SME SERIES

SITESAFE

RISK MANAGEMENT 101

A practical guide for small business owners

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INTRODUCTION

This step-by-step guide is designed to help you as a small business owner understand the basics of risk management, so that you and your workers go home safe at the end of every day.

Construction is one of New Zealand's biggest industries with almost 200,000 workers – but it's also one of the sectors with the worst injury rates. Since 2008, an average of 10 workers a year have died on site.

As a person in charge of a business or undertaking (PCBU), you must protect your workers and other people on site by eliminating or minimising risks. This means you need to know how to proactively identify and manage risk.

Good risk management is not just about reducing injuries and deaths – it can also lead to better staff retention and engagement, higher productivity, better contractor relations, and a significant return on investment.

ARE YOU READY? THE CHECKLIST

1. **Identify** your hazards 
2. **Assess** the level of risk using the Risk Matrix 
3. **Control,** eliminate or minimise the risk using the Hierarchy of Controls 
4. **Reassess** the residual level of risk 
5. **Review** your control measures 

STEP ONE: IDENTIFY

The first step is to identify the hazards, starting with those that have the potential to cause people serious injury or illness. Many jobs will often involve several hazards. Some are trivial, while some can kill. Focus on managing your business' most significant risks first before managing less serious risks.

Walk around your workplace and identify what could seriously harm the health or safety of your workers and others. This could be something that could happen immediately, like a fall, or something that could happen slowly over a long period of time, like asbestosis.

Think about your workers and whether any of them might be more at risk than others. Talking to your workers about their jobs is a good way to pick up on hazards.

Look at your work processes and the equipment used, your workplace itself and your workers' activities.

A hazard could be:

- Falling objects, such as tools, debris and equipment
- The handling, use, storage, transportation or disposal of hazardous chemicals
- The presence of asbestos and materials containing asbestos
- Welding fumes, gases and arcs
- Manual handling
- Dust

USEFUL TOOLS

Identifying a hazard in your workplace can be as easy as taking a step back and taking a minute to think through the job. A Step Back 5x5 and a 7 Point Analysis are useful tools to help you and your workers identify hazards before starting a job.

Step Back 5x5

Step back five paces and ask yourself:

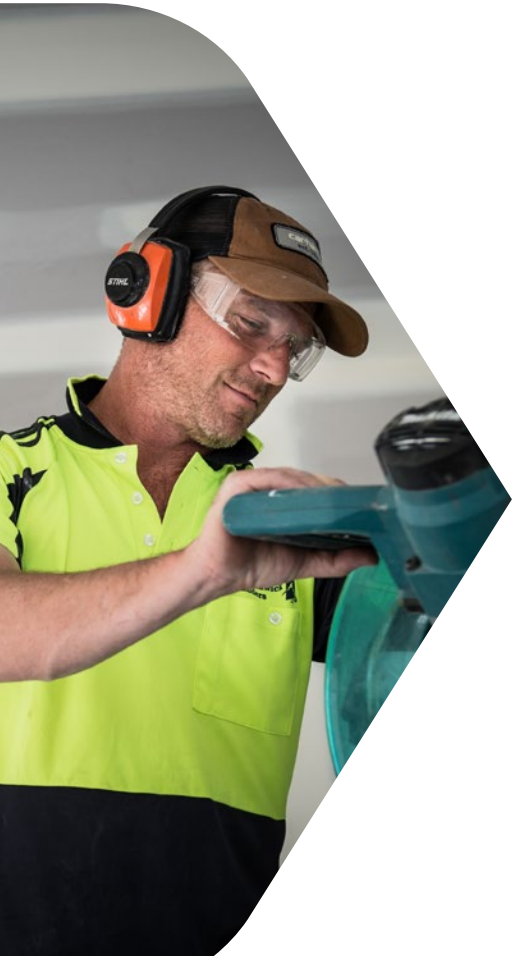
- What will I be doing?
- What are the hazards?
- What equipment and plant do I need?
- How can I get hurt?
- What if something unexpected happens?

