



# Addressing the Compliance Challenge.

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## Introduction



- Maintaining regulatory compliance is a key challenge faced by all organisations.
- Failure to comply with a variety of laws, regulations and standards can have consequences including;
  - lost business and client confidence,
  - financial and legal liability; and
  - the potential revocation of operating licences and project approvals.
- The challenge for organisations to ensure regulatory compliance and minimise legislative risk must be managed as a priority business need.

## The Compliance Challenge



- Organisations are striving to be compliant.
- However, given the scope of legislation which governs their operations they often find it difficult to maintain a full understanding of their obligations.
- Many do not have effective systems in place to manage and track issues, with the following results:
  - reporting deadlines are missed,
  - obligations are unfulfilled and misunderstood,
  - corporate knowledge is lost when key employees leave,
  - relationships with regulators becomes strained; and
  - the company is at risk of financial penalties or operating sanctions.

## The Compliance Challenge

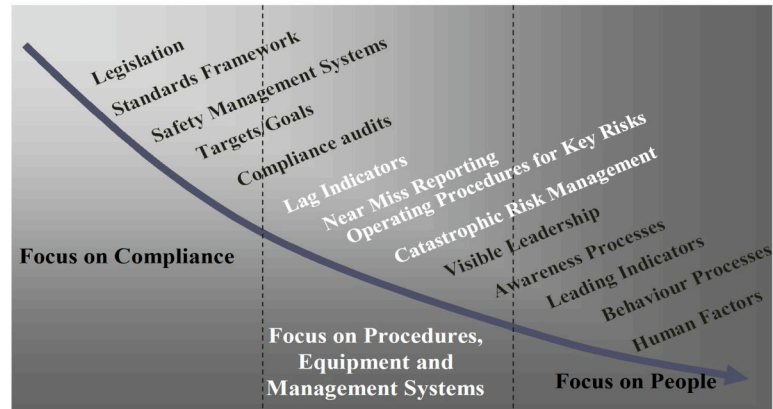


- Many organisations are operating in good faith, but outside of the law as the current legislative framework for most companies is enormous and hard to comprehend.
- Organisations need to not only understand the intent and spirit of the legislation that governs their operations.... but also need to distil out the specific obligations.
- All of this is beyond the scope of one person to manage without a formal system or application.

## Compliance as part of *Zero Harm*

- Compliance is part of an organisational obligation to advance and promote health and safety as well as environmentally sound operations.
- Certain requirements are in place under legislation for the safety of the people working within organisations and to minimise the impact on the environment.
- Variety of practices and tools to promote health, safety and environment principles.
- Zero Harm - one principle - which recognises that a variety of systems, practices and tools are required to strive towards the Zero Harm concept.

## Safety Improvement Roadmap



## Consequences of Non-Compliance

- Consequences can be very damaging in terms of:
  - Financial penalties
  - Community outrage
  - Damage to reputation
  - Loss of production
- Common non-compliance issues:
  - Water pollution (tailings)
  - Damage to aboriginal relics
  - Breaches of limits (ground vibration, noise etc.)
  - Over-runs on project schedules
- Potential costs and fines are considerable
  - plus litigation / court costs and loss of production

## Financial Penalties

### Case Study #1

Four employees of a company working at height on a roof. The employees had on harnesses and lanyards whilst working, however, they were not attached to an anchorage point on the roof.

### Prosecution

An individual (as Director) & the Company were prosecuted under the OH&S Act 2000.

### Maximum Penalty

The maximum penalty applicable to the first defendant, given that the individual had no previous convictions, was \$55,000. For the second defendant, the company, the maximum penalty was \$550,000 as it had previous convictions.

## Financial Penalties



### Case Study #2

While loading pipes, an employee was struck by falling pipes. Each pipe measured 600 metres by 5.5 metres and weighed 0.931 tonnes. Injuries sustained by the employee included a broken pelvis, broken ribs, punctured lung, broken shoulder and nerve damage in his legs.

### Prosecution

The Company was prosecuted under the OH&S Act 2000.

### Maximum Penalty

The maximum penalty applicable to the defendant was \$825,000 as this was a second offence.

