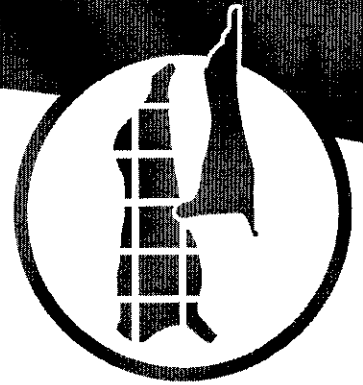


PPI



Toward OHS best practice in the Australian meat industry M.338C

1994

Prepared by:
Nery Ergonomic Services

ISBN: 1 74036 162 8

Published: November 1994

© 1998

This publication is published by Meat & Livestock Australia Limited ABN 39 081 678 364 (MLA). Where possible, care is taken to ensure the accuracy of information in the publication. Reproduction in whole or in part of this publication is prohibited without the prior written consent of MLA.



MEAT & LIVESTOCK
A U S T R A L I A

Overview of the OHS 'Best Practice' Program

Introduction

The Occupational Health and Safety Best Practice Project has provided the opportunity for the Australian meat processing sector to improve its performance. Enterprises which adopted a best practice approach developed a comprehensive strategy which fully integrated occupational health and safety with the broader issues of productivity, quality and workplace reform.

The Australian Meat Processing Industry

The Australian red meat processing industry is a significant Australian industry which exports to over 100 countries earning more than \$4 billion per annum, making the meat industry Australia's third largest export earner. Total turnover in both the domestic and export segments of the industry is more than \$6 billion resulting in a profit of approximately \$60 million, less than 1% of turnover.

The sector includes 215 processing plants of which the majority produce beef and sheep meat for the domestic market although export plants account for a much larger proportion of industry activity. Eighty percent of all production occurs in approximately 95 plants which is less than half the total number. The industry directly employs 30,000 people and another 50,000 indirectly. It is highly unionised with the AMIEU providing coverage for all employees.

People and Performance

The Industry Commission Inquiry of 1994 identified that labour costs were a major impediment to the international competitiveness of the Australian meat processing industry. The industry's initial response was technology driven - using technology to reduce labour requirements.

However, a number of notable failures of this strategy led to the recognition that people are a source of competitive advantage in the meat industry, as in other manufacturing industries. The Work Related Issues Key Program of the MRC was developed to increase the industry's capacity to create advantage through its human resources.

An overall objective of the Program was to further improve productivity in non-livestock inputs in the red meat processing sector by 1996. A specific program objective was to produce a reduction of 10% in OHS costs to the industry.

OHS Approach

The industry's approach to OHS prior to the project was based on reacting to incidents and injuries rather than preventing and controlling risks. Risks were accepted as an essential feature of the industry. The fact that workers would "break down" by their mid 40s and be unable to continue in the industry was explained as an unavoidable consequence of the industry - "It's a young man's game". To some extent, time off as a result of occupational injuries and disease has been seen as a reward for hard work. Partly as a consequence of this approach to OHS, work organisation has been based on the redundancy of parts - an injured worker is treated as a component that can be easily replaced with another employee.

Triggers for Change

Enterprises can identify many reasons for their desire to participate in the OHS Best Practice Project and these are covered in depth in the Case Studies.

Five main triggers were identified:

- Legislative responsibility
- Increasing workers compensation premium
- More active involvement of the union
- Desire to improve communication
- Improve workplace relations

The Meat Research Corporation

The red meat industry through its strategic plan has charged the Meat Research Corporation (MRC) with providing research and development support to contribute to the sustainability of the industry. The prime goal of MRC "is to increase the efficiency of the processing sector to world's best practice by 2000".

OHS is part of this strategic plan for the meat industry and the key objective of the Improving Health, Safety and Environment Project is "*to utilise technology and work system design to improve the quality of working life in the sector*".

The 'Best Practice' Program

The program, established in 1993 to develop as a strategy to assist the industry move toward best practice, was identified as the means by which the meat processing sector could improve their performance and remain competitive in the world market place.

The entry of the meat processing sector into a best practice approach followed the lead of the National Best Practice program managed by the Australian Manufacturing Council and the Department of Industrial Relations. They undertook a Program in which 43 Australian firms have participated. The success of this Program has been documented in a number of publications.

