

Workplace wellness in Australia

Aligning action with aims: Optimising the benefits of workplace wellness

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Foreword

About this report

Workplace wellness has been a focus of governments and employers internationally for a number of years. Approximately one-third of adult life is spent at work^{1,2}. Employment is a key social determinant of health and the World Health Organization recognises the workplace as a key avenue for health promotion^{3,4}.

A 2007 PricewaterhouseCoopers report titled *Working Towards Wellness: Accelerating the prevention of chronic disease*, written in conjunction with the World Economic Forum⁵, highlighted the fact that chronic disease is the main cause of death and disability worldwide and called on business leaders to help fight the spread of chronic disease in the workplace.

This report is focused on the current state of workplace wellness in Australia and the ways in which approaches to workplace wellness can be optimised. Commissioned by Medibank Health Solutions through its subsidiary Fitness2live, the report describes the evolution of workplace wellness in Australia from the employer's perspective and discusses the issues and enablers for growth and sustainability.

Work is good for you

Being employed in a fulfilling job can have psychological benefits, flowing on to physical benefits. Conversely, unemployment, under-employment and stressful working conditions can have adverse impacts on a person's health⁶. The cost of absenteeism in Australia is estimated at \$7 billion each year, while the cost of presenteeism (not fully functioning at work because of medical conditions) is nearly four times more, estimated at almost \$26 billion in 2005–06⁷.

Prevention activities are most effective when they are multi-dimensional; workplace wellness is but one component in combating the rise in chronic disease. Nevertheless, the workplace can affect the physical, mental, economic and social wellbeing of workers and therefore offers opportunities to improve employee health. A healthier workplace can lead to improved productivity outcomes for employers.

Health system payer, employer and individual aims are converging

Progress in the adoption of workplace wellness in Australia has lagged behind other countries where medical costs are more directly the responsibility of employers. Nevertheless, this study finds a convergence of aims regarding wellness between the 'payers' of health care costs (i.e. government and private health insurers), employers and the individual. This convergence creates a new opportunity for the workplace to contribute to the wellness of the nation.

The challenge is to seize this opportunity. This report examines barriers and facilitators to accelerating workplace wellness in Australia and gives specific examples of Australian employers that are championing workplace wellness.



Good health
is good business.



Dame Carol Black

Mobilising the evidence

The evidence to support the findings in this report has been provided by a review of the available literature, interviews with a range of employers, employer groups and policy leaders, and an analysis of health, wellness, demographic and spending trends within Australia.

A full list of employers interviewed for this study is provided on page 28.

Key findings: aligning actions with aims

The report is structured as follows:

1. The imperative for workplace wellness in Australia

The cost to individuals, employers and the health system of chronic disease and the ageing population is creating an imperative for action. In order to change the trajectory of chronic disease, health risk factors must be addressed as a matter of priority; the current imbalance in resources for the treatment of chronic diseases versus their prevention is no longer sustainable.

2. The converging aims of employers, health system payers and individuals

A cultural shift is gradually occurring in Australia. Employers, health system payers and individuals are now seeing the benefit of the workplace as a setting for optimising physical, psychological and social health.

3. Lessons learned from wellness implementation

While the 'Gold Standards' framework can be found in Australian companies, its use is not systematic and widespread. Demonstrating a return on investment for workplace wellness programs will require adequate resourcing, robust measures and holistic service offerings.

4. A call to action: make wellness 'business as usual'

Although the imperative for supporting workplace health is clear, the benefits are harder to quantify for employers. A suite of collaborative and interdependent actions are therefore required to enable effective workplace wellness. Ultimately, the sustainability of workplace wellness programs at an organisational level will depend on demonstrating a return on investment.



The stars are aligning... This is a new frontier to be exploited for all the right reasons.



Prof. Rob Moodie,
Nossal Institute for Global Health,
University of Melbourne

Each stakeholder – employers, government, wellness program providers and individuals – must take action. Together these actions will act as a virtuous cycle to accelerate change and achieve benefits for the individual, employers and the health system.

A call to action: making wellness ‘business as usual’

Develop the strategy and business case for workplace wellness

- **Employers** must be able to clearly articulate the objectives for wellness and how success will be measured to gain the Board level buy-in and the resources required for effective implementation. The success of these programs will then depend on demonstrating ongoing return on investment; key enablers of which will be incentives and effective measurement.

Incentivise innovation and embed a wellness culture

- In order to reduce the burden of disease on the public health system and make wellness programs affordable for employers, **governments** need to implement a range of appropriate incentives to encourage 1) employers to implement targeted and innovative workplace wellness programs; and 2) drive individual uptake.

Standardise indicators and measure the benefits

- **Governments, employers and service providers** must work together to establish consistent, evidence-based quality standards and relevant KPIs which measure the benefits of the wellness offerings

Consolidate and coordinate wellness service offerings

- **Wellness service providers** need to give best value to employers by offering evidence-based, integrated programs across multiple modes of delivery. One way to achieve this is by consolidating service offerings and optimising economies of scale (versus uncoordinated services delivered by multiple vendors, with limited consistency or integration).

Share knowledge and insights of best practice wellness

- **Governments and peak bodies** can act as a conduit for collaboration to share best practice and generate enthusiasm for workplace wellness. There is a collective responsibility of stakeholders to identify ‘what works’ – to support building a robust and sustainable business case for workplace wellness. This is especially true for small and medium organisations that need practical, low-cost support.

Take responsibility for personal wellness

- **Individuals** need to engage in their health and look for opportunities at work and in the community to support improved health status. It is the role of governments and employers to provide the right environment and support to do this.

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The imperative for workplace
wellness in Australia

01

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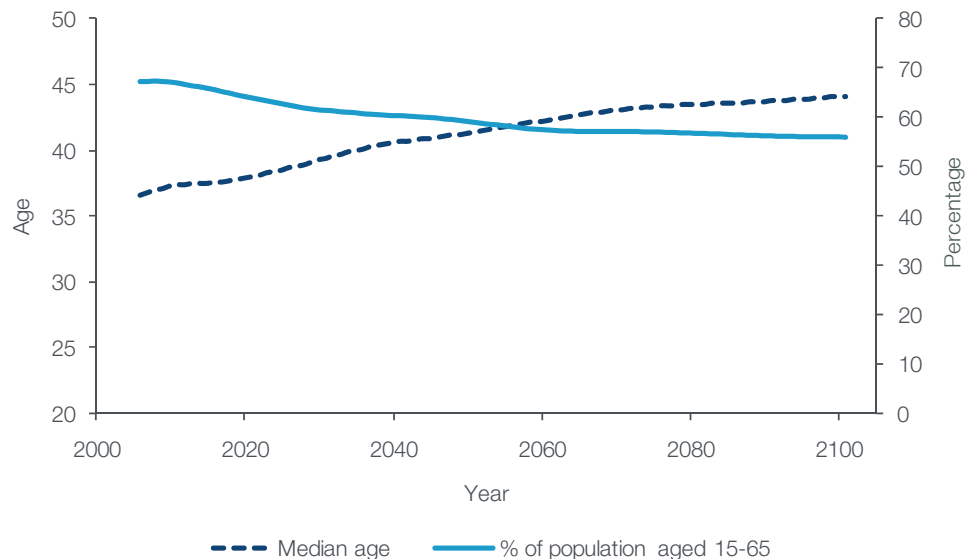
The imperative for workplace wellness in Australia

The cost to society of chronic disease and the ageing population is creating an imperative for action. In order to change the trajectory of chronic disease, health risk factors must be addressed as a matter of priority; the current imbalance in resources for the treatment of chronic diseases versus their prevention is no longer sustainable.

