



CHRIS JONES RISK MANAGEMENT

OHS in Tough Times

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A quick perusal of any major newspaper will support the view that the current economic downturn is likely to continue for at least a year or longer. What does this mean for your Occupational Health and Safety programme?

The kneejerk reaction may well be to cut costs by cutting back on such OHS activities as training, hazard inspections, accident investigation and safety promotion.

In the worst case, organisations could even be tempted to cut corners on safety procedures and scrimp on maintenance. Thankfully there are very few managers or owners who would attempt to save a few dollars by not repairing a guard on hazardous machinery. Even the most cash strapped management realize that this could be a very expensive decision indeed.

But what about the need to cut costs to stay in business?

Safety as a Cost Control

The fact is that an effective, practical OHS programme actually makes a significant contribution to cost control.

Consider the costs of an accident.

The most obvious is the potential increase in workers compensation costs. In most jurisdictions, the larger your organisation, the more likely it is that your premium will be a multiple of your claims experience. If the person injured is a sub-contractor or member of the public, then the insurance costs could be even higher. Underwriters routinely increase liability premiums and/or deductibles if an organisation is perceived to have a poor claims history. Increased insurance premiums tend to “stick” for a number of years. For example, in New South Wales, a workers compensation claim will effect your premium for three policy years.

Increased premiums are just the most obvious cost. Just as expensive, but more difficult to identify, are

the costs of lost time, production disruption, and the costs of replacing injured employees. We can add to this the administrative costs, such as first aid, statutory notifications, and providing suitable duties.

It gets even worse if there is a prosecution. In some jurisdictions fines well into the hundreds of thousands of dollars can be levied on the organisation, its employees, and directors. These costs are uninsurable. Management time and legal costs defending such a prosecution are an additional burden.



Changing Markets

During tough times many organisations find that they have to seek business in different markets. This brings it own safety challenges. New products or processes will require existing procedures and risk assessments to be reviewed and updated.

Organisations with a well established OHS programme can adapt their procedures, and re-train their staff quickly and effectively.

For organisations involved in the construction industry, a changing market can be particularly challenging. Many contractors rely upon the builder or principal contractor to set and maintain their safety standards on site. Moving “down market” to builders with a lower standard of safety, and few staff, can mean that the normal safety standards are no longer imposed on your sub-contractors by the builder. It is critical that both employees and sub-contractors understand that your safety standards are always to be implemented,



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even if the principal contractor is not enforcing them.

On the other hand, companies seeking to expand their market by providing and installing product for major companies may well find that a relatively casual, poorly documented OHS programme may not be acceptable to these principals. This is particularly true of major infrastructure works and government projects; and this is where there are more likely to be opportunities as the state and federal governments attempt to prime the economic pump.

Getting Value for Money

None of this means that your safety programme should be immune from financial rigour. Now is not the time to stop measuring safety performance.

Keep a close eye on statistics to ensure that the precious investment in safety is giving a measurable return. Your statistics will show you where your accidents and near misses are occurring, and allow you to set appropriate priorities. Where there is no, or limited accident experience, risk assessment will identify the high risk exposures that warrant special attention.

Ensure that safety controls are implemented quickly, and work, by following up on accident investigations, risk assessments, and hazard inspections.

Of course, many of the most effective safety actions do not add major costs. Improved housekeeping, induction training, and toolbox meetings all make major contributions to safety, without adding significant costs, and are tremendous value for money. The more involved your employees are in the safety programme, the more effective it will be, and there is no price tag on attitude.

An effective return to work programme for injured workers will make a direct impact on workers compensation costs. In tough times it becomes even more important to ensure that injured employees are given every assistance and opportunity to return to full duties. And it is even more important that you maintain regular and close liaison with your workers compensation insurer to control claims costs.

Tough Times Require a Tough Approach

Tough times require an even more disciplined approach to safety to control the costs of injury. Safety should be seen as an investment in cutting costs, improving efficiency, and responding to changing markets.

Chris Jones Risk Management provides a wide range of Occupational Health and Safety services and training, including:

- ✓ OHS Audits – SafetyPlan; SafetyPlan Gold; AS 4801
- ✓ OHS programme implementation
- ✓ Risk Assessments
- ✓ OHS culture surveys
- ✓ Accredited training for consultation (NSW)
- ✓ OHS training for management and supervisors

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