The OHS Best Practice Project is supported by the Meat Research Corporation, National Meat Association (formerly the Meat and Allied Trade Federation of Australia) and the Australasian Meat Industry Employees Union (AMIEU).

Defining 'Best Practice'

Worksafe Australia has defined "Best Practice" as those practices which lead to superior performance in a company or enterprise relative to industry or international leaders.

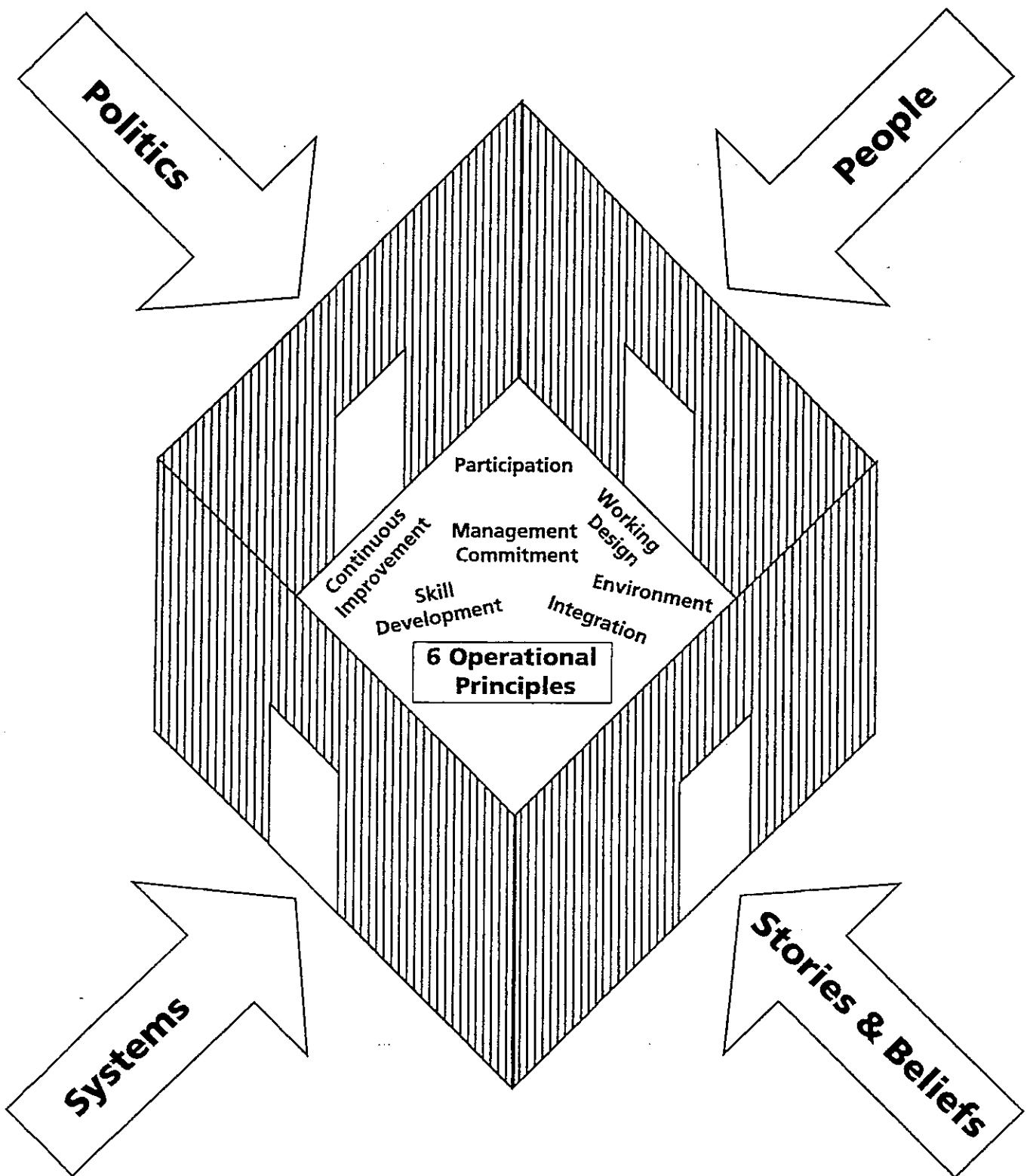
Best practice is a process of continuous improvement achieved by benchmarking practices and performance. This requires companies to:

- Analyse their processes and activities to identify those which most impact on performance and measure how well they are carried out
- Compare these practices with those of organisations recognised as having superior performance
- Adapt and implement practices based on what has been learned from the other organisations studied and set realistic targets for improved performance

The diagram on the following page shows how the participants worked on four different aspects of the organisation to achieve best practice.

