

AMP Capital Sustainable Funds Position Paper

The Investment Reasons for OH&S



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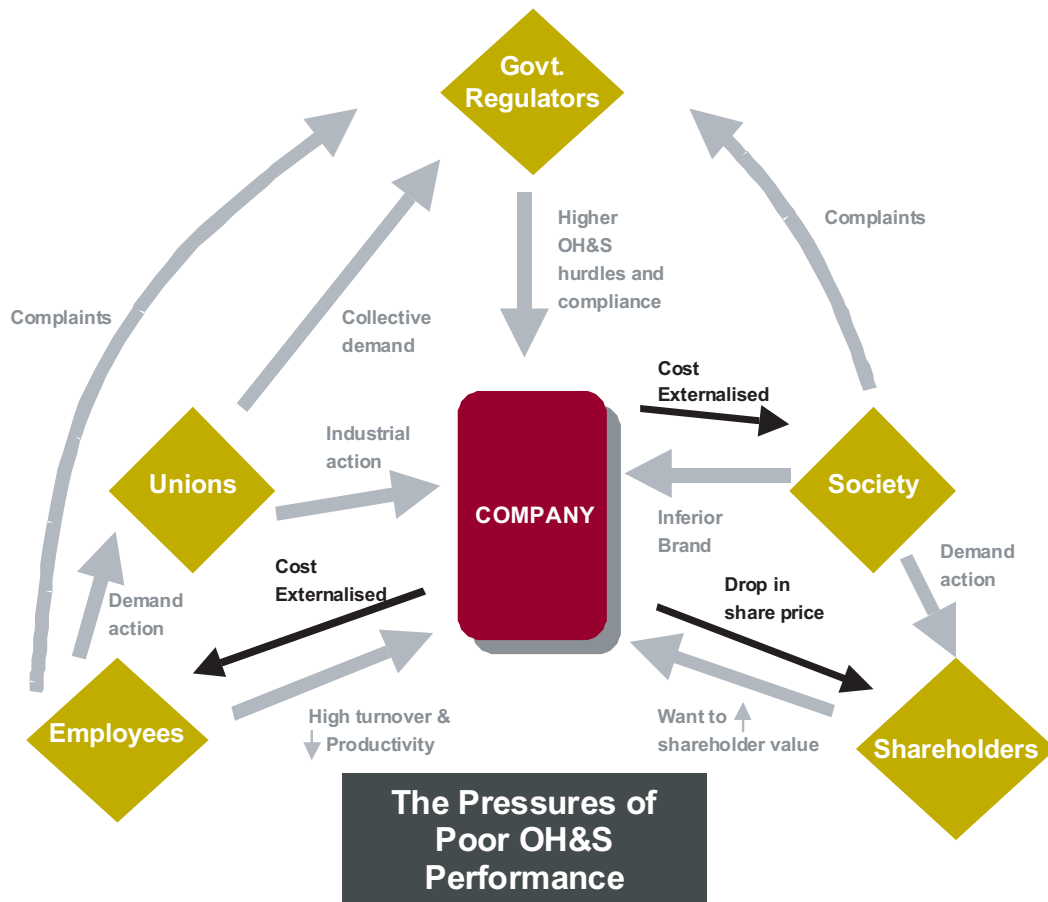
Executive summary

The health and safety of its employees, contractors and visitors is a key responsibility of a company. However, nearly 3,000 people die at work or of work-related diseases in Australia each year.

Accidents severely impact the health, social and financial situation of many and cost the economy \$7.5 billion through workers' compensation alone. The national cost for workplace injury and illness in Australia during 2000/2001 financial year was \$34.3 billion. This is approximately 5% of Gross Domestic Product (GDP) for the same period. The distribution of this national cost (employers 24%, society 35% and workers 41%) is a significant issue.

High workers' compensation and medical costs, as a result of poor OH&S performance, can reduce a company's ability to compete. As an investor, we should be aware of the financial risks OH&S issues carry for profit-making companies (as workplace injury costs for Australian companies account for approximately 6% of their profit). Significant costs are workers' compensation premiums, indirect costs, and the costs of alleviating workplace incidents. Figure 1 shows the impacts and pressures of a company, which is managing its OH&S management poorly.

Figure 1: Pressures of poor OH&S performance



As investors who prefer to invest in socially responsible and sustainable companies, there is more to investing than just the economic case for improving OH&S performance – such as inequality of benefits, costs and sufferings. Externalisation of OH&S costs through the emergence of flexible employment conditions is becoming more common. Only 73% of Australian workers are covered by workers' compensation schemes. Therefore, it is important for companies to have procedures such as OH&S management systems for prevention of incidents and return to work programs (RTW), covering permanent, full time, part time, contractors, subcontractors and casuals. Early detection of stress and reduced frequency and severity of safety incidents in high risk industries can be accredited to the implementation of such management systems.

For a socially responsible investor, good health and safety management can bring about intangible benefits such as improving productivity, raising morale and helping to create a happier and healthier workforce, as well as attracting and retaining the best employees. This is recognised as a key method to combat Australia's skilled labour shortage in the future.

Our position

A sensible risk management system, robust management quality and open and committed organisational cultures are characteristics of Australian companies with better OH&S strategies and management. AMP Capital Sustainable Funds Team will invest in companies who have demonstrated that they value their employees' and contractors' health and safety during and after their employment and the public's health and safety through:

1. Corporate OH&S strategy and policy, which is expertly integrated into the human resources management system (HRM) or the Risk Management strategy of the company. The senior management's commitment and responsibility to OH&S performance are integral to the strategy.
2. Establishment of a comprehensive and effective OH&S management system which must include consultation and injury management, consistent with the legislative requirement.

3. Appropriate disclosure of performance indicators (such as number of reported workplace incidents, average time lost per occurrence, number of workers' compensation claims and trends in workers' compensation costs and premiums), a description of OH&S management system, OH&S programs and initiatives, and significant incidents and near misses as well as action taken to prevent a recurrence. These give depth to the company's OH&S performance.
4. Evidence and demonstration of continuous improvement of their OH&S management system and OH&S management performance, such as OH&S performance indicators over a time period or by benchmarking against or accreditations to audit tools such as SafetyMap, AS/NZS 4801 or OHSAS 18001.
5. Effectively incorporate OH&S issues in setting out contract requirements, in evaluating contracts and in the ongoing assessment of contractor performance.

AMP Capital Sustainable Funds Team is committed to actively engaging and working with companies to encourage them to meet the above criteria and to continuously improve their OH&S management and working conditions. These measures should reduce the frequency and severity of incidents and therefore reduce the total cost of OH&S management (fines, premium increases, injuries pay out etc.), as well as the death and suffering of workers. The above prescriptive measures will also help to increase Directors' responsibility and liability.

We recommend the companies manage the current and significant OH&S issues, such as the change of OH&S management methods, required to cater for the flexible labour force trend and industry specific OH&S issues. We also recommend that existing shareholders and potential investors review companies' OH&S management and urge them to improve.

From an investors' perspective, we will actively consider OH&S performance in our investment decisions, as we believe it is a good measure of management quality in many high-risk industries.

