

INITIATIVES AT HILLSIDE AND WORSLEY AIM TO IMPROVE CONTRACTOR SAFETY PERFORMANCE



The historically poor safety performance of contractors at some of our operations has led the Company to focus on developing specific safety management programs for contractor companies. Two such programs have been implemented at the Hillside aluminium smelter in South Africa and the Worsley alumina refinery in Western Australia. The early results are striking, with a twenty-fold improvement in the Classified Injury Frequency Rate (CIFR) at Hillside.

Among the values expressed in our Charter is an overriding commitment to safety. Supporting this value is our HSEC Policy, which provides the framework for achieving our aspirational goal of Zero Harm. A further guide to safety excellence is our Safety Improvement Road Map, a vital step of which was the introduction of Fatal Risk Control Protocols that are now being implemented throughout the Company. However, as well as having the most stringent systems in place, behavioural change is ultimately the key to improved safety performance.

In a message to all employees during this year, our Chief Executive Officer, Chip Goodyear, stated, 'Despite our major focus on safety we continue to experience a number of significant incidents. In the last year, a number of these incidents have had catastrophic outcomes. We know the activities that injure and kill people and we have procedures to deal with these risks'. He went on, 'Our contractors, who represent most of our fatalities this year, do not, in some cases, seem to have implemented our safety initiatives to the same extent that we have done. They too are critical members of our family and we must bring them along'.

Each of our operations must now implement an effective Contractor Management Procedure that ensures the following is in place for all relevant contractor work where there is a risk of serious injury:

- The contract work is to be assigned a BHP Billiton manager or supervisor as the single point of accountability.
- BHP Billiton line management is to allocate adequate time and resources to manage the day-to-day activities of the contract.
- Line management is to sign off on the work standards and how they are to be carried out and shall ensure via timely workplace inspections that the work is being carried out according to the agreed standards.
- Line management is to ensure that BHP Billiton's expectations are clearly and effectively communicated to all contractors and the leadership of their respective organisations.
- Line management is to ensure that each contractor's on-site manager is introduced to the responsible BHP Billiton supervisor who has single point accountability and that effective systems of communication are in place.

This focus on contractor safety performance is illustrated in these reports from our Hillside aluminium smelter in South Africa and the Worsley alumina refinery in Western Australia.

The safety challenge at Hillside

The Hillside aluminium smelter is located in Richards Bay, South Africa, about 150 kilometres north of Durban. The smelter came on stream in 1995. Hillside has 1171 employees and uses 115 main contractor companies that employ over 1100 contractors.

In March 2002, a contractor at Hillside was fatally injured when he fell from scaffolding. This led to an analysis of contractor safety, which revealed a Classified Injury Frequency Rate (CIFR) of 9.5. This was very poor compared with the CIFR for employees, which was below 1.0, indicating our need to focus more on contractor safety. In response, a contractor safety task team was established, comprising superintendents from different plant areas and disciplines to analyse the contractor safety situation.

Safety management program developed

A contractor safety management program was developed, and implementation commenced in July 2002. Key components of the safety program are summarised in the diagram on the next page.

A licensing and accreditation system for contractors has been introduced, and each approved contractor company is now mentored and coached by a Hillside superintendent. Specific contractor safety inductions were introduced. The permit procedure was simplified, and risk assessments became part of the permit system. Both Hillside employees and contractors were trained in the new permit procedure and risk assessments.

As part of the incident review process, the Hillside general manager meets each injured contract worker. Monthly contractor meetings have been reintroduced, together with more informal meetings in the form of monthly safety breakfasts. Awards for 'contractor of the month' have been introduced in recognition of good safety performance. At the same time, contractors who commit serious breaches of safety are suspended. Those who commit less-serious breaches of safety are named as 'lemon of the month'. Those who receive three 'lemon' nominations are suspended.

Since the contractor safety management program was introduced, a significant improvement in contractor safety performance is evident. From July 2002 to June 2004, the CIFR fell from 9.5 to 0.42, a twenty-fold improvement.

Commenting on the improvement, Tienie Ferreira from Zululand Safety Specialists, itself a contractor company to Hillside, says, 'In 2002, the contractor CI rate was a very high 9.5, and between the contractors and Hillside management it was decided to do something drastic to turn this situation around. After all the changes and a lot of hard work from everyone concerned, the CI rate for the contractors came down to a mere 0.42, a major achievement in my books'.

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Problem statement: Hillside does not have an effective process in place for managing its contractors						
TRANSITION METHODOLOGY						
VENDOR BASE	SERVICE REQUEST	CONTRACTOR ACCESS	WORK PREPARATION	WORK EXECUTION	WORK COMPLETION	
COMMERCIAL PROCESS	Key Initiatives: <ul style="list-style-type: none"> • Vendor selection evaluation • Vendor base reduction • Contractor ownership • Mentorship program 	CENTRAL SHEQ PROCESS	Key initiatives: <ul style="list-style-type: none"> • Induction • Risk assessment • Contractor licensing • Contractor meetings • HEART 	PRODUCTION, TECHNOLOGY SERVICES, MAINTENANCE PROCESS	Key initiatives: <ul style="list-style-type: none"> • New permit system • Risk assessments • Onsite management 	
To be: To develop and implement a single, all-encompassing system for contractor management at Hillside with the key objective of Zero Harm to all						

Future initiatives

Major future initiatives aimed at further improving safety performance include the implementation of the BHP Billiton Fatal Risk Control Protocols. Specialised programs such as defensive driving training are being introduced, and contractors are also becoming involved in Hillside’s HEART program, which is an acronym for Hillside’s Eliminating Accidents and Risks Together. The program, which was implemented for Hillside employees in January 2000, has helped achieve a step change in safety improvement. A behavioural-based safety system, it involves peer-on-peer observations and a ‘no name, no blame’ approach. All risks and unsafe behaviours are analysed and action plans are drawn up by the HEART steering committee at meetings attended by operations and maintenance personnel and a management sponsor.