If you are not confident or comfortable doing the job because you think the risk is too high, you should always stop.

7 Point Analysis

Ask yourself can I:

- Come in contact with an energy source?
- Come in contact with a hazardous substance?
- Be struck by or strike against anything?
- Be caught in, on or between anything?
- Slip, trip or fall on the same or lower level?
- Strain or sprain a muscle?
- Be injured by poor job or plant design?



STEP TWO: ASSESS

Once you have identified the hazards in your workplace, assess the level of risk for each. Look at each hazard and think about how likely it is to cause harm. If something did happen, how severe would the injury be? These two factors combine to tell us the level of risk.

Remember to first focus your attention on the risks that could cause permanent injury, illness or death to workers or others – even if this is not very likely.

Your workers are your greatest source of information during the risk assessment process. They know and understand the jobs, how they can suffer potential harm, and the controls that are or aren't working. Your workers will often have great ideas for improvement, just ask!

To determine the level of risk, you can use our Risk Matrix (see opposite).

Likelihood + Severity = Level of Risk

RISK MATRIX

CONSIDER THE SEVERITY OF INJURY/ILLNESS	CONSIDER THE LIKELIHOOD OF A HAZARDOUS EVENT OCCURRING				
	Very unlikely to happen	Unlikely to happen	Possibly could happen	Likely to happen	Very likely to happen
Catastrophic (e.g. fatal)	Moderate	Moderate	High	Critical	Critical
Major (e.g. Permanent Disability)	Low	Moderate	Moderate	High	Critical
Moderate (e.g. Hospitalisation/Short or Long Term Disability)	Low	Moderate	Moderate	Moderate	High
Minor (e.g. First Aid)	Very Low	Low	Moderate	Moderate	Moderate
Superficial (e.g. No Treatment Required)	Very Low	Very Low	Low	Low	Moderate

All hazards have the potential to cause different types and levels of harm, ranging from minor discomfort to serious injury or death.

STEP THREE: CONTROL

Once you have identified the level of risk, you must do what is reasonable and practical to eliminate it or, where it can't be eliminated, minimise it by choosing the best controls for the situation. The better the level of control, the lower the level of risk.

Section 30 of the Health and Safety at Work Act requires you to eliminate risks, so far as is "reasonably practicable". To be reasonably practicable simply means to consider the level of risk, what you know about ways of controlling it, and the cost in relation to the level of risk. This does not mean that if the control is too expensive it can be dispensed with. If the risk of death or serious injury exists, the question should be whether or not the job is worth the risk.

If it is not reasonably practicable to eliminate the hazard, you must minimise the risk by using controls. Use the Hierarchy of Controls as a guide (see opposite).

Basic examples of eliminating risk:

HAZARD	ELIMINATE
Fall from ladder	Do the work on the ground
Trench collapse	Fill it in once no longer needed
Manual handling injury	Use a mechanical lifting device

HIERARCHY OF CONTROLS

Most effective ↓	**ELIMINATE:**	
	1 **Eliminate the hazard** remove it completely from your workplace	If this isn't reasonably practicable, then...
	MINIMISE:	
	Substitute the hazard (wholly or partly) with a safer alternative 2 **Isolate the hazard** using physical barriers, time or distance **Use engineering controls** adapt tools or equipment to reduce the risk	Minimise the risk, so far as reasonably practicable, by taking 1 or more of these actions that is the most appropriate
	3 **Use administrative controls** develop methods of work, processes and procedures	If a risk then remains, you must minimise the remaining risk, so far as reasonably practicable
Least effective	4 **Use personal protective equipment (PPE)** this is the last option after you have considered all the other options for your workplace	If a risk then remains, you must minimise the remaining risk by using PPE

A quick way of remembering the Hierarchy of Controls is the phrase: "Every Smoko I Eat A Pie".

