

## Supply chains and workers' health and safety

Professor Michael Quinlan, Christian Frost and Ged Kearney

§ (Music Playing) §

### Michael Borowick:

Welcome everybody. I am Michael Borowick, a Safe Work Australia member and an Assistant Secretary of the Australian Council of Trade Unions. I'd like to thank you all for joining us for this event.

Firstly I want to acknowledge the traditional custodians of the land on which we are meeting, the Ngunnawal people. I acknowledge and respect their continuing culture and contribution that they have made to the life of this city and of course the region.

This presentation forms the part of a suite of virtual seminars that we're holding through National Safe Work Australia Month that show how we can work together to protect the health and safety of Australian workers. The seminars support the important goals of the Australian Work Health and Safety Strategy and showcase some of the latest thinking in work health and safety. By sharing our ideas, experiences, skills and knowledge together we can achieve the Strategy's vision of a healthy and safe and productive working lives.

Today's discussion explores the challenging and critical nature of workplace health and safety associated with the operation of supply chains. Supply chains and networks involve the web of relationships that link the exchange of goods and services between businesses. More and more we see work being outsourced to contractors. This includes the supply of goods, services and labour. And for this reason protecting the health and safety of workers in those supply chains is identified as a National Action Area in the Australian Strategy.

The commercial relationships within supply chains and networks can be used to improve work health and safety but as we all know they can also lead to adverse health and safety outcomes particularly in smaller businesses and for vulnerable workers. It is vital that the supply chain and network participants understand each other's businesses so as not to adversely affect workers' health and safety and further than that actively help improve the health and safety of workers throughout the supply chains in which they operate.

There are already overarching legal obligations for various parties in the supply chain. Anyone conducting a business or undertaking must so far as is reasonably practicable protect their own workers and others who may be affected by their work. Importantly others may include workers in other businesses in their supply chains.

Business owners must consult with their workers and health and safety representatives. And they also have a duty to consult, cooperate and coordinate activities with all other persons who have a duty in relation to the same matter – very applicable in the supply chain context. The work health and safety laws also emphasise the importance of leadership by placing positive duties on officers in organisations who must exercise due diligence to ensure that the person conducting a business or undertaking complies with their duties.

Supply chains can be simple or very complex and can far extend beyond Australia's borders. In September 2014 the Australian Government signed the *G20 Labour and Employment Ministerial Declaration on Safer and Healthier Workplaces* which in part focuses on supply chains. During this seminar our experts will discuss how we can harness the innate strengths of the supply chain to improve work health and safety outcomes for all workers.

Supply chains contain diversity, skills and knowledge that bring innovation and creativity to the kind of problem solving that drives high quality, robust and sustainable work health and safety solutions. Today we will hear from a leading researcher in this field, Professor Michael Quinlan from the University of New South Wales, a business safety leader Mr Christian Frost from News Corp and the President of the ACTU Ms Ged Kearney. They will together discuss the importance of focusing on supply chains to protect health and safety of workers and how this can best be achieved in practise.

Professor Michael Quinlan is Director of the Industrial Relations Research Centre at the University of New South Wales. In addition to publishing widely on work health and safety Michael has conducted enquiries, investigations and audits on work health and safety and risk for governments in Australia and New Zealand. Michael's excellent book *Ten Pathways to Death and Disaster – Learning from Fatal Incidents and Mines and other High Hazard Workplaces* was published in 2014. Previously Michael drafted the report on supply chains and networks for Safe Work Australia in 2011 that provided important evidence to this topic as the National Action Area in the Australian Work Health and Safety Strategy.

Christian Frost is the Head of Workplace Health and Safety at News Corp Australia where he leads the company's strategic health and safety approach. A highly experienced health and safety and workers' compensation leader Christian has also responsibility for establishing and leading the health and safety capability for the National Broadband Network Co – was also responsible in a former life I take it. Christian holds a science degree with a psychology major and is an accredited Business Work Health and Safety Auditor and a WH Auditor Skills Examiner. Christian is a Judge for the National Safety Awards of Excellence.

Ged Kearney is the effective and well-regarded President of the Australian Council of Trade Unions. Ged was elected to the position in 2010. Previously Ged was an Official of the Australian Nursing Federation where she was elected National Secretary in 2008 having been an Official since 1997. Ged holds a Bachelor of Education, is a qualified Nurse and also worked as a Nurse Educator.

Last but not least let me introduce you to today's Facilitator Mr Barry Sherriff from Norton Rose Fulbright. Barry was a member of the three-person panel that made recommendations on the structure and content that formed the basis of the model Work Health and Safety Act adopted in most jurisdictions today. Please join me – oh I should say also that Barry is the Chair – importantly the Chair of the Safety Rehabilitation and Compensation Commission.

Please join me in welcoming our speakers.

(Audience Applause)

I now hand over to Barry to start the discussion.

**Barry Sherriff:**

Thank you Michael. Michael has very well set the scene, indicated how significant this discussion is today and also identified the very good panel of contributors that we have here today and it's not surprising that we have the particular panel members today because they each have different perspectives, are able to raise collectively and individually the issues that need to be addressed, have different experiences and most importantly can help guide us toward solutions.

The way the session will run today is whilst it will have a sense of Q&A about it – question and answer in the normal form of an interview - hopefully it will be more of an engagement, more of a discussion amongst the panel dealing with each issue in turn as we move through. There will then be time for questions from the audience and I look forward to that so that we can have your insights or delving further into some of the issues that have been raised and then there'll be a wrap-up at the end from each of the speakers to provide their final key perspectives. Hopefully you will find it informative, useful and provide you with solutions to take away for your business.