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- Members of AMP OH&S Management: Ms Lea Baker, OH&S Manager, AMP Limited and Mr Adam Watson, Senior OH&S Consultant, AMP Capital Investors

The contents of the paper remain the sole responsibility of the AMP Capital Investors Sustainable Funds Team.

Feedback

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Glossary

ABS

Australian Bureau of Statistics

ACIRRT

Australia's multi-disciplinary, research and training organisation, based at the University of Sydney

AS/NZS

Australian Standards/New Zealand Standards

CEO

Chief Executive Director

EBITDA

Earnings before interest, tax, depreciation and amortisation

Externalisation

attributing to outside causes

GDP

Gross Domestic Product

HRM

Human Resources Management

HSC

UK's Health and Safety Commission

ILO

International Labor Organisation

LTI

Lost time injuries

LTIFR

Lost time injury frequency rate

MD

Managing Director

Methamphetamines

Addictive stimulant. Commonly called as Speed and Meths.

MSDS

Material Safety Data Sheet

MTIFR

Medical treatment injury frequency rate

NOHSC

National Occupational Health and Safety Commission

OH&S

Occupational Health and Safety

PPIs

Positive performance indicators

SRI

Socially Responsible Investment

1. Introduction

AMP Capital is one of Australia's leading providers of sustainable investment funds. We have been managing funds with a social, environmental or ethical purpose since 2001. AMP Capital is currently (July 2005) responsible for over \$500 million in Sustainable Funds.

A key aspect of our socially responsible investment (SRI) philosophy is to encourage all companies to strive towards sustainability and high levels of corporate social responsibility. There is a focus on those industries that are addressing the challenges and opportunities of sustainability. There is also a focus on providing a good financial return and in order for our SRI funds to invest in a company we need to be confident that the social and financial returns are acceptable. In some cases the social and/or environmental costs may mean that we will decide not to invest in certain sectors or industries.

The health and safety of a company's employees, contractors and visitors is a key responsibility of a company. However, nearly three thousand people die at work in Australia each year. Accidents severely impact the health, social and financial situation of many more and cost the economy \$7.5 billion through workers' compensation alone.

High workers' compensation and medical costs as a result of poor OH&S performance can reduce a company's ability to compete. Investors should be aware of the financial risks OH&S issues carry for profit-making companies. As one of Australia's leading providers of sustainable investment funds, the AMP Capital Sustainable Funds Team believes that good occupational health and safety (OH&S) performance is in the best interest of employees, the company and the shareholders.

This paper sets out the framework within which the AMP Capital Sustainable Funds Team considers OH&S issues and our view on good practice for the companies in which we invest and for other companies we seek to influence. References to relevant sources of specialist information and more detailed guidance for companies are provided at the end of the paper.

2. Why is OH&S an issue?

An OH&S injury is a term used to describe all resulting injuries from accidents or occupational diseases contracted or aggravated in the course of employment. There are several categories of employment injuries, which include Workplace injuries (injuries occurred during work and recesses), Occupational diseases (eg. loss of hearing from continuous exposure to noise), and Non-workplace injuries (eg. accidents during travels between work and home)¹. This description covers a large proportion of the average person's daily life. Therefore fundamentally, OH&S injuries are a significant issue for anyone who is working.

National cost

The national cost for workplace injury and illness in Australia during 2000/2001 financial year was \$34.3 billion according to the National Occupational Health and Safety Commission (NOHSC) report². This is approximately 5% of Gross Domestic Product (GDP) for the same period. The Productivity Commission of Australia estimates similar costs annually³ and its 1994 report⁴ outlines that the workers' compensation premiums employers pay are around 2% of labour costs.

The distribution of this national cost is a significant issue. The NOHSC report estimated that the distribution of cost including the workers' compensation premiums is to the employers 24%, to society 35% and to the workers 41%. The society and the workers themselves pay for 76% of \$34.3 billion. This certainly illustrates inequalities in those who pay for the costs of workplace injuries and illnesses. To support this argument, the NOHSC report also estimates that the cost of pain, suffering and early death to injured or ill workers, could add another \$48.5 billion to the total cost to the economy, making the total \$82.8 billion to the Australian economy per year. Therefore, it is clear that OH&S is a significant social cost.

The trend in the world's employment produces another significant issue. The move towards globalisation of industries and economies has produced organisations and individuals that prefer flexible employment. A 'flexible firm model'⁵ includes a larger proportion of 'peripheral' and 'precarious' employment groups, such as short-term contractors, part-timers, job-sharing employees, subcontractors, self-employment and temporary employees.

A large proportion of these 'peripheral' and 'precarious' employment groups are people of lower socioeconomic status. A report by InFocus Program on SafeWork, ILO, stated that generally all groups that have lower socioeconomic status have, on average, more dangerous working conditions⁶. Therefore the inequalities from the workers paying for the cost of fatalities, injuries and illness from work will multiply, because the large proportion of these workers are in the lower socioeconomic class of the world's population.

Investors' interest

Each year in Australia, approximately 650,000 workers are injured or have become ill from work, which is equal to 1 in 12 Australian workers⁷. From these, at least 120,000 will require more than 5 days off work. Work related deaths in Australia are approximately 2,900 per year and this is around 1.5 times the number of people dying from road accidents. About 430 of these deaths are from workplace accidents and the others are from the workplace-related diseases.

This means that more than \$8 billion (24% of \$34.3 billion) a year of Australian companies' profits are used in workplace injury costs. Using the Australian Bureau of Statistics' (ABS) figure for total operation profit for Australian companies (\$126.8 billion) in 2000/2001, workplace injury costs account for 6% of this profit.

- 1) Note that not all authorities of states and territories of Australia cover Injury on the journey as part of the WorkCover insurance.
- 2) National Occupational Health and Safety Commission (2004) "The Cost of Work-related Injury and Illness for Australian Employers, Workers and the Community – August 2004"
- 3) Australian Government Productivity Commission (2004) "Productivity Commission Inquiry Report No. 27 -National Workers' Compensation and Occupational Health and Safety Frameworks" 16 March 2004
- 4) Industry Commission (1994) "Workers' Compensation in Australia – Report No. 36". 4 February 1994
- 5) Thompson P. & McHugh D. (2002) Work Organisations – A Critical Introduction 3rd Edition. Palgrave
- 6) Dorman P (2000) "The Economics of Safety, Health, and Well-being at Work: An Overview" found on International Labour Organisation (ILO) website, www.ilo.org
- 7) Fact sheet, "Workplace health and safety responsibilities" by NOHSC www.nohsc.gov.au

Therefore, high workers' compensation and medical costs as a result of poor OH&S performance, reduce a company's ability to compete. Investors should be aware of the financial risks OH&S issues carry for profit-making companies.

There are three types of costs which investors should be interested in, and these are workers' compensation premiums, indirect costs, and the costs of alleviating workplace incidents.

Workers' Compensation Premiums

In Australia employers are obliged to pay premiums to a public or private insurer, or otherwise self-insure, to cover their liabilities for all work-related fatality, injury and illness. In some states such as NSW, these premiums also cover non-workplace injuries, which include road traffic accidents, incidents during recess period and away from work, and commuting accidents⁸. The Commonwealth, State and Territory governments each administer their own OH&S regulatory regimes and workers' compensation schemes⁹.

