**Australian Work Health & Safety Strategy 2010-2011**

Virtual Seminar Series October 2014

Leadership and Work Health and Safety in Challenging Environments

 **Mark Goodsell:**

Welcome. I'm Mark Goodsell, New South Wales Director for the Australian Industry Group and a member of Safe Work Australia. Thank you for joining us today for our live discussion panel on Leadership and Work Health and Safety in Challenging Environments as part of the Australian Strategy Virtual Seminar Series and safety month.

Firstly, I wish to acknowledge the traditional custodians of the land on which we meet, the Ngunnawal people. I acknowledge and respect their continuing culture and the contribution they make to this city and this region.

As one vehicle to promote greater awareness of work health and safety initiatives, Safe Work Australia members have decided to run this series. Throughout the month we've heard from a range of speakers - from CEOs to union leaders, from regulators to academics, industry representatives and health and safety professionals - all sharing their particular perspectives on how to make Australian workplaces safer, healthier and more productive.

Without good risk management businesses can't be productive, nor can they be sustainable in the long term. Leaders must ensure health and safety is integrated into everyday business risk management. In reality boards decide strategy, strategic directions and dictate the company's values and their priorities. So today we're very privileged to hear from three leading business leaders and directors who all sit as board members on international and Australian organisations. I look forward to hearing how they work with their organisations, their CEOs and their senior management to proactively manage business risks.

Our first panellist is Ann Sherry AO, the CEO of Carnival Australia, the largest cruise ship operator in Australasia and a division of Carnival Corporation. She is also the Chair of Safe Work Australia. Ann was the Chief Executive Officer Westpac New Zealand, CEO of the Bank of Melbourne and Group Executive People and Performance, and prior to that she was the first Assistant Secretary of the Office of Status of Women in Canberra.

In addition, Ann holds a number of non-executive enrols, including with the Sydney Airport Corporation, ING Direct Australia, the Myer Family Company Holdings Proprietary Limited, the Australian Rugby Union and Jawun. Ann is the Chair of Cruise Lines International South East Asia. Ann is also a Fellow of the Institute of Public Administration and of the Australian Institute of Company Directors. In 2001 Ann was awarded a Centenary Medal by the Australian Government. In 2004 she received an Order of Australia for her contribution to the Australian community and in 2013 an Honorary Doctor of Letters from Macquarie University for her contribution to business and civil society.

Our second member of the panel is Diane Smith-Gander. She is the Chairman of global services contractor Transfield Services, an ASX 200 company. She's also a non-executive Director of Wesfarmers, a Commissioner of Tourism WA and has many other roles. Diane's previous and quite diverse roles have included Deputy Chairman of NBN Co, Group Executive responsible for Business Technology Solutions and Services at Westpac Banking Corporation and Chairman of the Australian Sports Drugs Agency Board in the lead-up to the 2000 Sydney Olympics. Diane has recently been acknowledged as one of Australia's 50 most powerful women.

Our third panel member today is Penny Bingham-Hall who is an independent Director of DEXUS Funds Management Limited and a member of the Risk Committee and People and Remuneration Committee for DEXUS. DEXUS is one of the top 50 Australian companies listed on the ASX. She's also a non-executive Director of BlueScope Steel, a top 100 ASX company with global operations. BlueScope is a leading international supplier of steel products and solutions for the building and construction industry across the Asia Pacific. Penny is also a non-executive Director of Tooronga Conservation Society Australia, the Port Authority of New South Wales and SCEGGS Darlinghurst school. She was previously a member of the executive team at Leighton Holdings Limited, an ASX top 50 construction, mining and property group.

And finally let me introduce today's Facilitator, the internationally-renowned Professor David Caple who has over 30 years' experience as a work health and safety consultant. David is Adjunct Professor at the Centre of Ergonomics and Human Factors at La Trobe University in Melbourne and a Senior Research Fellow from the Federation University Ballarat. He is Past President of the International Ergonomics Association and a member of the Human Factors Society USA. As a Certified Ergonomist in Australia and the USA, David is a Fellow of the International Ergonomics Association, Human Factors and Ergonomics Society of Australia and the Ergonomics Society in both the UK and in Sweden. David has also been a long-standing member of the Advisory Board to the Victorian WorkCover Authority.

Would you please join me in welcoming our panellists today.

[Audience applause]

I'll now hand over to David to start today's discussion.

**Prof. David Caple:**

Thank you Mark and welcome to everybody in our auditorium today and also to all of those who are participating online across Australia and internationally, and as this seminar progresses, you're welcome to Tweet in your comments and questions on the #virtualWHS link or enjoy the chat facility on the social media as this seminar progresses and afterwards.

It's a privilege to be with our panel today. This is I think a first for Australia in many ways. This Virtual Seminar Series has provided an opportunity for people across regional Australia and internationally to hear from some of our leading experts from various perspectives. We've had as Mark indicated, seminars on leadership and culture from CEOs and – and senior managers across government and the private sector. We've also heard from the regulators and the academics, but today we're going to hear from board members and as we know, boards employ the CEOs. The board members drive with the CEO, the type of leadership and culture that they would like in the industry that they operate.

So, it's a real privilege to work with this panel of esteemed board members to just explore what are some of the challenges that they face and how do they play their role as a board member, and particularly as chairs of boards, in driving that operational delivery through the CEO. And as Mark indicated, their primary focus is on that strategic direction of the companies and under the legislation of course, they are officers and they have to demonstrate due diligence in doing so. So we're interested to understand what actually do they do as board members in meeting that due diligence and what are the motivations behind doing that.

So, maybe if we could start with Ann because you've had a - a long history in various industry sectors with challenging environments. So, maybe you could share with us a little bit about what some of those challenges are and the role that you play as a board member and chair of those boards?

