

# How can we transform health, safety and wellbeing to be future fit?

The case for HSW transformation  
March 2022



The better the question. The better the answer.  
The better the world works.

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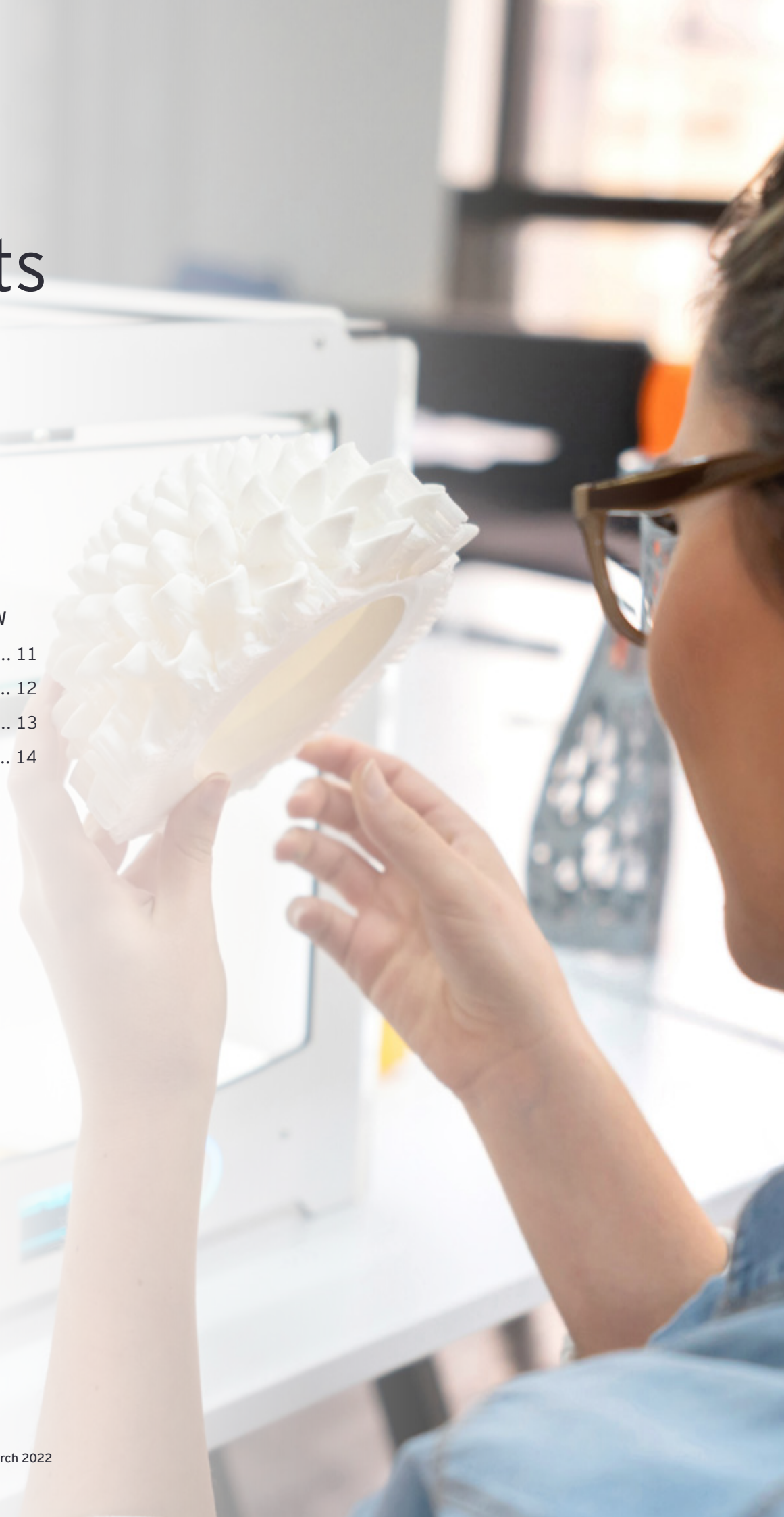
Asking the right questions to get the right answers

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Recent global events have removed many of the perceived barriers to act on transforming health, safety and wellbeing. There is now plenty of practical evidence to suggest there is a better path forward for HSW, centred around agility and with a focus on what is really critical.