Workers' compensation premiums are estimated to be 2% of labour costs in the 2000/2001 financial year and Australian employers paid approximately \$7.5 billion¹⁰. This is approximately \$21,000 per case assuming there were 350,200 injured workers in Australia in the same period.

Generally workers' compensation premiums depend on the size of the company (employer's wages) as well as premium rates for particular industries. Often premiums for larger companies are calculated more of their own merit (ie. their claims cost and wages etc.), however for smaller companies their premium is based more on industry rates. Therefore, larger companies and those that are self-insured can decrease workers' compensation costs through reducing the number and severity of incidents and diseases and improving the rehabilitation of those workers injured.

Indirect and Unbillable Costs

Workers' compensation and insurance only covers billable costs from injury, ill health and damage. It does not cover a number of indirect costs to employers. The following outlines cost estimates for indirect cost from the economic study conducted by NOHSC for 2000-01 in Australia¹¹.

- Production disturbance cost is estimated at \$490 million.

This will include costs such as:

- Lost time – interruptions in production immediately following the accident
- Extra wages and overtime payments to temporarily replace the injured worker and to meet deadlines for production
- Sick pay
- Production delays and reduction of product quality following the accident
- Loss of skills and experience
- Recruitment and training costs for replacement workers
- Loss of contracts due to the incident itself or due to the late delivery of contracts
- Damage to products, plant, buildings, tools, equipment and materials from the incident (if not identified, an allocation through the routine accounting procedures)

8) Note that the premium may not be impacted by the Non-workplace injuries. The insurers will recover these costs from other means such as Compulsory Third Party (CTP) Insurance.

9) Heads of Workers' Compensation Authorities (2002) "Comparison of Workers' Compensation Arrangements – Australia & New Zealand" October 2002

10) National Occupational Health and Safety Commission (2004) "The Cost of Work-related Injury and Illness for Australian Employers, Workers and the Community – August 2004"

11) National Occupational Health and Safety Commission (2004) "The Cost of Work-related Injury and Illness for Australian Employers, Workers and the Community – August 2004"

- Clearing the site from the accident
- Reduced productivity of injured workers on light duties
- Administration cost is estimated at \$360 million.

This will include costs such as:

- Legal costs in dealing with the authorities as well as with the injured worker/s
- Fines for the accident
- Investigation time and costs – other employees are assigned to investigate and write reports on the incident
- Excess on any claim and increased insurance premiums
- The incidents could also trigger the following effects on the employees and further increase the indirect costs, which cannot be measured accurately and therefore are hidden costs to the employees:
 - Morale effects on co-workers and loss of goodwill
 - Stress
 - Reduced quality of recruitment pool due to incidents and loss of reputation
 - Loss of business reputation
 - Union actions such as site shut downs and strikes may lead to significant production loss

To place these costs in relative terms, UK's HSC has indicated that the cost of uninsured losses is 10 times the business cost of insurance premiums paid for the same period¹².

Cost of Alleviating Incidents

The third and last cost which investors should be aware of is the cost of preventing incidents in the workplace. These costs include cost of developing OH&S management system for the business, training and education costs for all responsible employees as well as general knowledge to all employees, implementing management system, and monitoring and improving the OH&S management system. A good OH&S management system will reduce the risks that the company is exposed to by reducing the severity and frequency

of accidents/incidents by prevention. Reducing these risks will cut business costs such as described in the above sections.

SRI Investors' Interest

As investors who prefer investing in socially responsible and sustainable companies, there is more to investing than just the economic case for improving OH&S performance. As well as the economic costs, inequality of benefits, costs and sufferings are the key issues, which need to be reviewed in more detail. People have the right to return home from work safe and sound.

As described before, in Australia OH&S costs are distributed 24% to the employers, 35% to the society and 41% to the workers. In the UK, Health & Safety Executive states that in 2001/2002, workers paid 29%, employers paid 11% and society paid 60% of the costs to OH&S incidents¹³. The methodology and assumptions may differ but what is clear from this data is that a significant amount of the cost of OH&S is being externalised onto the employees and the community.

The increase in 'peripheral' and 'precarious' employment groups due to more flexible employment conditions has also led to the externalisation of OH&S costs. Not only do these groups tend to be exposed to a more hazardous working environment but also they endure substantially more physical and financial sufferings than other employment groups which have 'normal' working arrangements. In many cases, this is because in real situations they are not covered by workers' compensation schemes or feel their employment position is too vulnerable to insist on appropriate OH&S training (in Australia, only 73% of Australian workers are covered by workers' compensation schemes¹⁴).

12) Information pamphlet "Reduce risks – cut costs The real costs of accidents and ill health at work" Health & Safety Commission books, March 2002.

13) Health & Safety Executive website (30/10/2004) http://www.hse.gov.uk/costs/costs_overview/costs_overview.asp

14) Australian Bureau of Statistics (2001) "Survey: Employment Arrangement and Superannuation, Australia – 6361.0, for April to June 2000"

For example, a day-worker at a construction site with poor OH&S induction/training may be exposed to the same hazards as the full time employee at the site but they do not have the same level of safety training. The chance of them getting injured and the severity of the incident may be greater due to lack of safety knowledge and fatigue resulting from less paid time off. The costs of their health may be coming out of their own funds and therefore often ignored. The physical and mental suffering would be greater due to reduced care.

Furthermore, Australia's labour market is falling short in skilled labour¹⁵. The sustainability of our companies depends on the recruitment of the best employees. It is important to attract and hire the right future leaders, who are currently Generation X and Y (born in 1970s and 1980s). Generally Generations X and Y want to find employers who can deliver the kind of work environment they desire. Good health and safety management is one of the significant factors these employees look for.

For an SRI investor, good health and safety management can bring about efficient management of the risks, opportunities for intangible benefits such as improving productivity, raising morale and helping to create a happier and healthier workforce, as well as attracting and retaining the best employees.

15) PWC Global (16/06/2005) "Mid-sized businesses fear shortage of skilled labour, PwC survey finds" – 2005. Found on www.pwc.com

3. General OH&S requirements

To look after employees, contractors and visitors, reduce the severity and the number of incidents, compliance to the OH&S regulations is a good starting point of any OH&S management system. Every organisation in Australia has to integrate OH&S management procedures into their operations to meet government regulations. This is the general framework, which protects the workers from OH&S incidents and their unfortunate outcomes.

Government Regulation

Disappointingly there is no single legislation in Australia which coordinates and enforces OH&S management for a company. State, Territory and Commonwealth governments are separately responsible for regulating and enforcing workplace health and safety.

Typically, health and safety legislation in Australia states that the employers have the prime responsibility to make sure that the workplace is safe and the health of employees is not damaged. Generally employers are required to have a systematic approach to identify and manage health and safety risk, consult employees regarding health and safety, strive towards high safety performance standards as well as participating in workers' compensation schemes. If these requirements are not met, the authorities in each jurisdiction may prosecute the employer.

