



Chp. 7: OHS

- ✦ Overview: Occupational Health & Safety
 - ❑ Evolution of OHS theories & NZ legislation
 - What is OHS & what has its role been in NZ?
 - ❑ Health & Safety in Employment Act 1992
 - What are the philosophies & key elements?
 - Trends, issues and Amendment Act 2002
 - ❑ Accident compensation & insurance
 - Philosophy, issues and changes
 - ❑ Key issues in OHS – today & the future

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There are constant changes in the area of occupational health and safety and the reader is advised to consult media reports, Department of Labour's website (www.dol.govt.nz) and the Chronicle in each issue of New Zealand Journal of Employment Relations.

For a recent publication, see: Lamm, F. 2010. 'Participative and productive employment relations: the role of health and safety committees and worker representation.' In Rasmussen, E. (ed). *Employment Relationships. Workers, Unions and Employers in New Zealand*. Auckland University Press, Auckland, pp. 168-184.

This chapter provides an overview of the historical and theoretical issues associated with occupational health and safety. As the unique, 'no fault' accident compensation (ACC) approach is intertwined with OHS injuries, their prevention and rehabilitation, there will be an overview of ACC, its trends and issues.

It could have been expected that the move towards a post-industrial society could reduce the fatality and injury rate and thus, make OHS less relevant. This hasn't happened and OHS has become more significant because cost and productivity issues have become closely associated with OHS outcomes.



OHS: coverage & importance

- ✦ OHS has a very wide coverage
 - ▣ Understanding & preventing injuries & illnesses, in both paid and unpaid work
 - covers all working environments, ranging from an office setting to a building site
- ✦ OHS is part of legal framework
 - ▣ Acts as barometer of ER public policy
 - Often a precursor of fundamental ER reforms
 - Also positives & negatives of 'self-regulation'

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Occupational health and safety (OHS) is concerned with understanding and preventing workplace injuries and illnesses. It covers all aspects of paid and unpaid work and includes all working environments, ranging from an office setting to a building site. There are an array of potential risks facing both employers and employees in which some of the risks will not materialise for many years, such as those associated with asbestos and radio-active substances.

Like Employment Relations, Occupational health and safety is a multidisciplinary subject and covers a wide range of topics from medicine, epidemiology

Occupational Therapy, Physiology, Physiotherapy, Rehabilitation to safety engineering and design, ergonomics, psychology, sociology, law, industrial relations, history & ER – each with its own strengths and weaknesses. The Health and Safety in Employment Act, 1992 is also part of a raft of other statutes aimed at improving practices in the workplace, such as the Human Rights Act, 1993 and Privacy Act, 1993, and based on generic principles.

OHS is often a good indicator of how well the company is performing and there is growing recognition that good health and safety management can improve productivity (Massey, et al, 2006). Yet, providing a healthy and safe working environment is still not an absolute priority in many New Zealand firms. Negotiating over safer and healthier working conditions, for example, has resulted in treating workplace hazards as an extra payment, or as “dirt money” rather than reducing exposure to the hazards. This is in spite of the fact that there are significant social and economic costs attached to work-



NZ's OHS history

- ✦ Concerns with modern industrialisation
 - ▣ NZ tries to overcome negative effects
 - But 'long recession' creates poor conditions
 - Prompts 1890 Royal Commission which finds 'sweated' labour practices & need of protection
- ✦ 1890 Liberal Government
 - ▣ Legislative changes in 1891 & 1894
 - ▣ Workplace enforcement is put in place
 - Minima employment standards are put in place

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Not only is our legal system based on that of the United Kingdom, but our health and safety legislation has also closely followed that country's system. The working conditions of women and children were the subject of early concern for safety in the workplace, as reflected by the passage of the Employment of Females Act 1873. However, as the legislators did not make provision for an effective enforcement agency, exploitation of workers and gross violations of the Act continued.