Resources and Information

MRC has prepared resource material to assist other enterprises to benefit from the experience of others. A Comprehensive Evaluation Report regarding the impact of this project is available. Attached Case studies have been prepared to describe how those companies that have participated have turned around their performance and laid the foundations for improvements and involvement in other projects such as benchmarking. They are now passing their experience onto the rest of the Australian Meat Industry.



Four Change Enablers

Participants

Participants in the OHS Best Practice Project 1993 - 1996 were:

- ◆ Barnawartha Abattoir
- ◆ Blue Ribbon Meat Products
- ◆ Bunge Meat Industries
- ◆ Eversons Wholesalers
- ◆ George Chapman Pty Ltd
- ◆ Fletcher International Exports Pty Ltd
- ◆ E G Green & Sons
- ◆ Hardwicks Meatworks Pty Ltd
- ◆ M C Herd Pty Ltd
- ◆ Kilcoy Pastoral Company
- ◆ Killarney Abattoir Pty Ltd
- ◆ Metro Meat International Ltd, Noarlunga
- ◆ R S Morrow and Son Pty Ltd
- ◆ Q MEAT, Brisbane
- ◆ Q MEAT, Ipswich
- ◆ Tamworth City Abattoir
- ◆ Teys Bros (Holdings) Pty Ltd, Beenleigh
- ◆ South Burnett Meatworks

The evaluation report was prepared by Andrew Shaw of Shaw Idea Pty Ltd and the case studies by Claire Gallagher of Monash University and Andrew Griffiths of Queensland University of Technology.

Defining the OHS 'Best Practice' Project

For some time the Meat Research Corporation (MRC) has recognised that OHS is a major barrier to competitiveness of the meat industry. Poor occupational health and safety performance contributes to unnecessarily high labour costs and is a major constraint to the industry's capacity to innovate. To tackle this problem the MRC established the OHS Best Practice Project.

An approach based on principles of best practice was adopted because it promotes prevention of OHS problems and focuses attention on improvement.

The project aimed to achieve four main objectives:

1. To develop models of best practice in OHS at the enterprise level, which may be demonstrated for wider application within the industry
2. To reduce the financial and social costs related to injuries and illnesses in the meat industry and improve productivity
3. To develop Key Performance Indicators in OHS which will form the basis of future benchmarking within Australia and internationally
4. To assist the meat industry to establish a framework for broader workplace reform

Seven principles of OHS best practice were identified for the Australian meat industry. These were based on the principles defined by Worksafe Australia's OHS Best Practice Project and those identified in the Australian Best Practice Demonstration Program of the Department of Industrial Relations and the Australian Manufacturing Council. They are:

1. Management commitment and involvement
2. Employee participation
3. Comprehensive and integrated OHS management systems
4. Training
5. Communication
6. Innovative approaches to risk identification, assessment and control
7. Development of process performance indicators

These principles recognise that best practice is a process that an organisation will go through to work toward best practice. This process will vary for organisations dependent on how it undertakes its activities. A range of industry wide and plant specific projects was funded by the MRC to put these principles into place.