The employer must take all reasonable steps to ensure the safety of their employees. Tougher and higher legislative hurdles are a likely development of Australian OH&S regulation. Industry professionals estimate that the maximum penalty for individuals and companies breaching OH&S laws will double in the next few years. Already, ACT WorkCover's legislation has raised the bar - The Crimes (Industrial Manslaughter) Amendment Act 2003 has provision for an employer (management) to be convicted of criminal charges if a court is satisfied beyond reasonable doubt that the employer had been criminally negligent or reckless in causing the death of a worker. Most recently, the NSW OH&S Amendment (Workplace Deaths) Bill 2005 was passed on 10th June 2005, where higher penalties have been placed for workplace fatalities. The maximum penalties for individuals will be fines up to \$165,000 and/or up to 5 years' imprisonment and the maximum penalties for corporations is \$1.65 million¹⁶.

Prevention

An effective OH&S management system will ensure hazards and risks are identified and controlled systematically in the workplace. It is a way to prevent or minimise frequency and reduce severity of the OH&S incidents. It is important that each organisation understands that an OH&S management system should be appropriate to the particular type of work and hazards of the organisation. Furthermore, an OH&S management system is required to comply with legislation.

An OH&S management system is a planned, documented and verifiable method of managing hazards and associated risks. According to NOHSC¹⁷, it is a system because there is the sequencing of processes to manage OH&S. It is a management system because it is the responsibility of the senior management to ensure safety and health of the workers.

The essential components of an OH&S management system are commitment and responsibilities; consultation; hazard identification and risk assessment; policy and procedure; information and training; risk control; monitoring, review and improvement; and record keeping (Annexure A details each of the components). The system should:

- focus on the risks to health and safety of employees, contractors and visitors;
- focus on appropriate targets covering lead and lag indicators;
- focus on the behaviours of people and not just procedures;
- integrate into the Human Resources Management or Risk Management system and in particular the remuneration of senior management;
- focus on occupational health, as well as safety accident and incidents;
- have a learning or feed-forward loop;
- have no negative loops, or perverse incentives, which may lead to a blame or cover-up culture within the organisation.

16) NSW WorkCover (2005) Information sheet about the OH&S Amendment (Workplace Deaths) Bill 2005 found in www.workcover.nsw.gov.au.

17) NOHSC (1999) "Occupational Health and Safety Management Systems: Information Paper by Bryan Bottomley, November 1999

A common argument is that such systems are a cost. However, this is an investment in the company and employees and once integrated with other systems the benefits will be more prominent. According to the OH&S specialist at WorkCover South Australia¹⁸, an injury with a \$1,000 in direct claims costs will also have approximately \$5,000 in indirect costs. Assuming 5% profit margin, it would take around \$100,000 increase in turnover to compensate for the loss. This simple return on investment (ROI) of prevention can illustrate how valuable preventive measures are to the company's financial bottom line.

Effective systems with a focus on improved performance can increase cost savings. Two examples of such systems, which companies have implemented, illustrate the positive outcomes.

Chep UK

Chep UK manufactures, repairs and distributes pallets in the UK and Europe. They have 1,400 factory staff and 2,200 overall employees and they have improved safety and reduced accidents through a behavioural safety program. The health and safety benefits they achieved include the reduction of lost time incident frequency rates from 44 per 1,000,000 hours worked in 1999 to 11.8 in 2003, and increased awareness and ownership of health and safety issues among the workers. The business benefits achieved include: improved productivity through reduction of number of work days lost through injury; improved public image through presenting experiences at safety conferences; and staff development such as increased communication skills and higher self-esteem/confidence.

Estimated annual cost for training, observers' salaries and managers' time for the OH&S management system is around £145,000 (excluding workers' compensation premium). The reported number of injuries has halved and savings from the improvements are around £285,000 per year (savings in lost staff time, production interruptions, civil claims etc).

GlaxoSmithKline (GSK) – Dartford, Kent UK

The two Dartford sites have developed and established a "Partners in EHS" program to management health and safety. This has proved key in maintaining commitment and morale during closure of one of these operations and achieving world-class in the other.

The health and safety benefits include: better stress management; reduced lost time accident rate from 14.3 per 1,000,000 hours worked in 1993 to zero in 2002; first GSK sites with joint accreditation under ISO 14001 and OHSAS 18001; and first GSK site to achieve 4 million hours worked without any lost time for injury or incidents. The business benefits include: establishment of a positive organisational culture ensuring good industrial relations during a period of downsizing; around 40% reduction in employers liability claims since 2000; and improved relationships with local community.

The cost for the program is approximately £260,000 over the decade. A net saving of £100,000 annually is made due to a reduction in the number of accidents and liability claims.

Injury Management

It is possible that workplace accident will occur even with the most comprehensive prevention measures. An injury management program ensures that the injured workers are returned to work safely and promptly. It includes treatment of the injury, return to work program, and retraining into a new skill or new job if necessary.

These programs are beneficial to the employer because the earlier the injury is treated and managed, the sooner the employee will recover from the injury and return to work. There will be less downtime, less productivity loss, and lower claims costs, which results in lower premiums. It is beneficial to the injured employees because they are aided by the employer to recover quickly and there is less income loss by going back to work earlier, doing different types of work. However, care must be taken in considering employees' psychological injuries as well as physical injuries. The company must ensure that the injured workers are not returned to work too early before their full recovery.

There are various statutory responsibilities which employers need to comply with regarding injury management and return to work programs. Annexure B describes these responsibilities according to their jurisdiction. The following examples demonstrate the clear benefits of well-managed injury management and return-to-work programs.

18) Comments from OHS Group, WorkCover Corporation of South Australia

Rolls-Royce plc

Rolls-Royce plc employs around 22,000 staff in aerospace, defence, marine and energy divisions. A new Sickness Absence Management Policy has reduced the duration of absence and costs. The health and safety benefits include the ability to analyse the cause of employee absence accurately and fewer days of absence due to illness. The business benefits include: reduction in staff absence from an average of 2.9% in 1999 to 2.4% in 2002; average number of days lost per employee per year fell; more employee contributions to Rolls-Royce's business activities at any one time; and employees feel managers are positively interested in their prompt return to work.. Cost from the development of the policy and procedure and briefing managers and HR specialists on the new procedures was £207,800. However, by reducing the absence by about 15%, Roll-Royce has saved around £11 million in 2002.

Small to Medium Transport and Storage Company in NSW, Australia

NSW WorkCover estimated that a good injury management practice would benefit a small to medium sized transport and storage company in terms of saved premium costs, early return to work, minimise workers' compensation cost and increased motivation of the staff through genuine concern expressed by the employer. Table 1 outlines the workers' compensation premium savings for various types of employees and their injuries.

