



Australian Government

Department of Employment and Workplace Relations
Office of the Federal Safety Commissioner

Achieving World-class Safety
in the Australian Building and Construction Industry

05-06
Federal Safety Commissioner's 2005-2006

Progress Report

Senior Management Comm

Senior Management Commitment

Safe Design

Safe Design

nsultation & Communication

Consultation & Communication

Subcontractors

Performance Management

Subcontractors

Training

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1:

A Message

from the Federal Safety Commissioner



Australian Government
Department of Employment and Workplace Relations
Office of the Federal Safety Commissioner

Dear Minister,

My appointment as the inaugural Federal Safety Commissioner comes at a time when there is growing consensus within the building and construction industry that OHS must be improved.

Unfortunately, the industry has historically adopted an approach to OHS that has at times seen safety come third on the list of priorities, behind timeliness and cost. This mindset has contributed to an unacceptable level of death and serious injury in the Australian building and construction industry.

While my main objective is to promote and improve OHS in the building and construction industry, I do not see this purely as my goal—rather it needs to be the goal of all industry participants. Poor OHS ends up costing clients and contractors time and money and the lives of their workers and families.

My Office is committed to working with companies and individuals to bring about sustainable cultural and behavioural change in the building and construction industry. We will know that my Office and industry are making positive progress when ‘building and construction projects delivered safely, on time and on budget’ becomes the expectation of all industry participants and clients.

I am heartened by the amount of good work already being undertaken by industry to improve OHS performance. There is certainly a growing willingness to improve OHS and my Office will provide advice and tools to convert this willingness into positive actions and results. At the same time, we will showcase examples of industry participants making tangible improvements to OHS that can be replicated by others.

Through leveraging its considerable power as a major building and construction industry client, the Australian Government is setting a standard for all industry clients to follow. Indeed, the Australian Government Building and Construction Occupational Health and Safety (OHS) Accreditation Scheme (the Scheme) represents a significant contribution to meeting the National OHS Strategy (2002–2012) priority of ‘strengthening the capacity of government to influence OHS outcomes’.

As consultation, collaboration and communication are the hallmarks of my Office, I will produce an annual Progress Report outlining how my Office is working with industry to improve safety culture.

This inaugural Progress Report provides an insight into the industry’s structure, OHS performance and an overview of current and future initiatives to facilitate world-class safety in the Australian building and construction industry.

I look forward to working further with the Australian Government agencies and industry as we foster improvement in the industry’s OHS performance.

Tom Fisher
Federal Safety Commissioner
31 July 2006

2:

Understanding the Challenge

The Australian building and construction industry is extremely diverse in terms of geographical location, participants, skills and projects. The industry is characterised by a lack of comprehensive and current OHS performance evaluation.

The ABS March Quarter 2006 Construction Work Done publication estimated the total value of building and construction industry work throughout the quarter to be approximately \$23 billion.

The Australian Bureau of Statistics (ABS) estimated in May 2005 that 857,000 people were employed in the construction sector. Age cohort analysis of the construction industry suggests that 80,000 workers will exit the industry over the next five years.¹ Clearly the potential for cultural change is enormous as a significant percentage of the current workforce turns over.

A 2002–03 ABS report found that:

- At the end of June 2003, there were 339,982 construction businesses operating in Australia with employment of 716,200 persons.²
- During 2002–03 these businesses generated \$140.9b in income. Construction businesses were predominantly small businesses with most (64.7%) earning less than \$100,000 in income.³
- A total operating profit before tax of \$13.8b was recorded by construction businesses in 2002–03, resulting in an overall operating profit margin of 10.1%.⁴
- The total industry value-added of the construction industry was \$38.8b, contributing the equivalent of 5.1% of Australian Gross Domestic Product (GDP) for 2002–03.⁵

The Federal Safety Commissioner (FSC) was established in 2005 by the *Building and Construction Industry Improvement Act 2005* (BCIIA). The definition of building work under the BCIIA is broad. It covers construction, alteration, extension, restoration, repair, demolition, dismantling of buildings, structures or works, whether permanent or temporary. It includes activities in relation to railways and docks.

It covers building activities that relate to the fit-out of buildings and structures including: heating; lighting; air-conditioning; ventilation; power supply; drainage; sanitation; water supply; fire protection; security; and communication systems.

Multi-dwelling developments of at least five single-dwelling houses are also included, but other domestic work is not.

Other exemptions include extraction and mining activities.

The FSC is committed to working with all industry participants covered under the BCIIA to improve safety performance.