A Royal Commission (the 'Sweating Commission') in 1890 investigated the poor working conditions and found that 'sweating' did exist in New Zealand's, particularly in the clothing industry. The findings of the Sweating Commission and the rise of trade union activity led directly to the Factories Act of 1891 and the stream of factories legislation that flowed from it.

The Factories Act 1891 & 1894 established an enforcement agency, the Department of Labour with factory inspectors who were given unrestricted rights of entry to inspect premises & wage books & required all factories to be registered. In short, it initiated the principle of setting minima employment standards which is still used today



Legislative re-thinking

✦ Prescriptive legislation mushrooms

▣ More legislation covering more areas

- Too much legislation & unclear administration
 - Too many acts & different enforcement agencies
 - This makes employers re-active & not pro-active
- Can't keep up with new hazards
 - This is especially a case in terms of chemicals
- Problems in terms of coverage
 - Many workers/groups of workers are not covered
- Lack of co-operation: employers & unions

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However, efforts both in New Zealand and overseas to control occupational health and safety by law tended to develop in a haphazard fashion and by the 1970s New Zealand's OHS law had become piecemeal, complex and unwieldy. Not only was there a legislative overload but the administration of the law was fragmented. For example, by 1980, New Zealand OHS legislation was covered by no less than 31 Acts supported by some 100 regulations and codes of practice and administered by five government departments. In addition over 25% of New Zealand workers were employed by government and semi-government organisations and as a result were not covered by the Factory and Commercial Premises Act. Another drawback of the old system was that New Zealand workers were given no formal statutory powers to participate in their workplace health and safety issues.



The Robens' model

✦ Overseas inspiration

- ✦ Lord Robens' Report in the UK in 1992
- ✦ Tries to embed a self-regulatory approach
 - Regulation: one act, one (enforcing) authority
 - Coverage: all workers (across all industries)
 - Joint participation (to raise effectiveness)
- ✦ Similar ideas are found in other countries
 - Regulatory effectiveness is often intertwined with workplace democracy ideas

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Other countries suffered similar OHS regulatory deficiencies and in response conducted their own reviews, notably Britain with Lord Robens' Report, *Safety and Health at Work* (1972). The two main features outlined in the Robens' Report were seen as essential to effective administration of, and long-term compliance with, OHS legislation: A single Act covering all workers, administered by a single unified inspectorate; and The creation of a joint, self-regulatory approach where the responsibility for health and safety is placed firmly back into the workplace. That is, the ownership of 'duty of care for workers' is no longer solely with the State but instead with employers and workers. The participation of workers is formalized via the mechanism of representation on workplace health and safety committees.

However, as Australia and Britain were implementing Robins-type models during the 1970s and 1980s, New Zealand directed its attention to a comprehensive 'no-fault' system of compensation of occupational injury and disease. As a consequence of the 'no-fault' compensation philosophy, New Zealand subsequently failed to address the issue of its scattered and often ineffectual OHS legislation. It was not until 1988 that the Labour Government established the tripartite Advisory Council for Occupational Safety and Health (ACOSH), chaired by the then Minister of Labour, the Hon. Stan Rodger. ACOSH committee issued a report, *Occupational Safety and Health Reform: a Public Discussion Paper* (1988), which proposed radical changes to the original structures. The report recommended the replacement of the multiple structures by one Act, implemented and administered by a single Authority, namely the Department of Labour. The report also stated that workers should participate in the decisions affecting their safety and health.



HASIE Act 1992

- ✦ Re-thinking of OHS but also part of shift towards 'free-market' thinking in 1980s
 - ❖ Self-regulation becomes a key principle
 - ❖ Joint participation falls out of final Act
- ✦ Workplace management excellence
 - ❖ Work hazards: promotes risk management
 - Main duties on employers & workplace owners but also employees & self-employed

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With the introduction of the *Health and Safety in Employment Act, 1992* (HASIE Act, 1992) began the process of rationalizing OHS by creating one Act, administered by one enforcement authority, covering most workers. The current law is broader than the previous legislation, which covered only private sector businesses and identified workplaces by the kind of work carried out or machinery or process used. The Act includes all employers whether or not they are principals, self-employed, or control the place of work, and covers most places of work. The principal aims of the HASIE Act are not only to prevent harm to workers while they are at work but also to promote excellence in the management of health and safety. The Act shifted the legislative emphasis from controlling specific hazards to promoting excellence in health and safety management, in particular through promoting the systematic management of health and safety.

