
8 OHS training requirements

Key points

- Significant features of occupational health and safety (OHS) training requirements among the jurisdictions include:
 - employers in all jurisdictions apart from the Northern Territory have a duty to provide OHS training and instruction to workers
 - New South Wales and South Australia have the most comprehensive training requirements to manage specific hazards
 - the Commonwealth, Victoria, South Australia, and Tasmania require information about OHS to be provided to employees in ‘appropriate’ languages. The Commonwealth extends this requirement to instruction, training and supervision
 - the Commonwealth, New South Wales, Queensland and South Australia require records to be kept for up to five years for training associated with specific hazards, while other jurisdictions either have no requirement or require records to be kept for the period of the employee’s employment or the duration of work.
- Small and medium enterprises (SMEs) in New South Wales are more likely to face moderate or substantial internal OHS training costs than SMEs in other jurisdictions which may be due to their more stringent training requirements.
- Additional training and information costs were reported by over half of SMEs operating or trading across state borders as result of differences in OHS regulatory arrangements. Of this group:
 - higher training costs were more likely to be reported by medium sized businesses
 - smaller firms were more likely to nominate costs associated with obtaining information on differences in OHS regulations as the highest cost they faced.
- Only 4 per cent of SMEs considered that the cost of conducting OHS training internally was substantial in relation to their total costs. A slightly higher percentage reported external OHS training costs as substantial — 8 per cent.
- Some differences in the use and costs of OHS training are evident:
 - SMEs in New South Wales were more likely to have provided internal or external OHS training than in other jurisdictions, while the Northern Territory had the lowest percentage of SMEs who undertook internal OHS training – this outcome appears directly related to the nature of regulatory requirements
 - a larger percentage of SMEs in Victoria, South Australia, the ACT and the Northern Territory reported having incurred moderate or substantial external OHS training costs.

One of the major requirements of occupational health and safety (OHS) regulations is for employers to provide OHS training to their employees. The purpose of OHS training is to increase employee awareness of OHS issues which can help secure their own health and safety and that of others in the workplace, and assist in building a culture of compliance to improve OHS outcomes.

This chapter identifies differences in training requirements as contained in OHS Acts and regulations and uses indicators to benchmark whether some of these differences impose different costs on business. Where possible, attempts have been made to identify whether these are unnecessary.

One of the cost indicators referred to in the chapter is the expenditure on OHS training by small and medium enterprises (SMEs) over a 12 month period. At issue is whether levels spent on training were influenced by differences in regulatory regimes during this period.

A case study of the construction industry is also included later in the chapter in which aspects of the impacts and costs of training are examined including: differences in requirements for construction awareness training; the degree of mutual recognition of certificates in construction awareness training; and the impact of changes in OHS regulations on construction sub-contracting firms in New South Wales.

It should be noted that this chapter covers the duty of employers to provide training to their employees. The requirement for training of health and safety representatives (HSRs) is covered in chapter 9.

8.1 Regulatory provisions for OHS training

Differences in Acts

All jurisdictions apart from the Northern Territory include a requirement in their OHS Act for employers to provide OHS training as part of their duty of care to their employees (table 8.1). These provisions will also be part of the model OHS Act (box 8.1). In the Northern Territory, provision of information and training for workers is listed as an example of matters for which employers have a duty to consult with their workers to enable them to contribute to decisions on their health and safety at work. The Northern Territory places an obligation on employers in its OHS regulations to ensure workers receive sufficient information, instruction and training to enable them to perform work which does pose risks to their own health and safety and that of others.

Table 8.1 Requirements for OHS training included in major OHS Acts
2008-09

| <i>Training requirements</i> | |
|------------------------------|---|
| Cwth | s. 16 Duty of employers in relation to their employees etc. (e) to provide to the employees, in appropriate languages, the information, instruction, training and supervision necessary to enable them to perform their work in a manner that is safe and without risk to their health. |
| NSW | s. 8 Duty of employers (1) Employees (d) providing such information, instruction, training and supervision as may be necessary to ensure the employees' health and safety at work. |
| Vic | s. 21 Duties of employers to employees (e) provide such information, instruction, training or supervision to employees of the employer as is necessary to enable those persons to perform their work in a way that is safe and without risks to health. s. 22 Duties of employers to monitor health and conditions etc. (c) provide information to employees of the employer (in such other languages as appropriate) concerning health and safety at the workplace. |
| Qld | s. 29 Obligations of persons conducting a business or undertaking include (e) providing information, instruction, training and supervision to ensure health and safety. |
| SA | s. 19 Duties of employers (1) (c) must provide such information, instruction, training and supervision as are reasonably necessary to ensure that each employee is safe from injury and risks to health. (3) (c) provide information to the employer's employees (in such languages as are appropriate) in relation to health, safety and welfare in the workplace |
| WA | s. 19 Duties of employers (1) (b) provide such information, instruction, and training to, and supervision of, the employees as is necessary to enable them to perform their work in such a manner that they are not exposed to hazards. |
| Tas | s. 9 Duties of employers (1) (c) provide any information, instruction, training and supervision reasonably necessary to ensure that each employee is safe from injury and risks to health. (2) (c) provide information to the employer's employees, in such languages as are appropriate, in relation to health, safety and welfare in the workplace. |
| NT | There is no prescribed requirement for employers to provide OHS training under the employers' duty of care provisions. However under s. 30 Duty to consult - An employer must consult with workers to enable the workers to contribute to the making of decisions affecting their health or safety at work. One of the examples of issues on which an employer is required to consult included in the legislation is: (5) The provision of information and training for workers. Employers also have an obligation to provide training to health and safety representatives under section 42. |
| ACT | s. 37 Duties of employers in relation to employees (d) to provide to the employees the information, instruction, training and supervision necessary to enable them to perform their work in a manner that is safe and without risk to their health. |

Source: The relevant OHS Acts.

