FTS WHITE PAPER | SEPTEMBER 2026

Psychosocial Safety Is Hazard Management

Why identification is the gap, and what it takes for frontline leaders to close it

By Becky Hirst and Karen Cocks
Fix The System | September 2026 | v2.0

1. The Hypothesis

> **Workplace hazards are managed through a familiar cycle: identify, assess, control and review. Psychosocial hazards are no different.**

This paper examines whether psychosocial risk management is weakest at the point of identification, before assessment, control and review can occur. It tests that question by looking at the role frontline leaders play in recognising psychosocial hazards as they emerge in ordinary work, and at what happens when those leaders lack the capability, authority or escalation pathway needed to act.

Organisations can have strong policies, sound risk frameworks and genuine intent, but they can only manage the hazards they know about. If the way those hazards are identified relies on a survey, a disclosure, a complaint or an incident, the organisation may be working with an incomplete picture from the outset.

This matters because many psychosocial hazards develop through the everyday conditions of work. Changes in workload, unclear roles, difficult interactions, poor support or emerging team issues may be visible well before they appear in formal reporting.

Frontline leaders are often closest to those changes. That makes their ability to recognise and respond to psychosocial hazards a critical part of the organisation's risk management system.

This paper examines what happens when leaders are expected to play that role without the capability to recognise a psychosocial hazard, the authority to address it, or a reliable pathway for escalating risks.

2. Executive Summary

This paper examines whether psychosocial risk management in Australian workplaces is most vulnerable at the point of hazard identification. It argues that policies, surveys, reporting channels and risk frameworks can leave organisations with an incomplete view of psychosocial risk when everyday work conditions are not recognised as hazards early enough. Drawing on Australian research, national workers compensation data, regulatory guidance and recent cases, the paper identifies three conditions that shape whether frontline identification works in practice: leader capability, authority to act and a reliable escalation pathway. The evidence supports the hypothesis but does not prove it outright, because no Australian dataset currently follows a psychosocial hazard from emergence, to frontline recognition, to organisational response. The practical implication is that organisations should test the identification pathway itself, rather than assume their framework is operating because the framework exists.

3. The Research

Research supports the role of frontline leaders in identifying and responding to psychosocial risk, but it also shows why relying on that role without deliberately building capability and organisational support is problematic.

Australian research by Jimmieson and Bergin examined 342 stressful workplace events through the experiences of supervisors to understand how they respond when employees experience psychosocial risk. The study found that supervisors use a range of responses depending on the situation, including changing aspects of the work, providing direct support and drawing on organisational resources. Importantly, the research places supervisors inside the psychosocial risk management process rather than simply as people who refer an employee elsewhere once a problem has occurred.

Earlier Australian research with 29 supervisors across 15 organisations reached a similar conclusion. Supervisors described a process that included identifying the problem, taking immediate action, helping the employee cope, and following up and evaluating what happened. They also identified the complexity of workplace stress as the greatest challenge to resolving it. Previous experience helped, but so did access to formal and informal organisational support. The researchers concluded that psychosocial risk management requires both supervisor capability and organisational resources.

The capability itself can be developed. Milligan-Saville and colleagues tested a four-hour manager mental health training program within Fire and Rescue NSW in a cluster randomised controlled trial. Managers who received the training showed significant improvements in knowledge of their role and confidence communicating with employees about mental health. Employees working under trained managers also recorded a reduction in work-related sickness absence over the following six months. The researchers calculated a return of £9.98 for every pound spent on the training.

A subsequent systematic review and meta-analysis led by Gayed found broader evidence that manager training improves managers' mental health knowledge, attitudes and confidence in supporting employees. The evidence for changes in employee outcomes was more limited. That distinction matters here. Improving what a leader knows and can do does not establish that the organisation around them is capable of controlling the risk.