## Primary & Subordinate Legislation



- Key issue is to recognise and understand which parts of the various Acts are applicable to organisations.
- Organisations have primary legislation with obligations, but also have subordinate legislation.
- One Infrastructure Company in QLD
  - 1 Licence to operate
  - 25 Acts (primary legislation)
  - 20 Regulations (subordinate legislation)
  - 8 Codes of Practice (nominated in legislation)
  - 1 Australian Standard (nominated in legislation)

## Compliance Manager™



- SWS have worked with major industrials for many years
  - witnessed the virtual explosion in safety, health & environment legislation and regulatory requirements.
- Recognised the need for a single application to identify, manage and track the ever-growing and changing compliance obligations of organisations.
- Proactive solution using technology and industry experience was formulated
  - Not only to avoid corporate financial penalties, but to ensure legislation is adhered to in the interests of HSE principles.

## Compliance Manager™



- Simple and user-friendly application
- Four primary functions under tabs:
  - Function #1: Access Management
  - Function #2: Legislation
  - Function #3: Site Register
  - Function #4: Tasks

## First Step – Legislative Framework

- Starting point in managing compliance – a high level view of the legislative compliance environment the organisation is operating under:
  - needed as some organisations are not fully aware of all the legislative instruments they have obligations to.
- High level filter - degree of relevance:
  - Licences to operate and Acts / Regulations that:
    - are very relevant to operations/production
    - attract significant penalties for non-compliance
    - are aligned with mission or value statements.
- This process prioritises efforts and actions.

## Function #1 - Access Management

- Each organisation subscribing to Compliance Manager has users who are authorised by the Company as Register Administrators.
- The Register Administrators can enter or edit details such as those people authorised as Register Authors.
- Register Authors are those people who have been or will be assigned tasks in Compliance Manager.

## Function #2: Legislation Function

- All identified Acts, Regulations, Codes and Standards are loaded on Compliance Manager.
- Some may have 500 clauses – not all of which are relevant or associated with an obligation.
- Therefore, each is broken down into specific obligations for the organisation, such as:
  - Written report required
  - Notification of specific issue
  - Physical action (eg. payment of licence fees)
  - Environmental / cultural heritage importance
  - Health and safety issue

## Marking extracts with obligations

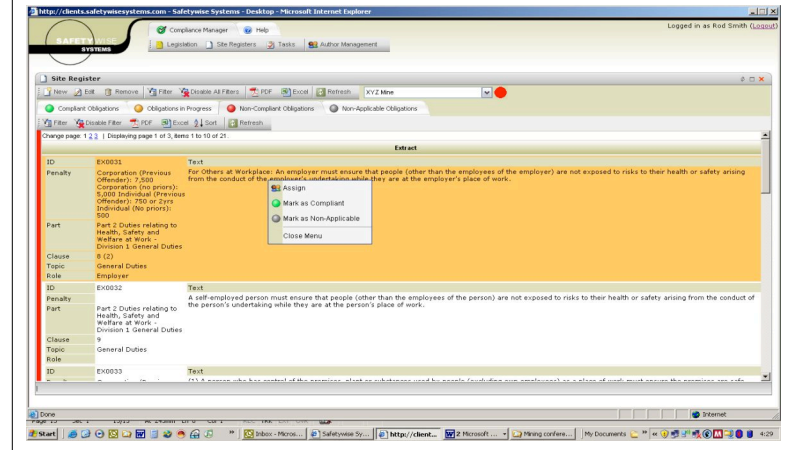
The screenshot shows the 'Legislation' function in the Compliance Manager web application. The interface displays a table of legislative items with columns for ID, Penalty, Part, Clause, Topic, and Role. The selected item is EX0042, which is highlighted in orange. The 'Extract' column shows a snippet of text from the legislation, and a context menu is open over it with options for 'Mark as Obligation' and 'Remove Obligation'.

ID	Penalty	Part	Clause	Topic	Role	Extract
EX0041	Part 2 Duties relating to Health, Safety and Welfare at Work - Division 2 Duty to Consult	14	Duty to Consult	Employer	Consultation requires: (a) the sharing of relevant information about OHS and welfare with employees; (b) employees to be given an opportunity to express their views and to contribute in a timely fashion to the resolution of OHS/welfare issues at their place of work; (c) that the views of employees are valued and taken into account by the employer.	
EX0042	Part 2 Duties relating to Health, Safety and Welfare at Work - Division 2 Duty to Consult	15	Duty to Consult	Employer	Consultation is required when: (a) risks to health and safety arising from work are assessed or when the risk assessment is reviewed; (b) decisions are made about the control measures to eliminate or control risks; (c) introducing or altering the procedures for monitoring risks (i.e. health surveillance procedures); (d) decisions are made about the adequacy of resources; (e) changes are made to the premises, systems or methods of work where people's health, safety or welfare may be affected.	
EX0043	Part 2 Duties relating to Health, Safety and Welfare at Work - Division 2 Duty to Consult	16	Duty to Consult	Employer	Consultation may be undertaken by any one or more of the following means: (a) with an occupational health and safety committee or committees established by the employer and employees for the place of work or the employee's undertaking (an OHS committee); (b) with an occupational health and safety representative or representatives elected by the employees to represent them (an OHS representative); (c) other arrangements agreed between the employer and employees.	

