

March 2014

# ***Boral Logistics (NSW/ACT)***

***Risk management  
compliance:  
maximising safety,  
driving competitive  
advantage***

**No. of Drivers:**

320 (Company/Owner drivers)

**Kilometres Travelled:**

27 million (2012-13)

CASE STUDY

**NRSP**  
NATIONAL ROAD SAFETY

**PARTNERSHIP  
PROGRAM**

## PARTNERSHIP PROGRAM

**Organisation:** Boral Logistics (NSW/ACT)  
**No. of Drivers:** 320 (Company/Owner drivers)  
**Kilometres Travelled:** 27 million (2012-13)



### *Case Study:*

## *Compliance focus improves safety and business efficiency*

### **Key Outcomes:**

- Using technology as a risk management tool can help companies address the inherent risk in their operations
- Investment in training and robust induction processes for truck drivers can help prevent driver-related incidents and near misses
- Integrating compliance and risk management into an effective business management system improves efficiency and ease in 'complying with compliance' across the business
- Compliance translates into bottom line savings, such as reducing motor vehicle crash and lost time to injury costs, and increases productivity through qualifying for NHVAS and other accreditations
- Ensuring company-wide understanding of how a compliance system works, and its benefits to those affected, increases engagement and acceptance.

### **Synopsis:**

Effectively integrating an efficient Safety Management System, based on comprehensive training and induction, across company operations has driven major benefits for Boral Logistics. While reducing incidents and near misses, an increased focus on compliance has reduced the costs of doing business.

## PARTNERSHIP PROGRAM

### **Company Overview**

Boral Logistics NSW/ACT (BL) is part of Boral's Construction Materials & Cement division. It provides a range of services including: delivery of Boral's sand, aggregates and quarry materials; distribution and cartage of Boral's cement products; supplying bitumen and line haul transport for Boral's Building Products division.

The business provides a logistics service in a way that minimises risk associated with safety, compliance and security of supply. The equipment and technologies employed by BL represent good industry practice. At all times BL knows what its vehicles are doing and it has developed comprehensive systems to manage risk and compliance issues associated with its activities.

While its Safety Management Systems incorporate a range of inter-related safety features, such as considering safety in truck selection and trailer safety features, this case study will focus on the measures Boral Logistics in the NSW/ACT region has successfully implemented to manage risk and compliance.

This comprehensive approach has resulted in many safety benefits and cost savings to the business. These include a 30 per cent drop in motor vehicle incidents or collisions in recent years, continuing improvement in lost time to injury rates and ensuring investment in training is prioritised according to specific driver's needs.

Boral Logistics NSW/ACT employs 320 company and owner-driver contractors, and in 2012-13, those drivers carted 4.4 million tonnes of freight and travelled nearly 27 million kilometres.

### **Efficiency Dividend**

Boral Logistics considers compliance as a necessary cost of doing business. As with all costs, the goal is to perform the required operations as efficiently as possible while maintaining quality customer service.

The key to achieving that goal for BL is an integrated approach across the whole business, where safety and compliance is a central part of a comprehensive management system that guides operations, rather than a separate function. This management system approach works to improve skills, behaviours and processes to minimise risk and prevent incidents and near misses.

From a compliance perspective, BL treats its owner-driver subcontractors as company drivers, monitoring them through the same GPS tracking and fleet monitoring system. While BL is obliged to pay for installation for these smaller operators, it did lose some drivers when it introduced the system, due mainly to reluctance to change or to embrace technology. BL also goes above and beyond, including any time its owner-driver subcontractors spend driving their vehicles in its safety monitoring, whether they are working for Boral or a third party. The time spent operating their vehicle is monitored and the driver kept informed to help them manage their fatigue.

***Safety and compliance is a central part of a comprehensive management system that guides operations.***

Owner-driver subcontractors are complemented by a fleet of larger operators. While the monitoring system is not installed in these subcontractors' trucks, these larger operators are audited before joining Boral, and then annually, to ensure they meet company standards and legislative requirements.

Risk management across the scale of BL's fleet is built on a combination of strong compliance monitoring technology, skills development and assessment, and audits to ensure measures are working as expected. BL takes an end-to-end approach, firstly training drivers in how it expects them to operate and then monitoring non-compliance to identify where re-training may be needed.



## PARTNERSHIP PROGRAM

### **Smart Operator**

Most of the information BL requires for productivity, compliance and safety risk management is contained in its fleet monitoring system – meaning the required reporting and monitoring can be, and is regularly, generated from one system. Importantly, while this information is available to management, drivers have access to the same information to allow them to manage their behaviour and verify information in their work diaries.