E **Eliminate** – remove it from your workplace
S **Substitute** – use a safer alternative, such as a different tool, chemical or material
I **Isolate** – use a physical barrier
E **Engineer** – controls such a sound enclosures, airborne dust extraction systems
A **Administrative controls** – such as training, policies, signs
P **Personal protective equipment (PPE)**

STEP FOUR: REASSESS

You won't always get your risk assessment right the first time. You will find situations where you have assessed the level of risk for a hazard and put in place controls, but the new level of risk is not where you planned it to be; it is still unacceptably high.

If you find that the risk is still too high, go back and **reassess** it, this time choosing different controls to lower the level of risk. Remember to complete a Task Analysis/Safe Work Method Statement for any high-risk, new, or complex activity.

Do I need to complete a Task Analysis?

A Task Analysis is required for:

- notifiable work
- permit to work systems
- work requiring a certificate of competence
- high-risk work, as defined by regulations
- any new or complex activity
- when required by contract
- when your risk assessment results in a high or critical level of risk

You can check out our free Task Analysis template online at www.sitesafe.org.nz

USEFUL TOOLS TO REASSESS RISK:

Audits and observations

Meetings and worker input and feedback

Independent reviews

Health surveillance

Environmental monitoring

Toolbox Talks

STEP FIVE: REVIEW

Control measures should be regularly reviewed to make sure they are effective. A review can be done by repeating the same process of identifying, assessing, controlling and reassessing.

Review your work regularly to identify any new risks that might need to be managed. Reviewing also means thinking about the way you identify, assess and control risks – do your processes work, or is there a better way?

When reviewing your controls, consider whether a higher-level control is now reasonably practicable. This is a good time to review job plans/Task Analysis/Safe Work Method Statements. If you find problems, go back through the risk management steps, review the information, and consider changing your controls.

Changes to your workplace can affect your controls and the level of risk.

This includes:

- Changes to the physical workplace or any part of the work environment.
- Changes to work systems, processes, procedures or the introduction of new staff.

USEFUL REVIEW METHODS:

Keeping a record of workplace observations for review

Health monitoring and pre-employment health checks

Audits or inspections

Formal or informal discussions with workers

Consultation with contractors

Testing and analysing records and data

HOW SITE SAFE CAN HELP

Site Safe offers a range of tools and services that can help you meet your responsibility to manage risk under the Act.

Check out our free electronic Site Specific Safety Plan (SSSP) online for these helpful forms:

- Hazard and Risk Register
- Task Analysis/Safe Work Method Statements
- Incident and Injury Register
- Hazardous Products and Substances Register
- Permit to Work
- Inspection Checklist
- Emergency Response Plan
- Toolbox Talk minutes

Need more help? Learn how to do a risk assessment, complete a Hazard and Risk Register and do a Task Analysis on our Advanced Passport course.

If you need a health and safety system, consider our Health and Safety Kit. It is an easy-to-use system, and includes a health and safety guide with information on risk management. Designed for small to medium-sized businesses, it has everything you need to know for a safer business, including a comprehensive health and safety policy.

The kit comes with a USB stick containing all the key forms, which can be edited to suit your business. If you would like some one-on-one help, you can also add a session with one of our expert health and safety consultants.

Our other services include:

- SiteWise – our prequalification database
- Training – from basic Passport courses through to Leadership in Safety
- Consultancy – with discounted rates available for members
- Auditing
- Hazard boards and posters

You can also show your commitment to safety by joining us as a Site Safe member. You'll gain access to a range of benefits, including discounts on training and consultancy, free Toolbox Talks and templates, and access to member branding.

Good health and safety = good for your business

- Protect your company image
- Improve employment and contractor relations
- Better planning and efficiency
- Safer sites
- Engaged staff
- Higher commitment
- Improve planning, productivity and profitability
- Better staff retention

For more information on our services, or to contact your local advisor, visit sitesafe.org.nz or call 0800 SITE SAFE (748 372).

NOTES

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