**Rebecca Dabbs,**

HSW Managing Partner, EY Australia

# Foreword

**The pandemic revealed the inadequacies of the health, safety and wellbeing (HSW) systems on which Australian and New Zealand businesses rely. As many business leaders have long suspected, traditional HSW management has become so complex and over-engineered it no longer manages core risks particularly well – nor is it sufficiently flexible to respond to emerging issues, like psychosocial risks.**

Over time, HSW management has become overly bureaucratic, focussed on compliance and impractical procedures, largely managed through fear and discipline. Organisations have tended to deploy one-size-fits-all style solutions and infrastructure, designed more to appease regulators and meet legislative requirements than for the benefit of the employees the rules are supposed to protect.

This approach has been a significant barrier to enabling the kind of responses required when dealing with emerging, uncertain and ever-changing risks – like a pandemic.

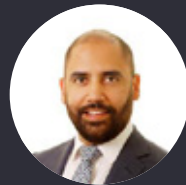
As an unforeseen, unplanned-for existential risk, COVID-19 forced organisations to rethink HSW on the fly. HSW visionaries who recognised that blindly following the system wasn't going to cut it, adopted agile new practices – practices that were simpler, more flexible, more connected to business and only focussed on critical risks, practices that proved to be substantially more suitable for our fast-paced and complex working world.

In the aftermath, HSW professionals began to ask themselves: “Why didn't we make these changes before?”

This paper, based on interviews with 10 of Oceania's top HSW leaders (listed on page 22) and the thinking of EY subject-matter professionals, considers what worked during the pandemic and how this can become business as usual for HSW management in Oceania. It coalesces lived experience and modern HSW best practice into a transformation model, with levers and action phases to help organisations integrate HSW and business performance.

We thank our interviewees for their contributions and insights – and congratulate them, and the entire profession, on their extraordinary work over the last two years.

We hope this paper encourages organisations not to revert back into complexity or rigid siloes, but instead to build new HSW frameworks that both advance workers' health and safety while empowering their innovation and problem-solving abilities.



A stylized, handwritten signature in black ink, appearing to read 'Roberto Garcia'.

**Roberto Garcia**  
EY Oceania HSW Leader

The time for change is now



In these times of great disruption, there is a clear burning platform to transform HSW from an overly bureaucratic, lag reporting mechanism to an agile centre of organisational excellence that helps both employees and the organisation thrive.

**Andi Csontos**  
HSW Partner, EY Australia

# The case for change



EY teams research found widespread consensus that the way HSW is designed and implemented needs to keep pace with the way organisations actually operate.

## Reasons cited include that:

- ▶ HSW often depends on the context of the situations workers find themselves in every day, so any system requires some degree of flexibility and adaptability to the operational conditions.
- ▶ Workplaces will need exceptional flexibility, with the ability to continue to evolve as organisations struggle to get the balance of hybrid or remote work right.

- ▶ The shifting operating environment already means organisations are moving from rigid compliance to agile critical risk management – and HSW must follow suit.
- ▶ Previously, the major external sources of HSW change were legislative or regulatory. Now, we understand the need for systems to be able to respond to a myriad of unexpected events.

**The collective view of those interviewed agreed that HSW needs to transform now.**

The CEO of WorkSafe New Zealand, Phil Parkes, acknowledges that the global pandemic has meant that no organisation is unaffected. He believes this large-scale impact means that change is no longer a choice and organisations should look to their pandemic responses to gain inspiration for future HSW management.

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The thing we need to leverage from the pandemic is how we improve the way work is designed and to change work rather than just managing risks from existing business models.

**Phil Parkes**  
CEO of Worksafe New Zealand



## Why did it take a pandemic to be the catalyst for change?

COVID-19 did not create the need for HSW transformation. It was simply a big enough catalyst to draw our attention to the existing long-standing challenges associated with many approaches to HSW.