1. Building a Safer Future, Master Builders Occupational Health and Safety Policy Blueprint 2005–2015, page 3
 2. <http://www.abs.gov.au/Ausstats>
 3. <http://www.abs.gov.au/Ausstats>
 4. <http://www.abs.gov.au/Ausstats>
 5. <http://www.abs.gov.au/Ausstats>

OHS Performance

Traditionally this industry has been poor at measuring and evaluating its OHS performance. In the absence of a truly holistic approach to measuring OHS performance, there has been a reliance on lag indicators, such as workers' compensation data, as the predominant indicator of OHS. Unfortunately, lag indicators are only collated after incidents, thereby providing little direction for industry in terms of identifying preventative OHS measures.

Workers' compensation data remains the only industry-wide OHS measurement. In addition to limitations regarding timeliness and prevention, workers' compensation data is becoming increasingly unreliable due to the growing number of subcontractors working within the industry (who are not included in workers' compensation data figures). As a preliminary step, the collation and reporting of industry-wide Lost Time Indicators (LTIs) would be an improvement on the current reliance on workers' compensation data.

Moving forward, a key FSC initiative is to work with industry participants towards establishing a credible, accurate and timely standard for measuring industry-wide OHS performance. This will not be an easy or quick task but one that is absolutely essential to helping the industry address barriers to OHS improvement.

The limited existing analysis of the industry's safety performance reveals the extent of the challenge facing the FSC and all industry participants:

- Fatality rates within the building and construction industry are three times higher than the national average across all industries.
- Since 2000, the building and construction industry has accounted for 15 percent of fatalities amongst all industries.
- 20–24 year olds in the building and construction industry are four times more likely to have a fatal accident than their counterparts in other industries.
- A 2004 analysis of performance outcomes in the building and construction industry found that, at the end of 2001, the direct cost of 1998/99 compensation claims was \$267 million. With national building and construction activity levels of 2001 at around \$50–60b this represented approximately 0.5 percent of total industry revenue.⁶

Various organisations and individuals have provided insights into the industry's OHS performance. Perhaps the most recent and comprehensive assessment in this regard was delivered in the Final Report of the Royal Commission into the building and construction industry, in which Commissioner Cole said:

“The OHS performance of the building and construction industry is unacceptable. The powerful competitive forces in the industry too often work against OHS. The industry strives to complete projects on budget and on time. Too often safety is neglected. There must be cultural and behavioural change. That can come about by harnessing the competitive forces in the industry to work for OHS.”⁷

The identification of ‘cultural change’ as a key driver of improved OHS performance is apt and reflects the FSC's experience. But cultural change isn't something that happens *to* an industry, it must be led and enacted *by* the industry—from the top down and vice versa.

6. Workplace Relations Minister's Council, 'Comparative Performance Monitoring – Case Study on Performance Outcomes in the Building and Construction Industry', February 2004, p3

7. Royal Commission into the Building and Construction Industry, Final Report, Reform-Occupational Health and Safety, Volume 6, 2003

All cultural change brings with it an element of complexity but this is particularly true for the building and construction industry, which is ‘characterised by complex horizontal and vertical relationships that create ambiguity and undermine OHS management systems or the ability to properly implement such systems’.⁸

Historically, some building and construction industry clients have only evaluated OHS once a successful tenderer has been chosen and a contract awarded.⁹ The Australian Government Building and Construction Occupational Health and Safety (OHS) Accreditation Scheme (the Scheme) will see the Government use its influence, as a major client, to set model behaviour whereby OHS performance becomes a key determinant of selecting successful tenderers. Given the Australian Government spends an estimated annual average of \$5 billion on building and construction projects, it has enormous capacity to influence the industry’s OHS practices.

“Too often safety is neglected. There must be cultural and behavioural change.”

Creating a sense of responsibility for improved safety at all levels of the industry is a key FSC objective. Everybody has a role to play—governments, clients, contractors, subcontractors, employees, industry associations, unions, etc. The following pages demonstrate how the FSC is working with industry participants to help them meet and exceed their OHS responsibilities and thereby take long-term steps towards saving time, cost and heartache.

In addition to preventing deaths and injuries, improved OHS performance will assist the building and construction industry in attracting new workers. A May 2006 report indicated that 80 percent of companies in the construction sector were experiencing major or moderate difficulty in finding qualified labour.¹⁰ By improving OHS, and thereby countering perceptions that building and construction is an unacceptably risky business, the industry can increase its appeal as a career path.

8. WorkCover NSW, Safely Building NSW: Priority Issues for Construction Reform, WorkCover NSW, 2001

9. WorkCover NSW, Safely Building NSW: Priority Issues for Construction Reform, WorkCover NSW, 2001

10. “Value of construction work predicted to reach record high”, Australian Industry Group Media Release, Monday 22 May 2006

3:

Functions & Priorities

The role of the Federal Safety Commissioner is to foster improved OHS performance in the building and construction industry. In particular, the FSC can use the leverage of the Australian Government as a major construction client to bring about cultural and behavioural change.