I should say that one thing that is often important in a discussion like this is to define the topic because everyone has a different perspective and phrases such as "supply chain" can often be bandied around and seen differently by different people. For the purpose of today "supply chains" refers to the involvement of multiple parties and that's the key to it – multiple parties in the provision of labour and other inputs. Now those other inputs, often they're commonly identified as being plant and equipment and substances and so forth, but it can also be input into the design of those things and the design of process, the provision of things that do assist in work being undertaken and outcomes being achieved.

Now this may occur linearly along the chain where you have people at different segments in the chain or it may be more complex where you have in effect satellites or side inputs along the way. So it really is about the inputs beyond a single organisation in work being done and outputs being achieved and it may involve associated companies quite often or it could be arm's length arrangements which may be short term, long term or indeed ad hoc. So it's a very open concept and I think it's important that it is dealt with in that way. And certainly you'll find that the experiences that the panel put forward this afternoon will in fact provide that broad base of experience.

So without further to do I'd like to turn first to Michael and just ask what does the evidence, the research, the data that you've been involved in tell us about the dynamics of supply chains and how they impact work health and safety?

**Michael Quinlan:**

Well thanks Barry. I'd like to start off I think by looking at some of the problems and then we could talk about some of the solutions later on I think. There is actually now quite a lot of evidence across a range of industries including construction, transport and I mean road transport, aviation, maritime, manufacturing, other areas of the service sector such as home care and cleaning relating to the effect of elaborate subcontracting networks on occupational health and safety. And I'll just give you some examples.

In terms of injury there was a study done of home-based garment makers in Australia that found they had an injury rate more than two times that of equivalent workers working in factories. There's evidence across a range of countries that labour hire temporary agency workers have injury rates higher than other workers including direct hire temporary workers. Regarding to hazard exposures a recent, very interesting study looked at agricultural harvest workers in Australia and in the UK. These are mainly immigrant, short term visa holders and they found that these workers while not engaged in actual spraying activities were exposed to levels of pesticide residues and they were exposed for a number of reasons - the poor management practices via the contractors who were supplying these workers, very poor management and hygiene and sanitary facilities on the farms, not being able to wash your hands, living in communal facilities. So there was a cross-exposure from one worker to another. What was particularly interesting about this study was it compared the UK to Australia. In Australia most of these workers until recently were backpackers and short term visa holders. Increasingly now in some Victorian towns it's undocumented immigrants.

In the Europe however they're mainly from Eastern Europe and very different. The backpackers tend to be highly educated, often from countries with high health and safety standards whereas the Eastern European people were not so educated and came from countries with poor standards. But at the end of the day that did not seem to make much difference. So the very insecure nature of the work – backpackers you may know if they don't achieve 80 days' work in a year they don't get an extension of their visa. So they are under a lot of pressure to work and even all their knowledge of health and safety didn't seem to make any difference.

There's also evidence in relation to mental illness amongst people at the bottom of these supply chains. Truck drivers doing the most competitive route - owner drivers tend to have high levels of stress than other drivers and a recent study, one very interesting one I've found of people – home care workers cleaning aged care people at home, when people get older their cleaning is not very good. There's hygiene issues. So

apart from all the cleaning that they do there's a high risk of infection and one of the stressors for the workers that work for agencies is if they came down with an illness they couldn't work. So this was a source of stress. If they woke up in the morning feeling a bit off colour this might ring up and not working for three days which to the person on their sort of wage is quite a significant issue.

The final area is there's actually a link between elaborate subcontracting and major disasters across a range of industries. Examples include the explosion at the AZF Chemical Factory in France in 2001. There have been six serious aviation incidents in the US - three of them multiple fatality crashes due to outsourced aircraft maintenance that wasn't done properly - and in oil rigs almost all the recent oil rig disasters have had a subcontracting connection. Now that is Deepwater Horizon, the Montara oil rig disaster off the North-West coast of Australia and the Petrobas disaster in the Southern Atlantic to name just three.

Now the reason – the only other thing I want to now say is it's the reasons I think these problems occur and I think there are three critical reasons here. One is economic and reward pressures. There's a lot of cost cutting associated with some of the supply chains and that's what creates some of the problems in terms of work intensification, long hours and cost cutting and corner cutting on safety. Contingent payment regimes – if you pay a truck driver by the amount of kilometres they drive and that rate isn't very good, well guess what? They're going to drive a lot of hours and that then becomes a fatigue issue and then they use drugs to combat the fatigue and that becomes another issue.

The other factor is that often at the bottom of these supply chains, not always but often you find vulnerable workers, recently arrived immigrants, women, people who don't have a lot of bargaining power and therefore are quite susceptible to pressures and afraid to raise issues. The second issue is disorganisation. Once you bring multiple parties into a health and safety relationship you create a level of complexity. You create pressures on training regimes, supervision and also work organisation and management systems and communication. Just to give you one example and it's a pretty gruesome one. Not so long ago there was a contractor brought into a quarry in Tasmania. He was working in a crushing machine and while he was inside that crusher someone started it up. Now those problems can occur where you don't have contractors but it's much more risky and likely that you'll get hazardous forms of disorganisation in those sorts of work sites.

And finally in terms of disorganisation these workers are often not unionised or very poorly represented. They do not have much voice. So they can't express the issues, let alone have those concerns listened to. The last area of risk is regulatory failure and one of them is the weakening of labour standards. When you get self employed workers they're not subject to wage determinations in the same way as employees. They're not subject to the same restrictions and hours of work. They're not covered by workers' compensation to a large degree. So they're areas where their working conditions are inferior and that then affects safety and health in the workplace.

Further even though the health and safety legislation does clearly apply to self-employed workers and many other people in supply chains there's often a level of ambiguity in practice and risk shifting and obfuscation where if you ask the contractor or somebody on a work site "Who's responsible for health and safety?" people are always pointing in different directions. Or people are assuming it's all their responsibility when in fact there's other parties.