The ageing of the baby boomer generation and the rising prevalence of chronic disease are putting great pressure on both the health system and employers in Australia.

While long life may be a sign of good health, the growth in Australia's ageing population over the next 30 years and the ageing workforce will affect the country's ability to be economically sustainable as health costs soar — in 2007–08, health expenditure represented 9.1 per cent of GDP⁸ — and the dependency ratio increases⁹ (see Figure 1 below).

Figure 1: Projected trends in population ageing

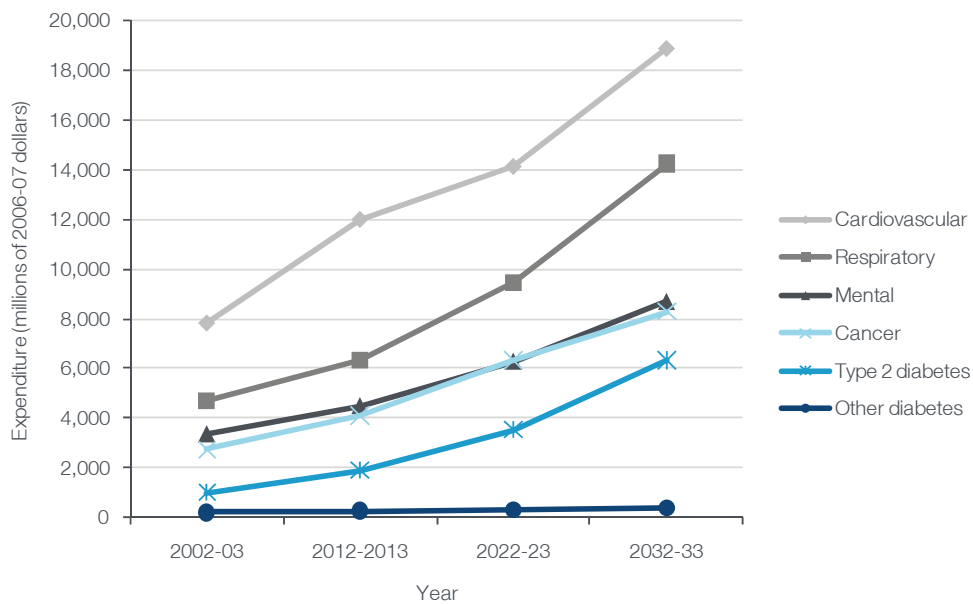


Source: ABS, Population Projections Australia 2006–2101

At the same time, there is a growing prevalence of chronic disease in Australia as a consequence of both ageing and lifestyle changes, with increased risk behaviours such as poor diet, alcohol consumption and physical inactivity. According to the 2008 National Health Survey, chronic disease represents more than 80 per cent of the burden of disease and injury in Australia¹⁰, which is a major human cost. For example, chronic disease is the leading cause of disability in the community¹¹.

Figure 2 illustrates the projected increases in Australian health care expenditure over the next two decades. Costs associated with key chronic diseases, such as cardiovascular disease, show a steep increase over time.

Figure 2: Projection of Australian health care expenditure by disease, 2003 to 2033

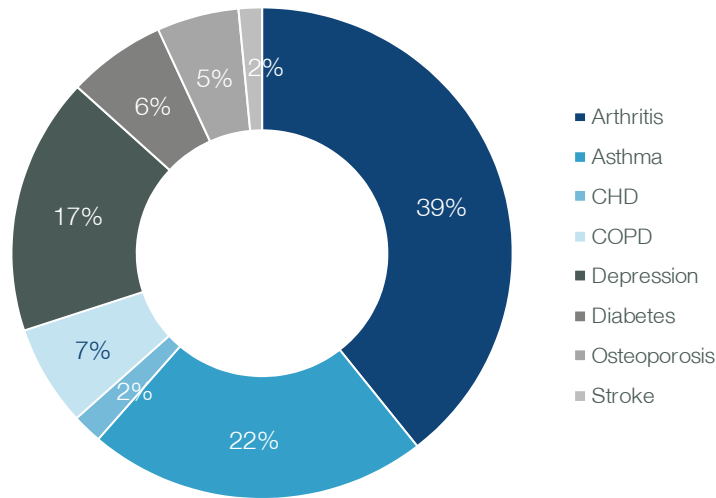


Source: Goss, J. (2008). Projection of Australian healthcare expenditure by disease, 2003 to 2033. Cat. no. HWE 43. Canberra: AIHW.

Chronic disease is a substantial burden for Australian employers

Based on results from the 2004–05 National Health Survey, approximately 33 per cent of working-age Australians between 25 and 64 years old (approximately 3.4 million people) reported having at least one of eight selected chronic diseases – arthritis, asthma, coronary heart disease (CHD), chronic obstructive pulmonary disease (COPD), depression, diabetes, osteoporosis or cerebrovascular disease¹².

Figure 3: Prevalence of chronic disease by type in working-age Australians (25-64)



Source: AIHW, Risk Factors and Participation in Work, 2010

The AIHW 2010 Risk Factors and Participation in Work report found that 96 per cent of working-age Australians had at least one chronic disease risk factor and 72 per cent of working-age Australians had multiple risk factors. The risk factors associated with chronic disease are summarised in Table 1.

Table 1: Summary of chronic diseases and associated risk factors

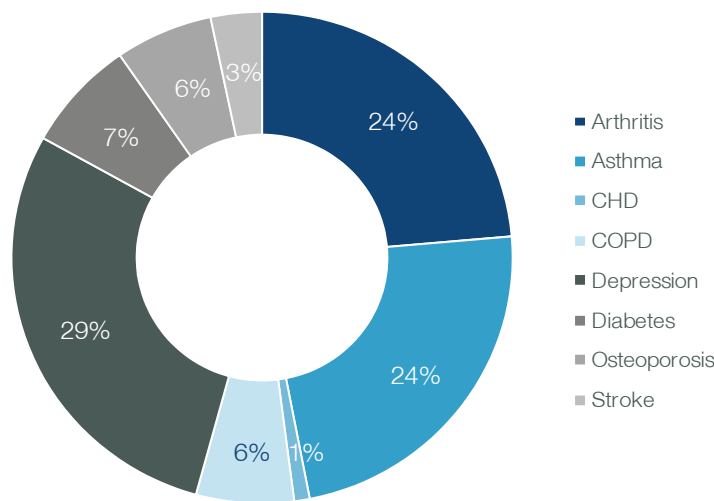
Chronic disease	Modifiable risk factors					Intermediate risk factors			
	Smoking	Physical inactivity	Diet	Stress	Alcohol	High blood pressure	Raised blood levels	High glucose levels	Cholesterol, obesity
Chronic heart disease, stroke	●	●	●	●	●	●	●	●	●
Cancer	●		●		●				●
Diabetes		●	●			●	●	●	●
Respiratory disease	●								●

Source: PricewaterhouseCoopers Health Research Institute analysis, 2007

The risk factors that lead to chronic disease are cumulative, as are the associated healthcare costs¹³, which is a major issue for health system payers (i.e. government and private health insurers). In Australia, the impact is clearly evident through rapidly rising hospital, primary care and aged care expenditure¹⁴.

