
Australian Local Government

Workers' Compensation and Work Health and Safety

Across all sectors and geographies, people risk is a key concern of most organisations, and local councils are no different. Aon's 2016 Risk Report for Australian Local Government revealed that surveyed councils ranked Human Resources their 6th highest risk, up two places from 2015 which indicates it may be a growing concern.

For assurance and to achieve best practice in people risk management, councils have the opportunity to improve performance through the optimisation and increased cost effectiveness of workers' compensation and work health and safety practices. This can be achieved by seeking independent evaluations and recommendations.

Workers' Compensation

Aon's observation of the Australian workers' compensation market is that it is subject to regular policy and pricing changes. The jurisdictions in which councils operate also pose threats and opportunities to governance frameworks and overall premiums payable.

As a consequence, we can assist councils to reduce the cost of workers' compensation significantly with the correct strategies, policy structure, carrier alignment, and claims and injury management practices. To do this, we understand that councils need to:

- Access independent expert advice and resources
- Minimise the financial impact of this statutory / compulsory insurance
- Review current Scheme and Insurance arrangements against alternatives
- Enhance the in-house liability management practices and reduce 'on-costs'

Aon's People Risk team provides this assistance to councils through the following solutions:

Aon's solution	Value to Council
Benchmarking performance	Understand current and historical premium performance in comparison to the industry.
Management review	Due diligence review on whether council's current systems, processes and protocols associated with claims administration, claims management, injury management and stakeholder interface meet the prescriptive state based legislation.
Bespoke consulting	Drive sustainable cost savings with expert, independent assistance.
Self-insurance	Review current self-insurance arrangements to reduce costs and liabilities with alternative or refined models.
Alternative premium calculation methodology	Obtain cost savings through alternative premium models.
Policy and procedures document review	Ensure 'best practice' and compliance with relevant legislation.
Executive reporting	Regular executive and financial insight on performance.
Pricing and placement of policies	Obtain most financially competitive terms and relieve administrative burden in WA, TAS, NT and ACT.
Workplace industry classification audit	Ensure compliance with legislation and discover opportunities for retrospective premium savings.

Work Health and Safety

From January 2012 the harmonised Work Health and Safety (WHS) legislation became operational for all states except for Victoria and Western Australia (who are operating under existing state Occupational Health and Safety (OHS) legalisation). These new laws have led to greater exposure for Directors / Officers, including large fines and jail terms for serious breaches, and the need for councils to optimise their protection frameworks.

Aon assists councils in their WHS risk management practices by mitigating operational and financial exposures with the following solutions.

Local Government WHS risk management practices	Aon's solution	Value to Council
Optimising protection frameworks for Directors, Officers and workers	Due diligence (Audit, risk profiling, gap analysis and recommendations)	Understand level of legislative compliance and Officer Protection
	WHS Liability Policy	Director / Officer protection
Validating or redesigning strategy, plan and improvement initiatives	Strategy and systems design	Optimal performance and strategy
Independent assessments of performance	Safety culture enhancement	Optimal structure and resourcing
Identifying, assessing and controlling statutory risks	Professional advice & mentoring for in-house practitioners	Innovative enhancement of workplace prevention and wellness initiatives



We commissioned Aon to provide a review of the effectiveness of our workers' compensation and return to work processes. It was invaluable to have an independent perspective, and while we were thrilled to learn that our overall performance was strong, the team was also able to identify a number of opportunities for us to build on our current processes in order to reach leading practice. We now have a clear action plan, and as CEO, I have the confidence that we are doing everything possible to effectively manage this important area of risk and liability exposure.



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