

## **Introduction**

AML/CTF programs are not the first systematic approaches to managing risk in a business environment. Many Australian organisations already have experience of the management of occupational health and safety (OH&S), which has obligations under law, but which has also conferred benefits on Australian business and its employees. OH&S management may provide insights for the implementation of a risk-based AML/CTF program.

## **A short history of Australian OH&S**

Australia's workplaces are regarded as safe by world standards, but this was not always the case. Workers in the agricultural, mining, manufacturing and transport industries were often injured or killed due to dangerous working conditions. In the early 1970s this was recognised as a massive national problem with enormous human and financial costs. The known costs of workplace injury were great enough, but this was considered a small proportion of the estimated total cost. The total cost could only be estimated because there was no consistent and systematic identification and recording of workplace accidents. The unknown costs were feared to be many times greater than the known costs. During that period all Australian States and Territories introduced prescriptive OH&S laws. Like the *Financial Transaction Reports Act 1988* (FTR Act), original OH&S laws were rigid and while prescribing some elements in detail for certain situations, such as Material Data Safety Sheets, they did not cover all situations and were not always easily adapted or embraced in individual workplaces.

In the early 1990s each State and Territory updated their prescriptive legislation to a principles-based approach. Successful implementation of the new legislation resulted in a dramatic decline in workplace fatalities over subsequent years.

OH&S policy also became more performance focused through monitoring of programs and continuous improvement measures. The change to the risk-based legislation placed the responsibility for workplace safety on all employees and especially on management to provide a safe work environment. This required organisations to undertake an assessment of risks to their employees and adapting the workplace and working conditions accordingly to reduce the risks of injury and death. For this

strategy to work effectively, employee awareness and ownership of these responsibilities was essential.

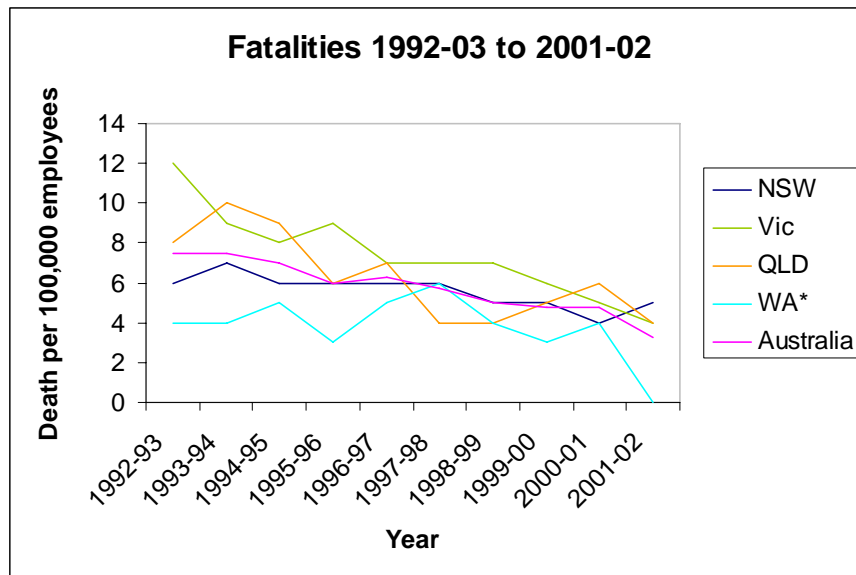


Figure 1 National Occupational Health and Safety Commission, *Compensation Statistics Australia, 2001-02*

### OH&S compliance

Compliance with OH&S legislation is enforceable like AML/CTF legislation, but a culture of voluntary compliance is also encouraged. Organisations which fail to comply receive civil penalties; while in the Australian Capital Territory criminal penalties for 'industrial manslaughter' were also introduced for serious breaches. But beyond these types of penalties organisations quickly recognised other benefits flowed from their OH&S efforts. Organisations soon realised the cost of increased workers compensation premiums, sick pay and lost productivity could be reduced by implementing effective work and safety programs.

To undertake changes of this magnitude, modifications of cultural behaviour were necessary. Employees learned that they were also responsible for their own safety and that of their work colleagues. Mandatory safety training was introduced and designated OH&S officers were appointed to advocate on behalf of staff, particularly so in industries without a union presence. This change in culture was from a previously prescriptive approach to more participatory management of OH&S that supports best practice development.

### **OH&S as an example of a risk-based approach**

An example of the risk-based approach can be seen in the case of repetitive strain injury (RSI), now called occupational overuse syndrome (OOS). Until this time, work-related accidents were typically associated with blue collar occupations, but with the introduction of computers and office automation there was an increase in workplace injuries for white collar workers. The resulting compensation costs grew rapidly. RSI was at almost epidemic proportions during the early 1990s. A Comcare study in 1997 found that 80 per cent of computer operators in the Australian Public Service reported symptoms<sup>1</sup>. Automation affected other occupations including factory workers, butchers, computer operators and hairdressers. Research showed repetitious manual work, lack of breaks, cold conditions and generic equipment contributed to the condition. To counter this epidemic a range of measures was introduced. These included supplying ergonomic aids, providing more breaks, job redesign to reduce an employee's exposure to repetitive tasks and providing OH&S awareness training. The outcome was very successful and the incidence of RSI/OOS declined dramatically.

Australia can now be said to have a strong culture of workplace safety, where organisations and their employees now consider OH&S training, policies, procedures and processes, risk assessments, reporting of dangerous conditions and lost-time accidents and the overall effort to manage workplace safety, to be a part of standard business practice. Yet despite these significant advances in developing an OH&S compliance culture, no one involved in OH&S is completely satisfied even with these achievements. The effort to maintain and improve on these gains even further, continues.

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<sup>1</sup> <http://www.rsi.org.au/>

### **Directions for a case study discussion**

In the story of OH&S management you may have recognised some parallels with the challenge of implementing an AML/CTF program. As an earlier and successful national approach to risk management, you may be able to use OH&S to develop employees' insights into the challenges and also the experiences they can draw upon when your business implements its AML/CTF program.

You can use the OH&S story as a case study and a training tool using the following steps:

### **Read the case study and the set questions**

- Read the case, highlight or underline the main points and think about the main issues.
- Read the questions, note key words and phrases and understand what each question is asking you to do.
- Read the case again and make notes about the information that is relevant to the key words and phrases in each question.

### **Identify the issues**

- Identify the main problems and issues in relation to the set questions. In this case ask the participants to identify and describe any parallels they see between the implementation of two risk-based management systems.

### **Group discussion**

In discussion participants can use their experience as well as references to OH&S and AML/CTF resources to support their answers to the questions.

### **Timeframe**

Allow 5 minutes for participants to read the case and make notes.

Allow 5-10 minutes for group analysis of the questions and a group discussion of the answers.

## Case study worksheet

1. What do you think are parallels between the implementation of risk management systems in OH&S and AML/CTF?
2. What OH&S management experiences and capabilities in your business can be applied to implementing an AML/CTF program?
3. Considering the improvements over time that OH&S management has achieved, what are the potential achievements you can envisage for an AML/CTF program after five years of operation?
4. Discuss your answers with your discussion group members.

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