The final element of regulatory challenge here is a logistical one. When work moves into the home, when it works into remote or mobile work situations this creates an enormous challenge for inspectorates. Where you have more than one chain of control on a work site that also creates a lot of challenges for an inspectorate in terms of resourcing. Now when you move it out of jurisdictions it even gets more challenging but I suspect we'll come back to that issue later.

**Barry Sherriff:**

Good. Thank you Michael. That's an astonishingly good summary of an enormous amount of research. So we're very grateful for that. Ged, Michael's raised a number of issues and it quite clearly affects the health and safety of workers. He's also raised a number of matters there that cross into the community expectations and the impact on the community. We'd be interested in your experiences. Some of the cases that you've identified in your experience where worker health and safety has been adversely affected and also to the extent that it's relevant, the community expectations on that?

**Ged Kearney:**

Michael touched on a couple of examples that I was going to use and there's been some fairly high profile ones lately I think. You talked about agriculture and you very clearly I think explained the problems there. There was a very high profile show on *Four Corners* recently. You might have seen where they were backpacker visas I think, workers that had been brought into the country and been basically used almost as slave labour and been dreadfully exploited on farms to a degree that really shocked everybody. And this came about as Michael explained through a very complex system of labour hire firms where it's very difficult to lay the blame or to find actually who's responsible. The minute you hone in on someone they disappear in a puff of smoke and pop up somewhere else. So it's a difficult thing. From the worker's perspective it's devastating. They're so vulnerable these workers. They are so vulnerable in so many ways. They don't have English, they don't know their rights, they have the sickle hanging over their head that they'll be sent home, their visas will be cancelled. Just on every level really they are vulnerable.

So I think from the community's expectations it was quite a shock to think that the food we go and buy in the supermarkets and in Woollies' might have arrived there under such terrible conditions. And that agriculture one I think is a great example of where organisations have worked together Barry to sort of address it. So there was the food – the National Union of Workers, there was the Meaties' Union – the Meaties' – the Meatworkers' Union. There was the regulators, the Fair Work Ombudsman, the Fair Work Commission, even Police there and the media in this case really came together to highlight the issue and hopefully do something about it.

So agriculture I think is an important area. Another high profile example where community expectations are very heightened was the issue you raised of transport and logistics where truck drivers - the contractual obligations of truck drivers unfortunately often makes them break the rules. This is an area where there are rules there about how long you can drive and when you have to take breaks etc. etc. But because the pressures, the contractual pressures are so high we saw a lot of truck drivers having to break the rules just to make sure they got paid or that they didn't lose the contract if they were late simply to sort of make ends meet and the very survival and their livelihoods depended on them unfortunately doing things dangerously.

So I think, you know, Safe Work Australia have told me that there's been around 776 deaths in the last ten years from truck drivers. So how does that resonate with the community? Well, you know, I drive on the road with truck drivers and it's quite scary to think that there could be a truck driver on the road that's quite fatigued that could involve you in an accident. Now I don't know the incidence of other people being involved but of course, you know, mums, dads – we all share the roads with these truck drivers. So it's in all of the community's interests I think that we address these. The Transport Workers' Union has been tireless in working with the regulators and working with the legislators to come up with answers to that and we probably will go to that later I think, but the Road Safety Tribunal I think has been a terrific advent from those problems.

And there's another area that I think is fairly high profile just as an example if you don't mind is the textile, clothing and footwear industry. It operates a supply chain. There's a very small supply chain domestically in Australia which operates on a system called "piece work" and this is where people, mostly women, again of non-English speaking backgrounds, fairly vulnerable, do piece work in their own homes or they work in really sweatshops, in garages and things in awful conditions. And some of the stories that we've heard about the conditions under which they work and how they are paid have been appalling.

I remember one story that was given to us from one of our TCFUA members was she was given a contract to make clothes that actually she made for \$7 a piece which sold for nearly \$700 a piece so I've been told. And when you would ask her she would work all night, all night to just get the pieces that she had to deliver out and working on quite complicated sewing machinery. And when she was asked how did she stay awake all night she said "fear". Fear kept her awake. Fear that she wouldn't meet the contract requirements. And so, you know, when people are working under those conditions clearly safety becomes a major issue and we were able again to work very well with the regulators, with the legislators to get some quite good changes to the Fair Work Act to protect people in that industry.

Then of course as Michael mentioned, or I think Barry you might have mentioned there's the equipment that workers work with. You don't think about that but that's an important supply chain issue because if you're working with a piece of heavy machinery or not, maybe a sewing machine, you want to know that it's properly made and that it's not going to injure you while you're working with it. And also the whole interesting and amazing issue of workplace design I think also is kind of a supply chain issue as well. So we're interested in all of those aspects. We're interested in solutions. We've already got some fairly high profile outcomes that have been very good from working collaboratively with everybody that we need to.

**Barry Sherriff:**

Good. Thank you Ged. Christian we've heard of a number of different very high profile areas – transport, textiles, agriculture and so forth. You've had quite a variety of experiences with various different companies in different roles. Can you describe the various types of relationships and activities that you've seen and been involved in managing involving different types of supply chains?

**Christian Frost:**

Sure. Thank you Barry. So yeah in my current role we outsource a fair bit of work. So we deliver approximately 14 million newspapers every week. So we outsource some of the logistics associated with that. The last time I looked there's about a million kilometres of road in Australia. We actually drive over a million kilometres every week to deliver those papers. There's a fair bit of driving there. We have to get the newspaper to you every day. It's unusual that a newspaper would not turn up where it needs to. So our equipment that we use at our print sites around the country has to be very reliable. So we have a workforce that does include some contractors to help us make sure that that equipment is safe and reliable. So that's in my current role at News Corp.