Australian employers bear many of the indirect costs associated with chronic disease and ill health. For example, the estimated cost of absenteeism to the Australian economy is \$7 billion¹⁵ each year, with the cost of presenteeism (not fully functioning at work because of medical conditions) being nearly four times more at almost \$26 billion in 2005–06¹⁶. Figure 4 illustrates the loss through absenteeism associated with different chronic diseases.

Figure 4: Loss through absenteeism associated with the presence of chronic disease as a percentage of total person-years in Australia, 2004-05



Source: AIHW, *Chronic Disease and Participation in Work, 2010*

An increasingly important objective for business therefore is to try and optimise the health and health-related behaviours of its workforce in the work environment (i.e. 'workplace wellness') to minimise the impact of these issues.

Workplace wellness directly impacts Australia's global competitiveness

Over the past 20 years or so and as a consequence of globalisation, technological advancement and the freeing up of labour markets, the world of work has undergone sweeping change, albeit at a slower pace than other periods in recent history^{17,18}. The impact of these developments on the work environment includes:

- Changing employment relationships, which are characterised by an increasing proportion of workers employed in less secure but more flexible forms of employment¹⁹. In Australia, part-time employment increased by 40 per cent in the last decade (i.e. between January 2000 and January 2010)²⁰.
- Longer business operating hours, and an associated increased demand by employers for non-standard work arrangements to cover irregular work hours, as well as allowing for increased staff flexibility to adjust for production or service demands²¹.
- Intensifying organisational demands as a result of the increased pace and intensity of work due in part to advances in information and communication technologies. Work is characterised by elevated psychosocial workloads, with many employees facing mental and emotional demands rather than physical demands within the workplace²².

Conflict arising from work spilling into family life is also having an adverse impact on worker health. Conflicts between work and family have been associated with sickness leave and poor physical and mental health in workers^{23,24}.

While the psychosocial hazards of work are growing, the working environment is becoming less physically active due to the transition from manufacturing to service economies, technological advances and workflow improvements, with approximately 67.3 per cent of the day being spent in sedentary activity²⁵. The economic cost of physical inactivity, in terms of lost productivity, was estimated at \$9.3 billion in 2008²⁶.

The global financial crisis was also raised in consultations with employers as a contributing factor to the declining mental health of Australians, as employees and employers face greater job uncertainty. Job insecurity has been argued to be equally as dangerous for health as unemployment²⁷. The detrimental effects of perceived job insecurity include injury, sickness absence, poor sleep, psychological distress and poor self-reported health²⁸. The threat of downsizing has been associated with sickness absence, musculoskeletal pain and injury^{29,30,31}.

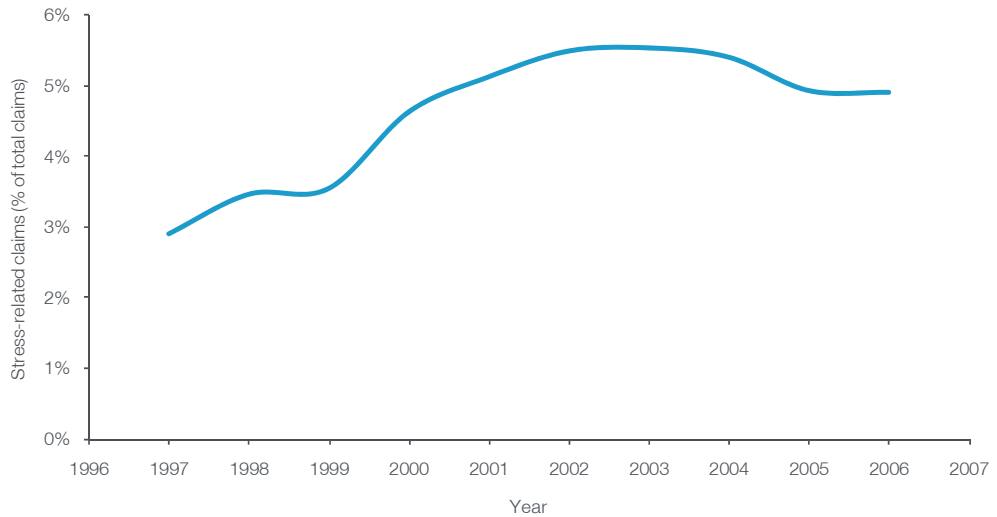
Australia's workers compensation environment is a potentially unique point of leverage for encouraging improved wellness

Wellness directly and indirectly impacts injury. Risk factors such as obesity³² and alcohol consumption³³ are associated with increased workplace injury, which strengthens the wellness business case. The presence of chronic conditions also complicates and slows rehabilitation and recovery from injury³⁴, which has substantial workers compensation cost implications: ongoing benefit payments, medical costs and less chance of achieving durable return to work.

The role that mental health plays in the incidence and presentation of other forms of injury is more complex. Not only does a person's mental state affect their physical capacity to act in a safe way (e.g. inattentiveness, impaired cognitive ability), it also affects their perception of risk (e.g. drink-driving, violent or erratic behaviour)³⁵. Furthermore, this relationship between mental health and injury is bi-directional, such that injury can influence an individual's mental health.

A high level of workplace stress is a costly burden for employers (both directly and indirectly) in terms of reported increased accident rates, lost time, absenteeism, lower productivity and effectiveness and increased insurance premiums³⁶. Furthermore, there is evidence that the incidence of workplace stress is growing (see Figure 5) and the cost of these claims is considerably higher than the average claim – up to twice as expensive^{37,38}.

Figure 5: Stress-related claims



Source: Safe Work Australia (NOSI), Occupational Health and Safety Statistics report

The changing work environment is a corollary of globalisation and technological advancement. Increasing stress-related claim numbers and associated costs is illustrating the impact of this changing environment on employers and highlighting the link to such risk factors as obesity and workplace stress.

Given the importance of work on physical and mental health, and the consequences in terms of compensation claims, there is a common interest in managing the cost of workers compensation claims.

Wellness varies by nature of the work and industry

Given the known impact of the social and economic determinants of health³⁹, significant variation is also observed in the health behaviours of professionals (i.e. generally higher qualified white collar workers) compared to non-professionals (i.e. blue collar workers, including clerical and administrative occupations). For example, the 2007 Victorian Population Health Survey⁴⁰ revealed that, overall, non-professionals tend to exhibit poorer health behaviours and experience greater risk factors than both professionals and the general Victorian population.