**Ann Sherry:**

Well I'm obviously on a very diverse set of boards and the challenges – I guess the first thing to say is the challenges are very different industry by industry and I think for boards understanding what's happening inside the business is important so that you aren't just dealing with everything in the abstract or the generic. Getting underneath the skirt almost of the - the operational style and culture of businesses, rather than - than just seeing numbers in generic as well is very important. And I think the – you know - the challenges really are - are from a board level, making sure the right things are talked about at the board, the right data comes to the board, the right people come to talk to the board, as well as getting out from a board environment and - and really touching it and feeling it. So, I think – you know - those things are easy to say but you've got to make time, you've got to know the right questions to ask and you've got to do it sector by sector. So an airport is obviously very different to a bank and understanding the nuance of where risk and health and safety issues sit in an airport environment is quite different to in a banking environment, even though there are lots of jobs that also are common, and I think that's – you know - that's really at the core I think of the challenge for a director.

**David Caple:** Denise?

**Diane Smith-Gander:** Diane.

**David Caple:** Diane sorry.

**Diane Smith-Gander:**

That's okay David. Well, I have exactly the same dynamic that Ann's talked about with great diversity and breadth in the companies that I'm involved with, but if we look at Transfield – you know - we have almost 20,000 people in our workforce and we do everything from driving Sydney ferries and Adelaide buses, to sweeping the floors in the schools in New South Wales, all the way through to doing shutdowns and turnarounds in oil and gas processing plants where if something goes wrong, something's likely to blow up.

We're also in really diverse geography – so we're in capital cities, we're in remote communities, we're in regional areas, things that are very remote – you know - including islands like Manus and Nauru where we do work for the Department of Immigration and Border Protection. So, the notion of going "Well these are your top three risks," doesn't sit really well with me as the Chair of the Board, and of course we do have a list and we translate that list then into a set of mandatory safety rules which we think are the things that really are likely to cause big problems. And so these are things like working at heights, energy isolation, working in confined spaces, but interestingly the biggest issue for us is the number of millions of kilometres of – you know - that we drive every year in small vehicles. And so, how you as a board ensure that you've got the right mandatory safety rules, that the consequences of breaking those are appropriate, but that the volume of where most of the incidents are likely to occur, which is windscreen time for our people, are actually managed appropriately.

**David Caple:** Thanks Diane. Penny?

**Penny Bingham-Hall:**

Yeah, look I think the same thing, being involved in very sort of diverse businesses and I think – you know - again, just running through the companies. You know - with BlueScope you think about the very high risk facilities it operates. So you're dealing with molten iron making at 700 degrees C in blast furnaces. You've got steel mills where you've got sheet metal rolling through at a very fast speed and then you've got big heavy coils that you need to handle and get on trucks etc. – quite different to a DEXUS property group which is really office-based workplaces where it's slips, trips and falls with some issues similar to Transfield in the sort of building construction sector where they do manage development of industrial properties and - so working at heights and working with electricity etc., but I think the big issue and it goes back to what Ann was saying, it's about understanding what's happening in these businesses, where the risks are and whilst you might think we – the BlueScope are the steelmaker at the high risk facilities where the accidents happen, in actual fact it's very hard to ignore the safety issues when you've got molten steel in front of you, but when you're working in an environment, an office type environment, you don't think about a lot of those sort of risks that - that happen and often the worst statistics are manual strains, slips and trips.

And another organisation I'm involved with – Taronga that works with wild animals, I looked at their safety statistics and said "Is this all because you're working with elephants and tigers?" and – you know - quite a different sort of safety environment and in actual fact when you look through the statistics, it's manual handling – you know – the - so it's – it's the other issue of sort of severity versus volume I think is something that board members have to get their – their mind around.

**David Caple:** So, it seems that with all your different board positions you're seeing such a diverse cross section of Australia's workforce in a whole range of static and dynamic working environments, but Diane just in terms of your journey yourself – you know - why is it and what is it that's motivated you to be so passionate as a leader in this space?

**Diane Smith-Gander:** Well, growing up as a small child, my father was a boiler maker. He was apprenticed at 15 and my earliest memories of my father are of my father's hands. He had the strongest hands of anyone I'd ever seen, and not only that, he could fix anything. So – you know - as a child my dad was this huge – you know - figure in my life. He worked very hard studying at the kitchen table to get a trades teaching qualification and in the late '60s he was teaching apprentices - I guess all of them boys - and it was a time when young men rebelled by having long hair and they'd hold it up in hair nets when they were – you know - doing their practical work, and of course that wasn't something they liked to do. And one day one young man's hair came out of the hair net and he was in great danger of being completely scalped and dad took action to save that young man's scalp, but at the same time, was injured with a drill bit that went through his hand and so he came home with his hand completely bandaged up and in some sort of unknowing childish way, I wondered whether my dad was the dad I'd had before and I really saw the impact of that. And it was something I sort of shelved for a very long time.

And Ann and I work together at Westpac – you know - and there in branches it was again – you know - paper cuts, manual handling – you know - picking up coin in the wrong way, of course – you know - the issues of customer service – you know - people can harass you inappropriately and - and if you're very unlucky, someone will come and try to hold you up. And so I - I sort of shelved all of that because it wasn't in that environment but then of course I've come to Transfield where the - a lot of the type of work is what my dad did and the penny sort of dropped, and it was that that gave me the impetus to really start thinking more deeply about what it was that I could personally do to make sure that Transfield's aspiration of zero harm and everyone coming home from work safely was something that we could meet.

**David Caple:** I mean it's wonderful to see the passion that you all give in your role - you've all had a journey along this way – but Penny, just in terms of sustaining that passion and influence over the - the CEO and the company that you're overseeing, what do you see some of the messages are there on what board members do or should be doing in that space?