The safety challenge at Worsley

The Worsley alumina refinery is located near Collie in the south-west corner of Western Australia. Construction of the mine site and refinery began in 1980, and the first alumina was produced in April 1984. More than 1100 people are employed at the mine site and refinery. Worsley uses around 20 main contractor companies that employ over 300 contractors. The company is commencing a major development program that could see this number increase by about 500 contractors.

Effectively managing such a large and diverse group of people requires a strict management regime that includes measuring safety performance against a set of specific key performance indicators. This means that the performance of each contractor can be objectively assessed and appropriate corrective action taken for those not complying with the requirements. It is believed that managing safety ‘lead’ activities will prevent incidents, and this has formed the major focus of the implemented performance measurement process.

Safety processes put in place

In the past, contractor companies basically did what they were told and had little or no ownership of their own safety programs. Many did not have the required culture, expertise, people skills and focus to undertake effective safety management. For example, some companies had apparently excellent safety management systems or plans, but there was little evidence of these being fully utilised. This highlighted a major risk that needed to be managed. The solution was to develop and implement a simple process for measuring the safety performance of all contractor companies.

To many contractors, the processes required to effectively manage safety are confusing and unclear. To overcome this, Worsley has selected a set of lead and lag indicators that it considers will have the maximum impact on effective safety management.

The *lead* indicators are:

- safety visits
- workshop and field safety inspections (quantitative – the number performed)
- workshop and field safety inspections (qualitative – the quality of what was found)
- training matrix of competencies against a predefined list of skills required (to be in place and current at all times)
- safety tool box meetings
- contractor monthly safety meetings
- principal/manager attends the monthly contractor meetings
- monthly safety reports (copy to be sent on the first working day of the month).

The *lag* indicators are:

- number of classified injuries
- number of environmental incidents.

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INITIATIVES AT HILLSIDE AND WORSLEY
continued

The importance of compliance with the leading indicators in terms of preventing injury cannot be overstated. Rigorous adherence is therefore fundamental to Worsley’s success in contractor safety.

Each of these indicators is given a weighting as to their importance in determining the overall performance rating. Contractor compliance with these key performance measures is reviewed monthly and action taken when any non-compliance is identified. Positive reinforcement is also provided to contractors who are performing well.

Mike went on to say that in the early days Bunbury’s aim was to simply conform to Worsley’s requirements, but then certain incidents and pressures from other clients caused him to reassess the situation. He now realises good safety management is good business and if they don’t manage it well they won’t be around for the long term. Mike has embraced the concept of setting and measuring key performance indicators for safety management and is in the process of extending it into all facets of the business. Early indications are that his management team is very receptive to this approach.

**Contractor XYZ Performance Score – Month 2004
HSEC (100%)**

	Weighting	Actual Performance	Rating	Score	Comments
Safety Visits	15%	90%	Stretch	105	9 out of 10 completed
Workshop & Field Inspections – Quantitative	5%	80%	Stretch	105	4 out of 5 completed
Workshop & Field Inspections – Qualitative	10%	90%	Stretch	105	Score: 40 out of 44
Safety/Tool Box Meetings	10%	80%	BAU	100	4 out of 5 completed
Training Matrix	15%	90%	Outstanding	110	90 out of 100 units completed
Classified Injuries	15%	1	Fail	90	1 Classified Injury this month
Environmental Incidents	15%	0	BAU	100	0 Environmental Incidents this month
Monthly Safety Report	5%	1	BAU	100	Monthly Report submitted
Contractor Monthly Safety Meeting	5%	0	Fail	90	Did not attend
Contractor Principal Monthly Safety Meeting	5%	1	BAU	100	Meeting attended
Subtotal	100%			101.0	
				BAU	
Score	90	95	100	105	110
BAU = Business As Usual	Fail	Poor	BAU	Stretch	Outstanding

A rating system has been established to assist contractors in reporting where their performance sits against Worsley’s expectations.

All contractors use the same monthly report layout, which is a combination of tables, graphs and text. Compliance against the agreed key performance indicators is colour coded and graphically represented. This allows management to easily see where improvement actions need to be initiated.

An example of how the report layout is used is shown above.

The initial reaction to this initiative from most contractors is summed up by Mike Hogan, Manager of Bunbury Industrial Controls. Mike says, ‘When we were first informed of what we had to do, I thought it would be a pain in the neck. I thought it would be cost restrictive, productivity inhibitive and would mean additional demands will be imposed on our management resources that we can ill afford’.

A benchmark contractor safety management system

Many companies may be familiar with the above leading and lagging indicators but do not put them into a structure that can help them manage the risks associated with using contractors. The process has several strengths. It can be easily applied to all contractors; it is simple to implement and manage; reporting is graphical and easy to understand; non-compliance can be quickly identified; and any necessary corrective action can be put in place.

This process has strengthened the relationship between Worsley and its contractors. Compliance is seen as a major driver of improved safety performance. Principals and managers of contractor companies are beginning to take responsibility for managing the safety of their employees, who in turn are getting into the habit of performing their safety activities. As a result, Worsley is heading towards a joint culture of Zero Harm.

Worsley now has a direct way to measure contractor safety performance that can be reviewed and fed back to the contractor for appropriate action. The process has been in place for over six months, with positive results in performance, culture and cooperation.