Table 1: Likely workers' compensation premium savings in transport and storage businesses ¹⁹

Job description	Type of injury	Good injury management practice	Poor injury management practice
Truck driver	Ligament torn in ankle while stepping down from truck	\$2,520	\$37,800
Delivery offsider	Lower back strain lifting heavy boxes	\$680	\$8,360
Storeman/packer	Crush fracture of mid spinal region when hit by a pallet of heavy boxes whilst loading a truck	\$8,600	\$56,100
Forklift driver	Twisted and strained muscles in lower back as he was getting off his forklift	\$1,230	\$9,150

19) NSW WorkCover (28/01/2005) "Workplace Safety Small Transport and Storage Business" found in www.workcover.nsw.gov.au

Extended Health and Safety Initiatives

Many companies produce and distribute products that in their use represent an OH&S hazard, such as hazardous chemicals. The companies need to consider OH&S issues associated with product use, through product design to consumer awareness. A cost benefit analysis has found that careful planning and managing of dangerous goods in NSW regarding health and safety will be a net benefit to the people of NSW. The example below is consistent with the concept of product stewardship, which also applies to those companies that produce consumer goods (such as electrical goods, food and cigarettes) where health and safety risks apply to the public.

National Standards for the Storage and Handling of Dangerous Goods

A cost benefit analysis was conducted for the producers (manufacturers, importers), suppliers and workplace occupiers of NSW adopting the National Standard for Storage and Handling of Dangerous Goods²⁰. The term 'cost' included all items incurred by industry directed at risk management. The term 'benefit' included all other impacts (mainly reductions in incidents and their consequences).

The total cost to the industry was estimated as \$35.6 million, which included preparation and supply of Material Safety Data Sheets (MSDS), placarding, risk assessment and control, induction and training. The major benefits of the National Standard are the avoided costs associated with severe dangerous goods incidents.

In conclusion the study was able to deduce implementing the National Standards to NSW (even after incorporating the implementation costs) made over \$60 million in savings²¹.

20) Syneca Consulting (undated) "National Standard for the Handling of Dangerous Goods: Cost Benefit Analysis" prepared for WorkCover Authority of NSW. www.workcover.nsw.gov.au

21) Note that the findings are relatively insensitive to assumptions made in the analysis.

4. Key issues

Previously, the basic needs for the effective OH&S management of a company's operations have been discussed. The following issues give more depth to managing OH&S in a company. These issues are important to employers because increased employer accountability and legal obligations are likely in the near future.

Workplace Stress

OH&S management is not just about managing the immediate risks in the workplace or management of injuries. It is also about making sure that employees' exposure to the work environment will not reduce their health

and lifestyle even after they move on from the employment. One of the escalating psychological work-related illnesses is workplace stress. While we recognise a certain amount of stress can be a positive for workplace, in this paper we are referring to levels of stress, which lead to psychological illness/injury. In many respects, the extent of the problem is difficult to assess as the way it manifests itself differs between people and circumstances. Table 2 shows that there is a range of physical, psychological and behavioural symptoms that can be associated with high levels of stress.

Table 2: Effects of Stress

Physical Effects	Psychological Effects	Behavioural Effects
☛ blood pressure	☛ anxiety	☛ smoking
☛ heart rate	depression	☛ drinking
☛ muscle tension	aggression	irritability
headache	confusion	obsessive concern with trivial issues
backache	psychosomatic complaints neuroses	poor work performance

Source: NOHSC 2005 and OHS Repts 2005

As a result, the workplace outcomes of stress can include absenteeism, high or increased accident rates, poor or reduced work output, reduced profits, increased workers' compensation claims, poor interpersonal relations in the workplace, and high staff turnover (requiring recruiting and training of replacement staff).

Significant legal cases can arise from stress. Past cases include: a senior manager at Patricks was awarded \$630,000 for stress related to the waterside dispute; former employee for Northern Meat Holdings was awarded \$500,000; and an employee for Commonwealth Bank won her case regarding a stress-related psychiatric condition. Large cases such as these can be avoided if the employer acknowledges and acts on the early signs of employee discomfort. Although it is a challenge to the employers when often the signs are not as prominent for quick detection, with better and proactive management and measurement, a company can detect the behaviours of their workforce.

Research into these measurements have shown that one in four people took time off due to stress at work and of these, 72% had used ordinary sick leave, 20% had used some form of recreational leave, 4% had used other leave, and only 4% had claimed Workers' Compensation in Australia²². Another report²³ suggested that there is a steady increase in psychological injury claims in the recent years. In addition, more claims were being lodged by people in affluent suburbs and with the focus on rehabilitation rather than payouts. The cost is considerably higher because workers take more time off work than other injuries and incur higher medical and legal bills. Evidence of a rise in compensation claims for workplace stress is also shown in the NSW WorkCover data below.

22) ACTU (1997) "Stress at Work" www.actu.asn.au

23) Sydney Morning Herald (21/06/2004) "Surge in claims for workplace stress" by Michael Pelly

Table 3: Incidence of Workplace stress, NSW 1991/92 – 1995/96

Statistical feature	1991 - 92	1995 - 96	2001 – 2002a	Change
Major claims	473	1738	2.67 times	
Pay outs for stress claims	\$5.4million	\$29.4million \$37.8million ^a	\$79.4 million ^a	4.44 times 2.1 times
Recuperative time off work awarded, as a result of stress claim (expressed as a proportion of all day pay outs)				
More than 4 weeks off	40%	58%		18% increase
More than 26 weeks off	12%	22%		10% increase

Source: WorkCover 1997, ACIRRT

a: Blake Dawson Waldron - information sheet on workplace stress (payout amount in Victoria)

The ACIRRT's report on Stress²⁴ suggests that there are two main arguments for the preventative approach to the management of stress:

1. If early signs of stress problems are ignored, employers can face high compensation payouts to employees.
2. Stress and its cumulative effect can affect productivity and worker performance, subsequently the entire workplace suffers

Employers should face these challenges in attempt to deal with this 'silent effect', which could significantly cost the company. Employee awareness and seminars for stress management, provision of means to promote active detection and management of stress such as counselling services, provision of facilities to exercise, and appropriate and integrated human resources management systems would be measures which can be taken to battle the 'silent effect'.

Provisions for New Trend of Workforce

A company's management of OH&S can be affected if they are not prepared to cater for the changing shape of the workforce. A move to more flexible employment such as an increase in contractors, casual workers, outworkers, part time workers and job-sharing employees has diminished control over workers' environments. Consequently contracting and outsourcing are seen as an obstacle to the improvement of OH&S conditions²⁵.

The OH&S legislation states that the employer has the duty of care, which extends to anyone entering the workplace including contractors, visitors and general public. It is a challenge for companies to care for this emerging group of the

workforce, especially when there is an element of less control over working conditions. Lack of 'traditional' control of the workers means that the 'traditional' OH&S management will not work as efficiently as it was initially designed. Additionally, competitiveness in the market may lead to short-sightedness of the companies and can decrease OH&S training efforts. With the new trends in the workforce, companies will need new ways of dealing with OH&S issues.

Contractors

High-risk industries with regards to workplace safety, such as the Metals and Mining industry, should focus on increasing OH&S management for its contractors. When the safety data for the decade was analysed for the industry, the majority (61.6%) of fatalities were permanent company employees, however a large proportion (28.8%) of fatalities were contractors.