**Penny Bingham-Hall:** Well I think one of the first things you mentioned in your introduction that directors are responsible for appointing a CEO, and I think it's actually very incumbent on the board to ensure that when they do appoint a CEO, that their values are aligned with the board's and having safety as a core value is a very important one, and you can't manufacture that. I think you really – that's the starting point is to make sure that it is deeply embedded in - in the CEO and the executive team. But then it goes back to that thing of, I think to some degree of – of walking the talk, of getting out there and seeing what the culture's like on the shop floor. It's all very well reading through statistics and asking questions in the board meeting, but I think when you actually go out into the – into the workplace and into the field, you get a very good sense of whether what the CEO's saying at the board is actually translating into the workplace. And then it does follow through – you know – also obviously into – you know – the systems and processes and the reporting.

And I wouldn't want to underestimate the importance of that because you do actually find some interesting things that come out if you get the right information. If you don't get the right information, you don't see things that you perhaps would otherwise, but there's no doubt that – you know - safety is about people and having the right safety culture is fundamental and you get a much better understanding of that when you're actually out talking to the people on the shop floor and making sure that what the CEO is saying the board room actually translates right through to the people on the ground.

**David Caple:** So Ann, in that area of metrics and the fact that you do get lots of reports, you get lots of graphs and lots of data and there's the cliché that if you can't measure it, you can't manage it, but how do you see the - the useful data? What – what are the inputs to a board that does give them that perception of what really is going on?

**Ann Sherry:** Look, there's a couple of things. First I wouldn't mind picking up a point that Penny just made which is at the end of the day all of us are involved in businesses that employ good people and - and the people shouldn't have as a consequence of working for us, injuries that are preventable. So I think there's a – you know - at the core of all of this while we talk about the – the sort of high-end piece of it, and – you know - Diane's story about her father is a case in point, it's actually about people – preventing people being hurt if that's – and – and we all share that as a responsibility. How you get underneath the metrics is a really good question. I mean I - I'm really strong on metrics. I think if you don't measure it then nobody thinks it's that important inside businesses.

Boards send really important messages into businesses about what they want to see and I think the challenge with health and safety metrics is – you know – we've got some standard measures that we'd all use that are relative – lost term – sorry – lost time injury rates and so on – but that doesn't tell you enough. It tells you whether you're good relative to others, it sort of gives you a general metric. So I'm not just – you know - saying it's not worthy, but I think there's – there's much better ways of bringing it to life. And if I give you an example that's actually my day job, not one of my boards, but we started – when we started to think about slips, trips and falls on ships, so I – you know – manage moving, moving engineering which has its own challenges. We actually started to hot-spot locations. And so the LTIF wasn't too bad and we're talking about customers as well as employees as well, and when we hot-spotted it, we actually found there were three or four really hot locations, and we would not have picked that up if we'd just looked at the general data, and as a result of that you can hone in on fixing.

So then it causes you to dig a bit further saying "Why there?" And – I mean it wouldn’t surprise anybody to know, but one of those spots on the ships is near where the pool water – where people step out of swimming pools and so it's wet, and the surface we had near there got slipperier because it was wet. So we thought "Well why have we got that surface? Why don't we fix the surface?" and as a result of that you actually take a hot-spot out of – it stops being a hot-spot and in - in lots of the businesses now that I'm involved in from a governance point of view, that same sort of dynamic of "Let's look at the data," "Let's look at what that tells us," "Let's look at the categories," but where is – where do we need to dig further and find or map or do something slightly different that actually leads us to fixing it, not just saying "We want that to go down." It's "We want those numbers to go down but how are you going to do it?" and "What's the mechanism?"

So, I think metrics at a number of levels are really important. There's the macro data, "How are we better or worse than everybody else?" but that still means we've got problems, "What are the categories?" and then "What sits underneath each of those categories that allows you to start to find solutions?"

**David Caple:** Yep, and I think Diane you've talked about that burrowing-down in some of your projects and this is really interesting that as board members you – it's not just the data, it's getting down and actually understanding a bit deeper. Have you got any examples of where you've been involved in something?

**Diane Smith-Gander:** Well I think Ann's spot on when she says that you need to understand that the topics that you are interested in as a board are going to completely fascinate your management team and particularly the CEO. That goes through to the sort of questions that you ask and also the way that you ask those questions because you can set some rabbits running in the organisation and give some signals that you don't intend to give if you're not very nuanced about the way you go through that exercise of asking questions, but I think one of the most important set of questions to ask, so the sort that you ask when you're actually out in the field, and I remember going out to an NBN worksite and asking the supervisor of a work crew that were doing a job where they had to open up pits and pipes and then determine whether they needed to expose more of that to perhaps fix breaches in the pipes and so forth, and they had to rely on – you know – Dial Before You Dig statistics, information that was on drawings that they were getting from a couple of partner organisations and so I – you know – of course was thinking that what they would be telling me was their biggest issue was around the potential for striking a gas main or something of that order.

But what I was actually told was that because the processes way back in the design shop which was remote to the site were not good, they were constantly having to check and every time I have to check, I have to send my team to sit under a tree, and the team go sit under a tree and they'd get onto their social media on their devices and then when we finally have the idea of what it is we're going to do next, I've got to get their attention back again. So the stop-start nature of work that was created by poor design and partnering processes back at head office, was the biggest risk and if I had not asked the question in a very open-ended way, I never would have got that answer.

**David Caple:** Yes.

**Ann Sherry:** It's a great example actually because it – it goes to the power of getting out and about which we've all talked about, because you can ask general questions and get general answers and it doesn't really tell you enough, but if you ask the right question you unearth stuff that probably even inside the organisation people have made assumptions rather than ask the direct question as well.