In particular, the responsibility and accountability for OHS rests primarily with the employer who, under sections 7 to 10, must do the following:

- Systematically identify existing hazards and new hazards, and regularly assess each hazard to determine whether or not it is significant. This requires the employer not only to set objectives and co-ordinate responsibilities for carrying this out, but also to plan and establish procedures for constant hazard identification.
- If the hazard is significant the employer must take all practicable steps to eliminate it, isolate it or minimise the likelihood that the hazard will cause or be a source of harm to employees. However, this is not an easy task, as the employer must determine what is “a significant hazard”.



HASIE Act 1992 - II

- ✦ Enshrines one Act, one authority
 - ▣ However, employer/employee coverage isn't total & joint participation is absent
- ✦ Sets out general duties, supporting regulations & codes of practice
 - ▣ Increased penalties for breaches
- ✦ Emphasis on hazard identification, accident recording & monitoring
 - ▣ Emphasis on information, training & supervision

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The broad aims of the *Health and Safety in Employment Act 1992* are not only to prevent harm to employees while they are at work but also to promote excellence in the systematic management of health and safety. It sets out general duties for employers and employees and is supported by regulations and codes of practices that relate to specific hazards. The responsibility and accountability for OSH rests primarily with the employer who must do the following:

- The identification and control of all hazards;
- Training and supervision of all employees and visitors in the organisation;
- The collection and dissemination of information on health and safety matters;
- Monitoring of employee health;
- A register of all accidents must be kept and serious accidents must be notified to the Department of Labour;
- All employees and visitors must know about the company's emergency plan.



HASIE Amendment Act 2002

- ✦ Act is a response to constant criticism of death & accident record post 1992
 - ✦ Shocking record which carries high costs
 - ✦ Brings OHS closer to original Ropens
- ✦ Statutory employee representatives
 - ✦ This is a public policy breakthrough
 - However, what kind of impact will it have?

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While the Health and Safety in Employment Act 1992 rationalised the administrative and legal framework, it failed to reduce significantly the level of injuries, illness and fatalities. The number of work-related injuries and illnesses in New Zealand continues to be high compared to other OCED countries and that the rate of fatalities has remained relatively static. Similar jurisdictions, such as Victoria and Queensland, have half the number of occupational fatalities compared to New Zealand's rate of fatalities (Victorian WorkCover Authority, 2006; Queensland Department of Employment and Industrial Relations, 2006).

Failure of the *Health and Safety in Employment Act 1992* was blamed by some on the fact that the Act deviated from the UK Robens' model of one authority administering one act covering all workers and including joint participation in all health and safety matters. Specifically, the New Zealand Act did not incorporate formalised, joint participation mechanisms nor did it cover all workers. New Zealand was the only country that adopted the Robens' model without the joint participation component, but which was consistent with the National Government's approach to employment relations of individualistic, unitarist approach to employment relations.

Instead, the Health and Safety in Employment Act, 1992 only made vague reference to the involvement of employees in health and safety issues. Many health and safety professionals, trade unions and academics saw the exclusion of health and safety committees and health and safety representatives as a major weakness in the New Zealand legislation. Those critical of the lack of workers' rights in the health and safety legislation argue that as the country has been a signatory to the United Nations and International Labour Organisation (ILO) declarations and covenants on human rights since 1948, the New Zealand government is obliged to comply with the principles set down in these documents; principles which, in the case of the health and safety of employees, are:

- the right of employees to know about working conditions
- their right to participate in the decisions that affect them, and
- the right to refuse to work in hazardous or illegal situations.