From a risk and safety management perspective, the fleet monitoring tool allows BL to comply with legal requirements regarding mass, driving hours and speed as well as incident and collision investigation. For example, the tracking system alerts drivers if they are speeding or that a rest break is due, enables drivers to record vehicle faults, monitors total work hours (including non-driving work), allows weight data entry, records heavy braking and crashes or incidents, and records distance travelled to ensure routine maintenance is done on time.

The fleet monitoring system means the BL compliance team can perform its role as 'internal regulator' efficiently, making life as easy as possible for operations while still conforming to compliance requirements and developing a culture of safety in BL.

This monitoring system is also a key business tool across BL's operations, delivering day-to-day operating needs, such as assigning work to drivers, scheduling and rostering, and allowing communication with drivers.



### **Safety in Practice**

The fleet monitoring system plays a key role in driver and community safety, with the system driving BL's efforts to comply with speed, mass, maintenance and driving hour regulations.

Where a driver is not complying, the system will email the driver's Field Supervisor, who is responsible for taking action to address the non-compliance incident. Each day, the compliance team sends a non-compliance report to each area of the business, including Field Supervisors and Operations Managers.

***This kind of analysis means BL can report on what is actually happening on the road and act accordingly to address specific behaviours.***

If an area of non-compliance is highlighted, the driver's supervisor has the opportunity to confirm that a breach has occurred or, if he believes the incident was not a compliance breach, he can challenge the data. Where there is a disagreement, the Compliance Manager adjudicates.

If the event is considered a compliance breach, it is recorded in the monitoring system and will only be 'closed' when the Compliance Manager is notified that action has been taken to address the issue. That documentation is kept in the driver's file for future reference.

As all data is recorded in the fleet monitoring system, the compliance team is able to track compliance and highlight, at regular management meetings, safety areas that may need addressing. This reflects BL's end-to-end approach to risk and compliance management, where its focus on training and induction to prevent incidents and near misses in the first place is supported by targeted re-training where it is required.

This kind of analysis means BL can report on what is actually happening on the road and act accordingly to address specific behaviours.

## PARTNERSHIP PROGRAM

### ***Professional Drivers, Few Incidents***

BL's commitment to Safety Management Systems and compliance has resulted in highly trained, professional and competent drivers that BL's management – and the community – can have confidence in.

Preventing incidents and near misses has also translated into significant bottom line benefits for the business. For example, motor vehicle crash costs have dropped significantly, with the rate of incidents or collision reducing by around 30 per cent in each of the past two financial years. Lost time to injury frequency rates have also been significantly reduced. Speed, driving hours and fatigue management compliance sits almost at 100 per cent – 'one person every two years'.

Beyond prevention, compliance has driven productivity gains. For example, BL's excellent compliance performance has resulted in it maintaining National Heavy Vehicle Accreditation Scheme (NHVAS) Basic Fatigue Management (BFM) accreditation. BFM accreditation offers more flexible hours and retains the ability to work 14 hour shifts, giving drivers more say in when they can work and rest providing the risks of working long and night hours are properly managed.

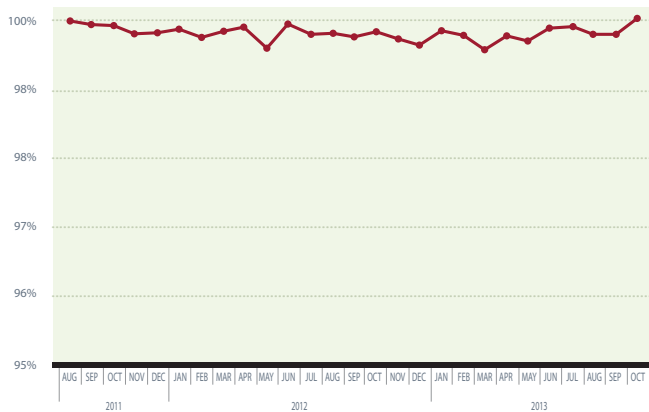
When, as a business, you move 4.4 million tonnes of freight over 27 million kilometres, the extra flexibility BFM allows is a great benefit to both the drivers and the business. An effective compliance system is also required for all of the NHVAS modules.