**Penny Bingham-Hall:** That's right. It's a fresh set of eyes, isn't it -

**Ann Sherry:** Yep.

**Penny Bingham-Hall:** - of just going out there and - and I think also when you're involved in different industries and organisations things you've learnt in different industries and having spent a lot of time in the construction industry and you go into a manufacturing environment, it's different, but there are things that you've learnt that you suddenly think "Why are they doing it that way?" There is another way that you can look at it and I think – you know - safety's not a competitive issue. I think it is very much something where we should all be sharing as much information as possible about the issues.

**David Caple:** Okay. We'll just see – we've got a couple of Tweets come in our virtual hashtag. So, "What metrics do you report in annual reports?" This is from Henry. So, thank you Henry for your Tweet.

**Ann Sherry:** You just happen to have an annual report.

**David Caple:** It just so happens to have a -

**Diane Smith-Gander:** It just happens I've got the annual report because I think it's - it is a very good indicator of how much you think about that and we've got TRIFR - you know - our Total Recordable Injury Frequency Rate and it's on not the first page which describes our business, but it's on the second page on the top right hand corner, but we go through business by business and then do break-down into further numbers. And I - I also think – you know – you look at the cover of the Transfield Annual Report and that's clearly a circumstance where you've got a bunch of guys leaving a job. They're all in their PPE and so forth and we have a great deal of care to make sure that that picture is giving the right flavour in terms of the way that people regard safety within Transfield.

**David Caple:** Do either of you want to talk about your annual reports?

**Ann Sherry:** Rather than – I mean I think probably most annual reports don't have safety on page two, so congratulations on that one.

**Diane Smith-Gander:** Thank you.

**Ann Sherry:** I think most annual reports – virtually all annual reports now would have safety reported and there are actually quite strong guidelines on the content of annual reports, but wearing my Safe Work Chair hat, I think one of the things we've been talking about is partnering with the organisations that give guidance on annual reports about the quality of the reporting because I think you can never stand still in this space nor any other and I think – you know - if someone's doing a - a better job or has taken it to another level, there's the opportunity to start to put that into reporting guidelines as well and start thinking about how we bring it more to life – you know – what it is that people who read annual reports want to see and know about businesses that would give them confidence that we're worth investing in, because – you know - the audience for an annual report is very different to the audience for say, an in-house employee report. So getting the messaging and the data right for your audiences I think is a – a continuing challenge and one we need to keep looking at.

**Penny Bingham-Hall:** Sorry, I was just going to say also – I mean it's more than annual reports. I mean annual reports have been getting slimmed-down and – you know - there are not many people who do glossy annual reports anymore.

**Diane Smith-Gander:** It's not glossy. It's very environmentally friendly.

**Penny Bingham-Hall:** Yeah, sorry. I didn't mean to be offensive. That – you know – and I think as Ann said, we all report lost time injury frequency rates and medically treated injury frequency rates etc., which – you know – some people understand what all that means. Do we benchmark it against our industry or other companies? And then there are all those sort of conversations around all the other sort of lead indicators that – that we look at and I know certainly in some of the businesses I'm involved with – you know - we have a range of different lead indicators that we do in different businesses because different businesses within the overall scope of operations have different issues they're looking at.

I mean sadly one of the things that came out of a fatality in a steel mill in China was the complacency of someone that had worked handling big heavy hot-rolled coil for years and years and years, and looking at all of that, one of the things that came out of it was the importance of getting the plant manager to walk around the facility first thing in the morning because it happened first thing in the morning, maybe half asleep – I don't know – being complacent about something that they've done for the last 10-20 years, but some of those things - so now we actually measure in some of those plants is time that plant managers spend on the shop floor as a lead indicator.

**David Caple:** I mean there's a theme already emerging that walk the talk is a real issue for managers and board members to actually know the stories, understand the risks, not just the data of what went wrong, but the emerging systems of work that are happening and the nature of the business that you're running. Diane, just in terms of the investors and the sort of interest that they have and - and to see your business as part of an ethical supply chain, how do you engage with them about the – the ethical side of what you do and – and how that can be supported by the board?

**Diane Smith-Gander:** Well it's certainly my experience that as Ann said, proxy advisors and others in sustainability groups are very interested in what it is that boards are doing around the topic of safety, and it's a really good question to consider how far do you extend that barrier – you know – of your - or your boundary I should say, of your organisation. So if you think about the Wesfarmers' businesses, we do a huge amount of direct sourcing, particularly out of Asia and everyone will have seen and been saddened by tragedies that have occurred in some of those apparel factories – you know - particularly Rana Plaza a – a couple of years ago, and it's just not good enough to say "Well, our boundary finishes at the edge of our store or at our distribution centre," because even if you want to define it that way, your customers are not going to define it that way, your shareholders are not going to define it that way and the court of public opinion will certainly mark you down, and in any case it's just not the right thing to do.

And so – you know - Wesfarmers' businesses were amongst the first to sign the Fire and Safety Accords in Bangladesh and we've been amongst the first to publish full lists of the factories that we work with. So, when that came out we - we by the way didn't have any work done in the Rana Plaza and the issue there was a factory put in a building that really shouldn't have been – that wasn't rated and shouldn't have been used as a factory.

But, having an oversight which in Wesfarmers happens at the Audit Committee where we have an Ethical Sourcing Report that comes to the board a couple of times a year, and each and every one of our factories – and there are more than 4,000 of them – is rated as to its compliance, but it's a very interesting question because if you were to say, "Well, Bangladesh just doesn't have the right approaches and regulatory frameworks. We should just exit that," but there are 20 million people in that country that rely on that industry, many of them women for which there is no other potential work, and so I really think it's our responsibility to go that one step further and to try to have some impact and change the conditions there, and I think that is happening. So I'm very comfortable that we extend our boundary way past the door of the target store or the loading dock of the distribution centre.