- A greater percentage of non-professionals who were risky or high-risk drinkers (52.2 per cent) had a short-term risk of harm compared to professional workers (47.7 per cent).
- 24.6 per cent of non-professionals were current smokers, which was higher than the estimate for professionals (13.5 per cent) and Victoria as a whole (19.9 per cent).
- Approximately 40 per cent of non-professionals consumed the recommended daily intake of fruit, which was lower than that of professionals (50.1 per cent) and also lower than the estimate for Victoria (45.7 per cent).
- A lower percentage of non-professionals (42.7 per cent) reported excellent or very good health compared to professionals (53.9 per cent).
- Approximately 27 per cent of non-professionals reported moderate levels of psychological distress, compared with 20 per cent of professionals.

Many countries are doing a better job of implementing prevention programs

Both the US and the UK have recently placed renewed emphasis and funding on wellness promotion.

The US federal government has recently announced a major investment of US\$15 billion in health and wellness promotion, as part of the Health Reform Act. This represents significant progress for the US in government-led prevention programs. Historically, workplace wellness programs have been driven by US employers for whom managing healthcare costs is a key concern, given health insurance is commonly provided as an employment benefit and therefore rising premiums have a direct impact on employers' bottom lines.

In the UK, Dame Carol Black's 2008 review⁴¹ of the health of Britain's working-age population was the vehicle for acknowledging the key links between work and health and getting both employers and government involved. The review revealed the costs of illness among the UK's working-age population, which amounted to more than £100 billion per year. About 172 million working days were lost to sickness absence, costing over £13 billion, while presenteeism cost approximately £15 billion per year. The review also found:

- No national standards for wellness services.
- Employers were generally unaware of the business case for investing in wellness.
- There were often no policies regarding mental illness and return to work.
- The behaviour of management was crucial but training was limited.
- Accessible and affordable sources of support and advice were rarely available for small and medium enterprises.

Action is now in place to address all of the recommendations specified in Dame Carol Black's report. For example, the National Institute for Health and Clinical Excellence has developed guidance for use by employers, in order to promote mental wellbeing in the workplace⁴².

All of the findings highlighted above are relevant to the Australian experience and need to be addressed.

The cost of inaction to Australia is clear

The financial and human cost of inaction is clear, and the appropriate targeting of resources to wellness is critical. The current challenges facing Australia point to the need to move towards a nationwide approach that is able to manage the growing burden of chronic disease, given the changing demographics and consequent health trends. This will require a proactive and supportive approach that encourages prevention, early detection and ongoing management.

Traditionally, health policy and funding in Australia has concentrated on paying for the treatment of illness, not on its prevention. For example, payments to GPs and specialists, hospitals, allied health, community care and aged care was approximately \$65 billion of recurrent health expenditure in 2007–08, while spending on public health was about \$2.2 billion (2.3 per cent of total recurrent health expenditure)⁴³, which is low by international standards⁴⁴. While this focus on the present is understandable, consistent commitment to supporting evidence-based preventative measures for the longer term is a neglected imperative.

As health system payers (i.e. government and private health insurers) and employers realise this imperative can no longer be neglected, they are taking stock and initiating change.

The converging aims of employers,
health system payers and individuals

02

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The converging aims of employers, health system payers and individuals

A cultural shift is gradually occurring in Australia. Employers, health system payers and individuals are increasingly seeing the benefit of the workplace as a setting for optimising physical, psychological and social health.

This cultural shift has occurred with the realisation that managing the growth in chronic disease, coupled with the impact of ageing, will require proactive prevention – with benefits accruing to individuals, employers and health system payers (government and private health insurers).

Figure 6: Converging aims



Health system payers are starting to take action

Both governments and private health insurers have begun offering programs targeting modifiable lifestyle risk factors and chronic disease.

Government-funded workplace wellness initiatives

To try and combat the predicted “tsunami of chronic disease”⁴⁵ threatening the Australian population, government has shifted some of its attention to preventative health policy and programs, focusing in part on the working-age population. For example, the Healthy Workers Initiative⁴⁶ is being implemented under the National Partnership Agreement on Preventative Health and is specifically targeting the working population.

The initiative focuses on the prevention of lifestyle-related chronic disease by addressing modifiable lifestyle risk factors: smoking, poor nutrition, physical inactivity and hazardous and harmful alcohol consumption.

The Healthy Workers Initiative

Implementation of the initiative will occur at the state and territory government level for four years from 2011, with \$289.4 million provided to the relevant jurisdictions.

The initiative incorporates a range of incentives for employers to encourage participation and for the jurisdictions themselves if the targets are met. Small and medium-sized businesses are a particular focus of the initiative and expected outcomes and performance benchmarks include:

- By 2013, maintain the increase in adults at an unhealthy weight at less than 5 per cent from baseline for each state, and by 2015 return the proportion of adults at a healthy weight to baseline.
- Increase the mean number of daily serves of fruit and vegetables consumed by adults by at least 0.2 and 0.5, respectively.
- By 2013, an increase of 5 per cent in baseline for the proportion of adults participating in at least 30 minutes of moderate physical activity on five or more days of the week; and 15 per cent from baseline by 2015.
- Decrease the proportion of adults smoking daily, commensurate with 2 percentage point reduction in smoking from the 2007 national baseline by 2011; and 3.5 percentage point reduction from the 2007 national baseline by 2013.

At a state level, the Victorian WorkHealth Initiative, announced in 2008 and funded at \$218 million over five years, is the most advanced initiative of its kind as summarised below.

The Victorian WorkHealth Initiative

The aim of the WorkHealth Initiative is to identify workers at risk of chronic disease and apply preventative measures to reduce their risk.

The key features of the initiative are⁴⁷:

- WorkHealth checks – workers receive a free and confidential health check, increasing awareness of their risk of heart disease and Type 2 Diabetes. (The healthcare costs of Type 2 Diabetes have been projected to increase by \$5.6 billion between 2002–03 and 2032–33⁴⁸).
- Workplace programs – provide information, tools and resources to support businesses to develop effective workplace health promotion programs, as well as improve access to existing programs.
- Workplace health promotion grants – employers that have offered health checks to the majority of their workers in the past two years can access a grant to expand existing workplace activities.

More than 200,000 workers from across Victoria have received WorkHealth checks⁴⁹.

The implementation of the WorkHealth initiative is being funded and managed by WorkSafe Victoria, the Victorian workers compensation authority. Importantly, the initiative is targeting the relationship between chronic disease and workplace injury, using the workplace as a setting to educate workers about their health and empower employers to value worker health as a key to successful business.

Private health insurers are attempting to manage utilisation and costs by offering wellness programs to members

Wellness programs are becoming an increasingly important component of the health insurance market as private health insurers strive to reduce utilisation of health services, reduce claims costs and enhance the sustainability of their industry. In the longer term view, private health insurers have similar motivations to the public sector – to reduce the rate of avoidable admissions for members with chronic conditions and improve the ability of members to manage their own health.