In fact, the need for HSW transformation has been a topic of discussion for years, with many HSW practitioners, academics, workers and leaders calling for a rethink on some of its core philosophies and fundamentals - to make them more practical and aligned to the operations and risk profile of each organisation.

Multiple factors have prevented these philosophical and conceptual ideas from translating into a practical organisational-level solution. One of the most powerful is the fact that HSW is underpinned by a legislative framework with obligations on organisations and leaders who are often quite removed from the operational work being undertaken.

But when COVID-19 put HSW at the top of the board agenda, senior leaders discovered first-hand that rigid compliance-led frameworks are no longer fit for purpose, precipitating a growing consensus that change is essential.

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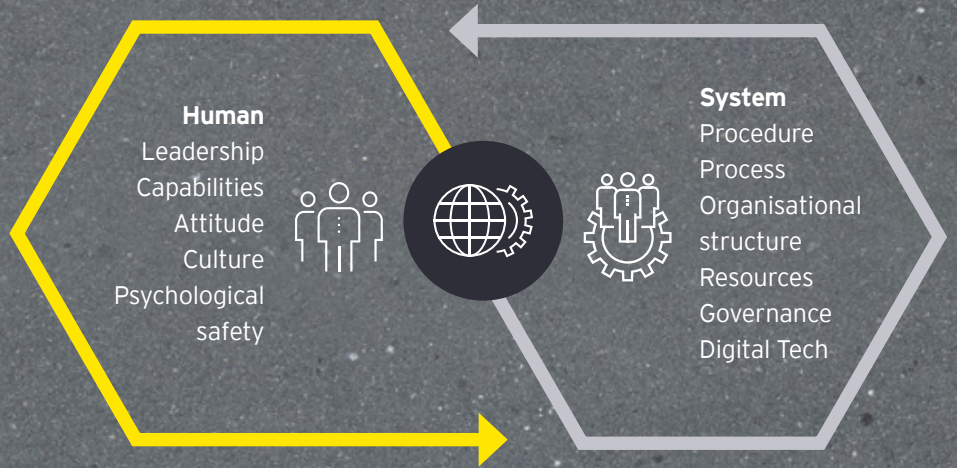
Many traditional HSW operating models and frameworks, although useful at one point in time, no longer address current, let alone future organisational needs and modern business practices. HSW has a unique opportunity on its hands to make a giant leap forward. The question remains, are HSW experts and their respective leaders able to see the opportunity or will it be wasted?

**Pat Miller**  
HSW Partner, EY Australia

# 4 elements of modern HSW

The cognitive performance of workers is fast becoming a source of competitive advantage - essential if organisations are to successfully navigate the challenges of an evolving operating environment.

Accordingly, an effective HSW approach to the current challenges facing organisations today must consider the **interaction of humans and systems**.





Drawing from our interviews with HSW leaders and EY teams research and experience, we have identified four core elements that support these interactions to drive true HSW transformation:



These elements lay the foundation to creating a contemporary approach to managing HSW in today's workplaces - an approach that caters for disruption and ambiguity while supporting workers with the necessary processes, structures and tools to stay healthy, safe and well.

Few businesses currently meet these transformational requirements, placing them at odds with the future of work. Without HSW transformation, a golden opportunity is being missed to bring the best of the human and system components to build a better world of work that equally benefits employees and the organisation.

The next four sections explore each element in further detail, offering best practice examples from the last two years and comments from our interviewees.



# 01 Integration

Integrate HSW into business processes to help achieve business objectives and performance, taking the function beyond legislative compliance.

Integrating HSW and critical business processes is essential for HSW to be effective in the face of ever-changing future of work practices and a dynamic business environment.

Many organisations continue to structure HSW functions in a linear, hierarchical way, which generates linear and siloed thinking. Operating in clearly defined silos can support clear accountabilities and measurable outcomes. But siloes become barriers when a business needs a level of adaptability that can only be achieved through genuine cross-functional collaboration and teaming.