**David Caple:** And it's interesting a lot of the literature is linking this corporate social responsibility debate to good health and safety and I'm just interested whether – well Ann whether you'd like to comment on that relationship between that, being a good corporate citizen and linking that to health and safety outcomes for your own -

**Ann Sherry:** Look, I think it's part of it. You know – a good - being a good corporate citizen now is really proxy for thinking about not just the quality of what you're doing in your own business, but your impact on the world around you and whether it's - that's your supply chain, whether it's customers, whether it's your environmental footprint, it's – it's really we've gone past the idea that you could just talk about your business as though you operated in a bubble and everything else somehow was extraneous.

**David Caple:** Yes.

**Ann Sherry:** And health and safety is a critical piece of that. I mean clearly your employees are one of your most critical stakeholders, but also extending it through your supply chain. And - I mean it's a – it's much more challenging in a business context. It's nice and if you could wrap yourself in a bubble it would be very neat and that's the way it used to be done, but it's just not possible now. And I think as more of us are – are involved in businesses as well that are global, extending that reach outside even the - the context of an Australian environment – you know – where health and safety and being a good corporate citizen is a broader topic of conversation, but all of us are involved in Asia, in countries where having a job is the most critical thing for lots of people let alone worrying about – you know – all the things that we talk - we're talking about now. Actually doing that in a way that improves our – in a sense improves the relationships we have and improves the work/life for people who are part of our supply chain without killing it and I think that's an evolving – that's an evolving issue for all of us.

**David Caple:** Yes.

**Ann Sherry:** And - but seeing it, understanding it, being clear about what we – you know – what is required, whether that's insurances – you know - there's a lot of stuff you can put in place that actually step changes that quite quickly, but I think it does make our businesses more complex, but I mean potentially the extension of Australian businesses into lots of developing countries is a good thing for those countries because it will force change more quickly and – and yet it will still – we'll still be able to leverage a skill base that perhaps we don't have as easily available to us here.

So, I think – I think it's a given – you know - being a good corporate citizen these days is not a - a nice to do or a theoretical notion. It's deeply embedded in all of the conversations we would have in our businesses and we might define it slightly differently. You know – the - depending on your industry it probably has a slightly different feel, but at the end of the day all of us have to do it.

**David Caple:** Yep. Penny did you want to?

**Penny Bingham-Hall:** Yeah, look it's all about good business, isn't it, really? I think most of the organisations I've been involved with have had quite broad geographical spreads and worked in all sorts of countries and – you know – whether as you say, it's within your workforce where there's all sorts of issues when you've got different regulatory environments and different cultural attitudes to safety and reporting and that sort of thing, you need to work with that, but increasingly we're outsourcing labour in all shapes and forms as Australian companies and we undoubtedly, not only have an obligation, but I think it is to our - our benefit of our business downstream that we end up with suppliers who can work in the – in a safe way and a productive way that – that we want them to because – you know – and part of that might be about prequalifying – you know - contractors or suppliers, but helping them to actually meet the standards that you want increasingly is important and I think the board does have a very strong obligation to make sure that management is – is doing that and the only way you can do that apart from talking about it round the board room table is going out and - and talking to people on site.

**David Caple:** Okay, good, and now we have another Tweet. So this one is from WorkSafe ACT. "How do you keep the response by the business to safety questions pursued by the board, constructive rather than protective?" It's an interesting question.

**Diane Smith-Gander:** Yeah, it's a very good question and I think one of the things that strikes to that is the topic we talked about before about how you actually ask the questions. One of the things we haven't talked about yet is the issue of cost – you know - and what do safety systems cost and is that appropriate? That's a question I'd never ask because my great view is that safe work is productive work which is likely to be less costly work and the cost of incidents we know just escalates on and on.

But if you think about being asked about safety in a way that asks too quickly about the costs that are involved, I don't mind the question of "Are we investing enough in our safety systems?" – you know – going down – down that route's a very good one, but you could see if you asked the cost question in the wrong way you would immediately get the business running around trying to think about how they could take cost out of the work that they're doing around the safety of the organisation rather than asking the question about how the total cost of the system is impacted by improving safety outcomes, which is the right question for a board to ask.

**David Caple:** Penny?

**Penny Bingham-Hall:** But sometimes the other way to ask that is about I think simplification of systems because what can happen sometimes and where cost can come in is to sort of administration, and I think there's always that difficult balance between compliance and culture, and so I think part of the questions you can ask is "Are our systems and our procedures simple enough that people understand them and that they work?" because if they get too complicated and then can be sort of onerous from a cost perspective, sometimes they don't work anyway because people are too busy filling out forms and what I call doing the "tick and flick" of just making sure that they've filled out the forms rather than actually getting out and doing the right thing, so I think that's -

**David Caple:** It's been interesting in this series of seminars. There's been two from the Netherlands from Patrick Hudson who's published a lot of work in this area and he talks about the ladder and - of people moving towards the sort of culture you're describing, and one of the things that Mark McCabe spoke about in a previous seminar here was that some organisations when they – this protective mode is that they produce all of these documentation systems and it's if you like, it's at their defence to say "Well we have the policies," "We have the procedures," "We do all of this," where the debate was "Well, that's lovely, but let's look at the practice of what actually do you do," and I gather Ann that what you're saying is unless you get out there and convince yourself that "This is what we do," those systems are there for the benefit of those who develop them and use them for what they're there -

**Ann Sherry:** And I think companies – you know – there's lots of good intention in businesses with the development of systems and processes and procedures, all of which are really important, but if no one reads anything and if on the job no one actually refers to them, then – then you know it's good work that hasn't been that effective and maybe it is too complex and maybe it's too theoretical or whatever it is. So, you only know that when you go out and have a look.