A number of private health insurers have recently acquired health management providers or signed substantial service provision contracts to facilitate these aims (see Table 2):

Table 2: Private health insurers and health management providers

Private health insurer	Health management provider
Bupa	Health Dialog (global)
HCF	Healthways (HCF has contracted Healthways Australia to provide its health management programs)
Medibank Private	McKesson Asia-Pacific / Fitness2live Total Health (division of Australian Health Management) Health Services Australia (including Health for Industry, Work Solutions and the Travel Doctor-TMVC)

Employers are expanding their workplace wellness initiatives

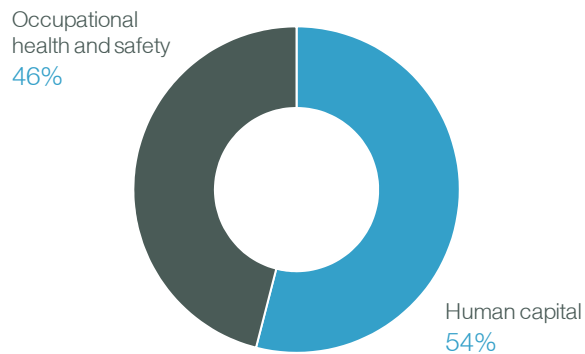
The employers interviewed for this report want a healthy, motivated, talented and mentally resilient workforce that can lead long and productive lives. While ageing and the growth in chronic disease have played a part in this view, it is the combined impact of a rapidly changing work environment, a shrinking talent pool and (to a lesser extent) the global financial crisis that have provided further impetus to this issue in recent times.

Two approaches exemplify how employers are driving workplace wellness programs

- Occupational health and safety:** primarily focuses on protecting the safety, health and welfare of people engaged in work or employment. While it has traditionally been focused on minimising the risk of physical hazards to health and safety in a workplace, this is changing to incorporate broader psychosocial considerations and hence wellness.
- Human capital:** drivers include talent attraction, retention and ideas of broader corporate social responsibility. This approach also seeks to improve productivity and reduce workforce absenteeism.

A slight majority of employers interviewed reported that their wellness program primarily evolved from a human capital perspective (54 per cent), while 46 per cent of employers cited occupational health and safety as the primary driver.

Figure 7: Primary driver of wellness programs among interviewed employers



Workplace wellness programs are putting ‘health’ back into occupational health and safety

Health and safety drivers have grown from a focus on reducing workers compensation costs. Employers who have achieved excellent safety records by minimising physical, chemical and ergonomic hazards and injury risks have used this as a platform to expand into wellness and prevention initiatives. For example, employers have shown growing interest in the strong link between safety and alcohol consumption and mental health problems.

Ruth Dunkin, Policy Director of the **Business Council of Australia**, described wellness programs evolving from occupational health and safety as being more strategic and disciplined, and having better metrics compared to other approaches. The regulatory framework of occupational health and safety has instilled a culture of regular reporting of outcomes and has been linked to workers compensation costs. As a consequence, robust incident reporting and measurement processes are already in place.

Typically, but not uniquely, this approach has been championed by organisations that operate predominantly in blue collar sectors.

For example, the health and safety of its workforce has always been important to **Rio Tinto**. Wellness is seen as an extension of health and safety because the company recognises that a healthy workforce is a safer workforce. As such, Rio Tinto’s corporate wellness program complements its occupational health and safety measures. The program focuses on screening, assessing and managing a range of health risks and illnesses facing many of its employees, such as sedentary lifestyles, poor diet, stress, smoking, obesity and mental health.

Although many Rio Tinto businesses already offered wellness programs, in July 2009 a health and wellness strategy was developed which recommended the incorporation of wellness into the broader business plan, a minimum set of core program elements, key performance indicators and monitoring. Three Rio Tinto business units are currently piloting the strategy over two years to measure the impacts of wellness initiatives.

In this and other examples where a more strategic approach to wellness has been taken, interviewed companies reported falling workers compensation claims.

The challenge for employers is to take a strategic and measurable approach to human capital

In a competitive labour market, employers need to distinguish themselves to attract, retain and motivate staff, as well as ensure that older workers remain healthy.

The provision of healthcare and wellness initiatives can assist organisations to position themselves as an employer of choice⁵⁰. A number of companies' human resources representatives now take the view that wellness initiatives have become an expectation of many potential employees, rather than a differentiator, which could help transition these initiatives to become 'business as usual' in the longer term.

A human capital approach seeks to improve productivity and reduce workforce absenteeism.

At **St.George Bank**, wellbeing is a core component of the value proposition that the bank offers its employees and customers. Wellbeing is one of the four pillars of offerings at St.George; the other three are soul, growth and strength. The wellbeing pillar covers living well and working well, which is a key component of the culture and brand of St.George. The aim of this holistic approach is to maximise the productive lives of the bank's employees across each life stage. St.George will launch a Work Ability Index tool in 2010 to identify, at an early stage, the health risks and early retirement risks of employees. The implementation of the tool is expected to improve work/life planning for its staff and hence improve retention and reduce absenteeism.

A strong workplace wellness program can drive employee engagement

Employers recognise that a strong workplace wellness program can drive employee engagement, which subsequently has positive effects on performance via increased discretionary effort (although this is hard to measure). Successful wellness initiatives are driven from an understanding of these linkages.

Key indicators of engagement – online surveys, staff feedback and participation rates – are being used to measure the success of wellness programs and to modify the program offerings.

National Australia Bank's (NAB) new wellness strategy, to be launched in October 2010, incorporates physical and mental wellbeing in recognition of the prevalence of mental health issues in Australia, individuals' acknowledgement of its importance and the reduced stigma associated with it. The relevance is even greater due to the global financial crisis. The bank has worked with organisations including *beyondblue* to help raise awareness of mental health issues. This resulted in the development and rollout of a mental health awareness program aimed at engaging individuals and improving wellbeing and productivity among people and workplaces.

On the flip side, staff engagement strategies can also be used as a tool by employers to increase wellness at work, particularly with respect to managing psychosocial hazards, but this was less of a focus for the employers interviewed.

Key characteristics of workplace wellness programs

Overall, in the context of the views provided by the employers interviewed for this report, the wellness programs offered by Australian companies aim to:

- **Build the social capital of the organisation** by encouraging participation in group activities and, as such, face-to-face activities are considered to be most effective.
- **Influence individual health behaviours and attitudes** by raising awareness, providing tailored programs and encouraging uptake. This tends to be a combination of initial face-to-face contact, which is followed up by telephone and online support. However, many employers are happy to incur the additional cost of face-to-face interaction on an ongoing basis to ensure optimal uptake. Interestingly, few employers have explored the sophisticated use of incentives to encourage participation, despite the available evidence⁵¹.
- **Segment the offerings depending on position in the organisation and risk factors.** Resources permitting, equity of access for the main components of the programs across the country rather than just in urban centres is a core principle for the majority of employers interviewed.

Table 3 below provides a high-level analysis by driver, of the range of programs on offer by the employers interviewed. This is not an exhaustive list, but highlights the breadth of offering and also points to the possible fragmentation and lack of measurable outcomes that exists therein.

Table 3: Key drivers of wellness offerings

Offering	Health and safety	Human capital	Engagement
Online information, assessments and behaviour change programs	●	●	●
Executive and senior management health assessments	●	●	
Annual health checks	●		●
Voluntary one-on-one coaching for individuals with multiple risk factors	●	●	●
Vaccinations	●	●	
Health insurance subsidies		●	
Employee Assistance Program	●	●	
Work/life balance arrangements		●	●
Training	●		●
Issue-specific offerings (e.g. weight loss programs)	●		●
Events and challenges (e.g. Global Corporate Challenge)		●	●
Physical environment (e.g. accessible stairwells)	●		
Provision of fruit		●	
Service availability (e.g. onsite gym)	●	●	



There is a positive feel about the company. People understand that we genuinely care.