More recent Australian workforce research suggests that organisations may not yet be investing in that capability at the same level as the responsibility being placed on leaders. AHRI's 2025 research found that only 28 per cent of employers surveyed invested in leadership and management capability to improve psychosocial health. In the same research, 38 per cent reported an increase in psychosocial claims or complaints in the previous 12 months.

The Corporate Mental Health Alliance Australia's 2025 Leading Mentally Healthy Workplaces research adds another perspective. Based on 9,904 employees across 10 organisations and six Australian industry sectors, it found continuing problems with stress, burnout, workplace relationships and employees' willingness to speak about mental health challenges. The findings reinforce the importance of looking at the conditions of work and the organisational environment, rather than treating psychological health solely as an individual employee issue.

Taken together, the research supports an important part of the hypothesis. Frontline leaders are positioned to identify and respond to psychosocial risk, their capability affects how they respond, and organisational support affects what they can do with what they identify.

What the research does not yet establish is whether those elements operate effectively as one identification system. The studies tell us about supervisor behaviour, manager capability, training and organisational conditions, but there is limited evidence following the full pathway from an emerging workplace hazard, to recognition by a frontline leader, to action or escalation, and finally to an organisational response.

That is the gap this paper tests against the data and decided cases that follow.

4. The Data

The research establishes that frontline leaders matter, but it does not show whether organisations reliably use their proximity to identify hazards early. The national data helps explain why that missing pathway matters. It shows the scale and cost of psychosocial harm once it has already become a workers compensation claim, while leaving open the question of what was visible before that point.

The consequences are also significantly greater. Mental health condition claims resulted in a median 35.7 working weeks lost, almost five times the median across all serious claims. Median compensation was $67,400, more than four times the $16,300 median across all serious claims.

These figures tell us about harm that has already occurred. They do not tell us how many psychosocial hazards existed before reaching that point, how long they were present, who could see them, or whether there were earlier opportunities to intervene.

The national regulatory framework expects organisations to look earlier. Safe Work Australia's Model Code of Practice requires psychosocial hazards to be identified and the associated risks eliminated or minimised so far as is reasonably practicable. Identification is not limited to formal complaints or reported incidents. The guidance includes consulting workers, observing work and behaviours, using surveys and tools, and examining information already held by the organisation.

That creates an important distinction between identifying a hazard and identifying harm. A worker does not need to have made a psychological injury claim, lodged a complaint or disclosed a mental health condition before a psychosocial hazard can exist.

The 2025 prosecution of the Department of Defence shows what that distinction can mean in practice.

A 34-year-old Royal Australian Air Force technician took his own life while on duty at RAAF Base Williamtown on 28 July 2020. Over the preceding six months, he had been subjected to four separate performance management Work Plans and had shown increasing signs of distress and ill-health.

Defence pleaded guilty to failing to comply with its primary health and safety duty and was convicted in December 2025. The department was fined $188,000. It was the first conviction of a Commonwealth employer for failing to manage psychosocial risks under federal work health and safety laws.

The failure identified by Comcare was specific. Defence had not provided supervisors involved in the Work Plan process with the training necessary to understand that the process itself could create a psychosocial hazard, identify the risks for a worker subject to it, or know when the risk required medical assessment or suspension of the performance management process.

The risk was not unknown to the organisation. Comcare found that Defence's existing policies and guidelines recognised it. The failure occurred between what the organisation knew and what happened when the process was applied to an individual worker.

That matters to the hypothesis in this paper.

The supervisor was close enough to observe what was happening. The organisation had information about the risk. What was missing was the capability to connect the two and act on it.

The Defence case does not establish that this is how psychosocial risk management fails in every organisation. It does demonstrate that having a policy which recognises a psychosocial risk is not the same as ensuring the people managing work can recognise that risk as it develops.

National guidance reinforces the same point. Psychosocial hazards include aspects of work design and management, the working environment and workplace interactions and behaviours. These are not always discrete incidents. They can develop through the way work is allocated, supported, changed and managed over time.