HSW needs to find better ways to collaborate and integrate with the rest of the organisation. This means linear organisational structures should become more like networks, using digital technology to help HSW and business functions integrate with greater ease.

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In some of my previous roles we have partnered with different external creative agencies and have completed great pieces of HSW work that have resulted in great outcomes to our people and have also led to better HSW integration into the business.

Daniel Santos  
HSWE Executive

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We need to step back from what we've been doing and look at it differently, looking for better ways to integrate HSW with the business, and at the same time analyse the interaction of people with systems and machines.

Rob McDonald  
VP Health and Hygiene - BHP

## HSW integration in practice

Progressive businesses are redesigning their operational processes to integrate HSW, human Resources, risk and compliance practices within operations. The role of the HSW function in this endeavour should be as a change agent and enabler, helping the organisation to deliver on its strategic objectives while improving HSW outcomes by becoming a core part of future work and process design.

- ▶ **Connect controls** - BHP's Rob McDonald makes the important connection between different levels of the hierarchy of control to support integration. He believes that HSW performance improves when the hierarchy is seen as a series of controls - with varying levels of effectiveness that, when combined, are more robust than the sum of their parts.
- ▶ **Involve end users** - Daniel Santos notes the critical role of engaging with the end-user at the early stages of a project or program of work to ensure a human focussed outcome - and of using more engaging content to strike the right tone and narrative for the intended audience.
- ▶ **Specify responsibilities** - MTIA's Ian McLeod despairs at HSW being separate or an add-on, or even an interruption, to regular business operations. He believes that specifying HSW responsibilities, and resourcing and training people to perform them, will help to integrate HSW into general, managerial, and job roles, further tying HSW to the way business is done.
- ▶ **Collaborate in work design** - Interviewees agreed that the function should be part of conversations about the new ways of working and proactively participate in embedding HSW in work design.
- ▶ **Expand the HSW remit** - They also acknowledged that HSW should play a central role to support how organisations interact with clients, the public and contractors.

Create simple, person-centric HSW systems and processes in line with basic neuroscience insights for maximum employee engagement and participation.

Rules-based legislation has led to cumbersome HSW management systems with overcomplicated and potentially conflicting HSW practices. Often, systems are designed for practitioners, not for those who need to apply them. But now, global regulatory trends are moving away from a prescriptive approach, allowing organisations substantial leeway to shift away from blind compliance to a value-driven HSW system.

That said, new HSW elements are constantly being added, such as the introduction of ISO45003 - an auditable standard for the management of psychological hazards in the workplace. As important as these value based HSW drivers are, adding significant value for employee and employer alike, they can easily lead to more HSW clutter and unnecessary administrative burden if not managed well.

We need a better way of lifting the maturity of both physical and psychosocial elements of the HSW equation, starting with the absolute need to simplify HSW practices.

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The evidence is clear, if you want your employees to better engage with HSW processes and standards, then the HSW systems of work need to be simplified for a higher level of understanding and useability. There are some basic human cognitive limitations that can no longer be ignored for superficial regulatory compliance.

Andy Shaw

Head of Safety, Environment Quality and Training - Western Power

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People have started to develop a deeper understanding of HSW. For example, there is a renewed focus on better and simpler hazard management, where previously, the workforce's understanding of hazards and risk was slightly nebulous and unnecessarily complicated.

Michelle Cooper

Director - The Safety SOULutions Company Limited

## HSW simplicity in practice

If regulators are simply assessing a business on the robustness of its HSW management system, organisations have more flexibility than they realise to simplify their HSW processes. Organisations need to get back to basics and ask simple questions like: Who is the HSW management system protecting? What do they need to know?