A proactive approach to OH&S management of and by contractors will ensure improvement of overall operating systems, improvement of overall business reputation, and thus improvement of attractiveness to clients. It also improves the internal culture of the contracting business, which is a major issue to manage human capital available to the business. As a company employing contractors, there are legal obligations if the workplace is under the control of the company. The contractors' OH&S management system is a risk management tool.

24) ACIRRT (undated) "Stress: prevention better than cure" <http://www.acirrt.com/pubs/WPIntstress.pdf>

25) Dorman P (2000) "The Economics of Safety, Health, and Well-being at Work: An Overview" found on ILO website, www.ilo.org

When a company uses contracting services (such as mining, transport, construction and cleaning) the OH&S management system needs to be a part of the contractor evaluation process. These are preparing tender and contract specification; tender evaluation; pre-commencement planning of work; and on-site control and monitoring²⁶. The company contracting out the services must ensure that the OH&S standards are similar to or better than their own OH&S standards such as necessary training in the induction and on-going and appropriate provision of workers' compensation for individuals. They also need to review the contractors' past OH&S performance as part of the contract review.

Sub-contractors, casual workers and outworkers

The level of workers' protection from workplace risk is reduced as we go down the supply chain. Just as the company tenders out projects to contractors for the flexibility, casual employees, outworkers and self-employed are often employed by the contractors to increase their flexibility. Unfortunately this could reduce health and safety obligations to the workers.

What contractors must realise is that there are still legal obligations to ensure everything 'reasonably practicable' was done to protect the health and safety of their workforce. The contractors must ensure their casual workforce have appropriate OH&S training. They must also ensure that individual casual workers have appropriate provision of workers' compensation.

Homeworkers

The health and safety issues are often neglected for the employees working from home. The companies have duty to care for the employees and their working environment situated at home. Generally, it is desirable to be responsible for their health and safety with improved facilities, but it is also in the company's best interest to minimise absenteeism and sick leaves.

Manufacturers and suppliers

It is legally required that Australian manufacturers, designers and suppliers of plant and substances

(eg materials and chemicals) must consider the health and safety of people making the plant or substance as well as those who will be using it. Similarly to OH&S measures required for the contractors and sub-contractors, companies must ensure that their manufacturers and suppliers have an OH&S management procedures. This is a risk management tool to facilitate reliable supply of goods and to ensure that the health and safety features of the plant or substance will not be compromised.

Overseas standards

A large proportion of the plant and material used by Australian companies are now manufactured and designed overseas, largely due to flexible workforce and globalisation. Large Australian mining companies have mining operations outside Australia. Companies using overseas suppliers and manufacturers have responsibilities to check whether the manufacturing workers have certain OH&S controls in place. Companies with operations and manufacturing facilities overseas must consider the differences in government regulations and culture in these countries.

Companies with overseas employees must ensure their workers are covered under government-run workers' compensation schemes or their own workers' compensation insurance. They must also adapt the Australian OH&S management system to suit the cultural customs overseas. Key differences are the method of increasing workers contribution to OH&S management and the reporting behaviour of incidents. Therefore, the management system should be amended to match the cultural customs in order to increase the performance of OH&S management.

Industry Comparison of OH&S Management

While OH&S is an important issue for all industries and companies, the nature of the work environment means that some industries are particularly subject to OH&S hazards. This has been reflected in the lost time injuries and fatality data.

26) NOHSC (1999) "Managing your contractors' health and safety: A Guide". Evaluation of Contractor OHS Compliance Initiatives. February 1999.

The Mining, Manufacturing, Chemical and Construction industries are particularly hazardous. While most of these traditionally hazardous industries have improved their OH&S performance over the last 5 years, there is still room for improvement and the cost to the industry is significant. Table 4 gives a breakdown of the OH&S data – lost time injury frequency rate (LTIFR) and costs for each sector. It also compares the costs of OH&S with the operating profit for the industry sector.

The table highlights that these traditional hazardous industries still have significant OH&S issues but it also highlights the Transport and storage industry and

Health and community services industry also have significant OH&S issues.

From an investors' perspective the % of total sector OH&S costs to total sector operating profits provide a significant insight. The highest relative cost is 131% for the Transport and storage sector, while sectors such as Accommodation, Construction and Manufacturing all have relative costs greater than 40% of the total sector operating profit. It should be noted that the data for Personal services industry includes those involved in 'public order and safety'. As this industry is primarily undertaken by the public sector, an OH&S cost relative to operating profit is misleading.

Table 4: The total cost to the economy (\$ m) of work-related injury and illness, by industry of workplace, 2000/2001

Industry Sector	LTIFR	Absence Duration	Injury	Disease	Total ^d	Operating Profit ^a	Proportion of related injury and illness to EBITDA
	per million hrs	Av. Week	Total cost (\$million)			\$m	%
Agriculture, Forestry, Fishing	20.8	12.2	1,200	200	1,400	^c	
Mining	20.4	10.7	900	200	1,100	15,998	7
Manufacturing	26.6	9.0	6,300	1,300	7,600	15,509	49
Electricity, Gas and Water	14.1	4.4	300	100	300	4,599	7
Construction	23.1	12.6	3,000	600	3,600	3,669	98
Wholesale Trade	14.9	10.7	1,500	200	1,700	6,237	27
Retail Trade	17.0	8.0	2,200	300	2,500	5,511	45
Accommodation	17.6	10.1	1,000	100	1,100	1,353	81
Transport and Storage	26.2	9.5	2,600	500	3,100	2,369	131
Communication Services	11.6	7.0	500	100	600	6,406	9
Finance and Insurance	5.6	8.7	400	100	500	44,344	1
Property and Business	9.6	11.6	2,200	300	2,500	12,625	20
Government Admin /Defence	13.1	6.9	1,100	300	1,400	^c	
Education	11.6	8.1	1,200	300	1,500	^c	
Health and community services	21.4	9.9	2,900	500	3,400	^c	
Cultural and recreational services	18.3	8.0	500	100	600	2,536	24
Personal and other services	21.3	18.0	1,100	200	1,400	1,189	118
Australia	17.7	9.6	28,900	5,400	34,300	126,802^b	26^b

Source: NOHSC (2004) "The Cost of Work-related Injury and Illness for Australian Employers, Workers and the Community – August 2004"

a: Australian Bureau of Statistics data – operating profit for each industries

b: All industries excluding Agriculture, forestry and fishing.

c: Data not found.

d: All costs, ie. including costs to employer, employees and community

Fatalities and Injuries in Construction Sector

According to the NOHSC database in 2002, The Construction industry took the lives of 44 employees and injured approximately 17,800 employees through workplace accidents and incidents. Table 4 states that during 2000/2001 financial year, 98% of Australian Construction industry's operating profit was spent on work related injuries and diseases. This is certainly significant cost to the industry and to Australian economy.

The most frequent ways that workers are killed at a construction sites are through falling from heights, electrocution and being hit or crushed by powered mobile plants²⁷. The majorities of the injuries are back injuries, sprains and strains from manual handling²⁸. These deaths and injuries continue to occur because many tasks at construction sites are undertaken routinely (safely and unsafely) and have been set as the industry norm.