The data therefore presents two different pictures of psychosocial risk. Workers compensation statistics show us the scale and cost once harm has occurred. The regulatory framework and decided cases show that the duty begins earlier.

The question is what happens in between.

Supporting data: the cost of not seeing it

National figure	What it shows
12% of all serious workers compensation claims (2023-24)	Mental health conditions, up from 6.2% a decade earlier
161% increase over ten years	The largest rise of any injury category tracked nationally
~5x longer time off work	Compared with the median for other serious claims
3-4x higher compensation cost	Roughly $67,400 median, against around $16,300 for other injuries

Source: Safe Work Australia, Key Work Health and Safety Statistics Australia 2025.

The three leading causes identified in the same data are harassment and workplace bullying (33.2 per cent of serious mental stress claims), work pressure (24.2 per cent), and exposure to violence and harassment (15.7 per cent). These are all recognised psychosocial hazards. They are also hazards that can develop through the everyday conditions of work, making early identification important.

The significance of these figures is not simply the number of claims. Workers' compensation data captures the point at which harm has already occurred. The question for this paper is what was happening before the claim: when the hazard first emerged, whether it was visible in the workplace, and whether anyone recognised it early enough to act.

Supporting data: what identification depends on

Safe Work Australia's Model Code identifies several ways organisations can identify psychosocial hazards: consulting workers, using surveys and other tools, observing work and behaviours, and reviewing information and records already held by the organisation.

These methods matter because psychosocial hazards are not always reported as hazards. They can be visible in how work is being performed, how people are interacting, whether workers are rushed or making mistakes, or in patterns across overtime, absence, incidents and other workplace data.

This means identification depends on more than having a reporting mechanism. Someone has to be looking at what is happening in the work and be able to recognise what they are seeing.

There is another complication. Some psychosocial hazards can involve the leader themselves, or things the leader controls: workload, role clarity, support, performance management, workplace relationships and the way change is implemented. An organisation therefore needs both proximity to the work and ways for workers to raise risks outside their immediate management relationship.

Supporting data: capability

Only 28 per cent of Australian employers surveyed by AHRI invest in leadership and management capability to improve psychosocial health. That matters because frontline leaders are part of the system organisations rely on to identify and respond to changing conditions at work.

Research also shows that capability can be developed. Milligan-Saville and colleagues tested a four-hour manager mental health training program at Fire and Rescue New South Wales in a cluster randomised controlled trial published in The Lancet Psychiatry in 2017. Managers who received the training improved their knowledge of their role and their confidence in communicating with employees about mental health. Employees working under trained managers also recorded lower work-related sickness absence over the following six months.

The broader evidence is more cautious. A systematic review of 22 studies of supervisor safety training found consistent evidence of improvement across several supervisor-related outcomes, but all 22 studies were assessed as methodologically weak. The authors concluded that the results were encouraging but should be interpreted cautiously.

That distinction is important to this paper. Training can improve what a leader knows and how they respond. It cannot make the wider organisational system respond to what they identify.

A leader can recognise a hazard and still be unable to change the workload, stop a process, resolve an organisational issue or get the risk escalated to someone who can.

Identification therefore depends on more than awareness. It depends on capability, authority and a pathway to act.

5. The Gap

The evidence points to three places where identification can break down: capability, authority and the system that sits around the frontline leader.

Capability

Frontline leaders are close enough to see changes in workload, behaviour, team dynamics, performance and support. But proximity is only useful if they know what they are looking at.

Only 28 per cent of Australian employers surveyed by AHRI invest in leadership and management capability to improve psychosocial health. That leaves a significant question about the role organisations expect frontline leaders to play in identifying hazards, and whether they have been equipped to do it. A policy can tell a leader what to do once they recognise a psychosocial hazard. It cannot make them recognise one.

Authority

Recognition is only the first part of the problem. Many psychosocial hazards sit within decisions about how work is designed and managed, including workload, staffing, job control, role clarity, support, organisational change, recognition and organisational justice.

