level involved in consideration at the earliest possible time of the need for a rehabilitation and return to work program for the affected employee.

Having been confronted with a stress situation, the imperative is to manage it pro-actively and sensitively but also firmly and fairly. Some managers virtually try to ignore the situation, and even the person involved, mainly because they do not know how to deal with the problem. This is simply not good enough. We have to develop an environment that is supportive for all involved.

## **ASSISTANCE FROM COMCARE**

No doubt you will hear from Meryl Stanton about the range of services that Comcare can provide. However, I should acknowledge that our audit report showed Comcare has been very active in conducting research and pilot programs aimed at providing agency managers with detailed information on strategies and programs that are effective in reducing or controlling the impact of stress on their organisations. This information also forms part of today's launch. As well, we commented on Comcare's significant, and welcome, steps to improve the handling of stress claims including the development of specialist resources in its Stress Claims Management Centre.

It is important for agencies to realise that, in controlling and managing the cost and impact of stress, it makes good sense to establish a real partnership with Comcare. Agencies must develop and introduce appropriate strategies and, in this process, take advantage of the results of Comcare's research and development work on those elements that will provide effective results. Similarly, Comcare in exercising its claims management function can do so more effectively if its procedures fully engage those elements, such as return to work programs, that are under the management of client agencies. Mutual support is essential. The Guide emphasises these separate but complementary roles and clearly outlines the type of support for which client agencies can call on Comcare.

## **CONCLUDING REMARKS**

# DRAFT

I am very pleased that ANAO recommendations have been given further mileage in the Guide. They reflected the combined experience and contribution of a number of agencies which I have no doubt are of interest to other agency and entity managers. I again commend Comcare for their initiative and thank Meryl for the opportunity to contribute. I can certainly commend the Guide particularly to line managers responsible for their workplaces and programs. I am sure it will prove a useful and practical addition to the manager's toolkit in helping to deal appropriately with a growing, often misunderstood, phenomenon in a period of considerable public sector change.