Of the remaining jurisdictions which have adopted a similar duties based approach to training, there are some differences. A significant difference occurs in the Commonwealth Act, because it requires employers to provide necessary information, instruction, training and supervision *in appropriate languages* to enable employees to perform in a manner that is safe and without risk to their

health. Victoria, South Australia and Tasmania also require employers to provide information to their employees in ‘appropriate languages’ to achieve the same objective.

Recommendation from WRMC in relation to OHS training

The model OHS laws will include a requirement for OHS training under the primary duty of care as well as under the obligation to consult (see box 8.1).

Box 8.1 Recommendations for model laws in relation to OHS training

The *National Review into Model OHS Laws* developed three recommendations in relation to OHS training which were subsequently agreed to by the Workplace Relations Ministerial Council. These included:

- Recommendation 19: The primary duty of care should include specific obligations, namely ensuring so far as is reasonably practicable:
 - ... e) the provision of such information, training, instruction and supervision as necessary to protect all persons from risks to their safety and health from the conduct of the business or undertaking.
- Recommendation 96: The model Act should include a broad obligation for the person conducting the business or undertaking most directly involved in the engagement or direction of the affected workers to consult with those workers (and their representatives), as far as is reasonably necessary, about matters affecting, or likely to affect, their health and safety. Consultation should occur when any of the following activities is undertaken:
 - ... f) the provision of information and training for workers.
- Recommendation 151¹: The model Act should:
 - a) subject to the final decisions about its objects and principles, make clear in the objects or principles that education, training and information for duty holders, workers and the community are important elements of facilitating good occupational health and safety.

Sources: Stewart-Crompton, Mayman, and Sherriff (2008); WRMC (2009a).

Differences in OHS regulations

Combined with the general duties to provide training, in most jurisdictions specific training requirements are also set out for some hazards within the formal regulations (table 8.2).

¹ Recommendation 151 received in principle support from WRMC subject to qualifications specific to New South Wales.

Table 8.2 Differences in regulatory requirements for employers to provide OHS training to employees
2008-09

| | <i>General requirement</i> | <i>Training for specific hazards</i> | <i>Keep records of training</i> |
|------|--|--|---|
| Cwth | * | <ul style="list-style-type: none"> ✓ Reg. 2.05 High risk work Reg. 4.18 Plant Reg. 5.04 Manual handling Reg. 6.18 Hazardous substances Reg. 7.11 Confined spaces Reg. 8.35 & 8.58 Storage or handling of dangerous substances Reg. 9.52 Major hazard facilities Reg. 11.07 Driver fatigue Reg. 12.12 Construction work Reg. 12.24 Construction work induction training Reg. 13.12 Falls | <ul style="list-style-type: none"> ✓ Hazardous substances – 5 years Confined spaces – for period of employee's employment Storage or handling of dangerous substances – 5 years Construction work training – 5 years Falls – 5 years |
| NSW | <ul style="list-style-type: none"> ✓ Reg. 13 Employer to provide instruction, training and information | <ul style="list-style-type: none"> ✓ Reg. 77 Confined spaces Reg. 80 (2) (c) Manual handling Reg. 136A Plant Reg. 213 Principal contractors to ensure induction construction OHS training Reg. 214 Employers to ensure induction construction OHS training Reg. 215 Self employed persons to undergo induction construction OHS training Reg. 259 (c) Workers informed of risks of asbestos | <ul style="list-style-type: none"> ✓ Reg. 174ZV - 5 years |
| Vic | <ul style="list-style-type: none"> ✓ Reg. 2.1.2 Employer to provide information, instruction and training | <ul style="list-style-type: none"> ✓ Reg. 3.1.2 (3) Manual handling Reg. 3.5.45 Plant Reg. 4.3.47 Self employed persons involved in asbestos removal to undergo training Reg. 5.1.12 Site specific OHS training in construction Reg. 5.1.20 Construction induction training Reg. 5.2.19 Operators of major hazard facilities to provide training Reg. 5.3.40 Operator of mine to provide training re hazards | <ul style="list-style-type: none"> ✓ Reg. 4.3.46 Employer to keep training records for people involved in asbestos removal and retain records while work is performed Reg. 4.3.47 Self employed persons to keep training records if involved in asbestos removal and retain records for the duration of work Reg. 5.2.20 Owners of major hazard facilities to keep records of training while employee employed at facility Reg. 5.3.41 Operator of mine to keep records of training while employee employed at mine |

(Continued next page)

Table 8.2 (continued)

| | <i>General requirement</i> | <i>Training for specific hazards</i> | <i>Keep records of training</i> |
|-----|---|--|--|
| Qld | ✓ Reg. 49 Employer to provide training in safe working methods to workers who undertake prescribed activities | ✓ Reg. 32 Earthmoving or crane occupation or high risk work Reg. 49 Training in prescribed activities including demolition work and removal of asbestos Reg. 211 Hazardous substances Reg. 243 Lead Reg. 302 Employers to ensure construction workers hold general induction evidence before commencing work | ✓ Reg. 211 (3) - 5 years for training about hazardous substances Reg. 244 (3) - 5 years for training about lead |
| SA | ✓ Reg. 1.3.4 Employer to provide information, instruction and training Reg. 1.3.5 Induction to new work | ✓ Reg. 2.4.8 Confined spaces Reg. 2.9.4 Manual handling Reg. 2.10.3 Noise Reg. 2.12.1 Use of protective equipment and clothing Reg. 2.13.1 Prevention of falls Reg. 3.2.20 Use of plant Reg. 4.1.14 General hazardous substances Reg. 4.2.8 Asbestos Reg. 5.12.35 Use of explosives in mining | ✓ Reg. 1,3.4 (d) in relation to implementation of regulations records (related to information, instruction and training) to be kept for 5 years from the last date of entry ✓ Reg. 4.1.19 (1) (c) - 5 years |
| WA | ✗ | ✓ Reg. 3.87 Confined spaces Reg. 3.136 Construction industry safety awareness Reg. 5.21 Hazardous substances Reg. 5.58 Lead | ✓ Reg. 5.21 (2) Hazardous substances — no specified period Reg. 5.58 (2) Lead – no specified period |
| Tas | ✗ | ✓ Reg. 118 (7) Asbestos | ✗ |
| NT | ✓ Reg. 43 Information, instruction and training | ✓ Reg. 87A Use of plant | ✓ Reg. 43.3 (b) general obligation but no specific period for keeping records |
| ACT | ✗ | ✓ OHS General Regulations 2007 Reg. 28 (1) (c) Use of protective equipment Reg. 33 (5) (a) Protection against falls Reg. 65 Confined spaces Reg. 71 Noise management OHS Manual Handling Regulations 1997 Reg. 6 (2) (b) Manual handling tasks Reg. 6 (3) (b) Use of mechanical aids, manual handling procedures or personal protective equipment | ✓ Reg. 66 keep records for training undertaken by workers exposed to confined spaces for the period in which the worker is employed |