A frontline leader may be able to see those conditions developing without having the authority to change what is creating them. They may be able to redistribute today's workload, have a conversation or provide support, but they may not be able to increase headcount, redesign a process, change a system, alter an organisational structure or stop a decision being implemented. Identifying the hazard therefore needs to be connected to a reliable pathway to someone with the authority to control it.

System

That is where the organisational system becomes critical. Victoria's Psychological Health Compliance Code provides a useful example. It describes reporting arrangements that include formal and informal pathways, confidential reporting where involving the immediate manager is inappropriate, timely responses to reports, review of existing controls and training for supervisors and managers in responding to psychosocial hazards and incidents.

The useful feature here is the architecture of the system: somewhere for a hazard to go, someone with the authority to respond, and a way of knowing whether anything changed.

Kozarov v Victoria provides an earlier illustration of why the distance between organisational knowledge and workplace practice matters. The Office of Public Prosecutions had recognised vicarious trauma as a risk and adopted a policy intended to protect employees from it. The High Court considered that policy relevant to what the employer knew about the risk and the precautions available to it. The existence of the policy therefore did not answer the question of whether the risk had been managed. What happened in practice mattered.

An organisation can know psychosocial hazards exist, have policies describing them, survey workers, collect data and provide reporting channels. The hazard still has to be recognised when it appears in the

work, and the person who recognises it needs either the authority to act or a reliable pathway to someone who does. The system then needs to respond.

That is the identification gap this paper set out to test.

6. The Conclusion

The evidence is consistent with the hypothesis, but does not prove it outright. Psychosocial risk management appears vulnerable at the point of identification because the people closest to changing work conditions may not have the capability to recognise a hazard, the authority to control it, or a reliable pathway to escalate it.

What the available Australian evidence does not tell us is how often that pathway fails. There is no dataset following a psychosocial hazard from its emergence in day-to-day work, through recognition by a frontline leader, to action or escalation and organisational response. That is a limitation on what this paper can conclude, but it also identifies an important gap in what organisations currently know about their own systems.

The evidence does show that policies, surveys, reporting channels and risk frameworks cannot identify hazards on their own. They depend on people noticing what is happening, understanding what they are seeing and knowing what to do with it. Where the hazard sits outside a frontline leader's authority, the organisation also needs a clear way for that risk to reach someone who can act.

For organisations, the practical question is therefore not simply whether a psychosocial risk framework exists. It is whether the identification pathway actually works: Can leaders recognise the hazard? Can they act on it? And when they cannot, does it reliably reach someone who can?

> **Organisations cannot manage a psychosocial hazard they have not identified. Identification cannot depend solely on the worker experiencing it being the person who finally says something.**

The evidence therefore points to a practical test for organisations: whether psychosocial hazards are seen early enough, by people close enough to the work, and whether the organisation then acts. The EVA Method addresses that test by strengthening the identification pathway before harm becomes visible in formal reporting.

7. The Fix: EVA

EVA is the method we use across Fix The System. In this context, it turns the focus onto the organisation itself: what are people experiencing, what is causing it, and what needs to change?

Engage

Start with the people doing the work. Talk to them about what is actually happening, not just what the policy says should be happening.

That needs more than one channel. Frontline leaders see things because they are close to the work. Workers know what they are experiencing. There also needs to be a safe way to speak when the immediate leader is part of the issue, or when someone simply does not feel comfortable raising it with them.

The point is to understand what is happening before deciding what the problem is.

Validate

Believe that what people are experiencing is worth understanding.

That does not mean every concern is automatically a psychosocial hazard, or that the first explanation is necessarily the cause. It means taking it seriously enough to ask more questions.

Leaders need to know what a psychosocial hazard can look like in everyday work, what to do when they see one and when they need to escalate it. The organisation then needs to look beyond the individual issue and ask whether it is happening elsewhere.

Adapt

Change what is causing the problem.

