

4.10. Levels of Service Increases

Digital Health and Safety Management System (HSMS)

(Report prepared by A Merwood/D Heiford)

C500-005-019-H02

Purpose of report

1. The purpose of this document is to request approval to introduce a Digital Health and Safety Management System (HSMS) to support Council by digitising our Health and Safety Management processes.

Executive Summary

2. The system is requested as part of a programme of work that will support our Health, Safety and Wellbeing Strategy (2022–2024).
 3. A review to understand the current health and safety challenges and risks faced by Council including the advantages and cost benefits of a digital HSMS.
 4. The financial impacts outlined are proposed to take effect from the first quarter of the 2023/2024 financial year.
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RECOMMENDATIONS

1. **That Council approve the request to implement a digital HSMS.**
 2. **That Council approve the budget increases for the 2023/24 budget to implement and maintain the digital HSMS.**
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Overview

5. Council has a moral and legal obligation to ensure its staff gets home safe every day. This primary duty of care² is to ensure so far as is reasonably practicable, that the health and safety of staff and other people are not put at risk by its work.
6. In 2021 there were over 220,000 work related injury claims made in New Zealand. Of these 39,000 were consider serious and a total of 54 people lost their lives in work related injuries.³ These are sobering statistics and show that we must do our bit to reverse these trends.
7. What can't be measured cannot be improved upon. Without accurate information on our current and past Health and Safety performance we cannot hope to keep people safe. A key component is giving our staff access to be able to record and be aware of any Health and Safety issues they are facing – having the ability to see and log information easily and quickly from anywhere.
8. Furthermore, providing our management teams with immediate and easy access to Health and Safety performance. Teams must be able to have access to performance metrics that are not hidden on a spreadsheet. With this in place we can drive down injury rates, keep our staff happy, reduce time off work, reduce costs associated with injuries and help with retaining staff.
9. A digital HSMS is a tool for managing safety, health, risks, and accidents to create better and safety working conditions. It keeps data on incident reporting, training, investigations, and other information related to workplace safety and health. Moreover, it should include necessary policies, procedures, accountabilities, and compliance to meet Council's regulatory obligations while maintaining a safe work environment.

² <https://www.worksafe.govt.nz/managing-health-and-safety/getting-started/introduction-hswa-special-guide/#lf-doc-22882>

³ <https://data.worksafe.govt.nz/>
<https://www.stats.govt.nz/information-releases/injury-statistics-work-related-claims-2021/>

10. The implementation of a digital HSMS is intended to enable Council to continue providing a safe and healthy workplace while working to prevent work-related injury and ill health while improving its overall health and safety performance.

Background

11. Council currently uses a combination of paper-based forms, spreadsheets, and intranet forms to create, manage and report on our Health, Safety and Wellbeing across the organisation. Audits and reporting exercises are labour intensive, reactive and time consuming.
12. Council is not able to respond in real time to events as they happen. Often the Health, Safety & Wellbeing Team is only notified up to a day or two after events have occurred.
13. There is a continuous risk of intellectual property being lost when staff leave, or productivity lost as teams work through reporting processes.

Current Health and Safety Challenges and Risks

14. Engagement:
 - Usability & engagement: Current paper forms and spreadsheets mean staff have inconsistent experiences when logging incidents which results in some incidents being unreported.
 - Mobility: Staff are often out in the field or somewhere without coverage when an incident occurs and can forget to log it or log it days later. Current online forms cannot be accessed remotely.
 - Culture Issues: Paper based forms may not be ready to hand, meaning incidents may be unreported.
15. Compliance:
 - Audits, Compliance & Risk: Audits are identifying compliance and process breakdowns. Audits are also manual and time-consuming.
 - Strategic Issues & Changing Legislation: Responding to changing market conditions, tracking new legislation, and keeping up with Health, Safety & Wellbeing requirements.
 - Documentation Concerns: Some documentation is out of date or not in a central place to be viewed or used by all teams easily.
16. Reporting:
 - Lack of real time insights: reports require multiple staff hours to compile information from various sources manually - it is time consuming and sometimes incomplete.
 - Reporting & Governance Issues: Reporting for the Senior Leadership Team and Councillors is prepared manually in excel with multiple data sources.
17. Reducing Risk
 - Improving visibility & preventative actions: There is a relatively low number of incidents, near misses & hazards being reported, which likely indicates under reporting as opposed to this being a positive measure. It is challenging to proactively manage Health & Safety with a lack of data.