We also tackle the issue of contributors. So people who provide editorial content to us who may not be direct employees. So that's another issue that we need to face. In my previous role at NBN I was responsible for setting up the health safety and environment capability within the operations part of that business. So we had contractors who built and maintained the network. So that was the fibre network and the satellite and the wireless network. So we had a whole range of issues that we needed to deal with. So we had people who were working around electricity - so on utility power poles or at end user premises. We had people who were working remote. We had people working in man holes and pits underground because the network can often be underground and is. So there was a very complex arrangement of contracting that I was exposed to in my previous role and also my current role.

I think some of the issues that Michael had raised around the complexity is an issue I think a whole range of organisations need to address and think about very carefully. You can have relationships with very large, competent organisations who are specialists in a particular area. And you need to think about how you build a relationship with those organisations and how you understand who's accountable and responsible for what and how you will support each other because once you engage them they will have their own supply chain who by default are yours. So you need to think about that.

You also need to think about how as an organisation you deal with sole traders who don't necessarily – who are expert but don't necessarily have the safety net of a large organisation that will provide them with

training or access to a professional safety manager, those sorts of things. And so there are very different approaches that you would take for both types of scenarios and there's a spectrum in between.

So some of the issues that organisations need to think about is where they – is how they approach those different relationships. My final point on that particular question Barry and some of the things that I've observed in particular in my last two roles is that we certainly know that organisations have responsibilities for their supply chain and the legislation enshrines that. And so as a human being, as a leader within those organisations and what I've observed is that you're intimately familiar with your legal obligations. You know that you have skin in the game and if someone down that supply chain gets injured you're aware that possibly you could be accountable for that.

So because of that awareness there's potentially a natural inclination for you to want to get in there and make sure that it's done your way because you're accountable. On the other hand you've engaged someone who's an expert and you've done that because they are an expert more so than what you are. They've got capacity and skills that you don't. So the real judgement and value of organisations and leaders is where they fit on that spectrum. "How much control and direction do I want to take?" because that can be risky if you apply too much control. Your direction may be based on a whole range of assumptions that are just not valid. So you need to have some trust and the only way that you can have that trust is to build relationships and focus on that and think about how you want to structure it which is my first point that I raised at the beginning. So a very complex matter this topic that we're talking about today. So hopefully there's a fair bit more discussion that we've got to go.

**Barry Sherriff:**

Indeed. Thanks very much Christian. Each of the speakers have raised specific challenges and issues relevant to health and safety. From the use of supply chains there's been the drivers for timeliness of delivery. There's been the marginalisation, the need for collaboration, cultural issues, altitudinal issues and so forth. Michael from the research and your experience are there other work health and safety issues from supply chains?

**Michael Quinlan:**

Well I think Ged raised one which is there are public health effects and public safety effects and they just don't relate to transport industry but they can relate to food safety and security and other issues. Once you create highly attenuated systems you create a whole new spectrum of risks and those risks don't just reside with workers. They can reside with the wider community as well and we need to be more cognisant of those.

I think the other issue that – and Christian really highlighted it is that unfortunately we live in an age of fads and the term "strategy" is used a lot but it's not brought into play very often. And what I would strongly advocate is that organisations need to take a strategic approach, a long term approach, one that's built on relationships, built on mutual trust and understandings and which is designed to deliver long term value rather than short term cost cutting. When I think organisations go down of the path that "This is going to save me money in the short term," that is almost always a route to disaster for somebody in the chain. It may not be them but it will be somebody in the chain will suffer as a result of that.

So there's a real need and because you outsource something doesn't mean you need to outsource everything. And I think that organisations also need to forget what management consultants tell them and think "What can we outsource that is effective?", "What are the control measures we need to have in place when we do that?" and "What are things we don't want to outsource because they're part of core business and we need such control of them that it really doesn't make sense to outsource that?" And maintenance is one that's often outsourced that you really need to think carefully about because a lot of your own R&D is locked up in your maintenance. Now there are certain things like major shutdowns where you want to outsource. You can't. But there are other things like routine maintenance which in many respects you may

want to keep control of because that is how you learn more about your own production technologies and things like that. So we need to advocate a more long term, strategic approach to this very issue.

**Barry Sherriff:**

Thank you Michael. You've raised some of the business perspectives as well and I'll invite Christian shortly to comment on it from the business perspective. The concept of intelligent outsourcing and use of supply chains rather than just simply doing it because it's a fad and it's important. But you've segued nicely into the solution mode which is fantastic. So Ged what is the union movement doing to help deal with these health and safety issues and assist in providing that improvement?

**Ged Kearney:**

It's an incredibly important part of what we do I think and something that we're really very proud of because we've had quite I think a major influence in this area working collaboratively. I think firstly and if I take it from a scale we work very closely with workers at the workplace making sure that they are aware of the laws and the regulations and their rights. We help train occupational health and safety reps, we have constant contact with occupational health and safety committees and we help them work collaboratively with their employers to raise issues at the workplace and work through to control or eliminate those problems.

We run high profile campaigns I think sometimes when we think things need a little bit of a push along like the Safe Rates campaign for example in truck driving and that resulted in some very good legislative change I think. That has brought about some fantastic outcomes for truck drivers particularly the Road Safety Tribunal. There's the Fair Wear campaign that the textile, clothing and footwear industry ran and there's been a number of campaigns I think that have helped highlight the supply chain issues in particular.

We work very closely with businesses. We're committed – absolutely committed to the tripartite process. So it's not only legislation and regulation but it's also working very closely with businesses to make sure that, you know, there is understanding and that we can work together and it doesn't become an issue, you know, that we can actually work at that workplace level. A regulation I already mentioned – we are quite proud of some of the regulation that we have, or a lot of the regulation. In the textile, clothing and footwear industry for example I might have mentioned we got a change to the Fair Work Act which protected the out workers, the piece workers. But internationally I think there's also a lot of work being done. People might recall for example again going back to the textile industry the awful disaster at Rana Plaza in Bangladesh where over 1,100 people died – it was terrible – in a building that collapsed. And that brought about an amazing chain of events that unions got involved with, the major brands got involved with and we created a collaborative arrangement called The Accord whereby all the major brands – not all of them, we're still working on some of them – but a lot of the major brands and unions came together into Bangladesh and are working with the Bangladeshi Government there to try to make workplaces safer. And I think that's a great example of how on a global level unions can work globally with employers and bring about change.