- ▶ **Admit we have a problem** - Interviewees concur that the critical first step towards simplification is accepting that current HSW practices have crossed the line and now risk becoming a hinderance to better employee engagement and helpful HSW practices.
- ▶ **Reduce documentation** - Serco's Kym Bancroft explains that the WHS Act, Regulations or Codes of Practice places no express obligations on organisations to implement documented risk management processes. Rather the obligation relates to proactively managing the risks. In her view, documentation is only necessary if it assists in reviewing risk controls or tracing their implementation.
- ▶ **Talk to end users** - Daniel Santos suggests that a lack of consultation with the end user has resulted in convoluted HSW procedures. In his view, through ongoing advancements in digital technology, such as intuitive online analysis and reporting, organisations have a great opportunity to actively pursue a person-centric approach to HSW led by better employee engagement and information sharing.
- ▶ **Pare down information to its core** - MTIA's Ian McLeod is critical of many certification and accreditation processes that include unnecessary information and duplicated effort. Neuroscience tells us that human beings can only absorb and make sense of a limited amount of information. Ian wants to challenge the perceived regulatory gain of having granular information at the expense of overloading the cognitive capacity of an employee.

## 03

## Focus

Focus on managing critical HSW risks via fit-for-purpose initiatives facilitated by digital technology.

The surprising lesson COVID-19 taught many businesses is that the externally imposed reconfiguration of their workforce mostly resulted in the same, or increased, levels of productivity.

According to Francois Barton, Executive Director of New Zealand Business Leaders' H&S Forum, because an effective, quick response to the pandemic was required, "nothing was done by the book". And yet organisations still achieved a similar outcome.

HSW was no different in needing to find a better focus to help manage what is most critical.

Focus rarely gets the attention it deserves in managing HSW, as business leaders can be distracted by every possible risk, losing sight of what is really important. But, during the pandemic, when slow and laborious HSW practices were no longer viable, HSW functions were forced to prioritise the very real and present threats keeping executives awake at night.

Barton says the experience provided many business leaders with a new insight into the capabilities of their people and their systems. It was possible to pare back some of those HSW systems to address "what makes a difference" - highlighting the benefits of HSW putting its focus on critical risks.

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Through better use of digital technology and associated real time insights, business leaders can find the best way to focus on managing their critical HSW risks, paving the way for a more efficient and productive HSW framework.

Patricio Estevez  
HSW Director, EY Australia

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We need a tighter focus on critical risks. Considered watchfulness without interference from all of the non-critical noise encourages HSW progress through trust, empowerment and respect.

Ian McLeod  
Director Delivery Safety - Major Transport Infrastructure Authority

## HSW focus in practice

The reshuffling of critical business risks during the pandemic has generated a unique opportunity for HSW leaders. When organisations view a narrower focus as a friend and not a foe, it results in great HSW performance. The more focussed and fit-for-purpose a HSW process becomes, the more likely it is that employees will go beyond compliance, leaving room for innovation and continuous process improvement.

- ▶ **Seize the current advantage** - Optus' Shailendra Tripathi believes COVID-19 has given HSW increased visibility. The need to communicate relevant, just-in-time information to help the business make important decisions during the pandemic, meant that HSW was now more critical around the executive and board table than ever before. He witnessed that, when the magnitude of the challenge became apparent, businesses gained a new appreciation of focussed ways for HSW to provide insight and guidance.
- ▶ **Avoid distractions** - Interviewees agreed that HSW leaders need to find effective ways to manage what is really critical without losing focus. This will require them to proactively stop trying to manage non-critical risks - and to remind others that legislation and HSW regulators often reiterate the need to focus on critical risks.
- ▶ **Harness technology** - They also acknowledged that the digital technologies transforming other operations can help HSW to focus on the risks that matter. Automation and mobile apps can make HSW workflows, risk controls and data collection substantially more efficient and accurate, reducing admin and giving the function real-time data to focus on critical risks.

Develop agile HSW frameworks that allow for a specific work context and promote innovative solutions to drive continuous HSW improvement.

Despite their organisations increasingly adopting agile ways of working, HSW functions have often lagged behind, hiding behind the HSW compliance argument. This has resulted in a lack of progress and innovation, creating a rigidity that is actively contrary to the future of work.

Phil Parkes of WorkSafeNZ says the pandemic saw HSW regulators being urged to be agile and respond swiftly - and he believes this can be done without compromising on quality.