I think the other thing is whenever things go wrong in –in any of the businesses I'm involved in, doing a really good analysis of what happened often uncovers sort of systemic things that – that maybe you don't see or – you know – that - to the question that was asked, that people have been a bit too protective. They've given you the data and it looks good and the processes and procedures look good, but in fact if some - when things go wrong you find out. Penny gave the story, people don't go around and actually check that things are all right, or it happens with maybe the group of people you think are the most informed and best skilled, but they've been doing the same job for such a long time that they've just zoned out and the things they should be alert to – you know – have just dropped down their pecking order or – you know – there's a whole lot of different explanations in that and – and so I think two things.

One is touching it, feeling it, actually asking questions I think helps people feel as though it's valued and therefore you don't have to be protective, but secondly, when things go wrong, I actually also like to ask the question about "What was the total cost of that?" So, "Let's not just focus on that issue and it didn't - it wasn't really that bad." It's "What happened to our worker's comp premiums?", "What happened to this?" – you know – you start to, "What were the real costs?" and then you start to then ask the question, "Have we spent enough?" and that – and then you unlock a bit more – you know – "Well maybe if we did it this way," "There's some practices, procedures." "Yeah, they're good but nobody reads them because they're," – you know – "they're this and they keep sending us updates and everyone's forgotten to put them in the folder or the…" – you know – the - you know that's going on. So, it helps you unpick it a bit more and hopefully encourage – discourage people being protective or – you know - butt covering and much more open to, "Well maybe we could do it a different way?"

**David Caple:** Diane you've talked about the – equipping the board themselves to be more competent in this space and the relationship they have with the CEO and the health and safety professional. Do you want to tell us a little bit about how you see that relationship working?

**Diane Smith-Gander:** Well I think – you know – a lot of the legislation lays out a roadmap for the things you are supposed to do and as Anne has said, if you just march down that and give it lip service, it's not going to be particularly useful, but if you really deploy a system like that, I think it can be incredibly helpful. So, we try to make sure that – you know – once a year we do the training that demonstrates that we have looked at the safety system and we've had the conversation about it, but it’s not a 20-minute session so we can tick the box, and we have the real question of – you know - "Our aspiration is for zero harm. Do we actually believe it as a board that that's possible to achieve?" and "Where are the various parts of our business in being able to move towards that journey for zero harm to be something that will happen as a result of the way we run the business rather than just being a lucky chance that – you know – we – you know - dodged a bullet over the last period of time?"

And I think that's the way that – you know – as a board you really do demonstrate that you're not just ticking a compliance box and you're asking the sorts of questions that Ann – you know – has teed up around getting all the way down to the bottom of "Are we investing enough in safety?"

**David Caple:** And Penny do you want to comment about -

**Penny Bingham-Hall:** Yeah, look I mean I think the conversations around safety at the board level, it's like any conversations around risk. It really comes back to the environment around the board table where there's a feeling of I suppose mutual trust with – with management and also that in fact directors are there wanting to help, if you like. We're not there to try and find fault in the system, but to try and understand what's going on and perhaps from having a broader experience in other industries, offering some suggestions. And I think even in organisations like BlueScope that have a phenomenal record on safety – you know – at - at a global level, a lot of it's about complacency and how you refresh it and what are ways that you can refresh the messages about safety. You know - "We've got down to this very low level of lost time injury rates. How do we keep it there?" You know - as you say, can you actually get to zero and if you can't, how do you still keep it at that level because if you – if you do become complacent it just starts kicking up again.

**David Caple:** Sure.

**Penny Bingham-Hall:** And so in some ways the - it gets and it becomes and even harder task when you're good at it, is how do you keep being good at it is always -

**David Caple:** Yes. Well, let's explore that a bit further, but we have another Tweet. So, this one's from Richard. "Have you ever felt that your focus on WHS makes you less competitive than other businesses?"

**Penny Bingham-Hall:** No.

**Diane Smith-Gander:** No.

**Ann Sherry:** It should make you more competitive.

**Diane Smith-Gander:** I mean Transfield's a contractor, so the things that Penny talked about before in terms of outsourcing and the customer's requirement for safety metrics, if we aren't able to demonstrate a certain level of competence, we're not going to be a valid bidder. So that's sort of step number one for us in – in being competitive as a business. But the – the costs of non safe practices – you know – are just so much greater than the cost of an appropriate safety system and I think one area where there's still a great deal of work to be done in Australia is around designing safety in to processes, and we certainly found that at NBN.

You know - there was lots of information that you could get around – you know – hazard management and so forth, but not as much information around how do you design your processes and practices in a way that makes them very safe. But the more we dug down into it, the more it was reminding me of work I had done in my very early consulting careers in total quality management where you were designing quality into systems. It really is exactly the same thing and I know well that a quality system always costs less to operate than one which isn't fit for purpose. So that link between productivity and safety for me is just intuitive and natural, and so I think a safe business is always going to be more competitive.

**David Caple:** Ann do you want to -

**Ann Sherry:** And I agree with that. Sorry, I think that issue of productivity is really important as well and it goes to the point I made earlier about if you don't – if you don't understand the cost of not doing it well, then you'll think that doing it cheaply – you know – is not a bad thing at a point in time, but it's not true. Workplaces that are safe are much more productive and – and having continuity of - and healthy work – a work - healthy workforce is much more productive.

But the other point in that is that the value of reputation in business is very significant and – you know - I've worked in businesses where that's had to be built or rebuilt and you only have to be in that situation once to understand how important the value of reputation is. So the idea that somehow you're uncompetitive because you're safer is only – might be true at a point in time if you're looking at a slither of one second in the day, but let me tell you, the moment that something goes wrong and you've got reputational impact and all of us as directors are absolutely thinking about that all the time, then you just know you made a bad call.