HASIE Amendment Act 2002 - II

- ✦ Act tries to implement 4 key changes
 - ❑ More effective enforcement
 - Removes Crown's monopoly, 'infringement notices'
 - ❑ Enhance worker participation
 - Especially medium-sized & larger workplaces
 - ❑ Improve coverage & regulatory consistency
 - Covers more workplaces & types of employees
 - ❑ Includes stress & fatigue (for the first time)
 - Responding to large fines in high-profile court cases

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As a result of these concerns and as part of the general review of the employment legislation, including health and safety, the Health and Safety in Employment Amendment Act, 2002 was enacted in which there were a number of changes. We will examine four major amendments, which are:

• *Effective enforcement*: The changes to enforcement arrangements under the Health and Safety in Employment Act focused on extending the limitation period for taking a prosecution, removing the Crown's monopoly on prosecuting breaches of the Act and the creating infringement notices in the form of "instant fines" that can be issued by an inspector for any breach of the Act or Regulations.

• *Worker participation in health and safety*: the *Amendment Act*, 2002 now requires employers to ensure that their employees have a reasonable opportunity to participate in work-related health and safety matters. "Reasonable opportunity" is determined by the particular circumstances of each workplace, including things such as: the number of employees employed; the number of workplaces and the distance between them; the potential sources of harm in the place or places of work; the nature of the employment arrangements (e.g. the extent and regularity of seasonal employees); and the overriding duty to act in good faith.

Improving coverage and regulatory consistency: in spite of the fact that the ACOSH Report and the majority of submissions to the Health and Safety in Employment Bill endorsed the concept of one Act covering all workers (with rare exceptions), there were still anomalies in the way in which government agencies had appeared to have immunity from prosecution under the Health and Safety in Employment Act, omitted certain industries and occupations, and was selectively applied. The most notable example was the 1995 Cave Creek tragedy, in which thirteen young student trappers were killed and several severely injured when a Conservation Department's observation platform collapsed, highlighted the lack of government accountability in health and safety matters. In addition, the Act now covers:

- crew aboard ships, crew aboard aircraft and rail worker;
- people who are mobile while they work; and
- volunteers carrying out work activities, 'loaned employees' and persons receiving on the job training or gaining work experience.

The inclusion of stress and fatigue: There were several reasons why there was pressure to identify stress and fatigue as potential hazards. First, controls on the working hours and the stipulated breaks previously set out in the old award system disappeared under the Employment Contracts Act, 1990, leaving most New Zealand workers without any protection over how many hours they could work at a stretch. Second, . The second was that there were several high profile cases in which fatigue had been the cause of a number of serious and fatal accidents and where employees had been diagnosed with life-threatening stress-related illnesses as a result of overworking, for example *Brickell v A-G* (2000) 2 ERNZ 529) and the high profile case of Mr Gilbert, a probation officer who was forced to leave his job of over 30 years on medical grounds as a result of years of overwork. Third, there overwhelming evidence to show that New Zealanders are working longer and harder. Over the past decade New Zealanders are spending more time at work than many other industrialised countries (Rasmussen & Lamm, 2002; Callister, 2005)



Accident Compensation

- ✦ 1967 Woodhouse Royal Commission
 - ▣ Universal approach of a 'no-fault' scheme
 - ▣ The 5 guiding principles:
 - Community responsibility
 - Comprehensive entitlement
 - Complete rehabilitation
 - Real compensation
 - Administrative efficiency

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New Zealand has had some form of workers' compensation since 1900 following work-related disasters involving the deaths of many workers, such as the Brunner Mine disaster. However, during the 1960s there was growing disquiet over the limitations of the workers' compensation scheme in which payments had fallen to 53% of the average weekly wage and which stopped altogether after six years even if the worker was quite incapacitated. Two years later the Government appointed a Royal Commission, chaired by the Hon. Owen Woodhouse, a Supreme Court Judge, to investigate compensation for personal injury

The subsequent report, known as the *Woodhouse Report* went beyond its terms of reference and proposed a universal 'no-fault' system based on the five guiding principles listed and discussed below (Royal Commission to Inquire into and Report upon Workers' Compensation, 1967: 39).