Sometimes a frontline leader can do that themselves. Sometimes the cause sits in workload, staffing, systems, structure, work design or a decision made somewhere else.

When it sits somewhere else, there needs to be a clear path to the person who can change it. The leader should not be left holding a risk they have identified but have no authority to control.

Then check whether the change actually worked.

> **Engage finds out what is happening. Validate makes sure it is understood. Adapt changes what is causing it.**

References

Australian HR Institute (2025). Managing and Minimising Psychosocial Risks in Australian Workplaces. Quarterly Australian Work Outlook, December quarter 2024, n=609. ahri.com.au

Comcare. Changes to WHS laws: psychosocial regulations commenced 1 April 2023; WHS (Managing Psychosocial Hazards at Work) Code of Practice 2024 in force November 2024. comcare.gov.au

Comcare. Defence convicted after RAAF worker's death. Department of Defence convicted in the New South Wales Local Court on 19 December 2025 under sections 19(1) and 33 of the Work Health and Safety Act 2011 (Cth), fined $188,000. comcare.gov.au/about/news-events/news/defence-convicted-after-raaf-workers-death

Corporate Mental Health Alliance Australia (2025). The Leading Mentally Healthy Workplaces Survey Report 2025. cmhaa.org.au

Court Services Victoria. Guilty plea to a breach of section 21(1) of the Occupational Health and Safety Act 2004 (Vic) in relation to psychosocial risk at the Coroners Court of Victoria, fined $379,157. Case review: refresh.tech/resources/blog/case-law-review-recent-prosecutions-for-psychosocial-hazard-failures-in-australia

Institute for Employment Studies. The Squeezed Middle: the pressure on line managers. employment-studies.co.uk

Koehler v Cerebos (Australia) Ltd [2005] HCA 15.

Kozarov v Victoria [2022] HCA 12. hcourt.gov.au. See also Victorian Government Solicitor's Office case study, vgso.vic.gov.au

Milligan-Saville, J.S. et al. (2017). Workplace mental health training for managers and its effect on sick leave in employees: a cluster randomised controlled trial. Lancet Psychiatry, 4(11), 850-858. pubmed.ncbi.nlm.nih.gov/29031935

Safe Work Australia (2022). Model Code of Practice: Managing Psychosocial Hazards at Work, including officer and worker duties and training for supervisors and managers. safeworkaustralia.gov.au

Safe Work Australia (2025). Key Work Health and Safety Statistics Australia 2025. data.safeworkaustralia.gov.au

Safe Work Australia. Model Work Health and Safety Regulations, Part 3.2, Division 11 (psychosocial risks). safeworkaustralia.gov.au

Safety training interventions for supervisors: a systematic review and narrative synthesis, 22 studies, 2000-2019. safetyinsights.org

SafeWork SA. Four steps to managing psychosocial hazards and risks. safework.sa.gov.au

SafeWork SA. Managing Psychosocial Hazards at Work Code of Practice, approved under section 274 of the Work Health and Safety Act 2012 (SA), commenced 19 February 2026. safework.sa.gov.au

SafeWork SA. Work Health and Safety (Psychosocial Risks) Amendment Regulations 2023 (SA), amending the Work Health and Safety Regulations 2012. safework.sa.gov.au

WorkSafe Queensland. Accepted psychological injury claims data, local government sector, four years to 2022.

WorkSafe Victoria. Compliance Code: Psychological Health, Part 4, Managing reports of psychosocial hazards and incidents. worksafe.vic.gov.au

WorkSafe Victoria. Occupational Health and Safety (Psychological Health) Regulations 2025, commenced 1 December 2025. worksafe.vic.gov.au

Notes on sourcing. Sector-level scheme data is not published consistently across jurisdictions, so figures for local government and other sectors are drawn from the schemes that do publish them and should be read as indicative rather than as national rates. No Australian dataset currently measures frontline leader hazard identification behaviour directly, which is a research gap rather than a settled finding.