So, I – I don't think there's debate about less safe workplaces or less safe organisations somehow being cost competitive or better. You can't talk about that anymore. It's just not the way it works because I think they're less productive and you've got much more risk around reputation.

**David Caple:** Do you want to add in the comment that you made previously about agility into this space and what do you mean by that?

**Ann Sherry:** Well I think in all businesses in the 21st Century you've got much faster competitive pressure, you've got much faster disintermediation happening, you've got much more impact of technology – you know - we're operating in very complex environments and I think agility is a core competence now in successful business and that's being able to anticipate change, react to it, know what's coming down the – the pipe really and health and safety is a core part of that. You know – it's the idea that you could be – you know – completely focused on technology innovation in your business but not actually thinking that much about your health and safety systems is a complete contradiction.

I think our total business environments require us to be constantly looking at what we can do better to be thinking about how we take good ideas from other places. Let's not just look at our own individual lines of business. Let's look at what's happening across a broad set of businesses, and that's one of the great values of in fact having directors who bring insight from other sectors, who are working across sectors at the same point in time. I think it helps with that business agility and – you know - one of the great advantages and I think the most successful businesses as we look forward, will be businesses who master agility and that's across the full span of their operation.

**David Caple:** Okay. Now we have another Tweet and then we're going to invite the audience to ask a question as well. So this one's from Todd, "How do you transition words into action? Love the commitment of the directors, doesn't always mean that action with other competing priorities." Penny, do you want to make a – a comment about how do we transition these words into action?

**Penny Bingham-Hall:** Well I think we've talked a lot today about that anyway, but I do think it comes down to priority and we were sort of talking amongst ourselves earlier about it depends where safety sits in the whole conversation around the board room. I mean when our Chief Executive starts the board conversation in his CEO report with talking about safety first before he gets onto the financials, then you know that it is a priority and it's not just words. It's – it's – it's action. So I think there's – you know – there is a whole range of – of ways that you can do that, where it sits in the agenda, whether you have a dedicated safety committee – you know - who's on that safety committee, there are so many ways that you can do it and we've - I mean we've really been hammering the point I think today about getting out in the field as well.

**David Caple:** Yes.

**Penny Bingham-Hall:** And I think as directors you also need to walk the talk yourself so that people can see that it actually means something to the directors. I like telling the story about walking on stairs, that when you join BlueScope the big rule is you do not talk on stairs and you hold onto the handrail, and I always remember our Chairman telling me he was quite embarrassed when he first joined the company and he was out in the field talking to someone on the stairs, and a blue-collar worker came up and said "Excuse me mate. No talking on the stairs," to the Chairman of the company.

**David Caple:** Good for him.

**Penny Bingham-Hall:** That just shows that safety is working. It doesn't matter whether you're the Chairman of the company, or who you are, it's about – about what you're doing and I think we all have an obligation to – you know – not talk on our mobile phones when we're working around work sites or we're in the car - you know - not to speed when we're driving, all those things. I think our actions speak louder than words.

**Ann Sherry:** And small things matter. Small things matter and – and that - because that sends signals out into organisations. So, the more directors and senior management as well do the right things. And when I first joined the Board of Sydney Airport, like – you know - many pedestrians at the airport, crossing against the light seems to be quite common and in fact it's one of the areas where there's a lot of injuries. And so – you know - my first day I could feel myself standing thinking "Okay, this is not what I do anymore," – you know – because it was – and I mean with even that, that's a sort of quite challenging thing personally because I – and – you know – in my own day-to-day environment, when I'm on work sites I would never do it and suddenly I've realised, that actually is now my work site environment, that I've just been using as a customer before. So, I don't cross against the lights and I say to other people – you know – "Stop," but they all think I'm as mad as a meat axe, but hey – but I know people – people watch for the signals of what you do yourself. So, I think there's something about – you know – it's not just walking the talk. It's doing it as well.

**Penny Bingham-Hall:** It is, doing it yourself.

**Diane Smith-Gander:** This is a really interesting dynamic because you just talked about the work site versus the non work site and I think we really know that we've moved into real felt leadership of safety when it just happens all the time.

**Ann Sherry:** Yeah, that's right.

**Diane Smith-Gander:** So we had a safety forum at our North Sydney headquarters in Transfield and the CFO gave the talk and he talked about you sort of know if you go to change the light bulb and instead of standing on the kitchen chair, you actually go and get a proper ladder and you ask someone else in the family to spot for you whilst you change the light bulb and you might think "Well that's going to be a bit ridiculous," but that had an impact on me, and I have a piece of grass in the back of my yard that's about as big as the stage that we're sitting on and because you clearly wouldn’t get a motor mower for that, I've got a pushing mower that I bought at Bunnings. So I get out there and I push my pushing mower every Sunday morning. It takes about eight minutes a week, but since listening to Vince talk about standing on the ladder, I now push my pushing mower with a pair of gloves, some safety glasses and some slip on steel caps and my manicure is in much better shape, generally. But isn't that the right thing to be doing?

**Ann Sherry:** That's exactly right.

**Diane Smith-Gander:** That's right.

**Ann Sherry:** So yeah. I think it is incorporating it.

**David Caple:** Yes, and it educates your neighbours. Yes.

**Ann Sherry:** And in fact I've had some people working on - as part of a renovation on the house, so I'm now out there in the morning saying "Goggles," – you know – and they all – and again, they - they're going "Who is this woman? Like who cares?" and I'm like "Not at my place. You know - that's…" So I do think it is incorporating it into everything you do.