## Function #3: Site Register Function

- This is where obligations are managed by Register Administrators via the creation of a Site Register.
- Under this tab, extracts are marked as:
  - Compliant Obligations (Green button)
  - Obligations in Progress (Orange Button)
  - Non-compliant Obligations (Red Button)
  - Non-applicable Obligations (Grey Button)

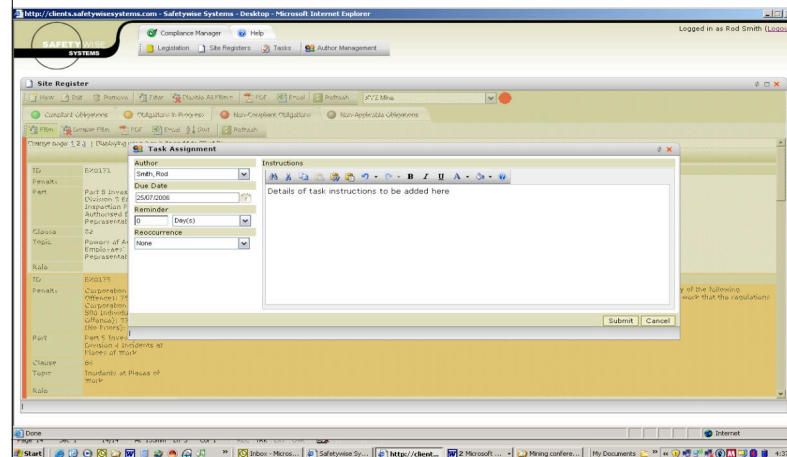
## Non-Compliant Obligations



## Function #4: Tasks Function

- This is where compliance tasks that have been assigned by Register Administrators are managed.
- Register Authors who have been assigned tasks can:
  - View tasks that have been assigned to them
  - Input company information as evidence of compliance
  - Submit evidence for review

## Assigning a Task



## Compliance Evidence

The screenshot displays the 'Compliance Manager' web application. The main window shows a 'Site Register' with a table of obligations. A context menu is open over the table, showing options like 'Edit Evidence', 'Mark as Compliant', 'Mark as Non-Compliant', etc. The table has columns for ID, Penalty, Part, Clause, Topic, Role, Text, Assignment, and Evidence.

ID	Penalty	Part	Clause	Topic	Role	Text	Assignment	Evidence
EX0175	Corporation (Previous Offences): 750 Corporation (No Prior): 500 Individual (Previous Offences): 375 Individual (No Prior): 250	Part 5: Investigations - Division 4: Incidents at Places of Work	86	Incidents at Places of Work		This section does not apply to a mine. (1) The occupier of any place of work must give WorkCover notice in accordance with this section of any of the following incidents: (a) any serious incident at the place occurring at or in relation to the incident that is required to be reported to the Director of Occupational Safety and Health, (b) any incident that is required to be reported to the Director of Occupational Safety and Health, (c) any incident that is required to be reported to the Director of Occupational Safety and Health, (d) any incident that is required to be reported to the Director of Occupational Safety and Health.	Due Date: 25/07/2006 Author: Rod Smith Reminder: None Reoccurrence: None Reference Items: None Instructions: Details of task instructions to be added here	Not Supplied

## Conclusion

- Every organisation needs a formalised system to manage their legislative obligations.
- Previous management methods
  - Constant monitoring and updating
  - Loss of knowledge when key people leave
  - Not integrated into business systems
- Compliance Manager is aimed at easing the administrative burden for any size organisation.
- Simple and effective solution for organisations not only to identify, but to manage their legislative obligations.

## Conclusion

- On-line demonstrations of the software and screens are available.
- Comprehensive User Guide.
- Compliance Manager will go live in September 2006.
- Further information on the application can be obtained from:
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