

MINE SAFETY

# Reviewing safety incentive schemes



Published by NSW Department of Industry, Skills and Regional Development

### **Reviewing safety incentive scheme**

First published 2009

#### **More information**

NSW Resources Regulator

[www.resourcesandenergy.nsw.gov.au/safety](http://www.resourcesandenergy.nsw.gov.au/safety)

#### **Acknowledgments**

This publication was originally commissioned by the NSW Mine safety Advisory Council as result of the 2004 Wran Mine safety review and the Digging Deeper Action Plan. NSW Mine Safety Advisory Council acknowledges the safety Incentive Schemes Working Party for drafting this tool to review safety incentive schemes.

PUB17/82 V2

---

© State of New South Wales through Department of Industry, Skills and Regional Development 2017.

This publication is copyright. You may download, display, print and reproduce this material provided that the wording is reproduced exactly, the source is acknowledged, and the copyright, update address and disclaimer notice are retained. To copy, adapt, publish, distribute or commercialise any of this publication you will need to seek permission from the Department of Industry, Skills and Regional Development.

Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing in 2009. However, because of advances in knowledge, users are reminded of the need to ensure that the information upon which they rely is up to date and to check the currency of the information with the appropriate officer of the Department of Industry, Skills and Regional Development or the user's independent advisor.

# Foreword

This tool *reviewing safety incentive schemes* forms part of the NSW Mine Safety Advisory Council's (MSAC) focus on assisting the industry to achieve a world-leading WHS culture.

This tool includes a set of guiding principles and a checklist to assist sites in the NSW mining and extractives industry to assess and review safety incentive schemes in their move towards a world-leading WHS culture.

Research has shown that many current safety incentive schemes in the NSW mining and extractives industry do not reflect good practice principles or reward and encourage contributions to effective WHS management and, in many cases, have not been reviewed for many years. Some safety incentive payments involve substantial amounts of money.<sup>1</sup> For the schemes that involved payments or tangible rewards for achievement of outcomes, the measures or targets used to determine eligibility covered the whole site. Thus, if there was a lost time incident in one part of the site, the payment for everyone on site was affected.<sup>2</sup>

Currently, there are safety incentive schemes in the industry that link rewards (cash or kind) largely to lag indicators (such as lost-time injury frequency rates and medical treatment injury frequency rates), although in some schemes leading indicators also play a role. It is generally recognised that the transition to world-leading WHS culture will include a shift away from an emphasis on lag indicators, to a focus on schemes with leading indicators as the basis for rewarding good safety performance.

This tool is published to assist the industry in this transition from safety incentive schemes that focus on lag indicators, to schemes that focus on lead indicators. When the NSW mining and extractives industry has a world-leading WHS culture, everyone on the worksite will be committed to and demonstrating world-leading WHS performance, and that will simply be "how it is done". In that situation, a revision of the safety incentive scheme may lead to the recognition that it is no longer required.

MSAC has agreed on this set of guiding principles for the revision of existing safety incentive schemes. All stakeholders in the industry have had an input into the creation of these principles and have agreed to work with them.

It is to be hoped that there will be a significant change of focus within this time, and that schemes are no longer linked to lag indicators, rather they reward proactive WHS initiatives.

---

<sup>1</sup> Digging Deeper Wran Consultancy Project. Independent Consultant Report by Shaw Idea. Commissioned by NSW Mine Safety Advisory Council, 2007, Vol. 1, p. 51.

<sup>2</sup> Ibid., p. viii.

# Contents

Introduction .....	1
Guiding principles for the review of safety incentive schemes .....	2
Safety incentive scheme review checklist .....	4
Action plan to address issues arising from the checklist .....	8

# Introduction

## Purpose

To provide a practical tool which includes guiding principles, a checklist and an action plan template for sites to use when reviewing safety incentive schemes.