1. Community responsibility. 'In the national interest, and as a matter of national obligation, the community must protect all citizens (including the self-employed) and the housewives who sustain them, from the burden of sudden individual losses when their ability to contribute to the general welfare by their work has been interrupted by physical incapacity.'
2. Comprehensive entitlement. 'All injured persons should receive compensation from any community financed scheme on the same uniform method of assessment, regardless of the causes which gave rise to their injuries.'
3. Complete rehabilitation. 'The scheme must be deliberately organised to urge forward the physical and vocational recovery of these citizens while at the same time providing a real measure of money compensation for their losses.'
4. Real compensation. 'Real compensation demands for the whole period of incapacity, the provision of income-related benefits for lost income and recognition of the plain fact that any permanent bodily impairment is a loss in itself, regardless of its effect on earning capacity.'
5. Administrative efficiency. 'The achievement of the system will be eroded to the extent that its benefits are delayed, or are inconsistently assessed, or the system itself is administered by methods that are economically wasteful.'



Accident compensation - II

✦ 1972 Accident Compensation Act

❑ Based on the 5 Woodhouse principles

- Establishes a 'no-fault' scheme with one source of compensation irrespective of who was at fault
- Abolishes right to sue for compensatory damages, from personal injuries/accidents

❑ Act creates Accident Compensation Corporation (ACC) - administration

- Overall, 3 parts to ACC scheme

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1972 Accident Compensation Act was enacted and established, for the first time, a “no-fault” scheme that provides one source of compensation for personal injury, irrespective of who was at fault. The right to sue to recover compensatory damages arising directly or indirectly out of personal injury was abolished, although an action for damages could still be taken in a court outside New Zealand. In addition, the Act created the Accident Compensation Commission (ACC) responsible for the administration of the scheme.

There were three parts to the overall scheme under the Act

1. The earners' scheme provided cover for 'earners' (whether workers or self-employed persons) who had suffered personal injury by accident whether at work or elsewhere. This scheme was funded from levies paid by employers in respect of wages paid to workers and from levies by self-employed persons as a percentage of their tax assessable income.
2. The motor vehicle accidents scheme covered the victims of motor vehicle accidents (whether they were the driver, passenger or a third party) and was funded from levies paid by the owners of motor vehicles.
3. The supplementary scheme covered those who did not have cover under the earners or motor vehicle accidents scheme. This scheme was funded by government from consolidated revenues (Rennie, 1995: 124).

Under the earners' (or workers' compensation) scheme, the employer was required to compensate the injured worker for the day of the accident and for the next six days, after which compensation, based on 80% of the normal average weekly pre-accident earnings, was paid by the ACC. Hospital, medical and rehabilitation costs were paid for as well as transport costs associated with hospital or medical treatment. The Act also provided for lump-sum payments for permanent loss or impairment of bodily function and pain and mental suffering. There was provision for compensation for pecuniary loss not related to earnings. In fatal cases, funeral costs were recoverable and surviving spouses and children were catered for with earnings-related compensation and lump-sum payments.



ACC – a political ‘football’

- ✦ Continuous change of ACC scheme
 - ▣ Some contrary to Woodhouse principles
- ✦ Privatisation of workers’ compensation by National-led government in 1998
- ✦ Reversal under Labour (1999-2008)
 - ▣ New legislative changes in 2000, 2001 & 2005 – see Table 7.3, p. 184
 - Issues: coverage, costs/premiums, privatisation

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However, the ACC scheme was never going to be acceptable to all and by the late 1970s, there was growing dissatisfaction with the 1972 scheme among employers who were unhappy about having to contribute toward non-work-related injuries. In addition, there was general discontent with the overall cost of the scheme as the expenditure for medical treatment and lump-sum payments were increasing. In response, the National Government established the so-called Quigley Committee in 1979, to review the costs associated with the accident compensation system.