Fortunately, there have been significant improvements in the management of OH&S in Construction industry²⁹. A reduction of 31% incidence rate was observed between 1995/1996 and 1999/2000 in NSW (Construction industry in NSW have been improving at a higher rate than the other jurisdictions in Australia). The major drivers have been increasing legislative obligations, changes to workers' compensation payments and levy system, reputation and client pressure, CEO/ MD and parent company pressures and internal accountability, and the role of the unions.

However, gap analysis uncovers the following future challenges for the Construction industry:

- Change of attitudes in the industry – current practice awards contracts to cheapest tender (generally contractors cutting cost in safety practices can reach such low prices). The savings from the contract are used to “manage” safety problems as they occur and this will not improve safety performance because it is a ‘bandaid’ approach. This challenge is not an easy task to overcome and the whole of industry must work together.
- Safety documents matching the real safety practice – formal documentation of safety management have been improved. However documenting does not often translate to real practice. An area for improvement is the

subcontractors' compliance to documented safe work controls. Continuous and diligent review of compliance to the code of practice and measuring, reporting and feeding back to the employees and subcontractors are important to overcome this practice.

- Supervisor training – it is found that subcontractors' supervisors need OH&S and injury management training.
- Poor design and planning – European studies have identified that over 65% of incidents can be due to poor design and planning. Currently there are no systematic method to reduce poor design and planning in the Construction industry. The Construction industry must raise awareness and form an alliance with the designers and clients to reduce safety incidents.

Fatalities in Transportation & Storage Sector

The incidents of fatalities figure reported for the transport and storage industry in 2002-03 is the highest in all Australian industries with 17 for every 100,000 employees. This is more than five times the national average³⁰. Table 4 shows that the industry also has the highest proportion (131%) of total OH&S costs to the economy compared to its operating profit in Australia.

The regulators have increased the legal liabilities of the employers as the driver's truck is now considered as a workplace and will prosecute any employers who do not provide a safe workplace for the driver. The fatality in October 2004 in NSW, where an employer had failed to provide safe working conditions for a long haul truck driver is an example of why such workers must be protected. The deceased had crashed his semi-trailer after two days of continuous driving. He was kept awake by methamphetamines while trying to adhere to a

27) WorkCover Victoria (undated) “Job Safety Analysis Worksheets for the Construction Industry”

28) ACT Building and Construction Industry and ACT WorkCover (2004) “Safety Handbook 2004”

29) WorkCover NSW (2001) report on “Priority Issues for Construction Reform – Safely Building NSW”. Supporting materials are research by the University of NSW School of Safety Science and the Australian Centre for Industrial Relations Research and Training and a 1999 survey of employees undertaken by the Construction Forestry Mining and Energy Union

30) The Australian Financial Review (4/11/2004) “Death takes a heavy toll on workers” by Robin Robertson

timetable imposed by the employer. The employer was found guilty under the Occupational Health and Safety Act.

Common types of injuries and fatalities in the transport and storage sector include the following³¹.

- Falls while loading and unloading a truck or fitting tarpaulins and getting in and out of the vehicle.
- Driver fatigue can cause loss of alertness, poor judgement, slower reactions to events and decrease vehicle control skills. Research shows an estimated 25% of fatal truck crashes are due to fatigue.
- Reduction in OH&S responsibility and control for the driver and the vehicle due to job subcontracting. Sub-contractors are often unaware that they are subject to the same safety standards as the permanent company employees or the contractors.
- Transporting of dangerous goods and hazardous substances can increase the risk to people, property and the environment from an accident or incident, such as fire, explosion, poisoning and corrosion.

It is a sector where the contracting of services will attract significant pressure on incentives for those involved to not incorporate OH&S issues adequately in their operation.

Appropriate Disclosure

Two key shortfalls of Australian companies regarding OH&S practices are the lack of disclosure of OH&S performance measures in the public domain, and the appropriate indicators to measure their OH&S performance. Australian companies are missing out on the additional benefits of an effective approach because it promotes an open and informed culture within the company as well as its stakeholders outside the company, which enhances the company's brand.

Disappointingly the current standard measurements of OH&S performance in the reporting practices of the workers' compensation schemes and OH&S management systems do not paint the whole picture of the company's OH&S performance. The majority of enterprises use the outcome measures (lag indicators), such as LTIFR. However, such indicators are statistical measures which have limits.

1. As a lag indicator, it measures 'what has happened', which has limited value in measuring the effectiveness of prevention strategies and actions of the OH&S management system.
2. It measures the frequency of the incidents and does not measure the severity of the incidents, which often indicates significant factors such as the magnitude of the cost.
3. It only illustrates the safety components of OH&S. It does not show the health side of OH&S, which is substantial proportion of the total OH&S cost.
4. It is a coarse way of measuring the OH&S performance over time. For example, an increase of 1 LTI (lost time injury) could be an increased cost of 40%.
5. It does not measure the depth of the OH&S performance. Information such as the number of claims, the cost of the claims, sick days and absenteeism, geographical information and business divisions of the incident would be helpful.

Also the lost time injury measurement reported to the workers' compensation authority is different to that of the real lost time injury measure of the company. This is because some of the incidents are not reported for following reasons.

- Temporary workplace injuries and diseases that result in absence from work of less than one working week are not always claimed as workers' compensation.
- Not all occupational diseases are reported in workers' compensation statistics. Many diseases from long term exposure to agents have a long latency period, making it difficult to link the to work related activity.

Guidance from NOHSC suggests various components in an OH&S section of an annual report³². Key components from this list are:

- policy and commitment statement;
- targets for reducing incidence and frequency of injuries and disease;
- description of how OH&S is managed;

31) Victoria Workcover Authority (2001) "Transport Industry – A Guide to Occupational Health and Safety Duties" 2nd edition September 2001

32) NOHSC "Guidance on OHS Reporting in Annual Reports" found in www.nohsc.gov.au

- a list of OH&S programs and initiatives;
- initiatives to improve OH&S in the company's industry;
- statistical indicators such as number of reported workplace injuries, average time lost per occurrence, number of workers' compensation claims and trends in workers' compensation costs and premiums;
- description of significant incidents and near misses and action taken to prevent a recurrence; and
- description of health monitoring programs for employees and contractors.

Other suggestions are Medical Treatment Injury Frequency Rate (MTIFR) and positive performance indicators (PPIs). A cut to hand may not be reported as workers' compensation but it will be recorded as MTIFR. PPIs are process measures which indicate how well the health and safety activities mitigate OH&S incidents.

5. Our position

A sensible risk management system, robust Management quality and open and committed organisational cultures are characteristics complementary to the Australian companies with better OH&S strategies and management. A considerable proportion of the operating profits of Australian companies are used up in total OH&S costs to the economy. It is in the best interest of the companies, employees, shareholders, community and potential investors to improve this proportion of outgoings, maximise the profit and increase long-term value of the companies.