We have other avenues internationally that we work on occupational health and safety. We've got the International Trade Union Confederation which my predecessor Sharan Burrow heads up and Sharan does fantastic work with our global union federations commonly known as GUFs. But they're kind of like international unions if you like where we all work together really on trying to improve supply chain management, whether it's sugar in Fiji that we buy or whether again it's textiles in Bangladesh, whether it's making our share in footballs so that child labour isn't used. Or whether it's having a major influence for example at bodies like the United Nations, the ILO where they set international standards by which we can actually use some muscle to enforce decent standards at the international level.

We also have strong inroads with bodies like the G20 and the G7. The G20 committed to broad occupational health and safety goals this year which was fantastic. There's other areas like the Rotterdam



Convention which deals with asbestos because we have a very proud track record here on asbestos. But we're still working internationally to protect workers from the hazards of asbestos and we've had some major inroads in areas like Vietnam where we've worked very closely with the regulators there and the government through the ILO and other international bodies.

So it's an area where we are very heavily integrated globally and locally and where I think we've had some of our most wonderful successes. And Michael Borowick of course heads up our OH&S Department at the ACTU.

**Barry Sherriff:**

Great. Thank you. If I can summarise the key message I got from that is that the union movement is there for the entire journey, from unearthing through to influencing and then collaborating to identify and initiate and implement solutions. So it's part of the whole – that wasn't written for me by the way. So it is a journey that you're on and it's not simply a case of having a specific role and only that role and it is very much importantly the collaborative role.

Christian, Michael's raised the business aspect. Now obviously this is something that businesses undertake for obvious commercial reasons. There are various different implications from the use of supply chain and there may be different approaches and different degrees of involvement and activity in that space. What's your experience been of the focus of industry and businesses specifically in supply chain issues?

**Christian Frost:**

Okay. So I'll probably answer that twofold. The first thing is that what I can say is that the leaders that I've worked with in particular in my last two roles – my current role and my role before – they are genuinely committed to the safety of the people that work for them. They genuinely care and that comes through in a whole range of conversations that you have and decisions that are made. It's very important as a first focus is to establish the relationship correctly from the start. Having conversations with potential suppliers about what your expectations are and what theirs are as well. And "What are the boundaries?", "How are we going to support each other through that?"

And then a key focus has to be – for large contracts has to be on a formal agreement generally in a contract where that's crystallised. Hopefully you don't have to draw on that contract but it's very important that it's written down so that expectations are very clear. It also sets the tone for the relationship. You need to have conversations around how you are going to support each other, what tools are you going to use so that you can fulfil those responsibilities. And I think that's for me a key focus, right up front setting the expectations for that relationship.

And moving forward once you have a formal arrangement, supporting each other and taking an active interest in the performance of that work, the safety performance of that contract. And I think it's key for those of us that are trying to support our organisations to get our most senior leaders out and talk to people who are actually doing the work because they're the people who are impacted by a whole range of decisions that potentially could be made in an ivory tower. And I think that's very, very important.

There's a particular anecdote or story that I've got that I think highlights that very well and it's my previous role at NBN in the early stages, in the first releases. And that we went out into the field and we were having a conversation with a contractor who was working on a pit, a fairly large pit, new design, plastic and it had a large polyconcrete lid. And we were talking to him and he had a whole range of wonderful suggestions to make this lid lighter. So when you walk along the street you'll see these lids on the footpath etc. and so it was a no-brainer. I mean what a wonderful piece of insight. So we were able to engage that individual and his company and talk to the supplier of that equipment. We'd go for a trip to the supplier and involve our design team and actually come up with a new prototype which worked. So it's lighter, it's easier to work with, takes less time which is really important in an emergency situation - you need to get the job done –

and it built trust. So that individual feels like their opinion is really important because it was and it sets a tone and expectation for other contractors and for other people who work with you. "Well that's what they need from us."

And so I think that that relationship aspect and the trust building is very, very important. In fact I'll leave you with one point. It was such an important initiative that I actually went out and got one of the old prototype lids. I took a drive out to the supplier and left it outside the door of our design team. So we just left it sitting there as a permanent reminder. As they turned up for work, left, went to the rest rooms and had lunch every day it was a permanent reminder to make sure that they thought about safety in the design of any other aspect of the network. So it was a really wonderful story that started with a conversation with the person who's actually doing the work.

**Barry Sherriff:**

That's another demonstration of the fact that good work health and safety performance is in fact good business. And it's not just about avoiding the downsides of people becoming injured.

**Christian Frost:**

That's correct.

**Barry Sherriff:**

It can positively contribute to the business.

**Christian Frost:**

And innovation is important.

**Barry Sherriff:**

And innovation.

**Christian Frost:**

If you're having conversations and you're involving people with a variety of backgrounds in the conversation you will get innovation and that's very important.

**Barry Sherriff:**

Yep. I'm interested from a solution perspective – and I'll deal with them one at a time, if you could very briefly unfortunately given the time we're limited to...

**Christian Frost:**

Sure.

**Barry Sherriff:**

How you've seen supply chain issues addressed in for example the use of third party labour or independent labour? Have there been any particular things that stand out as being answers?

**Christian Frost:**

We currently engage some labour to help us at our print sites and in my previous consulting environment I did support some labour hire organisations who put labour in. And again I come back to the relationship. It's very important that relationships are set between the organisations because people who are transient or have temporary jobs can be vulnerable if those relationships are not established and if they're not engaged because you've got piecemeal issues. You've got the fact that they might be on a short term contract which is very easy not to renew and those relationships need to be built on trust because if they're not then the people who are most vulnerable will miss out and possibly get injured.