In the 1990s the National Government set about narrowing the compensation categories as a way of reducing the growing ACC debt and the employers’ compliance costs and instructed the ACC to purge itself of long-term claimants, such as those involving occupational over-use injuries. Moreover, the National Government was keen to introduce competition into the state-run workers’ compensation scheme and enacted the Accident Insurance Act in 1998. In effect, the government disengaged itself from workers’ compensation altogether by creating a new Crown-owned enterprise in late 1998 specifically for workplace injury insurance, called @ Work Insurance (for more details, see Deeks and Rasmussen, 2002: 407).

However, just as New Zealanders were coming to grips with the new legislation there was a change of government at the end of 1999. The Injury Prevention, Rehabilitation, and Compensation Act, 2001, or as it is now known – The Accident Compensation Act - differs from previous law in that it establishes *injury prevention* as a primary function of ACC. To this end, ACC will be required to promote measures to reduce the incidence and severity of personal injury. The Act also includes the following:

1. The Act specifies a new *rehabilitation* principle – namely, that rehabilitation is to be provided by the Corporation to restore the claimant’s health, independence and participation to the maximum extent practicable and can make available a lump-sum payment for permanent impairment. The intent of this change is to provide fairer compensation for those who, through impairment, suffer non-economic loss. This includes both physical impairment and mental injury (caused by a physical injury or sexual abuse).
2. The Act further provides: a more *flexible assessment* of loss of earnings; a new formula for setting a minimum level of weekly compensation; more flexible provisions for self-employed people, and simplified regulations concerning premium payment procedures.
3. The Act also incorporates a *Code of ACC Claimants’ Rights* as well as allowing for the disclosure of information to the Department of Child, Youth and Family Services and for the reporting of medical errors to the relevant professional body and the Health and Disability Commissioner.
4. The Act also provides for a new *information framework* across the injury prevention sector to facilitate data collection, aggregation, analysis and dissemination, for such purposes as improving research, policy development, and monitoring of agencies’ effectiveness.



ACC – still in limbo

- ✦ National Party has promised change
 - ▣ Re: compliance costs & ACC's monopoly
 - Return to position of 1990s, see pp 188-189
- ✦ Is the funding of ACC unsustainable?
 - ▣ Scheme is in surplus in the short term
 - New way of calculating has caused 'deficit'
 - ▣ Long-term liabilities can be a problem
- ✦ Uncertain future for ACC scheme

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Interestingly, history is repeating itself in that in 2009 the National Government is still calling for ACC reforms to reduce the costs associated with workers' compensation while at the same time the Government is cutting resources aimed at reducing workplace injuries and illnesses, for example training of health and safety representatives. It has also directed the ACC to reduce the number of long-term claimants and there is some speculation that the National Government will once again privatize the workers' compensation part of ACC. Parts of the Accident Compensation Act, in particular, the legal obligation to provide an information framework across the injury prevention sector to facilitate data collection, aggregation, analysis and dissemination, has all but ceased.

Moreover as Rasmussen & Anderson (2010, forthcoming) note: "As the Accident Compensation Corporation (ACC) recorded a financial surplus in 2008, the sudden financial 'deficit' is linked to a new way of calculating future costs and investment returns. In particular, the decision to make pre-1999 claims fully funded in terms of future liabilities by June 2014 has moved the goal posts. The ACC collected \$4.2 billion in levies and paid out \$3.1 billion in claims in 2008 and, according to media reports, it has the highest financial reserves it has ever had".



OHS & ACC: setting a new agenda

- ✦ Negative implications of new organisational practices on OHS
 - ▣ Constant drive for productivity rises
 - Fewer workers working longer & harder
 - Outsourcing, down-sizing, org restructuring
 - Use of temporary & casual workers
- ✦ Statutory employee representatives
 - ▣ Necessary: further research & interventions
 - Will it have an impact & will it be trend-setting?

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The OHS and ACC reforms must be seen in the context of the negative and sweeping changes that are impacting on the organisation of work. The changes have resulted in the decline of full-time employment, the rise in precarious work and casualised labour, and consequential poor health and safety of disadvantaged groups of workers (Walters, 2001; Campbell & Burgess, 2001; Tucker, 2002; Quinlan, et al 2001; Quinlan, 2003; Lewchuk et al, 2003; Frick, 2003; Shain & Kramer, 2004; Hannif & Lamm, 2005; James, 2006).