Source: OHS regulations.

It is unclear whether the additional provisions lead to any additional burden on business as it is likely that the specific detail clarifies the requirements under the more broad duty. It is also possible that as these provisions improve the transparency of the requirements, they may reduce the compliance burden on businesses by making it easy to understand and comply with OHS regulation.

Despite general similarities there are some differences.

- New South Wales, Victoria, South Australia, and the Northern Territory include general requirements on employers in their OHS regulations to provide information, instruction and training to their employees to make them aware of any risks or hazards that may exist in the workplace, and to assist in identifying and implementing measures that can be put in place to control risks.
- Queensland, Western Australia, Tasmania and the ACT do not have a general provision in their OHS regulations to provide OHS training but instead include training requirements which cover the identification and management of specific hazards. In Queensland employers need to provide training to workers who undertake ‘prescribed activities’ such as removing asbestos and demolition work.
- Tasmania does not include any general requirements to provide training, instruction or information in their OHS regulations. Instead this requirement is covered under their duty of care in the *Workplace Health and Safety Act 1995*. Training requirements included in the OHS regulations in Tasmania are focussed on training needed to manage specific hazards such as asbestos.
- The Commonwealth’s *Occupational Health and Safety (Safety Standards) Regulations* do not include a general requirement for employers to provide training but provide requirements to provide training to manage specific hazards such as high risk work; plant; manual handling; hazardous substances; confined spaces; storage or handling of dangerous substances; driver fatigue; construction work training; and falls.

Differences in record keeping requirements for OHS training

There is considerable variation between jurisdictions in record keeping requirements for OHS training with New South Wales and South Australia requiring record keeping of training for five years for all OHS training (table 8.2). OHS regulations in Queensland requires the keeping of training records for the same period but only for specific training required for managing hazardous substances and lead.

Victoria and the ACT require records of OHS training which applies to specific hazards to be kept for the period in which an employee is employed with a particular organisation. The Northern Territory has a general obligation in its OHS regulations for employers to keep records of OHS training but does not specify the length of time for which they should be kept.

The Commonwealth regulations also have variations in record keeping requirements for training associated with managing various hazards. Employers need to provide records for five years for training associated with hazardous substances, storage or handling of dangerous substances and falls. However, records only need to be kept for the duration of the employee's employment in relation to training for working in confined spaces. No requirement exists for keeping records of training for other hazards such as high risk work, plant, manual handling.

The requirement for records to be kept for up to five years could constitute an unnecessary administrative cost burden for employers compared to lower costs faced by organisations in jurisdictions where records are only required to be kept for the period in which an employee is employed or the duration of work performed in which particular hazards are faced.

Which jurisdictions have the most demanding requirements for OHS training?

South Australia has comprehensive and rigorous regulatory requirements to provide OHS training including a general requirement as well as specific requirements which cover hazards such as: confined spaces; manual handling; noise; use of protective clothing and equipment; prevention of falls; use of plant; managing general hazardous substances; managing the removal of asbestos; and, the use of explosives in mining. New South Wales also has very comprehensive OHS training requirements. Along with a general requirement to provide OHS training to all employees, training requirements exist for confined spaces, manual handling, plant, construction safety awareness, and handling of asbestos. Additionally, as reported earlier, New South Wales and South Australia require records to be kept of OHS training for five years.

In contrast Tasmania has fewer specific regulatory requirements for OHS training, albeit they have a broad requirement for employers to undertake training under the *Workplace Health and Safety Act 1995*. As all jurisdictions with the exception of the Northern Territory impose duties on employers in relation to OHS training, it is unclear whether any specific jurisdiction places greater compliance burdens on businesses than others by examining the regulatory requirements alone.

Despite this, only the Commonwealth requires instruction, training and supervision to be provided in appropriate languages, which may increase costs for businesses if the availability of training services is not available in a range of languages. Four jurisdictions require information about OHS to be provided in appropriate languages.

8.2 Costs faced by SMEs operating in multiple jurisdictions

In their submission, ACCI identified the costs of OHS training as one of the major costs facing firms operating in multiple jurisdictions:

Increased costs for employers operating in multiple OHS jurisdictions include keeping abreast of regulatory changes in multiple jurisdictions, greater administrative costs (e.g. record keeping), employing additional staff, higher OHS training costs, and difficulties implementing company wide OHS policies and procedures where the regulatory requirements differ by jurisdiction. (sub. 6, p. 20)

The Commission engaged Sensis Pty Ltd to ask a number of questions about the impact of OHS regulations operating in different jurisdictions on SMEs as part of their quarterly survey (*Sensis Business Index – Small and Medium Enterprises*) (see appendix B for details). One of the questions related to the nature of activities undertaken by firms to comply with OHS regulations in the previous 12 months. Two of the predominant actions undertaken were internal OHS training and purchasing of OHS training from external sources.