Paul Lever, General Manager, Employee Relations and OH&S, Optus

Individuals' views on wellness are changing

Preventing chronic disease requires behaviour change, such as reducing tobacco intake, eating a healthier diet and exercising regularly. There are no quick fixes; people must choose to change their behaviour. Although individuals have the ultimate responsibility for ensuring that they do not increase their risk factors of chronic disease, they can be supported to make changes if they are given the right environment, incentives and tools.

For employers, innovation is key to keeping employees interested and helping to influence a change in behaviours and attitudes to wellness and program participation. Key strategies adopted by employers include designing programs that are user specific, culturally appropriate, and delivered through multiple modalities to maximise participation, as well as seeking feedback from individuals through climate surveys and suggestion boxes.

Another important feature for individuals within the companies interviewed is trust. Features of this include:

- Trust in the employer that personal health information will be kept confidential by the service provider so that the individual is not exposed to possible discrimination issues.
- Trust that the mode of delivery is secure and appropriate. For example, employees responded enthusiastically to face-to-face seminars discussing mental health issues because it was a supported and safe environment.

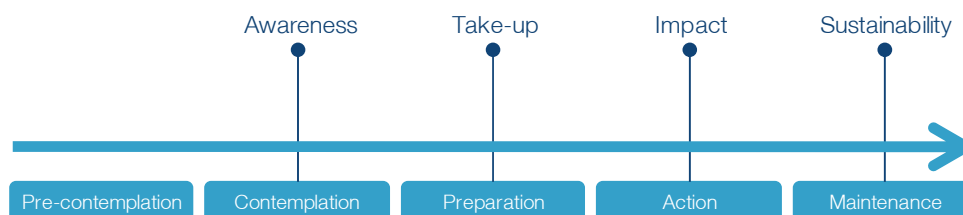
On the whole, the way the employers engendered this trust was through open and honest communication and not necessarily via employee representative groups.

Optus deliberately did not make the outdoor work environment of its new out-of-town head office complex smoke-free because a survey revealed that the company would lose a very high proportion of its call centre staff if it did. However, Optus also offers Quit Smoking programs despite low uptake because “it’s the right thing to do”. This pragmatic response is symptomatic of the company’s end-user driven approach to wellness. Regular use is made of drop-box suggestions and feedback on the program from the annual engagement survey and other ad hoc surveys. Optus identifies cultural change as the biggest obstacle in expanding wellness offerings to its young workforce and, as a consequence, it considers a ‘Big Brother’ approach to be counter-productive.

Individuals' behaviour changes in stages

When PwC surveyed global health leaders and individuals for the report *HealthCast: The Customisation of Diagnosis, Care and Cure*, the most effective strategies identified to engage individuals in their own health were health education and increasing awareness. This is because two psychological states contribute to an individual’s readiness for change: perceived importance and confidence in ability to change (or self-efficacy). Behaviour change can be measured on a scale of change, from awareness to sustainability.

Figure 8: Stages of behaviour change⁵²



This model illustrates the importance of tailoring the design and implementation of wellness programs to realise program and individual success.

The next section describes some of the key challenges to the implementation of wellness programs and translates employer and health system payer experiences into recommendations for effective rollout.

Lessons learned from
wellness implementation

03

3

Lessons learned from wellness implementation

While the 'Gold Standards' framework can be found in Australian companies, its use is not systematic and widespread. Demonstrating a return on investment for workplace wellness programs will require adequate resourcing, robust measures and holistic service offerings.

The 'Gold Standards' framework continues to describe good practice

In *Working towards wellness: Accelerating the prevention of chronic disease*, PwC presented seven gold standards aligned to **leadership, culture, people and process**, for structuring and measuring wellness program success. These gold standards can be found in Australian companies with implemented workplace wellness programs.

Leadership – Promote active leadership of senior management in wellness initiatives

Unilever Australia developed a holistic wellbeing program to improve employee health through exercise, nutrition and mental resilience. The Ignite U program initially targeted the Board members who needed to be fully fit and able to lead the company through its turnaround agenda – and by nature of the turnaround, were engaged in long hours, potentially high stress situations and had previously given little regard to health and nutrition. It was then extended to senior business leaders. The program achieved 100 per cent uptake at both levels. It is now being progressively extended throughout the wider organisation on a voluntary basis, targeting the most vulnerable and 'hard to reach' groups.

Culture – Create a supportive environment and culture focused on wellness

Telstra has offered workplace health and wellness programs for many years. In 2008 the company created a Health and Wellbeing team to manage a unified wellness program covering occupational, physical and mental health, as well as overall resilience. Telstra is part of an informal network of companies that comes together to discuss workplace wellness issues and initiatives. The network comprises organisations from sectors such as banking, health, energy and the arts, enabling participants to share their different approaches to wellness programs and learn from each other's experiences.

People – Target interventions based on unique characteristics of employee population

WorkSafe Victoria believes healthy workplaces have a lower risk of injury, reduced absenteeism, greater resilience and a higher likelihood of attracting and retaining staff. The organisation offers a comprehensive suite of wellness programs covering physical and mental health, occupational health and safety, and diversity. Emotional wellbeing is particularly important, as WorkSafe Victoria employees can often be exposed to stressful situations such as fatal workplace incidents. WorkSafe Victoria also offers confidential counselling for employees and their families. This counselling is voluntary but employees can be advised to make use of the service.

Process – Establish an evaluation and monitoring program

Boral's wellbeing program, BWell, provides a suite of services to employees, including onsite health assessments, quarterly educational seminars and key take-home information and resources on health issues for employees and their families. Boral acknowledges the importance of monitoring and evaluating program efficacy and has incorporated a measurement framework within its program.

Key measures used by Boral include workers compensation experience, mandatory attendance at seminars and educational events, and return on investment for the BWell program. In terms of ROI, this is operationalised as a reduction in risk status (i.e. the number of employees carrying risk factors) that is associated with increased productivity (i.e. self-reported presenteeism). For the Plasterboard division, this systematic approach to implementation and measurement has resulted in an 84 per cent take-up rate of its health initiatives.

However, the level of penetration of workplace wellness programs in Australia is still low

About 1,500 corporate and government employers currently provide health assessment and intervention programs, which represents just 3.6 per cent (or over 400,000 employees⁵³) of all Australian employees. Also, the overall presence of these Gold Standards is not systematic or widespread in Australian business. The reasons for this are explored on the following page.

The sustainability of workplace wellness programs depends on demonstrating a return on investment at an organisational level

Demonstrating a return on investment at the organisational level is challenging because the current landscape for workplace wellness programs is plagued by four interdependent challenges for employers. To address these, there is a need for:

1. A clear and coherent strategic approach

Very few of the employers interviewed had an embedded wellness strategy based on identified business and health needs and which articulated the objectives for the chosen approach and how success would be measured. The reasons provided for this reflect the organic way in which many of the programs have developed over time. However, all of those interviewed recognised that this was no longer sustainable if they wanted to be an employer who was serious about workplace wellness. As a ‘discretionary’ purchase, wellness programs require strong justification to obtain executive buy-in and become sustainable offerings. A major challenge in this respect is measurement.

