



Study Finds Workplace Safety Possibly Linked to a Company's Financial Situation

A new study suggests that the financial health of a company can impact the safety of its workplace — a better bottom line means safer conditions, while a downturn can mean increased risk to employees.

“When you’re having issues in cash flow, you often end up servicing the debt at the expense of softer claims that are more difficult to value or have values that are realized over the long term,” said Dr. Malcolm Wardlaw, assistant professor of finance and managerial economics in the Naveen Jindal School of Management at the University of Texas at Dallas. Wardlaw co-authored the paper with Dr. Jonathan B. Cohn, associate professor of finance at The University of Texas at Austin,

“There are costs associated with workplace injuries — it’s harder to find and retain employees, you’re more subject to lawsuits and injuries have a long-term effect on productivity — but on a quarter-to-quarter basis, those debts have to be paid,” said Wardlaw, who recently published his findings in the *Journal of Finance*, collected injury data from the U.S. Bureau of Labor Statistics’ annual Survey of Occupational Injuries and Illnesses for the study. His researchers then examined the workplace injury rates to firms’ available financial records.

Wardlaw’s study found that injury rates increase when a company’s debt increases, they decrease with positive cash flow influx and a company’s value substantially decreases when injury rates rise.

“When you’re having issues in cash flow, you often end up servicing the debt at the expense of softer claims that are more difficult to value or have values that are realized over the long term,” Wardlaw said. “There are costs associated with workplace injuries... but on a quarter-to-quarter basis, those debts have to be paid.”

“When you’re thinking about OSHA [Occupational Safety and Health Administration] inspections and thinking about issues you should keep your eye on, this is certainly one of the dimensions to consider: What is the financial condition of this firm?” Wardlaw said.

“It’s also worth thinking about how financing impacts these kinds of hidden investments. In recent years, there has been a broad recognition that investments in safety are important for the employees and the share-

holders. Finding the best way to finance that investment is not always easy.”

Source: Insurance Journal

FTA Issues Report Citing Washington DC’s Metro as Not Putting Safety as Top Priority

The Federal Transit Administration (FTA) issued a scathing report in early August 2016 criticizing the Washington DC Metro for putting service over safety. The report cited the July 29, 2016 derailment as an example of safety taking a back seat to scheduling.

No injuries were reported in the derailment, which was reportedly caused by a defect called “wide gauge,” where the tracks are too far apart, causing the train’s wheels to lose contact with the rails. The FTA’s report charges that Metro officials knew of the potential problem but did not shut it down because that section needed to be open to accommodate repairs on other parts of the line.

“I’m very, very disappointed in reading this report of Metro’s complete lack of response over the years to this type of deterioration,” said Jack Evans, chairman of Metro’s board. “What have people been doing?”

The Metro is currently undergoing what it calls its SafeTrack initiative, “an accelerated track work plan to address safety recommendations and rehabilitate the Metrorail system to improve safety and reliability.” The plan calls for 15 safety “surges” on sections of track where work is most needed. The report found that the section just outside the East Falls Church station, where the derailment occurred, was kept open because of surges involving two other lines.

“I’m worried that the end of SafeTrack is not going to get us a whole lot further along than we are,” Evans said. “We’ll fix the whole 15 worst parts of track, but the rest of the track’s a mess anyway.”

“It was a bad decision,” said board member Corbett A. Price of the decision to keep the line at the East Falls Church station open. “If we’re talking about safety first, we have to demonstrate that. I don’t care if it was used to support SafeTrack. We cannot do that.”

The FTA took on a federal oversight role regarding the Metro in late 2015, and at that time directed it to make 848 fixes to correct 1,233 defects in the system. The FTA has reported that, as of early September 2016,

there are still 275 “open remedial actions” that need to be addressed, but that number is down from 600 reported in July 2016.