The results of the Sensis survey show that of the relatively small proportion of SMEs which have employees or operations based interstate (who accounted for just over 12 per cent of all SMEs in the sample), a quarter faced extra costs due to differences in OHS regulations between jurisdictions. Of this group, just over a half (53 per cent) reported that training costs were incurred to make existing staff aware of the differences in OHS regulations in jurisdictions, and 31 per cent reported that they incurred added costs such as training when recruiting staff from interstate.

Further, a fifth of all SMEs who responded to a question on the ranking of the three highest costs they faced from differences in OHS regulations between jurisdictions, nominated training costs for staff to make them aware of the differences as the highest cost they faced. Medium sized businesses were more likely to nominate training costs for staff to make them aware of the differences as the highest cost they faced, compared with smaller firms (32 per cent versus 13 per cent). Smaller firms were more likely to nominate costs associated with obtaining information on

differences in OHS regulations as the highest cost they faced compared with medium sized firms (47 per cent versus 18 per cent).

Estimate of cost burden on medium sized enterprises of interstate differences in OHS regulations

The Sensis data show that just over 70 per cent of those businesses which faced higher training costs as a result of interstate differences in OHS regulations were medium sized. This result is to be expected given that medium or larger enterprises are more likely to have operations in multiple jurisdictions than smaller enterprises.

The cost burden on enterprises of interstate differences in OHS regulations was estimated by restricting analysis to expenditure on OHS training by medium businesses only. Medium sized businesses accounted for 22 per cent of the sample of SMEs used by Sensis Pty Ltd. After removing some large outliers² the average expenditure on internal OHS training for medium enterprises which responded that they faced additional training costs as a result of interstate differences in OHS laws in the 12 months to May 2009 was \$17 640, which compared with average expenditure for all medium enterprises of \$10 100 on internal OHS training for the same period.

While this cost imposition appears reasonably significant, some caution needs to be exercised in interpreting this data. Only a relatively small number of medium sized enterprises reported facing additional training costs as a result of interstate differences – just over 10 per cent of medium sized enterprises which provided responses on costs of OHS training. Hence it would not be prudent to interpret this data as representative of the population of medium enterprises. However, the data highlight that differences in OHS regulations imposed significant internal OHS training cost burdens on those medium sized firms which responded.

How do costs associated with OHS training rank alongside other compliance costs?

The ongoing costs associated with OHS training was reported by 7 per cent of all surveyed SMEs as the most significant element of OHS regulations which imposed costs on their business in the previous 12 months. While this share may seem

² One small manufacturing firm from the Northern Territory reported that it spent \$200 000 on internal OHS training, two firms spent \$300 000 (one medium sized manufacturing firm from the Northern Territory and one small manufacturing firm from Queensland) and one small communications firm from Queensland spent \$350 000 on internal OHS training. All were removed from the sample.

relatively low, it needs to be noted that 44 per cent of businesses responded that they faced no significant costs from OHS regulations while a further 14 per cent stated that they did not know.

To put this information in another perspective, training costs accounted for just over 15 per cent of those factors which were reported as the most significant costs faced as a result of OHS regulations. The next highest factor reported was compliance costs at 8 per cent. It should be noted that there were some multiple responses from some firms as to the most significant elements of OHS regulations which imposed costs on businesses.³

8.3 Use of OHS Training by SMEs

Use of internal and external OHS training

The results of the survey showed differences in the extent to which businesses conducted internal OHS training and purchased external OHS training. New South Wales recorded the highest percentage of SMEs undertaking internal OHS training (51.0 per cent) and purchasing OHS training externally (30.7 per cent) in the 12 months to May 2009. Conversely, SMEs in the Northern Territory were the least likely to have undertaken OHS training internally in the previous 12 months (37.9 per cent) while Western Australia had the lowest percentage of SMEs purchasing OHS training externally (19.8 per cent) (table 8.3). The lower proportion of businesses in the Northern Territory conducting internal OHS training may be related to it being the only jurisdiction to not impose a general duty on employers to conduct training.

Differences in training, however, were observed across industries. SMEs in Accommodation, cafes and restaurants were most likely to have conducted internal OHS training in the 12 months to May 2009 (59.4 per cent), followed by SMEs in Cultural, recreational and personal services (53.5 per cent) and Retail trade (51.7 per cent). In contrast, SMEs in low risk industries such as Communications, property and business services (31.6 per cent) were the least likely to have conducted internal OHS training in the previous 12 months. Perhaps surprisingly,

³ The choice of response to the question on most significant cost faced due to OHS regulations was open ended and not necessarily mutually exclusive. In other words some SMEs nominated a number of factors as the most significant costs they faced, with a total of 61 different categories of responses being recorded. This contributed to a very wide distribution of responses and a smaller number of firms reporting training as the highest the cost than may have been the case if a more limited number of cost options were made available in the question.

given the higher risks to safety, only 38.0 per cent of SMEs in Construction undertook internal OHS training in the previous 12 months (table 8.4).

Table 8.3 SMEs undertaking and purchasing OHS training by jurisdiction
12 months to May 2009^a

| | <i>Undertook internal OHS staff training (%)</i> | <i>Purchased OHS training externally (%)</i> |
|-----|--|--|
| NSW | 51.0 | 30.7 |
| Vic | 39.3 | 29.6 |
| Qld | 40.5 | 20.7 |
| SA | 39.5 | 21.9 |
| WA | 39.7 | 19.8 |
| Tas | 39.7 | 25.4 |
| NT | 37.9 | 20.3 |
| ACT | 45.5 | 23.7 |
| Aus | 43.6 | 26.5 |

^a Reported figures in comparisons were weighted to ensure the sample reflected the actual small and medium business population distribution in each state. See Sensis (2009) for further details on the weights.

Source: Sensis Survey of SMEs (2009 unpublished).