2. Effective measurement

Most companies interviewed noted that traditional outcome measures against baseline indicators of absenteeism, presenteeism and population risk status, while useful in theory, are difficult to measure and interpret. One stakeholder put forward the question: “If our proportion of staff with high blood pressure has increased – what does this mean?” Even when measurement occurs, many employers find it difficult to link changes in health outcomes to business performance.

Long lead times associated with measuring real causal effects is a perennial issue for prevention. However, quantifying correlations between wellness initiatives and key leading indicators is both informative and possible. As a start, employers could set up and monitor a dashboard of metrics across the key dimensions of staff, quality and safety, customer and finance (see Figure 9) to obtain a sense of the overall level of wellness-related activity occurring within the business and its impact.

Figure 9: Example dashboard of metrics

<p>Staff</p> <ul style="list-style-type: none"> ■ Workforce effectiveness: sickness absence rate, turnover and grievance rates ■ Engagement: team climate results, participation results ■ Health: change in modifiable and intermediate risk factors 	<p>Quality and safety</p> <ul style="list-style-type: none"> ■ Safety: number of claims; type of claims (i.e. injury type) / lost time incident rate / lost time per incident ■ Quality (as a proxy for engagement): re-work rates / number of returns
<p>Customer</p> <ul style="list-style-type: none"> ■ Customer satisfaction ■ Customer retention ■ Brand awareness and alignment 	<p>Finance</p> <ul style="list-style-type: none"> ■ Workers compensation: premium trends / claim frequency and cost ■ Workforce effectiveness: sickness absence cost ■ Engagement: recruitment costs, program cost per employee ■ OH&S function: cost per FTE / remuneration / % of total expenditure

3. Adequate resourcing

Effective wellness programs require both adequate resourcing and effective use of available resources to coordinate, execute and manage wellness initiatives. At present, wellness is often thought of as an add-on to existing occupational health and safety or human capital functions, and as such it does not receive the level of resourcing that is required for a systematic and sustainable approach to program implementation, integration and measurement. An added challenge perceived by employers is the research required to understand ‘what works’ and identify the best value programs for their business and employees from the wide range of wellness program providers.

4. Comprehensive wellness solutions

Employers find it difficult to be informed purchasers of wellness services. Comprehensive wellness solutions involve the use of a range of delivery modalities including: online, telephonic, and, most commonly, face-to-face. Presently, many wellness providers deliver a single component of a comprehensive solution, resulting in a patchwork of uncoordinated programs, often delivered by multiple vendors, with limited consistency or integration.

Wellness program providers have an active role in providing comprehensive solutions and in informing the employer’s business case. This is enlightened self-interest, since doing so will help ensure the sustainability of this industry. Key areas for improvement include:

- Tailoring program design to suit the specific company’s needs—currently employers feel there are too many ‘off-the-shelf’ products.
- Upgrading the models of delivery (e.g. by providing multiple modes of delivery and breadth of services) to enable increased impact and integration.
- Clarifying the program offerings and their evidence base at the commencement of a program and identifying how they will meet the need.
- Robust and consistent monitoring and measurement of program performance – seek input from employers and find out what is needed to support the value of the investment.

Improvements in workplace wellness will come from collaboration between employers, the government and wellness service providers

The role of the workplace in facilitating wellness was universally acknowledged by the employers interviewed; however, these employers were resistant to government mandates based on concern that they could stifle innovation and hold employers to account for personal lifestyle choices made by their employees.

Nevertheless, significant opportunities for cross-sectoral collaboration do exist:

- Identifying and developing a suite of incentives to encourage broader wellness program awareness and uptake. Specific areas of focus include:
 - ❖ Supporting small and medium-sized employers in the development and delivery of wellness programs by leveraging the economies of scale enjoyed by larger employers, and responding to the resource and time constraints of these businesses.
 - ❖ Exploring the range of incentives available to governments to encourage employers to implement innovative and sustainable workplace wellness programs e.g. tax incentives and subsidies.
 - ❖ Researching the types of individual employee incentives which encourage optimal behaviour change.
- Defining a set of nationally consistent and meaningful key performance indicators (KPIs) for the effectiveness of workplace wellness programs.
- Establishing consistent quality standards across wellness program providers.
- Developing a focal point to share knowledge and experience of workplace wellness; up-to-date and evidence-based content could be managed by government, but its vitality would depend upon real life contributions (e.g. success stories) from employers.
- Capitalising on Australia's unique workers compensation environment to identify systemic areas for improvement (e.g. physical environment) and levers for change (e.g. premium levels).

The systematic and collaborative implementation of the improvements discussed above will enable significant change in the role of employers in the wellness of the nation. The next section describes the 'call to action'; making wellness 'business as usual'.

A call to action:
make wellness 'business as usual'

04

4

A call to action: make wellness ‘business as usual’

Although the imperative for supporting workplace health is clear, the benefits are harder to quantify for employers. A suite of collaborative and interdependent actions are therefore required to enable effective workplace wellness. Ultimately, the sustainability of workplace wellness programs at an organisational level will depend on demonstrating a return on investment.

The overriding aim is for workplaces to contribute to the wellness of Australians to the measurable benefit of the employer, individuals and the health system. As a consequence, wellness will no longer only be the responsibility of the occupational health or human capital functions of an organisation. Instead, it will become an integrated part of a company’s strategy, governance and operational framework, underpinned by:

- Tailored and targeted interventions to assessed need
- Aligned incentives – both at an individual and employer level
- A supportive environment including strong leadership.

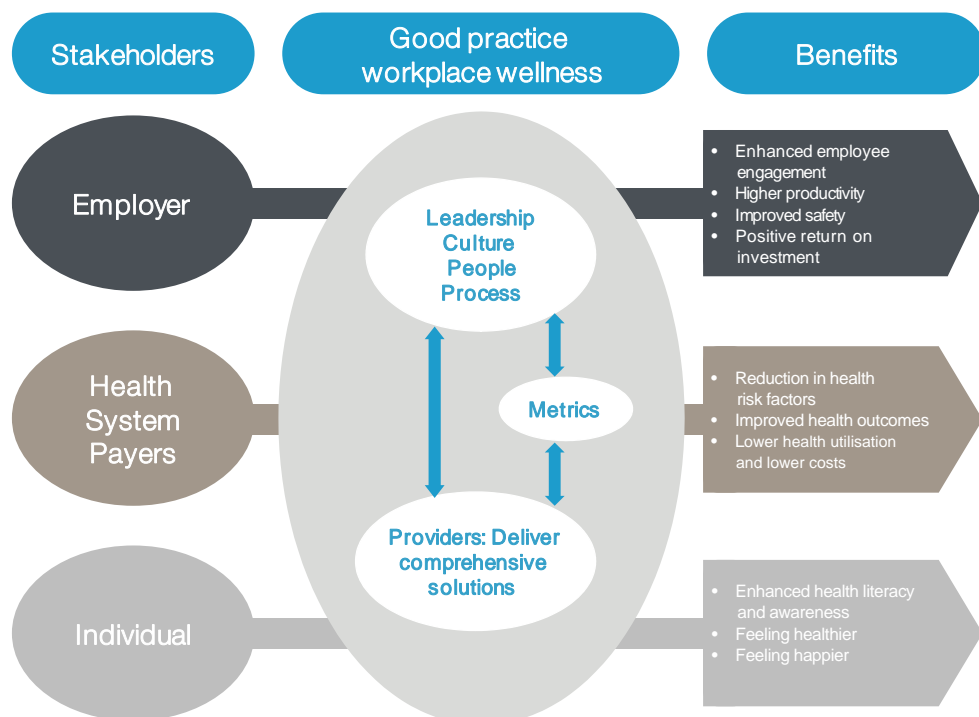


More people at work in better health, more productive companies and less pressure on the public health system are goals worth working towards.⁵⁴