OHS Best Practice Participants

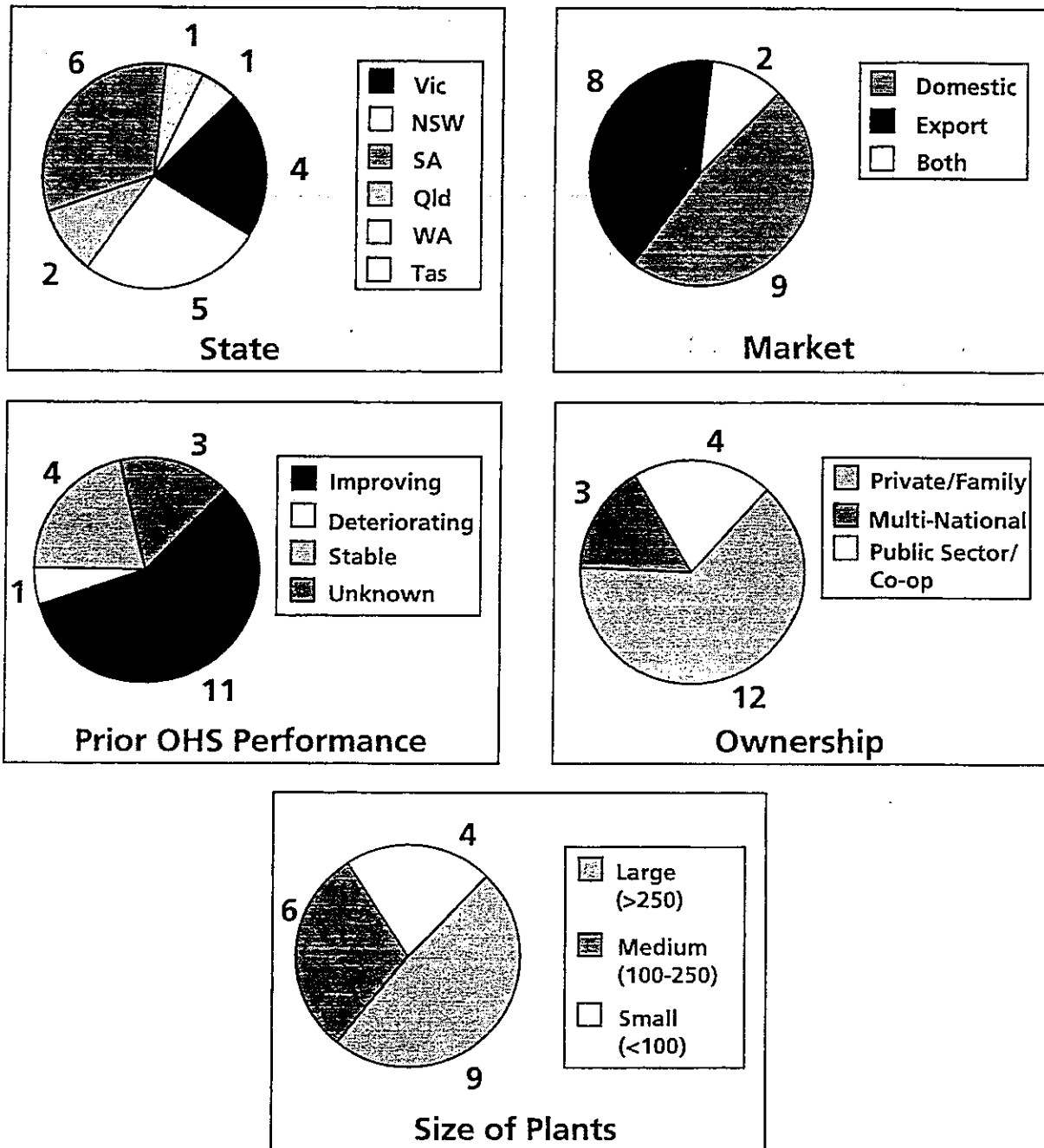
Forty meat processors received funding from the MRC to undertake Occupational Health and Safety Best Practice projects. They were involved in enterprise based projects and industry-wide issue-based projects such as noise, small domestic network and benchmarking.

A number of plants were involved more in networking activities, rather than specific improvement strategies.

Twelve were involved in specific networking and issue-specific projects. For example, Albury/Wodonga and Western Australia networks addressed noise and problem solving. Finally, 19 plants undertook relatively detailed enterprise specific projects, often in addition to involvement in industry wide projects.

All participants said their projects have made an effective contribution to increasing the competitiveness of their enterprise. These enterprises were drawn from throughout the industry; from every state; domestic and export; small, medium and large; private and public sector, family owned and multinational. They all made significant contributions to the project – both in time and money.

Figure 2: Profile of the 19 enterprises which undertook enterprise specific projects



OHS Best Practice Project Achievements

The project has highlighted that the industry's old approach to OHS – simply reacting to OHS problems and arguing about them – does not work. Project participants now seek to prevent OHS problems and everyone participates in finding effective solutions.