Table 8.4 SMEs who undertook and purchased OHS training by industry
12 months to May 2009^{a,b}

| | <i>Undertook internal OHS staff training (%)</i> | <i>Purchased OHS training externally (%)</i> |
|--|--|--|
| Manufacturing | 48.8 | 31.5 |
| Building & construction | 38.0 | 36.1 |
| Wholesale trade | 40.7 | 26.0 |
| Retail trade | 51.7 | 20.3 |
| Transport & storage | 47.5 | 25.5 |
| Communications, property & business services | 31.6 | 27.1 |
| Finance & insurance | 40.8 | 17.3 |
| Health & community services | 45.9 | 20.8 |
| Cultural, recreational & personal services | 53.5 | 21.4 |
| Accommodation, cafes & restaurants | 59.4 | 44.3 |
| All industries | 43.6 | 26.5 |

^a Reported figures in comparisons were weighted to ensure the sample reflected the actual small and medium business population distribution in each state. See Sensis (2009) for further details on the weights. ^b All industries only refers to those industries covered in the Sensis survey of SMEs. Industries excluded from the survey include Agriculture, forestry and fishing; Mining; Electricity, gas and water supply; Government administration and defence; and Education.

Source: Sensis Survey of SMEs (2009 unpublished).

Generally, SMEs made less use of external training than internal — overall 27 per cent purchased external training. On an industry basis, Building and construction stands out as an industry which had a higher use of external OHS training (36.1 per cent). The relatively higher take-up of external training by construction firms possibly reflects the necessity for construction workers to undertake construction awareness training provided by external training providers. Construction firms or individual construction workers may bear the cost of this training. This issue is discussed further later in the chapter.

Also, business size influenced the use of training. Medium sized enterprises (20 to 200 employees) were far more likely to have conducted internal OHS training in the previous 12 months than small enterprises (79.7 per cent versus 41.7 per cent) and much more likely to have purchased external OHS training (63.9 per cent versus 24.6 per cent).

8.4 Costs associated with internal and external OHS training

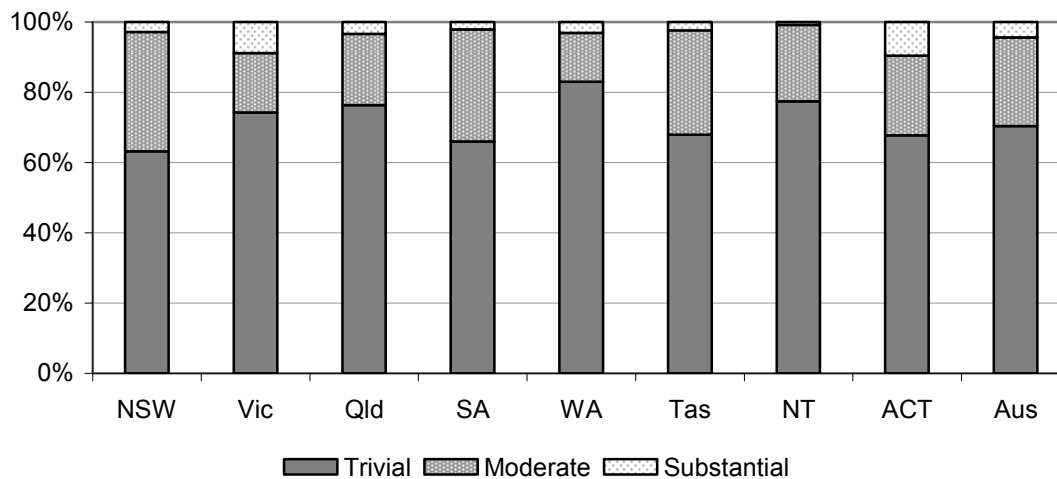
Costs of internal OHS training

SMEs were asked to rate whether the costs they faced in providing internal OHS training were trivial, moderate or substantial, when compared with other costs they faced as part of running their business. Note that these costs relate to expenditure on OHS training by SMEs over a 12 month period. These costs will include those incurred as part of the requirements laid out in OHS regulations, training that exceeds these requirements, and any incremental cost burdens resulting from differences in regulatory requirements in jurisdictions. An approximation of the extent of the cost burden is presented earlier in section 8.2. It should also be noted that the cost of training HSRs could be included in the cost estimates of internal and external OHS training provided by respondents. For further discussion on costs of training HSRs see chapter 9.

Just over 70 per cent of SMEs reported that they faced trivial costs (compared with other running costs) associated with purchasing OHS training in the 12 months to May 2009, 25 per cent faced moderate costs and just over 4 per cent faced substantial costs. In terms of jurisdictional comparisons 63.2 per cent of SMEs in New South Wales reported facing trivial costs compared to 83.0 per cent in Western Australia. SMEs in the ACT and Victoria are more likely to have incurred substantial costs from internal OHS training (9.6 per cent and 8.8 per cent respectively) than other jurisdictions. SMEs in the Northern Territory were the least

likely to face substantial costs associated with internal OHS training (less than 1 per cent) (figure 8.1).

Figure 8.1 Relative costs faced by SMEs undertaking OHS training internally by jurisdiction
12 months to May 2009^a



^a Reported figures in comparisons were weighted to ensure the sample reflected the actual small and medium business population distribution in each state. See Sensis (2009) for further details on the weights.