AMP Capital Sustainable Funds Team will invest in companies who have demonstrated that they value their employees' and contractors' health and safety during and after their employment and the public's health and safety through:

1. Corporate OH&S strategy and policy, which is expertly integrated into the human resources management system (HRM) or the Risk Management strategy of the company. Senior management's commitment and responsibility to OH&S performance integral to the strategy.
2. Establishment of a comprehensive and effective OH&S management system which must include consultation and injury management, consistent with the legislative requirement. As a guideline, OH&S management system models recommended by each jurisdiction (see Annexure C) or certification standards such as AS/NZS 4801³³ and AS/NZS 4804³⁴ should be followed.
3. Appropriate disclosure of performance indicators (such as number of reported workplace incidents, average time lost per occurrence, number of workers' compensation claims and trends in workers' compensation costs and premiums) and supplemented by description of OH&S management system, OH&S programs and initiatives, and significant incidents and near misses and action taken to prevent a recurrence to give depth to the company's OH&S performance.
4. Evidence and demonstration of continuously improving their OH&S management system and OH&S management performance, such as OH&S performance indicators over time period or by benchmarking against or accreditations to audit tools such as SafetyMap, AS/NZS 4801 or OSHA 18001.

5. Effectively incorporate OH&S issues in setting out contract requirements in evaluating contracts and in the ongoing assessment of contractor performance.

AMP Capital Sustainable Funds Team acknowledges that there are only a few companies meeting the above criteria in Australia. We also understand that even the most effective OH&S management system may not result in elimination of OH&S incidents. Therefore we are committed to actively engaging and working with companies to encourage them to meet the above criteria and to continuously improve their OH&S management and working conditions. These measures should reduce the frequency and severity of incidents and therefore reduce the total cost of OH&S management (which includes fines, premium increases, injuries pay out etc.), as well as the death and suffering of workers. It also helps to reduce the negative outcomes of possible liability cases the Directors of the Board will face increasingly in the future.

We recommend that the companies manage the current and significant OH&S issues, such as the change of OH&S management methods, required to cater for the flexible labour force trend and industry specific OH&S issues. We also recommend that existing shareholders and potential investors review companies' OH&S management and urge them to improve.

From an investors' perspective, we will actively consider OH&S performance in our investment decisions, as we believe it is a good measure of management quality in many high-risk industries.

33) AS/NZS 4801 Occupational Health and Safety Management Systems – Specification with guidance for use

34) AS/NZS 4804 Occupational Health and Safety Management Systems – General guidelines on principles, systems and supporting techniques

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- Website: Eastbourne Borough Council www.eastbourne.gov.uk
- Website: National Occupational Health and Safety Commission (NOHSC), www.nohsc.gov.au
- Website: UK Health & Safety Executive www.hse.gov.uk

7. Annexure

Annexure A: Effective elements of an OH&S Management System

Elements	Description
A. Commitment and responsibilities	<ul style="list-style-type: none"> Senior management has demonstrated their commitment to OH&S and integrated OH&S strategies into the business planning. Management shows clear responsibility and accountability. Well-defined OH&S roles for senior management, supervisors and employees.
B. Consultation	<ul style="list-style-type: none"> Management, employees and OH&S representatives and committee should be involved in making decisions about OH&S.
C. Hazard identification and risk assessment	<ul style="list-style-type: none"> Employees involved in hazard identification process such as inspection of work areas, work methods, plant, materials and substances, and monitoring of the working environment. Risk assessment and introduction of measures to ensure risks are adequately controlled. Accident and incidents reports are investigated and analysed to prevent recurrence.
D. Policy and procedure	<ul style="list-style-type: none"> OH&S legal requirements are known and met. OH&S incorporate into purchasing, design and planning policies (eg. workplace layout). This should also include the OH&S risk management of and by contractors. OH&S management procedures are documented and implemented.
E. Information and training	<ul style="list-style-type: none"> All employees have access to relevant information, especially written work procedures are available and used. Training employees in induction or regular sessions about legislative requirements and any hazards that are relevant to organisation. Fining training needs for employees and carrying them out. Information and training should be equally distributed especially to those from the non-English speaking background.
F. Risk control	<ul style="list-style-type: none"> Risk controls are developed and implemented to firstly eliminate hazards, if not then find an engineering solution. Administrative ontrols follow and as last resort, personal protective clothing. Risk controls include emergency procedures and safety systems for specific hazardous processes.
G. Monitoring, review and improvement	<ul style="list-style-type: none"> Monitoring and review of the OH&S management system to develop and implement prevention strategies and to continuously improve the strategies.
H. Record keeping	<ul style="list-style-type: none"> Documentation on hazardous procedures should be accessible to all. Investigation and recording of accidents and incidents. Documentation on plant maintenance, OH&S training, health monitoring and matters requiring notification to OH&S authorities.

Source: NOHSC (1999)

Annexure B: Jurisdiction and their injury management responsibilities

Jurisdiction	Statutory Responsibilities
Commonwealth	Employer is required to provide the injured worker with appropriate employment. Occupational rehabilitation program for Comcare, includes return to work activities and close monitoring of injured workers.
Victoria	Occupational rehabilitation and risk management program (injuryMAP) for injured workers, which includes nominating Return-To-Work coordinator and Return-To-Work Plan.
New South Wales	Under the Workplace Injury Management and Workers' Compensation Act 1998, employer must cooperate and participate with injured workers and insurance companies to develop, manage and implement an injury management plan and return-to-work plan.
South Australia	Employers are required to keep positions open for the injured worker (12 months for employers with less than 10 employees, indefinitely for employers with 10 or more than employees. Employers need to provide suitable job in the interim if practicable.
Western Australia	Employers are required to keep positions open for the injured worker or 12 months if needed and take reasonable steps to rehabilitate the worker.
Queensland	Employer must take all reasonable steps to assist or provide rehabilitation and suitable duties to injured workers. A trained rehabilitation coordinator, rehabilitation policy and procedures should be in place for an employer with 30 or more employees.
Tasmania	Employers are required to keep positions open for the injured worker and provide alternative duties if required.
Northern Territory	There are no requirement under the law to keep the position open for injured worker but they must take all reasonable steps to provide suitable employment.
ACT	Amendments to the Workers Compensation Act 1951 requires employers to establish and manage injury management plan with the insurance companies and develop and manage return-to-work programs and Personal Injury Plan with the injured workers.

Source: Heads of Workers' Compensation Authorities (2002) "Comparison of Workers' Compensation Arrangements – Australia & New Zealand, October 2002

Annexure C: Australian jurisdictions and their OH&S management system models

Jurisdiction	OH&S Management Models	Websites
Western Australia	WorkSafe Plan	http://www.safetyline.wa.gov.au/sub9.htm#91
South Australia	Safety Achiever Business System	http://www.workcover.com/Safety/ImprovementPrograms/SABS/programsSABS.htm
Victoria	SafetyMAP	http://www.workcover.vic.gov.au/dir090/vwa/home.nsf/pages/so_safetymap_intro
New South Wales	Quality OHS & R Model Best Plant Workplace Safety Kit	http://www.workcover.nsw.gov.au
Queensland	Tri Safe Audit	http://www.whs.qld.gov.au/bmt/
Comcare	SRC Risk Management	http://www.comcare.gov.au/ohs/ohs-risk-model.html

Source: AMP Capital Investors and various websites of jurisdiction OH&S authorities.

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