So I come back to that setting the expectation around relationships which ultimately end in a high level of trust.

**Barry Sherriff:**

Yeah.

**Michael Quinlan:**

Can I come in on that?

**Barry Sherriff:**

Yes. Please do.

**Michael Quinlan:**

We looked at labour agencies in Queensland and one of the things we've found that worked was where labour hire agencies provided a niche they only provided certain types of labour. They built up very strong relationships with host employers and that meant that they understood the risks. And also the hosts were responsible enough to say "I can't hire workers on that short term basis because I can't manage the health and safety. So I can't bring in somebody for one night shift because I can't manage that." And so there are ways of developing that relationship.

I think in some industries – I mean what the supply chain literature says very clearly is that for supply chains to work positively for health and safety there needs to be a conducive external environment. There has to be something that drives the organisation at the top of the supply chain to really want to care about health and safety. That's either a reputational issue, a competitive – sorry, community pressure. In some industries that are really competitive the only way to get industry in is to mandate and that's where the clothing and textile industry trucking ones work because there will be members of the industry which will in fact be quite happy with that path. But the only way they're going to get there is by creating a level playing field and the only way you can create that is by mandating. So that will get industry buy-in but only some of them will initially come to the party.

So almost when you're looking at a supply chain model you need to look at the specifics of the industry and what you're doing. And the one other point I would raise that I flagged earlier is that when you're dealing with overseas suppliers you really need to look at the risks of dealing with particular countries, their regulatory regimes, their governance, whether there is endemic corruption and what the general standards of health and safety are. If they've got a very weak OHS regulatory regime, a weak environmental regulatory regime, poor governance, no open enquiries, no dissent, endemic corruption, then if you're dealing with them you have a high risk situation. And unless you - you're going to have to go in and do all the quality assurance, all the controls yourself because otherwise you're going to buy a product. Now I had a case in my own university brought in some chemicals from a particular country. It was a dangerous good and how they got round that was they simply labelled the good "non dangerous" so to get around the regulations because that's what they did in their country.

**Barry Sherriff:**

Christian what's your experience been in responding to those challenges of overseas procurement or indeed procurement and design of the inputs?

**Christian Frost:**

So we're currently going through an upgrade at some of our sites of our equipment - specialist equipment that only comes from certain parts of the world. So for a lot of you who are watching this you'll be aware that other countries have different standards to our own. So in this case we're very mindful of making sure that whatever equipment we bring into our print sites from overseas complies with Australian standards. So the relevant one for us being AS4024 which is the Standard for Machine Guarding. And so for us we're treating this so importantly that we're actually sending a small specialist team over to the supplier of that equipment, to their manufacturing facility to identify any potential issues to make sure that they're addressed at the design and manufacturing stage before it's put on a ship here. Once it's here if it has problems it's very hard to fix and so it's really important that we get that right.

By doing it early it means that we can think about the training that we provide our people with that equipment and we know what maintenance is required. So it saves us a lot of time later on down the track if we get it right, right up front with those companies that supply to us.

Barry if you don't mind?

**Barry Sherriff:**

Yep.

**Christian Frost:**

There was a point that Michael raised earlier about the drivers of organisations, what motivates organisations and I'll just maybe provide some insight from my experience consulting and the last couple of roles that I've had. A couple of the drivers for organisations obviously is about complying with the law, costs associated with workplace injury, reputation and your moral and ethical obligations. So from my perspective if you're looking for motivators the ones for me that have resonated the most is the moral obligations first. I have not met a senior leader that doesn't care genuinely for people. When it comes down to it we care. The other is they are concerned with their reputation. So it's important that they have a good corporate reputation, a social reputation and the other is the legal responsibilities. And I think it's in that order to be really honest with you just from my perspective. I'm not 100 percent sure if the research backs that up but it's what I've observed.

**Barry Sherriff:**

Finally and putting you still under the spotlight, the one aspect of supply chain that hasn't been dealt with to much degree today is that question of the design of networks and processes. We talked about the people, the labour input.

**Christian Frost:**

Yes.

**Barry Sherriff:**

We've talked about the input of machinery and so forth or as Michael indicated chemicals. But what about the processes, the systems, the networks and things that sit behind all this?

**Christian Frost:**

I think – Barry I think you may have had some influence in the current harmonised legislation and I think that it was very clever the way that it was put together and the obligations that people have who can influence the design of a process. And when you think about this for a lot of organisations out there particularly those that engage consultants who help design with restructures. Or they help design with how we're going to outsource or they help design a workflow or a process flow. For me that's a very new area and I believe Safe Work Australia has a draft publication out shortly that will help inform us. But it's very important to consider design not just in the traditional "We are going to design a widget" sense. We also now need to think about "We are going to design processes and systems that inevitably will have an impact on how we work." And so I think it's very important that all the people who are influencing that process are aware of their responsibilities and I think well done for getting that into the legislation the way that it is.

**Barry Sherriff:**

Thank you. Ged you've been sitting there taking all this in. Are there things that you can add from a solution perspective or responding to the issues in each of these particular areas, whether it be labour supply, whether it be supply of goods or systems?

**Ged Kearney:**

I hear what Christian's saying about everybody cares about their people, absolutely and I'm not questioning that. But the power of competitive advantage is very powerful. So for example when we were trying to pull The Accord together for the Bangladesh workers and we had all the major brands - we were seeing them – they would say "Okay. We'll sign up only if they sign up because if they don't sign up then they're going to get things cheaper," and that competitive advantage was a strong driver even though they knew if The Accord didn't get up we would still have people working in Bangladesh in terrible situations. So it is a very powerful driver.