***Motor vehicle crash costs have dropped significantly, with the rate of incidents or collision reducing by around 30 per cent.***

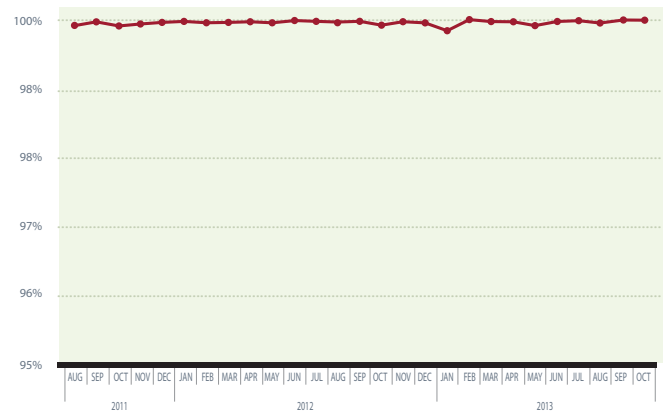


## PARTNERSHIP PROGRAM

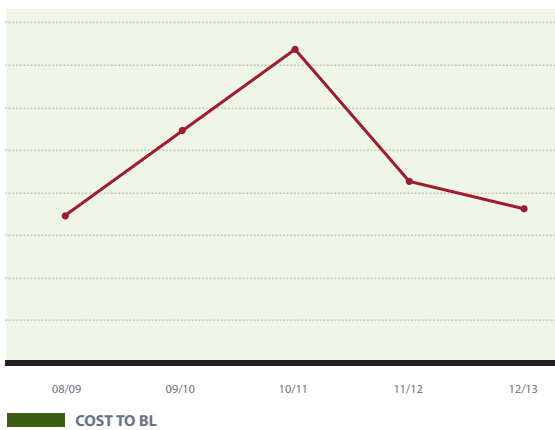
**Percent of Compliant Shifts -  
Driving Hours**



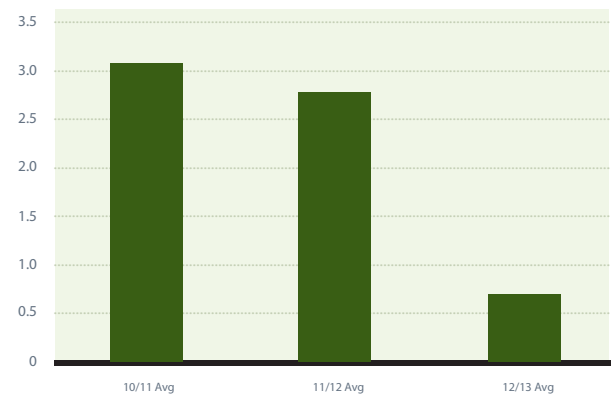
**Percent of Compliant Shifts -  
Speed**



**Motor Vehicle Crash  
Cost Trend Analysis**



**Lost Time to Injury Frequency Rates  
Rolling Average**



## PARTNERSHIP PROGRAM

### ***The Implementation Challenge***

The first crucial step in creating a strong compliance culture at BL was integrating compliance into the business, taking it from a reactive function that was external to the operations of the business to a proactive function that became central to business success.

Everybody, from management to the driver, needed to take responsibility for compliance activity. That meant the right tools and information had to be provided, and that 'complying with compliance' had to be as efficient as possible. With a workforce spread across multiple locations, it also meant there needed to be consistency in how different parts of the business interpreted data. They needed to 'speak the same language' so everybody understood what was expected, what constituted breaches, and what action needed to be taken in response to particular incidents.

The GPS tracking and fleet monitoring management system and a strong focus on training provided the tools and information. Consistency and creating a common language rested on making safety and compliance 'a daily conversation' between the compliance team and those responsible for compliance and safety on the ground.

That daily conversation took the form of non-compliance reports sent out each day to Operations Managers and Field Supervisors for discussion and action.

### ***Reaching a Consensus***

Engaging operations in the compliance process meant that when incidents were highlighted in monthly non-compliance reporting, and certain areas of the business performed better than others, the data could not be argued with. Operations had been given the opportunity when data was entered into the system to investigate and determine if an event constituted a breach, so the integrity of the data was absolute as it had been mutually agreed at the time of entry.

So by the time a consensus was achieved, compliance and operations were speaking the same language and aligned in their risk management approach.

The process demonstrated that not only could management have faith in the compliance team and in the process but, more importantly, so could the drivers. The daily process of highlighting and addressing non-compliance now only takes a few minutes. That daily reporting also represents an inherent motivation for Field Supervisors to minimise breaches and maximise compliance.

If drivers are doing the right thing and being well managed and trained, then managers will not need to complete investigations and take corrective actions – an incentive in itself.