Rob McDonald from BHP agrees. He sees the positive effect of agility spreading across Australian businesses as adaptability becomes a market advantage and, perhaps, even a benchmark of modern HSW thinking. He says that modern businesses must be adaptive and that "a business risk and controls framework is now required to have an integrated level of agility".

As business leaders continue to focus on business continuity and managing critical risks, agility can support both of those two endeavours. In fact, agility, particularly in HSW can help leaders lift employee engagement, attract and retain talent, improve productivity, while driving better critical risk management.

For HSW the choice is straightforward: either incorporate agility into work practices or drift further away from the direction progressive businesses are going. Rigidity will only lead to the business continuing to see HSW as a hinderance rather than the driver of business success it can be.

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Agility and flexibility during COVID-19 showed that it doesn't always need to be perfect and 50 pages long.

Brian Long

GM Health, Safety & Environment - Mirvac

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Agility when combined with good data can help lead to better adaptability to the changing demands of work and workplace alike, including the changing demands on HSW practice experienced in recent times.

Shailendra Tripathi

Director Health Safety & Wellbeing - Optus

## HSW agility in practice

The opportunity for an effective agile HSW framework has never been greater. When supported with robust and well-designed underlying processes and the right digital systems, organisations can achieve a more agile and efficient HSW approach.

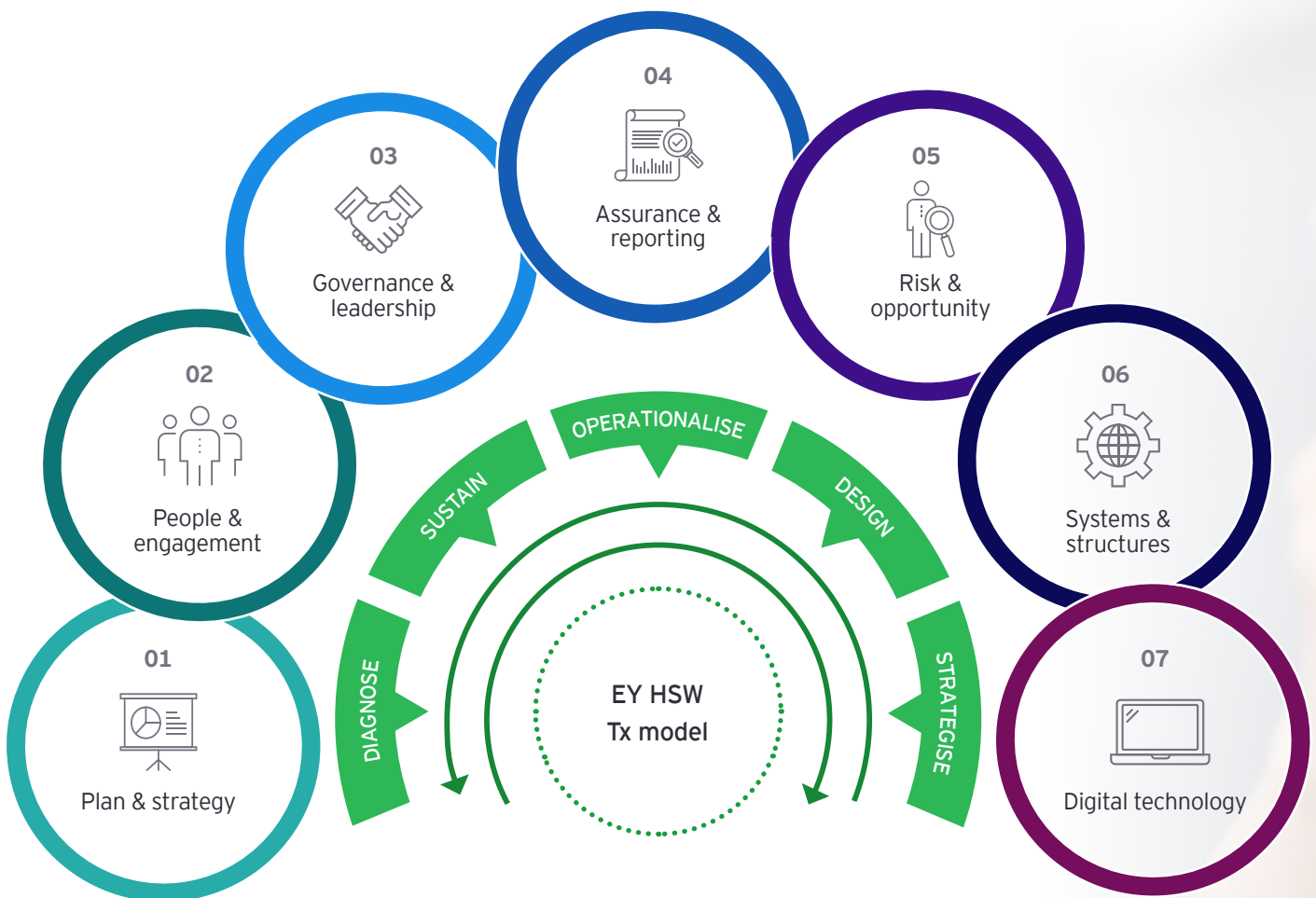
- ▶ **Remove HSW bureaucracy** - BHP's Rob McDonald says the disruption of the pandemic removed levels of HSW bureaucracy found to be less critical. The challenge now, as McDonald sees it, is to make that agility sustainable, if not the default business setting. In this way, businesses will be more prepared for the unexpected and employees, contractors and suppliers will be more open to change and adaptation.
- ▶ **Address risk at the point of exposure** - At some level, HSW has always valued the input of workers in business decisions because they are most exposed to HSW risks. But interviewees noted that the pandemic has emphasised the power of front-line workers to identify, assess and control of risks, leading to greater agility.
- ▶ **Use data and predictive analytics** - Optus' Shailendra Tripathi says data and analytics are critical tools to enable agility. This approach can not only help with current agility needs but also clarify how HSW will need to continue to adapt. He also recommends the HSW aligns its data use with traditional communication methods of storytelling and engagement to win trust and be less threatening.