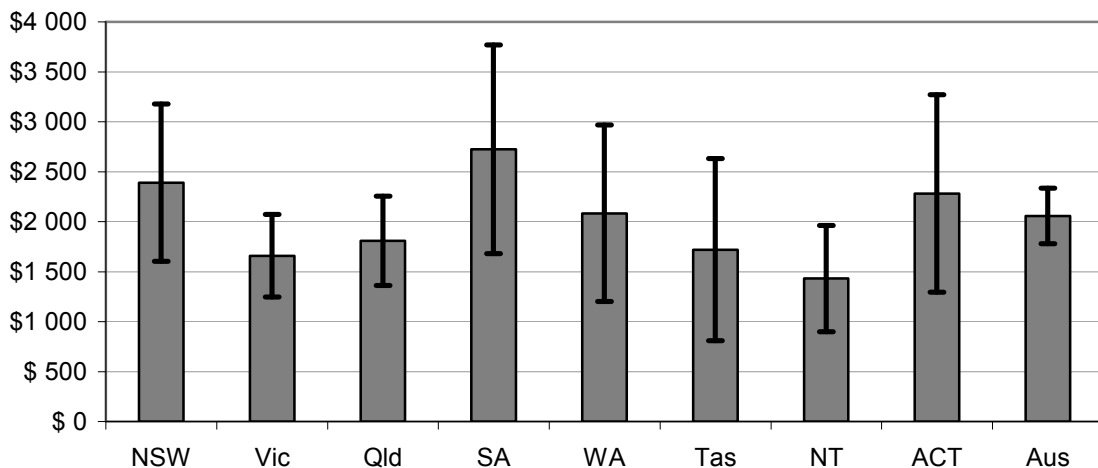
Data source: Sensis Survey of SMEs (2009 unpublished).

As with usage rates, part of the observed jurisdictional differences in training costs are driven by industry mix. SMEs in Wholesale trade and Retail trade reported that they were more likely to face substantial costs when undertaking internal OHS training than SMEs in other industries. SMEs in Cultural, recreational and personal services were the least likely to incur substantial costs.

On an actual cost basis, average reported costs faced by SMEs for conducting internal OHS training in the 12 months to May 2009 were highest in South Australia (\$2730) and lowest in the Northern Territory (\$1430). Average costs faced by SMEs in Australia for internal OHS training was estimated at \$2060. Average internal OHS training costs were not significantly different across jurisdictions – all estimates with plus or minus one standard error⁴ are shown by the lines on figure 8.2.

⁴ Standard errors are one measure of sampling error, which result from surveying a sample of SMEs as distinct from conducting a census of the whole population. Standard errors indicate the degree to which an estimate may vary from the value which would have been obtained from a full enumeration or the 'true value'. There are about two chances in three that a sample estimate differs from the true value by less than one standard error.

Figure 8.2 Average costs faced by SMEs conducting OHS training internally by jurisdiction
12 months to May 2009^{a,b}



^a Reported figures in comparisons were weighted to ensure the sample reflected the actual small and medium business population distribution in each state. See Sensis (2009) for further details on the weights. ^b In order to exclude outliers which distorts average costs the data omits two manufacturing firms in the Northern Territory who responded that they spent \$200 000 and \$300 000 respectively on internal OHS training, and two firms in Queensland who spent \$300 000 and \$350 000 respectively.

Data source: Sensis Survey of SMEs (2009 unpublished).

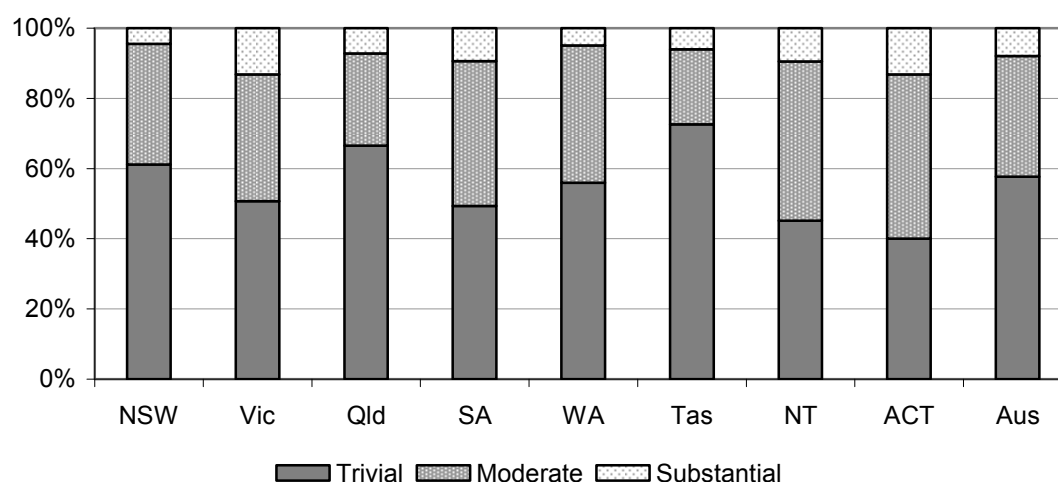
The broad similarity in reported costs of OHS training across the jurisdictions is a reflection of similarities in provisions. While the estimate of the cost reported by Northern Territory businesses is not significantly different from those in other jurisdictions, its lower range is possibly a reflection of the absence of a requirement for employers to deliver OHS training under the duty of care of employers to their employees.

On an industry basis, all reported cost estimates were similar with the exception of those reported by SMEs in Manufacturing and Wholesale trade. SMEs in these industries reported the highest average costs associated with internal OHS training compared with SMEs in other industries — an average of \$4740 and \$4590 respectively in the 12 months to May 2009 compared to the industry average of \$2060. Further, as might be expected given their greater number of employees, medium sized firms face much higher average costs associated with conducting internal OHS training than smaller firms (\$8490 versus \$1420).

Costs associated with purchasing external OHS training

The costs associated with purchasing external training associated with complying with OHS laws can be linked to a range of things including additional regulatory requirements, the level of complexity of business operations, a lack of capacity of the firm to conduct internal training and the overall complexity of the OHS regulatory system. SMEs in Victoria, South Australia, the Northern Territory and the ACT, were more likely to face moderate or substantial costs from purchasing external OHS training in the previous 12 months than other jurisdictions. In contrast, almost three quarters of SMEs in Tasmania who reported that they had purchased external OHS training considered those costs to be relatively trivial (figure 8.3).