Plants which participated in the project are changing in several areas:

- The systems they use to manage OHS
- The way people are involved in how OHS is managed
- The politics of OHS in their enterprise and
- The stories they tell about OHS

The OHS Best Practice Project has supported real change in several areas:

	Before Best Practice	After Best Practice
Systems	<ul style="list-style-type: none"> • Few plants had any systems in place. Those that did exist focussed on compensation not prevention. 	<ul style="list-style-type: none"> • New effective systems which control hazards at their source
People	<ul style="list-style-type: none"> • Little or no participation • Argument not communication 	<ul style="list-style-type: none"> • Participation • Cooperation • Two way communication
Politics	<ul style="list-style-type: none"> • OHS is not an important job. • OHS is a source of conflict. • OHS committees don't have much power – no real strategic role. 	<ul style="list-style-type: none"> • OHS is an important part of everyone's job. • OHS is a source of cooperation. • OHS committees play an effective, strategic role
Stories and beliefs	<ul style="list-style-type: none"> • It's a young man's game breaking down is inevitable. • Compensation is a reward for hard work. • Fine words on paper, but nothing really happens. 	<ul style="list-style-type: none"> • OHS as a symbol of cooperation and successful change • Belief that injuries and disease can and should be prevented

Changes in these areas have made it possible for participants to implement the six principles of OHS best practice.

Principles of Best Practice - Change in Approach

Best Practice Principles	Before Best Practice Principles	After Best Practice Principles
Management commitment	<ul style="list-style-type: none"> • Maybe there is an OHS policy, but it is not acted on. • OHS is a nuisance that gets in the way of production. 	<ul style="list-style-type: none"> • OHS is an important issue and gets time and money spent on it .
Participation	<ul style="list-style-type: none"> • Participation only on how to deal with the maintenance backlog. 	<ul style="list-style-type: none"> • Everyone has an opportunity to contribute to decisions about real issues.
Skill Development	<ul style="list-style-type: none"> • Training is not recognised or accredited. • OHS training is not provided. 	<ul style="list-style-type: none"> • Skills to help you do the job safely are as important as other job skills. • New employees receive induction training.
	<i>(Continued)</i>	

Best Practice Principles	Before Best Practice Principles	After Best Practice Principles
Designing the working environment	<ul style="list-style-type: none"> • Changes to the workplace just happen without looking at how they will affect OHS. • Personal Protective Equipment is the first and only way to control hazards. 	<ul style="list-style-type: none"> • Changes to the workplace are assessed for their OHS consequences first. • The working environment is redesigned -- jobs, technology, layout -- to improve OHS. • Hazards are controlled at their source.
Integration of OHS	<ul style="list-style-type: none"> • OHS is a “side car” - not important to how the plant runs. 	<ul style="list-style-type: none"> • OHS is part of everybody’s job.
Continuous improvement	<ul style="list-style-type: none"> • No one know how well you’re going with OHS until you get your annual workers compensation notice. 	<ul style="list-style-type: none"> • Improving your performance in OHS is a key organisational goal.

OHS Best Practice Model

The experience from the project to date provides detailed guidance on how to implement OHS best practice in the meat processing sector. Projects at participating enterprises have allowed OHS reform strategies to be tested and refined and new ways of dealing with the industry’s substantial OHS risks developed.

In combination with the industry projects, the entire industry’s competence to deal with OHS has been raised and the preventive approach given greater prominence throughout the industry. The project has demonstrated both the potential for and benefits of a best practice approach to OHS for the Australian meat industry.

The evaluation suggests the following model for OHS best practice in meat industry workplaces:

- CEOs should provide a visible statement of commitment in deeds as well as words
- Team based approaches are the most effective method for undertaking project activities
- Training for all involved and affected is necessary
- Look at a broad range of issues, with teams in different areas if necessary, supported and guided by a steering group
- Achieve concrete outcomes as quickly as possible - “get runs on the board”
- Establish formal risk identification, assessment and control mechanisms (working environment design) as a normal part of day to day operations and to get the “nuisance” and “grocery list” problems out of the way
- Integrate OHS into other concurrent workplace change activities - this helps avoid overcommitment by key players (eg too many meetings), as well as achieving other organisational change goals.
- Foster flow on effects - eg use problem solving skills to address quality problems
- Use performance measures, but recognise the limitations of accident data (For example, don’t despair if claims increase as employees increase their trust in the enterprise.)