The functions of the FSC include:

- Promotion of best practise OHS on building and construction projects.
- Development and administration of the Australian Government Building and Construction OHS Accreditation Scheme for the building and construction industry.
- Working with industry stakeholders to identify initiatives that will lead to improved OHS performance in the industry.

The Office of the Federal Safety Commissioner (OFSC) supports the FSC in improving OHS by identifying and sharing best practice and facilitating shared responsibility for improvement through consultation, collaboration and communication. The FSC and his Office will work with any industry participant who is genuinely committed to improving their OHS performance.

In particular, the FSC is focusing his efforts on helping industry improve:

- Senior management commitment – the degree to which senior management commitment is visible to clients, contractors, subcontractors and workers.
- Safe design – integration of design issues in the risk management process.
- Consultation and communication – the effectiveness of whole-of-project consultation and communication arrangements.
- Subcontractors – the effectiveness of subcontractor OHS management arrangements.
- Performance management – the capability to collect and analyse data that will allow whole-of-project reporting on OHS performance.
- Training – ensuring that workers at all levels on the project are suitably trained and competent to deal with the risks of the project and the changing requirements of the project in the construction cycle.

The past 12 months has seen the FSC consult widely with industry, OHS authorities and other relevant agencies while championing a cooperative approach to improving OHS performance across the building and construction industry. This cooperative approach has raised OHS awareness and resulted in considerable industry and Australian Government agency demand for advice, expertise and information.

The information, insights and relevant action points arising from this consultation are detailed on the following pages.

4:

Making a Difference

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During the past 12 months, the FSC has met with many industry participants—be they contractors, subcontractors, employees, unions, industry organisations or Government agencies—to understand the OHS challenges and opportunities that confront the industry. These discussions have confirmed that, while the task confronting the industry is significant, a great deal of work is already happening to improve OHS performance.

There has been general support for the role of the FSC in improving OHS in the building and construction industry. An example of this support is the number of requests received by the FSC to attend industry conferences and explain the work of the Office. These requests have come from industry associations, large construction companies and Government agencies.

This ongoing dialogue has contributed to planning initiatives to help achieve world-class safety throughout the Australian building and construction industry. Thanks to significant industry input, the FSC's initiatives are grounded in a deep understanding of current OHS attitudes and behaviours.

FSC Initiatives

Specific initiatives include:

■ Developing and implementing the Accreditation Scheme

- The FSC has worked to ensure industry partners contracting for Australian Government building and construction projects are aware of the need to be accredited under the Scheme. The success of this awareness campaign is reflected in the overwhelming number of applications received for provisional accreditation (see page 21). Likewise, significant resources have been committed to working with Government agencies to ensure only construction companies accredited by the FSC are awarded building and construction contracts worth \$6 million or more.
- The FSC will continue awareness activities during the transition from provisional to full accreditation (see page 19 for more details).

■ Investigating how best to assist subcontractors with a systematic approach to OHS

- The FSC is investigating ways to assist small businesses and subcontractors in meeting their OHS obligations. As a result, it has been determined that the last thing small businesses and subcontractors need is a single, formal OHS management system that creates additional paperwork/administrative burden.
- Instead, the FSC will work with other interested organisations to develop user-friendly guidance measures that help small businesses and subcontractors meet their existing OHS obligations.

■ Establishing working relationships with State and Territory OHS agencies

- The FSC recognises the complexity of the current OHS regulatory framework and is not seeking to unduly add to that framework through the Accreditation Scheme. Rather, the FSC is promoting best practice OHS within a framework that complements existing regulatory regimes.
- The FSC has consulted with State and Territory authorities involved in regulating OHS and in administering prequalification schemes. The FSC has made presentations to, and consulted with, the Heads of Workplace Safety Authorities (HWSA). One of the initiatives currently being pursued by HWSA is achieving national consistency in the area of induction to undertake work on construction sites. The FSC will assist HWSA with its efforts in striving for national consistency.

■ Producing and disseminating case studies promoting innovative OHS responses to challenging building and construction projects

- There are many companies, organisations, unions and individuals who are already leading the way in using senior management commitment, safe design, consultation and communication, subcontractors, performance management and training to bring about improved OHS outcomes on building and construction sites. The FSC is working to identify these leaders and share their insights, innovations and experiences with the wider industry.

- **Developing Safety Principles and Guidance**

- The soon-to-be-released Federal Safety Commissioner's Safety Principles and Guidance will provide all industry participants with a practical roadmap of how they can comply with, and surpass, legislative requirements while demonstrating a real commitment to sustained improvement in their OHS outcomes.