## Overview

In an industry with a world-leading WHS culture, everyone on the site is committed to world-leading WHS performance; working safely is simply “how it is done”. In that situation, individual sites may decide that there is no longer a need for a safety incentive scheme. Currently there is a variety of safety incentive schemes throughout the industry, some of which may contribute to world-leading WHS culture. Once a site has behaviours that are consistent with world-leading WHS culture, a revision of the safety incentive scheme may lead to the recognition that it is no longer required.

This tool will assist sites in reviewing the usefulness of their safety incentive schemes and, where they are still required, to improve them. While there has been a large amount of research undertaken and reports written over the last decade about the utility of safety incentive schemes, the authoritative Digging Deeper<sup>3</sup> research concluded that:

1. Recognition and reward schemes should be reviewed and developed in line with good practice principles;
2. The NSW mining industry should no longer pay workers in the industry money or equivalent benefits as a result of achievement of particular targets for outcome data, for example lost-time injury frequency rates and medical treatment injury frequency rates; and
3. Sites with production bonus schemes should carefully review them to ensure that the payment is not creating a disincentive to address adverse WHS consequences of current working arrangements.

Furthermore, there is agreement that current safety incentive schemes need to focus principally on lead indicators and reinforce positive safety outcomes, rather than on lag indicators as is often the case. As part of this new focus, safety incentive schemes need to move to rewarding employees who take positive steps to improve WHS on sites, as opposed to being seen to be penalising them for reporting injuries.

This tool includes principles that were developed and agreed by the major stakeholders in the NSW mining industry.<sup>4</sup> There is also a checklist to help sites review their safety incentive schemes, and an action plan to address issues arising from the checklist procedure. This tool should be used in a participative review process, preferably by a site WHS Committee or review team.

---

<sup>3</sup> Research project commissioned by the NSW MSAC and undertaken by independent consultants, Shaw Idea, following the Wran Review into Mine Safety; published in November 2007.

<sup>4</sup> Australian Workers Union, Cement Concretes and Aggregates Australia, CFMEU, Industry and Investment NSW and the NSW Minerals Council.

# Guiding principles for the review of safety incentive schemes

The stakeholders of the NSW Mine Safety Advisory Council – the NSW Minerals Council; the CFMEU; the Cement Concrete and Aggregates Association of Australia; the Australian Workers Union; and NSW Department of Industry – have agreed on the following principles that should be considered when assessing safety incentive schemes and their usefulness to mines and quarries.

The principles are as follows:

## **Development process**

1. A safety incentive scheme should be developed in consultation with employees and/or their representatives.
2. A safety incentive scheme should be adequately resourced in terms of time, money and expertise. Employees should be trained and regularly retrained in each component that is required to be assessed.
3. A safety incentive scheme should be integrated with broader organisational and improvement strategies.
4. There should be clear links between the safety incentive scheme and other components of the WHS strategy.
5. A safety incentive scheme should have broad-based employee, manager and supervisor support.

## **Nature of scheme**

6. A safety incentive scheme should have a clearly defined scope and objectives that enable a shift progressively away from a focus on outcomes, to a focus on improvement in contributions.
7. A safety incentive scheme should focus on achieving behaviour changes that reinforce positive behaviour to create a good WHS culture.
8. It is important that outcomes are measured objectively.
9. To reinforce positive behaviour, the incentive should be applied as close as possible to the act which it relates to. The type and quantity of the reward should have some meaning to the people involved.
10. A safety incentive scheme should be actively communicated and explained to employees prior to being implemented and to new employees upon joining. Regular communication with employees is required.
11. Employees should be included in assessing WHS outcomes against the required standards.
12. Employees and/or their representatives should have the right to assess and review outcomes

against the source data.

13. Regularly updating employees to demonstrate results across all key performance indicators is essential.

### **Scope of scheme**

14. A safety incentive scheme should support a broad-based risk management approach; be integrated into the site's WHS strategy; and be directed towards improving safety culture.
15. A safety incentive scheme should operate at different levels and should recognise contributions from each group.
16. Contractors may be included in the scheme according to how they fit into the profile of the site.