So when you are looking I guess at supply chains it's much easier to be mindful of the people here in your workplace, in front of you. But when you're working with international supply chains it's one bit removed and it is quite different. So I think the key in that situation was getting everybody in the room together to look at everybody in the eye and say "Okay. If you do it, we'll do it. We'll do it, we'll do it." So, you know, whilst that ethical drive is compelling it's not the only consideration unfortunately I think though. That's just the nature of the world in which we live. So I think that's important.

I think relationships are very important as you said and we form relationships and form alliances which have been very successful. I mentioned Fair Wear and Ethical Clothing. They're very powerful because brand is all important and if it adds value to your brand to say that you are part of that then I think that is a very powerful mechanism as well and we've used that very effectively because not only is it protecting you from a bad brand but it's value adding to your brand to say "Well, you know, it's Leichardt safe," or whatever, you know. "We're part of Ethical Clothing." So it actually value adds and I think that's an important part. And again just, you know, the only other thing that I would add - I think everybody's touched on everything here really very well - is just to keep the momentum going and be ever vigilant, ever, ever vigilant. You can't sit back from it.

**Barry Sherriff:**

One very strong theme that's come through from both yourself and Christian which is good to see some would say from different sides of the coin that issue of collaboration and consultation and relationships working together which is of course consistent as Michael said in his opening with the duty that was put into the law to consult, cooperate and coordinate activities which is essential to making it all work. It's great to see that you've each very much focused on that as a critical point. It's not just about the nuts and bolts and mechanics is what you're saying there.

Before we move to questions because we are running over time I just want to raise with you and I'll sort of leave it open but don't shout across each other what's happening internationally – particularly Ged and Michael – internationally that may well be useful for us to adopt here and where the trend is heading internationally?

**Michael Quinlan:**

Well if I could go back to one point to raise that I think is incumbent. What Christian really talked about a lot was the relationship at board level. And what I think is missing from my studies of health and safety is not enough ownership of health and safety at board level. And I think once we move into that plane we can move along that direction.

The Australian initiatives in terms of mandatory supply chain regulation are actually world firsts and they are something that really needs to be promoted. They're something that are being looked at. I understand the International Transport Federation is trying to move the supply chain debate not just in road transport but in maritime safety which has very similar issues along that plane. So in fact there are ways that we can actually and should be influencing the world. I know the US has been influenced in some ways of what's been going in the road transport industry here.

I think the next step is the one that Ged talks about. We need to move towards a more global approach which has some regulatory bite and that – and we can talk about global framework agreements at industry and union level which buy into these countries where they say "Well yes you can supply to us but in order to do that you're going to have to meet certain agreed standards."

**Ged Kearney:**

I think that's the key.

**Michael Quinlan:**

And I think that's the next big challenge because unfortunately all the trade agreements we've got don't have anything about labour standards in them and the ILO has no enforcement powers. And if we are really going to move to a global society we need to move to one where we can see people advancing everywhere and we can actually be happy that the goods we buy in every country or the service that we purchase has been produced under what we would regard as acceptable conditions and ones that are lifting standards everywhere not simply at the expense of someone else.

**Ged Kearney:**

That's true.

**Barry Sherriff:**

Ged do you...

**Ged Kearney:**

Well notwithstanding the fact that ILO's stand is unenforceable I think it's an indication of how supply chains are becoming much more of an issue is that the ILO is going to actually focus on supply chains next year I think it is. And for those of you who don't know the ILO is a tripartite body. So there are employers, there are governments and there are unions who try to build international standards. And so it's quite ground-breaking that all those bodies have agreed supply chains are an issue that we need some international standards about.

And just one quickly, internationally – there have been good news stories internationally. You know, I think – I understand the Olympic stadium in London was built very well on a collaborative basis with unions and contractors and there weren't any deaths and it was built on time and on budget. The Sydney stadium actually for the Sydney Olympics was done extremely well here in Australia on the same basis and there are good examples of where things do work. I think compliance is a big issue. I think we really have to look at compliance domestically as well as internationally. But the last thing I'll say I think that we haven't really touched on is consumer power. Consumer power might actually drive a lot of the changes for supply chains. People are very - the community is becoming more and more aware, really acutely aware of these issues and as brand is everything, you know, the last thing we wanted for big superannuation industries or anyone to divest out of companies because of consumer pressure on them around supply chains. And so – or maybe we do want that? I don't know.

But, you know, I think ultimately it is becoming an issue and people are much more aware of it and we're going to have to be on top of it and be ready to run with it.

**Christian Frost:**

And I think that power of the consumer can't be understated. I mean we all look very beautiful today but surprisingly we've had some make-up done earlier and the lady – the lovely lady who was doing my make-up, we actually spoke about this. And I asked her "Knowing what you know about where clothes can come from and the environment that those are made in, does it influence your decision?" and the answer was "Yes. Absolutely it does." So I don't think it can be understated at all. I think that's a fantastic point.

**Barry Sherriff:**

Well hopefully or no doubt we'll have all learnt quite a lot today from our three panel members. Certainly many of us will have learnt for the first time about GUF and I might say that hopefully no one suggests that there's been any guff spoken today. On that point can I pass to members of the audience to ask questions?

**Audience member:**

Hello. My name's Joel from Safe Work Australia. I'd first like to take the opportunity to thank all the panel members for their contributions, to the very insightful discussion. My question is what are the key performance indicators that can be used to monitor the management and effectiveness of supply chain work health and safety, I suppose processes and systems?

**Christian Frost:**

Sure. I might tackle that first if you don't mind. There's an obvious one. One of the indicators can be the number of injuries that occur and the type of injuries. That's very obvious. Other indicators could include some benchmarks that you've set early on at the relationship setting stage. So "Have we done audits like we said we would and what happened?", "What did we learn in those audits?", "Any issues that popped out of those?" and "Have we closed those off?" So indicators can be around "We said we were going to do some proactive, preventative things. Have we done those?" and "Have they been effective?" So there's a couple to get the conversation going.