Changes to the organisation of work raises a number of critical issues in terms of the wellbeing of workers. For example the ability for precariously employed workers to seek workers' compensation once injured as it is difficult to attribute the cause of any injury or illness if employed in multiple jobs. The other issue is as the workforce ages, chronic work-related injuries and illnesses become more apparent.

Changes to the type of work available can also directly influence the level of exposure to physical and psychological hazards in the workplace. For example, workers with multiple jobs or extended work shifts might be at risk of exceeding permissible exposure concentrations to industrial chemicals. Long working hours and staff reductions can increase the risk of over exertion injuries. Increased public contact and alternative work schedules (e.g. night work), which are common in the growing service sector, can expose workers to heightened risk of violence in their jobs

Moreover, there has a veracious need to increase productivity and performance, as noted in Deeks and Rasmussen, (2002: 165-169) and while there are some that would argue that new systems of work organisation offer increased flexibility, responsibility and learning opportunities and are critical in maintaining business competitiveness and increasing productivity and performance, others have focused on the health and safety risks posed by these trends. There is an inherent tension within this literature that cannot easily be resolved. Some commentators argue that productivity gains are often at the expense of workers' health and safety. As businesses typically strive to become more productive, there is a tendency to make their employees work longer, harder and more efficiently, and frequently in hazardous conditions and implement OHS measures only to keep compensation costs down (Mayhew & Quinlan, 1999; Dorman, 2000; Quinlan, 2001). Nonetheless, there is still compelling evidence that providing a healthy and safe working environment has the potential to increase labour productivity and in turn increase company profits.



OHS & ACC: the economic angle

✦ Linking OHS outcomes with productivity

- ✦ Reducing workplace injury & illness rates
 - Demands new approaches which will be part of new organisational & work organisation
 - Reducing costs of high injury & illness rates
- ✦ Improving productivity without workers working longer or work intensification
- ✦ Making good working conditions a staff recruitment & retention tool

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Research (Brandt-Rauf, et al 2001; Occupational & Environmental Health Foundation (OEHF), 2004; Boles, et al., 2004; De Greef & Van den Broek, 2004) shows that the drive to link productivity with OHS outcomes is underpinned by four core reasons:

1. The need to find more innovative ways to reduce the high rates of workplace injury and illness than has previously been the case.
2. The pressure to reduce the social and economic costs of injury and illness, particularly compensation costs.
3. The need to improve labour productivity which does not result in employees working longer hours and taking on more work.
4. The need to provide good working conditions as a way of recruiting and retaining skilled workers in a tight labour market.

New Zealand examples of how OHS best practice can improve business performance are outlined in the Department of Labour's report by Massey, et al (2006: 68). The main spin-offs of introducing OHS improvements were:

1. better quality management systems;
2. improved communication processes;
3. increased efficiency; and
4. enhanced company image and reputation.

Many of the exemplar businesses had successfully addressed their high staff turnover by improving standards of health and safety, thereby improving job satisfaction, retention and performance. The examples also showed that having good health and safety systems in place was simply good business practice which results in good productivity. It also suggests that health and safety as a contributing factor to productivity cannot be viewed in isolation and must be seen as part of the other functions of management.



Summary

- ✦ OHS is a multidisciplinary topic & is part of the broad supportive legislative framework
- ✦ Under the Health & Safety in Employment Act, 1992, we all have a general duty of care in the workplace, but employers have more responsibility.
- ✦ However, NZ's OHS rate is still poor & there are complex reasons for this failure. OHS cannot be viewed in isolation; injuries and illnesses must be considered in relation to how the work is organised, the level of commitment to OHS, enforcement, etc.
- ✦ A healthy & safe working environment can be hugely beneficial for the company in terms of increased productivity & performance & in terms of recruiting and retaining good staff.

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