Figure 8.3 Relative costs faced by SMEs purchasing OHS training externally by jurisdiction
12 months to May 2009^a



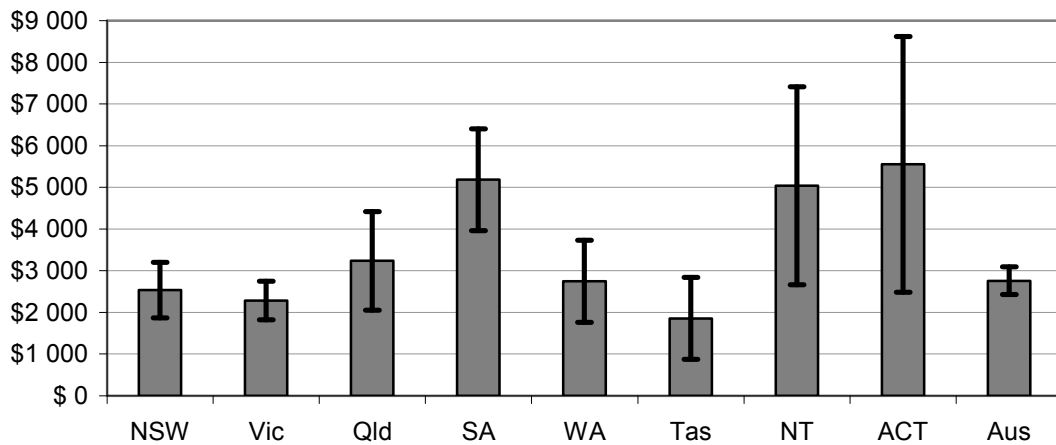
^a Reported figures in comparisons were weighted to ensure the sample reflected the actual small and medium business population distribution in each state. See Sensis (2009) for further details on the weights.

Data source: Sensis Survey of SMEs (2009 unpublished).

Again, differences were observed between SMEs operating in different industries. A higher proportion of SMEs in Retail trade and Wholesale trade reported substantial costs associated with purchasing external OHS training than SMEs in other industries in the 12 months to May 2009, while only 4.3 per cent of SMEs in Communication, property and business services reported substantial costs. SMEs in Accommodation, cafes and restaurants; Retail trade; and Manufacturing were more likely to report either moderate or substantial costs associated with purchasing external OHS training (53.4 per cent, 52.4 per cent and 48.9 per cent respectively).

On an actual cost basis, some jurisdictional differences were observed. SMEs in South Australia faced significantly higher average costs in purchasing external OHS training costs in the 12 months to May 2009 (at \$5180) compared to those SMEs located in New South Wales, Victoria, Western Australia and Tasmania. While SMEs in the Northern Territory and the ACT also appear to face much higher average internal OHS training costs, that data is not particularly reliable given the small sample sizes in these jurisdictions (figure 8.4).

Figure 8.4 Average costs faced by SMEs purchasing OHS training externally by jurisdiction
12 months to May 2009^{a,b}



^a Reported figures in comparisons were weighted to ensure the sample reflected the actual small and medium business population distribution in each state. See Sensis (2009) for further details on the weights. ^b In order to exclude outliers which distorts average costs the data omits two manufacturing firms in the Northern Territory who responded that they spent \$200 000 and \$300 000 respectively on internal OHS training, and two firms in Queensland who spent \$300 000 and \$350 000 respectively.

Data source: Sensis Survey of SMEs (2009 unpublished).

The high external training costs faced by SMEs in South Australia (and potentially for the ACT and Northern Territory) could be due to more demanding OHS training requirements contained in regulations or additional complexity of the regulatory system. Alternatively, given that South Australia, the ACT and Northern Territory are smaller jurisdictions, these differences may be driven by fewer suppliers of state-specific OHS training, thus placing upward pressure on training costs.

Despite the similarities across the jurisdictions, some industry differences were observed. SMEs in Health and community services (\$7600) faced greater average costs of external OHS training in the 12 months to May 2009 than other industries — the average for all industries surveyed was \$2760. For other industries, training costs were broadly similar to the Australia average.

While data reported earlier show that medium sized firms are heavier users of external training than smaller firms, the average costs they face for this purchased training is no different. This could reflect the fact that medium sized firms have the capacity to conduct their own internal OHS training and are less reliant on employing external training consultants than smaller firms.

8.5 Industry example of OHS training — requirement for construction safety awareness training

The following section outlines the requirement for construction awareness training in jurisdictions and highlights where mutual recognition of qualifications exists, which can facilitate the mobility of workers in the construction industry.

In 2008-09, all jurisdictions apart from Tasmania, the Northern Territory and the ACT required people employed in the construction industry to complete OHS awareness training. This requirement is stipulated in the OHS regulations which operate in the Commonwealth (Reg. 12.12), Western Australia (Reg. 3.136), Queensland (Regs. 301 and 302), and in Victoria (Reg. 5.1.20). Regulations 213 and 214 of the OHS regulations in New South Wales refer to major contractor and employer responsibility to ensure OHS induction training is undertaken in the construction industry, while regulation 215 refers to the requirement for self-employed persons in the industry to undergo training (see box 8.2 for some costs associated with information and training provisions of the New South Wales laws). In Western Australia the requirement for OHS training is extended to employees performing construction work in the mining industry.

In Western Australia it is compulsory for a worker to have a Construction Safety Awareness Card (Blue Card) if they wish to work in the building and construction industry. The Blue Card is valid for three years. Main contractors, employers, or people in control of construction work must ensure that workers do not undertake construction work without completing the training. Employees and self employed people engaged in construction work at the worksite also have a responsibility to ensure that they have completed the training (Regulation 3.136 (3) of the *Occupational Safety and Health Regulations 1996*).

Other workers who need to have safety awareness training in construction work in Western Australia include supervisors, site foremen and managers, professional consultants who spend time on construction sites, casual and/or part-time building labourers, and labour hire personnel working on building sites.