**Michael Quinlan:**

Performance indicators can be problematic. A number of systems have failed because they've rated contractors on their safety performance and that's discouraged contractors from reporting problems which is the last thing you want to do. So you need to use indicators but you need to be quite clever about it and you need to encourage a situation where contractors are reporting problems and that's seen as a positive

rather than... You also need and we were talking about this prior to the session - if you've got contractors you need to look at their investigative procedures into incidents. You need to look at near misses because they teach you a lot. You learn a lot from near misses. Very few disasters have occurred without almost identical near misses shortly before the fatal event. And you need a range. I would look at work in – if I was looking in other countries I wouldn't just be looking at raw injury. I would be looking at the working conditions, the wages that I would want that those people are decently paid and that they're not working too long hours. I would also want an investigative device onto the point that there wasn't some secret subcontracting going on because that happens as well where things are offloaded down the chain and you're not actually seeing what's the place that's producing it.

So it's a good question you ask and you need to be quite clued and design assistive performance indicators in conjunction with on-the-ground auditing so that you know what you're actually – the measures you're getting are actually what you think they are saying.

**Christian Frost:**

And on that I think it's very important around incident reporting and you do want that as an indicator because if you're not getting any it probably means there's a few failures and there's probably a lack of trust because there's fear.

**Barry Sherriff:**

Yep.

**Christian Frost:**

So that's a great point and the other is I think when you're setting KPIs – objectives and KPIs – the first question you need to ask is "What behaviours do I want to drive?" because what gets measured gets done. And so that's – you've got to be really clear on the behaviours first and then start asking questions around "Well what are the indicators that we're going to put in place specific to encourage those behaviours?"

**Barry Sherriff:**

Good. Ged do you have any comment?

**Ged Kearney:**

Well the only thing I'd add and I'm not an expert on this area - these guys are – but the only thing I'd add is, is there a way of getting feedback from the workers? Do you have frequent meetings with occupational health and safety reps who feed things back up to you? Is there a way that you can measure that and that you actually engage with your workforce and that you act on those things too? Like "The lids are heavy," you know. So that sort of thing.

**Christian Frost:**

I think that's a great question and in the roles that I've been in one of the things that we've actually asked senior leaders who may not necessarily be involved in that contract, we want them to do what we call "leadership walks". So get out from behind your desk and there might be a target for them to complete and it's an important process for them to get out into the field and talk to people who are doing the work. But importantly the most powerful part for that leader is the debrief at the end. So going back and debriefing with their peers about what they observed and what insight they have and then holding their reports accountable for addressing those issues and enquiring back.

So absolutely you should have measures in there about getting senior leaders out there to get feedback from the people including representatives on how to do their work.



**Michael Quinlan:**

We do walk-around audits with health and safety reps. Better workplaces I've been to do that. I think the question is really important. You need to get worker feedback.

**Christian Frost:**

Yep.

**Michael Quinlan:**

There are often opinion leaders in the workplace who will tell you things and good managers know who these people are. They will have hopefully structures in place and they will ensure the workforce is well informed. The problem with agriculture is a lot of these workers weren't aware of the hazard exposures.

**Ged Kearney:**

That's right. That's right.

**Michael Quinlan:**

So you need to inform the workforce about them and then use that information accordingly because your injury with things will not talk about exposures to hazardous substances the consequences of which may not manifest for months if not years later. So it is something we really need to address and we need to get dialogue going and I think that's a really good measure of an effective supply chain...

**Christian Frost:**

That's right.

**Michael Quinlan:**

...is where there is a really good dialogue at the bottom of the supply chain of information feeding back up the systems. Systems are very good at driving down. Really effective systems are where there's a report back of information and that information is actioned. If you don't action it people won't report.

**Barry Sherriff:**

A very good, perceptive and practical question. We are running short of time but I'd like to invite anyone else to ask a question. No?

I think we've probably covered pretty much the ground that we can in the time allocated. We could go on for days and I'm sure people would love that particularly given the quality of the people that we have to pass on their experiences and views. What I'd like to do is call on you each in turn starting with Michael just to make a final single point that you believe is a strong take-away message?

**Michael Quinlan:**

Supply chains are one of the ways that really is governing the way workers organise today and it is one we really need to look at carefully if we are going to improve health and safety in the future and deal with underlying causes rather than symptoms.

**Barry Sherriff:**

Ged?

**Ged Kearney:**

I agree. Supply chains are going to be a vital part of how we look at occupational health and safety because a worker is a worker is a person is a person, no matter what country you're in, no matter what part of the supply chain or whatever. And workers don't expect to die or be injured at work. So it's very important.

**Barry Sherriff:**

Christian?

**Christian Frost:**

I think when we talk about supply chain I think it's very important to again I highlight – focus on the relationship and the relationships in the chain and take every opportunity that you can to build trusting and collaborative relationships. And with that comes a whole range of benefits including a safer workplace but also innovation and those two things are very, very important. So I think there's a whole range of benefits from collaboration and relationships.

**Barry Sherriff:**

Good. Thank you. I'd like to thank the audience and the viewers for the time you've taken today to watch this presentation in a very, very important area. What we'd like to hope is that it has informed you but also challenged you and left you with questions that you would like to look further into and explore in your business so that you can make that difference and move forward. Hopefully and I'm fairly sure that's the case, this afternoon's discussion will certainly take you a long way towards that and assist you. And on that note I'd like to thank each of the panel members – Michael, Ged and Christian for their stunningly wonderful contributions this afternoon and I'd call on you to join with me in thanking them.

(Audience Applause)

§ (Music Playing) §

**[End of Transcript]**