Business Council of Australia

Figure 10: An integrated workplace wellness framework



A call to action: making wellness 'business as usual'

To achieve this vision of an integrated workplace framework, each stakeholder – employers, government, wellness program providers and individuals – must take action. Together these actions will act as a virtuous cycle to accelerate change and achieve benefits for individuals, employers and the health system

A call to action: making wellness 'business as usual'

Develop the strategy and business case for workplace wellness

- **Employers** must be able to clearly articulate the objectives for wellness and how success will be measured to gain the Board level buy-in and the resources required for effective implementation. The success of these programs will then depend on demonstrating ongoing return on investment; key enablers of which will be incentives and effective measurement.

Incentivise innovation and embed a wellness culture

- In order to reduce the burden of disease on the public health system and make wellness programs affordable for employers, **Governments** need to implement a range of appropriate incentives to encourage 1) employers to implement targeted and innovative workplace wellness programs; and 2) drive individual uptake.

Standardise indicators and measure the benefits

- **Governments, employers and service providers** must work together to establish consistent evidence-based quality standards and relevant KPIs which measure the benefits of the wellness offerings.

Consolidate and coordinate wellness service offerings

- **Wellness service providers** need to give best value to employers by offering evidence-based, integrated programs across multiple modes of delivery. One way to achieve this is by consolidating service offerings and optimising economies of scale (versus uncoordinated services delivered by multiple vendors, with limited consistency or integration).

Share knowledge and insights of best practice wellness

- **Governments and peak bodies** can act as a conduit for collaboration to share best practice and generate enthusiasm for workplace wellness. There is a collective responsibility of stakeholders to identify 'what works' – to support building a robust and sustainable business case for workplace wellness. This is especially true for small and medium organisations that need practical, low-cost support.

Take responsibility for personal wellness

- **Individuals** need to engage in their health and look for opportunities at work and in the community to support improved health status. It is the role of governments and employers to provide the right environment and support to do this.

In conclusion

Health and prosperity should be the nexus of the shared aspiration of individual Australians, employers and government. Increasingly, we all understand that a holistic approach to wellness requires action in advance of the appearance of illness and that our ability to live healthy lives is inextricably linked to our time spent at work. This is an issue for governments (state and federal), employers and ultimately individuals. The question now is, will we seize the opportunity to align action with aims and optimise the benefits of workplace wellness?

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Consultation list

Below is a list of organisations that participated in the consultations for this report.

Organisation	Industry	Interviewee/s
Australian Industry Group	Industry Group	Tim Piper, Director, Victorian Branch
AMP	Financial Services	Ceri Ross, Employee Benefits Manager Adam Watson, OH&S Manager
Business Council of Australia	Business Council	Ruth Dunkin, Policy Director
Boral	Construction	Phil Renwick, Human Resources General Manager (Boral Plasterboard) Giovanna Romeo, Human Resources Programs Manager (Boral Limited)
Commonwealth Bank of Australia	Financial Services	Donna Hollier, Executive Manager, Employee Benefits
Google	Information Technology	Shannon Stephenson, Human Resources
GlaxoSmithKline	Pharmaceutical	Simon Cowl, HR Director Jacqui Smith, Learning & Development Consultant
National Australia Bank	Financial Services	Debra Smith, Health, Safety and Wellbeing Manager, People and Culture
NSW Business Chamber	Chamber of Commerce	Greg Pattison, General Manager, Workplace Solutions
Optus	Telecommunications	Paul Leaver, General Manager, Employee Relations and OH&S
Pfizer Australia	Pharmaceutical	Jude Tasker, Head of Public Affairs and Policy James Price, Head of Primary Care Marketing
Rio Tinto	Mining/Resources	Rob McDonald, Principal Adviser (Health)
University of Melbourne	Academia/Research	Professor Rob Moodie
St.George Bank	Financial Services	Ross Miller, General Manager, Human Resources
Telstra	Telecommunications	Karen Oldaker, Health & Wellbeing – Group Manager
Unilever	Consumer Products	Julia Farrant, Vice President HR
Victorian Employers' Chamber of Commerce and Industry	Chamber of Commerce	Wayne Kayler-Thomson, CEO
WorkSafe Victoria	Statutory Authority	Greg Tweedly, Chief Executive

Acknowledgements

Authorship

This report was produced by a team within PricewaterhouseCoopers' National Health Practice, in consultation with Medibank Health Solutions and Fitness2live. The following individuals comprise the core team: John Cannings, Caitlin Francis, Carrie Schulman, Michelle Hughes, Monica Iglesias and Jason Calvert.

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About Medibank Health Solutions

Medibank Health Solutions, as part of Australia's largest integrated private health insurance and health services group, Medibank Private Limited, offers employers, government, private health insurers and consumers a range of medical and allied health and telephone and online health services.

Employing over 2,000 staff, Medibank Health Solutions' multi-disciplinary teams of nurses, GPs, physicians, psychologists, dieticians, health coaches and exercise physiologists deliver pioneering healthcare services.

Medibank Health Solutions brings together some of the country's leading corporate health providers – Health Services Australia (including Health for Industry, Work Solutions and the Travel Doctor-TMVC), ahm's Total Health and Fitness2live.

About Fitness2live

Fitness2live, a subsidiary of Medibank Health Solutions, was founded in 2000 by Dr Michael McCoy, Dr Noel Duncan and Associate Professor Gordon S. Lynch, and provides customisable online, interactive health and wellbeing services for employers, government, private health insurers and community organisations.

Fitness2live's web-based systems provide participants and clients with highly credible, contemporary behavioural change and self-management programs, including personalised diet, exercise and lifestyle plans. Key service benefits include increased productivity, reduced healthcare costs, improved end user engagement, and other demonstrable program participant benefits.

Contacts

About PricewaterhouseCoopers' National Health Practice

PricewaterhouseCoopers' National Health Practice is a leading advisor to public and private organisations across the health continuum, including health system payers, health care providers and pharmaceutical and biotech companies. We help solve the complex problems health organisations face by supporting organisational and clinical transformation and creating new sustainable models for care delivery that are quality driven, patient centred and technology enabled.

To have a further conversation about how this subject may affect your business, please contact:

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