Box 8.2 Impact of OHS laws on construction subcontractors in New South Wales

In 2001, new OHS regulations were introduced in New South Wales that saw a shift toward a more self-regulated, consultative and performance-based approach to OHS which placed greater responsibilities on principal contractors and subcontractors for the effective management of OHS risks. This change posed particular challenges for small sub-contractors such as those in the construction industry.

Andonakis and Loosemore's 2005 study, which was based on 30 face-to-face interviews with subcontractors in the construction industry, found that:

- subcontractors relied heavily on the principal contractor (rather than the regulator) for information about OHS regulations and the need for compliance
- subcontractors believed the principal contractor was responsible for informing them of how they could comply
- noncompliance was significant among respondents from non English speaking backgrounds (largely because construction awareness training was only provided in English at the time that the interviews were conducted)
- sub-contractors had difficulties understanding terms such as hazards and risk management
- cost represented by far the greatest barrier to compliance (reported by a third of respondents). One respondent cited that it cost:
 - \$1000 to have a safety plan prepared
 - \$1700, in total, for their workers to obtain a 'green card'
 - the loss of half a day for each worker to attend the training course
 - around half an hour lost time for an OHS induction each time they arrived at a new construction site.
- the extent of costs were directly related to firm size — costs were a less significant issue for sub-contractors employing five people or fewer, whereas sub-contractors with a larger number of employees all reported costs due to the need to induct and train their employees
- sub-contractors employing a health and safety officer reported lower levels of difficulty in complying with OHS regulations.

Source: Andonakis and Loosemore (2005).

The cost of construction safety training in Western Australia can range between \$80 and \$110. People already in the construction industry can claim up to 80 per cent of the cost from the Building and Construction Industry Training Fund, which was introduced to improve the quality of training and increase the number of skilled workers in the industry in Western Australia. It is funded by a small training levy on all construction projects in Western Australia.

The length of training may vary across jurisdictions but usually involves a full day. While this would result in reduced output for construction firms while workers attend the course, the benefits would include the reduced likelihood of accidents occurring in the workplace, which would contribute to lower costs for individual firms and the industry in the longer term.

The training course is also available to people working or looking to work in mining and resource industries. Among the topics covered in the course are OHS legislation in the workplace, communication and consultation on OHS, implementing OHS risk management, first aid procedures, and key principles of workplace injury management.

WorkSafe WA recognises the construction industry induction training conducted in Victoria, Queensland and South Australia as meeting the requirements of the Western Australian regulations. These three States deliver nationally recognised induction training, similar to the course in Western Australia. As a result, workers from those States do not need to repeat the Western Australian course to be able to work in construction, provided they can show evidence that they completed the induction training in their home State.

Construction induction training in New South Wales is available to all new workers carrying out construction work, including: self-employed persons; labourers; apprentices; trainees; trades-persons; supervisors and project managers; and employees who have not worked in the construction industry for over two years. The training course satisfies the legal requirements for general OHS construction induction for construction workers in New South Wales. The course is often referred to as the 'Green Card' or 'White Card' safety course. The white card replaced the green card on 29 March 2004. The training includes courses in OHS legislation in the workplace, communication and consultation in OHS, implementing OHS risk management, and principles of safe systems of work in construction. The cost of training associated with attaining a white card in New South Wales varies between \$85 and \$110. The cost of training can be either borne by individual employees or firms.

Other jurisdictions also provide construction safety awareness training with mutual recognition of certificates available. This removes the requirement for a person holding certificates or cards from these jurisdictions from having to undertake an additional induction training course when they perform construction work.

Table 8.5 shows how cards or certificates received after completion of construction safety induction training were recognised by the different jurisdictions in Australia in 2008-09. All jurisdictions which provide construction safety training (including

the Commonwealth), mutually recognise similar training provided by other jurisdictions. There are some minor exceptions such as Western Australia not recognising the safety awareness training provided in New South Wales prior to 29 March 2004 (also known as green cards). Such recognition facilitates the mobility of workers between jurisdictions without unnecessary delays or lost working time to complete similar training requirements.

Table 8.5 Mutual recognition by states and territories of construction safety induction training
2008-09

| | Recognised by: | | | | | |
|---------------------------------------|----------------|-----|-----|-----------------|----|-------------------------|
| | Vic | NSW | Qld | WA ^a | SA | Tas/NT/ACT ^b |
| Vic — red card (prior 1 July 2008) | | ✓ | ✓ | ✓ | ✓ | na |
| Vic — white card (post 30 June 2008) | | ✓ | ✓ | ✓ | ✓ | na |
| NSW — green card (pre 29 March 2004) | ✓ | | ✓ | x | ✓ | na |
| NSW — white card (post 29 March 2004) | ✓ | | ✓ | ✓ | ✓ | na |
| Qld — blue card | ✓ | ✓ | | ✓ | ✓ | na |
| WA | ✓ | ✓ | ✓ | | ✓ | na |
| SA — white card | ✓ | ✓ | ✓ | ✓ | | na |

na not applicable. ^a Western Australia only recognises cards issued in the past 3 years. Green cards formerly issued in New South Wales are no longer recognised by Western Australia. ^b Tasmania, the Northern Territory and the ACT did not have regulatory requirements for construction induction training as at 30 June 2009.

Source: Regulator websites.

The National Code of Practice for Induction for Construction Work was declared by the Australian Safety and Compensation Council (ASCC) in July 2007. At this meeting, ASCC members committed to having nationally consistent induction training by 1 July 2008. While Tasmania, the Northern Territory and the ACT did not have construction induction training available during the scope of our study (2008-09), subsequent initiatives have seen this type of training become available in these jurisdictions in the second half of 2009.

Tasmania introduced a code of practice titled Induction for Construction Work in July 2009. The code has legislative directionary status and places an obligation on employers to provide induction training within 12 months of gazettal of the code to employees who have been working in the construction industry for less than five years, and within 24 months for those working in the industry for five years or more.