### **Goals and targets**

17. The measurement criteria used for safety incentive schemes should focus on leading or positive performance indicators.
18. Participants and/or their representatives, as appropriate, should be able to influence the achievement of the goals and targets.
19. A safety incentive scheme should be monitored on a continuing basis and reviewed against pre-determined objectives (ie to ensure that there are no perverse safety outcomes) at agreed, regular intervals.
20. Each review should result in a progression from focusing on lag indicators to focusing on lead indicators.

# Safety incentive scheme review checklist

## Purpose

This checklist will provide sites with an opportunity to review their safety incentive schemes.

## Instructions

- This checklist is a starting point and should be used in a consultative review process.
- Answer the questions as outlined below, from 1 to 25.
- You will need to put together a review team to interview different people in your organisation to get responses.
- It would be good to interview different work teams and/or groups on your site.
- Once the checklist is complete, you then fill out the attached action plan which will provide space to identify measures to address and rectify identified issues, allocate responsibility for approving the action, date for the action to be implemented, whose responsibility it is and an evaluation date.



# Checklist

Checklist Part A	Response
<b>Scheme background</b>	
1. What site is the checklist being used on?	
2. When was the safety incentive scheme introduced?	
3. What is the expiry date of the safety incentive scheme?	
4. Who is the team leader of the checklist review team? Who are the team members?	
5. Who is being consulted (asked the questions) for the checklist review?	
<b>Scheme description</b>	
6. Is the scheme based on a monetary reward?	
7. If so, how much per timeframe (e.g. a bonus of \$50 per fortnight if there are no reportable injuries)?	
8. If not, what is the reward and the timeframe?	
9. Who is part of the scheme (for example, employees only, employees and managers, employees, managers and contractors)?	
10. What indicators or contributions are assessed i.e. exactly how does the scheme work? E.g. is it based on lag indicators such as lost-time injury frequency rates and medical treatment injury frequency rates? And/or does it reward and encourage contributions to effective WHS management, such as safety innovations?	

Checklist Part B	Yes/No	Action needed
<b>Development process</b>		
11. Was the scheme developed with participation from employees?		
12. Is the scheme adequately resourced and supported by management (e.g. through training and promotion)?		
13. Does the scheme link with broader organisational improvement strategies, instead of just being an add-on?		
14. Does the scheme have broad-based employee support?		
<b>Nature of scheme</b>		
15. Does the scheme have clearly defined and documented objectives?		
16. Does the scheme reward positive contributions to effective WHS management and improvement?		
17. Is the scheme regularly communicated to employees who understand and support its intent?		
18. Are the outcome measures objectively assessed?		
<b>Scope of scheme</b>		
19. Does the scheme support a broad-based risk management approach (rather than focusing on one aspect, e.g. worker behaviour)?		
20. Is the scheme focused at the team (rather than whole of site) level?		
21. Are contractors included in the scheme?		

Checklist Part B	Yes/No	Action needed
<b>Goals and targets</b>		
22. Does the scheme avoid using injury/incident outcome indicators as targets?		
23. Does the scheme have goals and targets that are within the direct control of employees?		
24. Does the scheme have goals that are linked to effectiveness?		
25. Is the scheme formally reviewed at regular intervals (e.g. every 1 or 2 years to ensure that it is meeting its objectives and not producing perverse outcomes)?		

# Action plan

Action plan to address issues arising from the checklist

Site: \_\_\_\_\_

Date: \_\_\_\_\_

<b>Task description</b> Include checklist question number	<b>Summary of measure to rectify the issue</b> Include references to any other work procedures that may assist	<b>Approved by</b>	<b>Date to be implemented</b>	<b>Responsible person</b>	<b>Evaluation date</b>

Review team leader \_\_\_\_\_

Review team members \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_