The Impact of the OHS Best Practice Project

A range of criteria were evaluated in order to determine the attainment of best practice by the project participants and the impact on their enterprise. These impacts were considered in terms of cost of injury, the development of performance indicators and workplace reform.

In almost all cases, as this table illustrates, participating enterprises demonstrated improved performance against the principles of best practice. It has shown that the approach used has been effective for the participating organisations.

Performance of Best Practice Enterprises

Participant	Management Commitment	Participation	Skill Development	Designing the Working Environment	Integration of OHS	Continuous Improvement
Plant A	*	*	**	*	*	**
Plant B	***	****	****	****	****	****
Plant C	****	***	****	****	****	***
Plant D	***	***	****	****	***	***
Plant E	***	**	****	***	****	**
Plant F	***	****	***	****	****	**
Plant G	***	***	**	***	**	**
Plant H	****	****	****	****	****	****
Plant I	****	****	****	****	****	**
Plant J	**	***	**	*	*	*
Plant K	**	**	***	**	*	***
Plant L	*	***	***	**	*	**
Plant M	****	****	****	****	****	?
Plant N	****	****	****	****	***	***
Plant O	***	***	***	***	*	?
Plant P	*	***	***	***	*	**
Plant Q	**	****	***	**	*	**
Plant R	****	***	**	***	***	*

Codes for the Previous Table

<i>Principle</i>	<i>****</i>	<i>***</i>	<i>**</i>	<i>*</i>
<i>Management Commitment</i>	<i>Prominent, demonstrated commitment</i>	<i>Some commitment, but not across the board, erratic</i>	<i>Passive management</i>	<i>Management commitment negative</i>
<i>Participation</i>	<i>Team, workforce and union all active participants</i>	<i>Little or no union involvement</i>	<i>Only the team active</i>	<i>Minimal involvement, even by team</i>
<i>Skill development</i>	<i>Effective, high quality training provided to meet identified needs</i>	<i>Training limited in scope of lower quality and/or effectiveness</i>	<i>Training only provided to the team</i>	<i>No training provided at all</i>
<i>Integration of OHS</i>	<i>Broad, integrated systems developed</i>	<i>Broad, but not integrated systems developed</i>	<i>Integrated, but limited in scope</i>	<i>Limited in scope and isolated systems</i>
<i>Continuous improvement</i>	<i>Improvements measured by process and outcome indicators and evidence of improvement in a range</i>	<i>Improvements measured by outcome indicators and evidence of improvement in at least some indicators</i>	<i>Measurement of performance, but no improvement evident or only informal evaluation</i>	<i>No measurement or performance, therefore no improvement measured</i>

Compensation Data and Other Statistics

The meat industry does not collect outcome statistics in a consistent or comparable manner.

Outcomes such as claims are affected by much more than just activities associated with the OHS Best Practice project. However, compensation and other outcome data also point to positive outcomes from the project. On an industry basis, recent data from Worksafe Australia indicate a \$2 million reduction in compensation payment for 1993/94 (the first year of the project) compared with the period 1992/93.

A direct link between project activities and compensation and other outcome data cannot be drawn even in specific cases. However, nearly one-third of participants reported significant reductions in outcome variables such as claims cost and Lost Time Injury Frequency Rates (LTIFR).

Although it is important not to rely on accident data as the sole indication of OHS performance, it is possible to review the performance of participating plants.

Accident data is difficult to compare between enterprises, even when the data are collected using the same protocols. Evidence from five plants, however, suggests that they have experienced substantial reductions in costs over the period of their involvement.

Plant 1 -- Between 93/94 - 95/96: 64% decrease in days lost, 59% reduction in cost of compensation

Plant 2 -- Between 1993 & 1995: 44% reduction in LTIFR

Plant 3 -- Between 1993 & 1995: 36% increase in number of lost time injuries but a 94% decrease in number of days lost suggests substantially lower compensation costs

Plant 4 -- Between 1991/92 - 1995/96: 72% reduction in cost of claims

Plant 5 -- Between 1992/93 - 1994/95: 38% reduction in cost of claims

For those participants which provided improved cost of claim figures, the improvement ranged from 38% to 72%.