**Diane Smith-Gander:** That's right, it is.

**David Caple:** Okay. Let's just take a question, this lady here. If you'd just like to introduce yourself please?

**Audience member:** Thank you. Belinda Casson from the Commonwealth Department of Health. We've talked a lot today about industry sectors where things blow up and crash and obviously those sorts of safety issues are really visible. Can we talk a little bit about how boards get visibility on invisible things like psychosocial hazards? What sort of things – what sort of conversations are you having at your board levels about these sorts of safety factors in the workplace?

**David Caple:** Okay. Who would like to comment about the invisible risks like the psychosocial ones?

**Diane Smith-Gander:** Yeah, no I'm happy to do that because obviously Wesfarmers as Australia's largest private sector employer – you know - has a couple of hundred thousand people and 100,000 of them working in the Coles business, most of them with direct customer contact and we have convenience stores and liquor stores, we have hotels and these are - can often be targets of some sort of violence, be it theft or people that are – you know - under the influence of a recreational drug or alcohol. And so for us it's not actually invisible and I think this is one of the powers of boards and diversity because the fact that I see that in the Wesfarmers' environment makes me ask the question at Transfield where we are of course very worried about things that drop from height and things that blow up, about well – you know - what is the mental health of the workforce like and how are we doing around the support systems that we provide people – you know - when times may be tough?

And – you know – I am constantly surprised that the Australian economy isn't more resilient than it actually is and so I think there is a lot of uncertainty and concern for people at work these days about the security of tenure of their job and so forth. I think it's very important that you manage those things as well. So for me, it's that very visible stuff at Wesfarmers that helps me manage the stuff that's less visible in other places.

**Ann Sherry:** I think the issues of things like – sorry – of issues like bullying as well are well discussed in board rooms now too. I mean those - those sorts of hazards – you know – and behaviours that once – you know – "Well that's just poor management," or "That's something," or "That's workers not getting on," I think has much more visibility and conversation. So, there's a whole stretch of issues that I think most of us are dealing with. Even though we've talked about the big bang things, I wouldn't read that as that we're not focusing on the broader set of issues, whether it's mental health or drug and alcohol abuse or bullying and the impacts of that in workplace. I think all of that is live.

**David Caple:** We're going to have to go to our last questions. We're running out of time and apologies to those who've been Tweeting. If you want to keep Tweeting we'll try to make sure that there's a response provided back to you. There's two questions I want to ask you all before we finish. One of them relates to this concept of strategic due diligence – a bit hard to say – but for a board member due diligence is inherent in your role and of course your strategic organisation.

So, it's really looking at how do you seek your compliance with this strategic due diligence model and in that context, what do you see as some of the future challenges for Australia because collectively you cover such a broad cross section of industry in Australia that we in the work health and safety profession if you could call it that, need to be thinking about in the next steps forward so that we learn from you those things that you may not have had a chance to speak about up until this point. So, Diane, do you want to start and just maybe wrap up what you would like to cover off with those areas?

**Diane Smith-Gander:** Well, in terms of strategic due diligence, I think we've talked about – you know - understanding the culture around your board and that being a very big indicator of whether you're going to be able to get to a more strategic approach for the diligence that's necessary to have a good safety system. We've talked about the cost factor. I think a lot of it is about whether you're getting a real feeling that the business is working to design safety in rather than just make a system that's compliant and ticks the regulatory boxes.

So if you're having interesting conversations about as Penny talked about, the compartmentalisation of work and outsourcing and so forth and you're being agile enough to respond to that, you know you're being strategic. You know - if you're having really good conversations about – you know – Gen X, Gen Y, Gen whatever's coming next – you know - and their attachment to devices and this sort of fractionalisation of attention that individuals have, then you know you're being strategic about your due diligence.

**David Caple:** Yep, okay. Penny?

**Penny Bingham-Hall:** Yeah, look I think Diane's right on the money on there. I mean it is about having good conversations, about the traditional stuff like trends in injuries, but it's looking at – you know – when you go into new businesses, new - new areas of work, of what are the sort of safety challenges going to be there I think – you know - are important and getting safety managers to talk to people – you know - talk to their competitors. As I said I don't think – I mean safety can be a competitive advantage, but it's not a competitive issue. We should all as a collective be looking at how we can improve safety and learn from other industries and that sort of thing, so - but it - it does come down to I think, having good conversations on the strategic due diligence route.

**David Caple:** Okay.

**Ann Sherry:** I think – I guess just in addition to that, the idea of looking at the changes in our external environment and starting to think about how they will impact our workplaces before they do I think is critical and the point about – you know – attention and devices is a classic where we know that it's killing people on the roads – you know - we know that - that it is already having big impact and we haven't really – we do it too reactively. So I think the whole issue of – you know – strategic health and safety, strategic due diligence for organisations is starting to imagine what those things do to workplaces and then what do we need to do to adapt.

And I think probably one of the big issues still for us is a lot of work structures really haven't changed that much. It's very – you know – our - most of our work structures were designed 50 to 100 years ago and were designed for very different environments and I think that's still – that's one of the almost undiscussed issues which I think over the next five to 10 years we're just going to have to get our heads around because we already have a lot of people working from home for example, operating in very different environments. We've already got a lot of people working online in different time zones, and then we've got the vast bulk of people working sort of 8:00 'til 6:00 without structures around them and trying to balance stuff that is causing health - your mental health issues and a whole lot of other stuff.

So, I just think as I look into the future I still think there's a bigger conversation about the structure of workplaces and work and what that then means for broader health and safety and – you know- that's maybe a conversation we can have next year.

**David Caple:** Good. Well that's probably an appropriate time to wrap up and I'd like you to join me in thanking our panel for a very stimulating conversation.

[Audience applause]

And thank you to all those who have been watching online. There is a feedback process online if you'd like to complete that afterwards, and keep the Tweets coming in. So, thank you to our panellists, thank you to our participants in the auditorium and - and those that are watching online and this draws this seminar to a close.

[End of Transcript]