Advantages of a Digital HSMS

18. An effective and well-designed digital HSMS should improve Council's overall health and safety performance and provide:
 - Preventative and proactive risk management
 - Help reduce risk of accidents or incidents
 - Easy access to tools, resources etc from anywhere anytime

- Improved reporting culture
 - Establish incident and investigation management process
 - Improved and streamlined auditing and training management
 - Helps meet governance and compliance requirements including reporting
 - Improve efficiency and saves money (refer Cost Benefits)
 - Improve employee safety and wellbeing
 - Improves productivity and boosts staff trust and confidence in Council
19. Enhanced reporting and access to real time data means managers and the Executive Leadership Team are able to make proactive, informed decisions to keep our people safe in a timely manner. Having visibility across the organisation about what is occurring daily (not monthly or quarterly in arrears) means the right preventative measures can be put in place.

Cost Benefits

20. Health and safety is often viewed as an expense rather than an investment as it is considered to be a cost of just doing business – something we have to do to maintain compliance.
21. Various studies have shown that every dollar invested in injury prevention, returns between two and six dollars. These returns stem from:
- Decreased lost time from worker injuries and incidents, reducing expenses related to medical care etc.
 - Compliance with regulations and laws which can impact on the organisation financially. Avoiding fees and fines from regulatory agencies.
 - Operational efficiency increases and supports long-term sustainability with less injuries and time off work.
 - Improvement in employee wellbeing and creates a positive reputation as a safety-focused organisation.

Statistics, Claims and Offences

22. The full impact of poor safety on people is immeasurable. The impacts of accidents and incidents can run far beyond an employee visiting the hospital or taking a few days off work.
23. In 2021 a total of 223,300 work related injury claims were made to Accident Compensation Corporation (ACC).
24. There were 39,000 work-related injury claims involving entitlement payments (ie, more serious claims) in 2021; this was an increase of 1,100 since 2020. Entitlement claims include additional payments such as death benefits, loss of earning payments, lump sums, and rehabilitation payments.
25. The incidence rate of all injury claims was 90 claims per 1,000 full-time equivalent employees (FTEs). Those claims involving entitlement payments was 16 claims per 1000 FTEs for 2021.
26. The cost of work injuries per worker are estimated at \$1,100 and the cost per death was \$1,190,000. These figures include estimates of wage losses, medical expenses, administrative expenses, and employer costs, but exclude property damage costs except to motor vehicles.⁴

⁴ <https://www.stats.govt.nz/information-releases/injury-statistics-work-related-claims-2021/>

27. WorkSafe NZ sets out offences and penalties⁵ under the Health and Safety at Work Act 2015 (HSWA). In addition, infringement notices can be issued by a regulator for specified offences. The table below outlines the maximum penalties for health and safety duty offences.

OFFENCE	INDIVIDUAL WHO IS NOT A PCBU OR OFFICER (EG A WORKER OR OTHER PERSON AT A WORKPLACE)	OFFICER OF A PCBU OR AN INDIVIDUAL WHO IS A PCBU (EG SELF-EMPLOYED)	ANYONE ELSE (EG AN ORGANISATION THAT IS A PCBU)
Section 47 (reckless conduct in respect of duty that exposes an individual to a risk of serious injury, serious illness or death)	Five years in prison or \$300,000 fine, or both	Five years in prison or \$600,000 fine, or both	\$3 million fine
Section 48 (failure to comply with a duty that exposes an individual to a risk of serious injury, serious illness or death)	\$150,000 fine	\$300,000 fine	\$1.5 million fine
Section 49 (failure to comply with a duty)	\$50,000 fine	\$100,000 fine	\$500,000 fine

Direct and Indirect Costs

28. The cost to the organisation when an incident or accident occurs can be measured through direct and indirect costs.
29. Direct costs are those that have a direct impact on the organisation and can include worker compensation payments, medical expenses, liability damages, litigation expenses, property loss as well as the sum of the indirect costs.
30. Indirect costs are harder to measure and often overlooked yet can have a far greater impact on the organisation. These can include delays to project schedules, administrative time, damage to equipment or facilities, investigation, and implementation of corrective actions. There may be costs of benefits required to be paid to injured workers (or if a fatality, their family). Loss of skilled workers, negative publicity, and inability to attract human resources and therefore overpaying employees to attract the right people.
31. Studies have shown that the direct to indirect cost ratio is \$1 to \$2.12

Budget Requirements

32. Table below outlines the estimated investment required to support the recommendations annually and the total investment to implement the system which can include the need for project support, business analyst, change management, system administrator and a quality assurance process.

Item	Cost
Investment to implement HSMS	\$10,000
Estimated investment required to support the recommendations annually	\$30,000
TOTAL	\$40,000

Next steps

33. Increased budget to provide for implementation and continued licencing to be included in the 2023/24 Annual Plan.

⁵ <https://www.worksafe.govt.nz/assets/dmsassets/zero/812WKS-6-HSWA-offences-and-penalties.pdf>

34. Liaison with IT in regard to project plan.
35. Consult with staff exploring roles, operating procedures, organisational needs and requirements of the system.
36. Request for proposal / tender process.
37. Develop a systematic implementation approach to ensure smooth integration with the system, including staff training.

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