Possible confounding factors include:

- Change in the number of employees (in one case the number of employees increased)
- Changes in the relevant compensation system
- Different premium calculation protocols used by different authorities

Productivity and Quality

Figures indicating changes in this area were also hard to obtain. In any case, it would be difficult to separate the effect of the OHS Best Practice Project from the effects of the range of other concurrent improvement activities such as HACCP, enterprise bargaining and training reform.

All participants, however, say they believe the project has supported improvements in productivity and quality, not least through reinforcing other concurrent reforms. All enterprises cited the flow on effects of the project as an unexpected and positive outcome of the project. Some in fact viewed the project as instrumental to the introduction of other organisational reforms.

Key Performance Indicators

There was a limited extent of OHS performance measurement of any kind in the industry prior to the project. An increase in the collection of accident data represents an achievement.

Few participants measure their performance in OHS, even on traditional outcome indicators. The development of positive performance indicators in OHS was, therefore, not a primary focus of participants projects.

Preliminary activities were undertaken as a part of the benchmarking project, and only two participants developed process indicators of OHS performance.

One processor developed an OHS performance matrix measuring performance in 16 process parameters. Indicators were developed against each of these parameters and performance against them tracked. Through the course of the project, substantial improvements against almost all of the parameters was indicated.

The second processor also used process indicators to evaluate the effectiveness of specific interventions. Indicators in this case included employee satisfaction with the intervention as well as relevant quality data.

The benchmarking project developed first cut process indicators focussed at the enterprise level. Indicators were developed in areas of OHS management identified as critical to superior OHS performance. These were in relation to hazard identification, employee involvement, training, employment procedures and induction.

Workplace Reform

A significant outcome of the project has been the assistance it has given to establishing a framework for broader workplace reform. For many participants, the most significant outcome has been the platform that success with the OHS Best Practice Project has provided for further reform.

The OHS Best Practice project made a significant contribution to the Work Related Issues Program providing a model of participative change which addresses the needs of workplace parties. It marks the first time that the union became actively involved in an MRC program.

Given that the industry's traditionally poor industrial relations climate has considerable negative consequences for industry growth and development, having such a model is an essential precondition for change.

The project has introduced the concept of workplace change into the small domestic/export sector, which had not previously been involved in MRC projects to any great extent. Some of the projects in small plants provide models of successful change for larger enterprises.

The project also assisted in broader change because it acted to build pressure for workplace change by demonstrating the inadequacies of existing relationships, structures and processes. For one participant, involvement in the project provided impetus for structural change in the organisation, acting as a challenge test. In others, participation in the project highlighted the need for changes to maintenance processes and decisions.

The following table shows how there has been a change in approach to one of the Best Practice firms.

Old Approach	New Approach
Training as a cost	Training as a source of competitiveness
Production above all else	Alignment between production and organisational needs
Control-oriented management	Leadership and guidance
Reactive OHS	Proactive OHS through induction, selection, awareness
Production as the only performance goal	New performance measurements
Management changes by edict	Consultative changes and employee involvement

OHS Comprehensiveness Index

A study was undertaken by Griffith University to evaluate changes in OHS comprehensiveness during the OHS Best Practice Project. The approach taken was to determine broad indicators of OHS relevant to all best practice participants. The study obtained information on organisational processes and structure, changes in OHS comprehensiveness and project impact on organisational processes and workplace developments not necessarily related to OHS.

The OHS comprehensiveness measures developed indicated improvements in OHS comprehensiveness over the time period sampled. These indices measured:

- Changes in co-operation and consultation between management and employees on OHS functions in the workplace
- Changes in the involvement of management in OHS functions
- Changes in the functions of the OHS Committee in the workplace
- Changes in the use of OHS Standards in the workplace, changes in the use of OHS safety audits in the workplace
- Changes in the appointment of OHS specialist personnel in the workplace

Changes in OHS comprehensiveness were related to abattoir characteristics such as the size of the abattoir's workforce and the abattoir's ratio of full-time to part-time employees.