Sources: WashintonPost.com, wtop.com and wmata.com

Indonesia’s Air-Safety Rating Upgraded by FAA

The U.S. Federal Aviation Administration (FAA) recently upgraded Indonesia’s air-safety rating to Category 1, allowing its local carrier to fly into the U.S. and enter code-share agreements with U.S. airlines.

Indonesia has had one of the world’s worst aviation safety records, and was cut in 2007 to Category 2 by the FAA after the organization cited serious concerns about the country’s civil-aviation safety oversight and operational control systems.

“This is an achievement we’ve been waiting for since 2007,” said Suprasetyo, director general for air transport at the ministry. “There are several airlines that are ready to fly to the U.S.” Suprasetyo was named to the post in early 2015 in a bid to improve the country’s air safety record.

A Category 1 rating means that Indonesia’s civil aviation authority complies with international standards. The country earned a Category 2 rating — meaning it lacked safety regulation or oversight to meet international standards — after several accidents left it with a fatal air-crash rate of more than three times the global average.

Reports found that a shortage of skilled pilots, ground crew and air-traffic controllers, along with outdated equipment and planes, led to increased passenger risk and fatal accidents, such as the AirAsia Bhd. Flight 8501 crash in December 2014 that killed all 162 people on board.

To improve conditions and get the better rating, Indonesia recently opened a new terminal at its main airport in Jakarta to improve flight conditions, as well as adding structures and equipment to boost safety.

“The efforts of the [Directorate General of Civil Aviation] over the past year have demonstrated the commitment of the DGCA, the Ministry of Transportation and the Government of Indonesia to establishing a system of effective aviation safety oversight,” the U.S. embassy said in its letter that restored the Category 1 rating.

The higher rating from the U.S. comes after the European Union scrapped a flight ban on PT Garuda, the nation’s flag carrier, in 2009 and in June 2016 lifted restrictions on three other Indonesian operators — PT Lion Mentari Airlines, Batik Air and Garuda’s low-cost unit, Citilink.

The Category 1 restoration comes at a time when Garuda is making expansion plans, and can now add routes to North America into its plans.

Source: Bloomberg.com and straitstimes.com

FAA Advises Passengers Not to Use Samsung Phone on Airplanes

The U.S. Federal Aviation Administration (FAA) recently singled out the Samsung Galaxy Note 7 smartphone as a potential hazard on airplanes. The statement, which is unusual in that it singles out a single product, urges passengers to avoid using the device onboard airplanes.

The statement comes after the company announced a global recall of the model because of reports of the device’s battery exploding or catching fire.

The FAA’s statement said that it “strongly advises passengers not to turn on or charge these devices” on planes and “not to stow them in any checked baggage.”

The FAA and other international air-safety regulators have started cracking down on passengers stowing battery-powered mobile devices or spare batteries in checked baggage. Regulators are also examining what are the safest, most efficient ways to fight cabin fires that might be caused by personal electronic devices.

Source: The Wall Street Journal

Government Agency Mandates Safety Programs for Local Passenger Railroads

In October 2016, the U.S. Federal Railroad Administration (FRA) will put into effect a rule that will require commuter and intercity passenger railroads to develop and implement system safety programs, or SSPs.

The ruling defines an SSP as “a structured program with proactive processes and procedures, developed and implemented by commuter and intercity passenger railroads to identify and mitigate or eliminate hazards and the resulting risks on each railroad’s system.”

While there is some latitude on how such SSPs can be customized to accommodate each railroad’s particular location and passengers, the railroads will be required by the FRA to submit their plans for review and approval prior to implementation.

The SSPs must include a maintenance, inspection and repair program; rules compliance and procedures review; employee and contractor training; and a public safety outreach program.

“The SSP rule is part of FRA’s efforts to continuously improve rail safety and to satisfy the statutory mandate in the Rail Safety Improvement Act of 2008,” the agency stated in the August 12, 2016 *Federal Register*.

Source: Safetyandhealthmagazine.com