# A new model for HSW transformation (Tx)

Organisations need a modern and effective HSW operating model and framework to help drive integrated HSW and business performance. A model that can accommodate the pace of change, workforce diversity, flexible working arrangements, generational shifts, neuroscience insights, increasing regulatory risk and technology advancements. One that helps bring together the human and system elements of HSW to not only help a business proactively meet its regulatory requirements, but also positively impact overall business performance and increase employee engagement along the journey.

EY HSW Tx model uses seven strategic business levers and five distinct action phases to proactively transform the traditional HSW system. This is the path for HSW to become better integrated with the rest of the business, simpler to understand, focussed on managing critical risks and agile enough to adapt to the changing world of work.





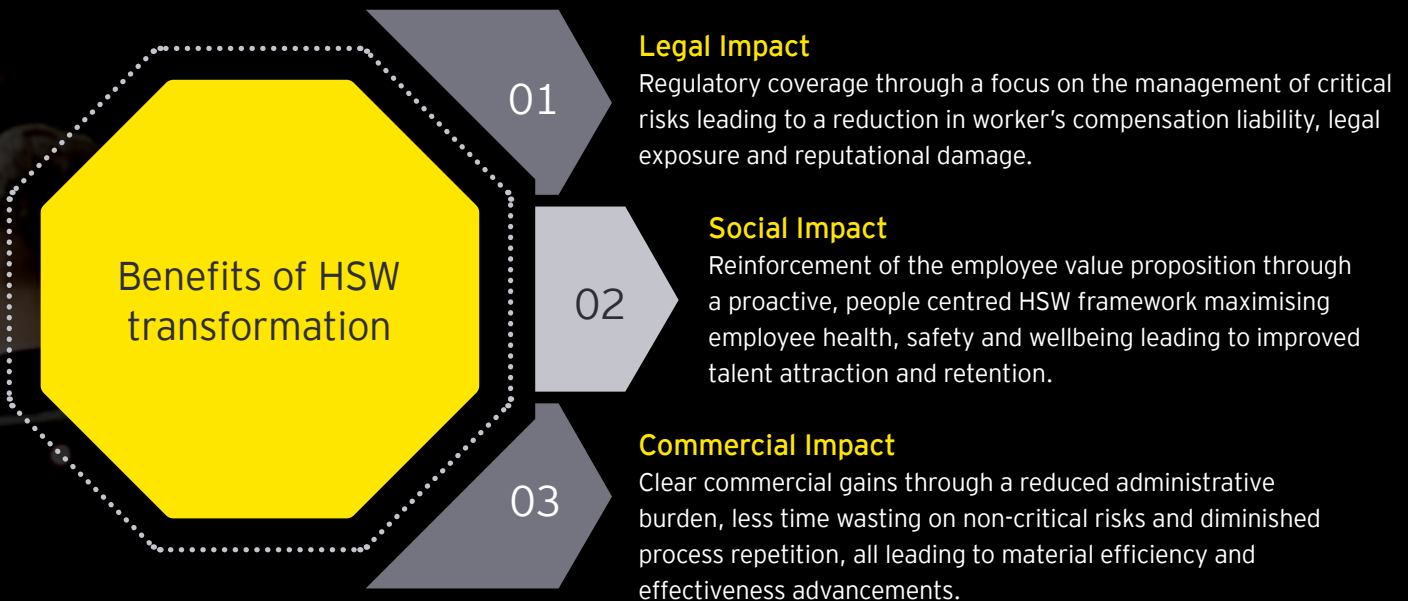


# Far-reaching benefits of modernising HSW



Organisations that fail to transform their HSW functions now risk missing out on a key business lever to drive better organisational value and optimal employee engagement. By transforming its design and approach, HSW will not only serve its business better now but be poised to support positive worker and organisational outcomes in the next crisis.

**If HSW transformation is managed well, a simpler, focussed, well-integrated and more agile HSW framework delivers strong legal, commercial and social benefits:**



# Asking the right questions to get the right answers



HSW needs to be more agile, focussed, simpler and integrated into the way business is done.

To begin your transformation journey, we encourage you to reflect on EY HSW Tx model and leverage the questions below to start the conversations on HSW transformation.

### Board



- ▶ Do we have the right framework in place to execute HSW effectively?
- ▶ Have we got the HSW resourcing right?
- ▶ Do I feel comfortable I am getting the right information I need to make decisions regarding HSW?
- ▶ Can I rely on the data and information I get to make the right decisions regarding HSW?
- ▶ Do I know my HSW responsibilities? Am I trained and able to manage them?

### Functional heads



- ▶ Are our HSW reporting requirements focussed on critical risks, or do they potentially distract our workforce?
- ▶ Are we getting the right information to people to enable them to work safely?
- ▶ Do we consult effectively enough to embed HSW into the operational processes?
- ▶ Do we create a culture of learning from mistakes rather than looking to blame?
- ▶ Do I know my HSW responsibilities? Am I trained and able to manage them?

### Executive team



- ▶ Do we have the right talent in place to provide the necessary HSW leadership?
- ▶ Do we talk about HSW in the right way?
- ▶ How are our digital systems supporting flexibility in the field?
- ▶ Are our HSW professionals sufficiently integrated into the broader business?
- ▶ How well does our HSW reporting facilitate continuous improvement?
- ▶ Do I know my HSW responsibilities? Am I trained and able to manage them?

### Supervisors



- ▶ How can we remove administrative barriers to allow our teams to focus on the critical risks?
- ▶ Can I access HSW risk information quickly when I need it?
- ▶ How can I access HSW processes quickly?
- ▶ How do I keep HSW front of mind in my team?
- ▶ Do I know my HSW responsibilities? Am I trained and able to manage them?

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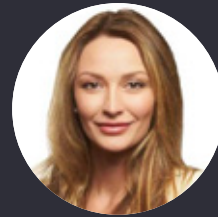
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