There is some evidence in the study which suggests that improvements in OHS comprehensiveness were related to broader effects in the workplace. The group of abattoirs demonstrating a relatively low improvement in OHS comprehensiveness reported less improvement in specific areas in the workplace than the group of abattoirs demonstrating higher improvement in OHS comprehensiveness. In particular, the team members in the low group tended to report lower levels of improvement in communication in the workplace, in teamwork skills in the workplace and a lower level of improvement in safe work practices.

Lessons Learned Through OHS Best Practice Project

In summary, the Best Practice Project indicated a number of fundamental changes to how OHS is addressed. This indicates that there are no set recipes or formulae for their success. These changes are consistent with the features of a new workplace culture necessary to support flexible and productive organisations operating in a competitive marketplace.

Don't just concentrate on systems

The more successful projects did not just set up OHS management systems, but undertook their design and implementation in a participative way. They also changed the stories and politics of OHS by, for example, improving communication between individuals, treating OHS as an area of achievement that management and the union can work together on and celebrating achievements by taking photographs, hosting barbecues, etc.

Get your CEO on board

The grassroots approach the MRC took to the project allowed enterprises to establish projects which were within their capacity for involvement.

Although full-on CEO commitment was not essential to get started, those enterprises with stronger CEO commitment were able to achieve more substantial impact.

Additionally, while backing at the CEO level – at any degree -- was not necessary to commence project activities, it certainly supported continued action. On the other hand, even enterprises that didn't have a satisfactory level of CEO commitment underwent a degree of change -- but to proceed and extend the project to greater success, more significant commitment from the CEO was needed.

CEOs do not need to be active members of project teams – as two of the participants demonstrated – but they do need to provide active and public commitment. As long as permission is given to pursue even a minimal Best Practice program, it is possible to create some measure of organisational improvement.

Actions which successfully supported greater CEO commitment were:

- Exposure to the successes of other participants and other strategies for peer pressure
- Speaking about OHS in new ways (i.e. using the vocabulary of prevention and participation)
- Making concrete, visible achievements as quickly as possible ('getting runs on the board')
- Exposure to new ways of thinking about management and
- Sheer persistence in pursuing project activities

Demonstrated CEO commitment by clear arrangements for devolution of power and responsibilities

Decentralisation of responsibility for decision-making was an important example of CEO commitment to the work of the organisation's project teams.

In those organisations where the team's ability to make decisions was hampered by tight CEO control, their overall success was limited. Decentralisation of power and responsibility was evident in those organisations which had a fully functioning team.

Making and celebrating achievements

Addressing immediate priorities and getting things happening straight away were obvious features of successful projects.

Those with negative opinions often reported a high level of frustration with the time it took to get anything happening.

Successful projects ensured that the easy things would get done straight away for example, often building improved relations with and functioning of maintenance as a specific project activity. This

also got rid of the grocery list phenomenon -- OHS Committees spending their meetings going over a maintenance list, prioritising and reprioritising the same tasks.

The more successful projects made certain everyone in the enterprise knew about what had been achieved through regular reviews of progress, having actual celebrations -- barbecues, presentations -- and photographs displayed in prominent places. These also assisted in building CEO commitment.

Projects need to be broad, not limited or isolated in scope

A team is more easily able to undertake projects of a broad scope if CEO commitment is apparent and where the team is not bogged down trying to make the most basic achievements. Projects with a broad focus achieved more positive outcomes than those that didn't demonstrate these features. The effects of the broader approach were evident throughout the organisation.

Communication is facilitated by informal, face-to-face contact

Even in large organisations which rely more on formal communication methods like a newsletter, informal chats with team members and relevant managers as part of day to day work had most effect in communicating about the project. Such methods also demonstrate the integration of OHS and its importance in relations to operations.

The experience of the more successful projects suggests that participants should:

- Harness the informal communication channels in enterprises (i.e. grapevine)
- Formally designate employees as information channels for providing and collecting information
- Use time such as run on and run off to have quick discussions with smaller groups

Involvement in industry-wide projects supports enterprise level achievement

Involvement in industry projects built participants networks and provided greater opportunities for shared learning. The industry-wide project also fostered changes throughout the industry such as the involvement of the union in developing the OHS Guidelines and opportunities that provided new stories and myths about OHS.