- **Forming industry and Government reference groups to advise the FSC on matters impacting on the building and construction industry's OHS performance**

- The FSC chairs regular meetings with two separate industry and Government reference groups. Established as a mechanism to share information and discuss issues, these reference groups ensure the FSC's actions correlate with improved OHS performance while meeting the administrative and informational needs of industry partners and their Government clients.

- **Commencing the development of a standardised and comprehensive system for measuring the Australian building and construction industry's OHS performance**

- Integral to the FSC's role in improving OHS in the building and construction industry is the measurement of OHS improvements at the national, scheme and individual project level. The FSC, in consultation with key stakeholders, is exploring measures and indicators beyond those traditionally provided through workers' compensation data.

Industry Reaction to Initiatives

Formal and anecdotal feedback received as at May 2006 indicates a high degree of industry enthusiasm regarding the FSC's approach to working with industry. Examples of positive industry engagement and reaction include:

- 15 construction companies provided survey feedback indicating a high degree of enthusiasm and preparedness for the Accreditation Scheme—each indicating their company should achieve accreditation standards with minimal additional administrative burden when compared to the potential benefits of reduced fatality and injury rates.
- "... I congratulate the Office of the Federal Safety Commissioner on the professionalism and rigour of its audit process" (speech delivered by Ms Janet Holmes à Court AO, Chairman of John Holland Group Pty Ltd at the announcement of the first group of accredited companies, 14 March 2006).
- Numerous speaking invitations extended to the FSC.
- Numerous requests for FSC sponsorship of conferences/seminars, etc.

Moving forward, the FSC will maintain a highly visible presence within the industry, in terms of providing information, insights and recommendations through attendance at conferences, publications, www.fsc.gov.au and media coverage.

The FSC is serious about working with all industry participants to improve OHS performance and extends an open invitation to all interested companies, organisations and individuals to make contact with his Office to discuss OHS issues and solutions.

“There are many companies, organisations, unions and individuals who are already leading the way in using senior management commitment, safe design, consultation and communication, subcontractors, performance management and training to bring about improved OHS outcomes on building and construction sites. The FSC is working to identify these leaders and share their insights, innovations and experiences with the wider industry.”

5:

FSC in Partnership

with Government Agencies

While working closely with industry, the FSC also recognises the importance of working with the building and construction industry's largest client, Australian Government agencies, to set an expectation whereby work must be performed safely, on time and on budget.

The Australian Government spends an estimated annual average of \$5 billion on building and construction projects, giving it enormous power to demonstrate model behaviour whereby safety is taken seriously at every stage of the procurement process. Such model behaviour will act as a catalyst for other industry participants to increase the importance they place on safety.

In practical terms, the FSC is working with Australian Government agencies to ensure they demonstrate model behaviour by:

- Ensuring that tender documentation includes the OHS accreditation condition and seeks information about the OHS performance of tenderers from the OFSC.
- Confirming, at the tender evaluation stage, that contractors are accredited at a suitable level for the proposed works and that contractors have a specific OHS management plan for the project.
- Informing the OFSC, at the contract award stage, of the successful contractor's details.
- Monitoring the OHS performance of the contractor, as part of ongoing contract management, and providing performance reports to the OFSC.
- Providing a final OHS report, at the end of the project, summarising the contractor's performance.

Over the past 12 months, the FSC has consulted with a variety of Australian Government departments and agencies either currently engaged, or likely to be engaged, in building and construction contracts worth \$6 million or more. In addition, the FSC has also consulted with a sample of head contractors undertaking Australian Government projects. This dual consultation, from both the client and contractor perspective, has enabled the FSC to identify those areas where Australian Government agencies can improve their demonstration of model behaviour.

The FSC will work with Australian Government agencies to improve their approach to, and skills for, OHS management of building and construction projects, particularly in relation to:

- Providing specific and focused attention to OHS in the awarding and management of contracts.
- Identifying specific OHS issues for inclusion in the tender documentation (currently standard clauses are used).
- Verifying OHS claims made in tender applications.
- Utilising OHS expertise during the tender evaluation process.
- Taking overall responsibility for OHS during the life of the project.
- Realising the importance of monitoring contractor OHS performance reporting during the course of the project.
- Having a systematic approach to dealing with OHS non-compliance during the project.
- Having a process in place to ensure that identified OHS corrective actions and/or non-conformances have been corrected.
- Having a process for the formal evaluation of the OHS aspects of the contract at the end of the project.

In order to highlight how Australian Government agencies can best demonstrate model behaviour, the Office of the Federal Safety Commissioner is commencing a Model Client Initiative. The primary objective of the Model Client Initiative is to raise awareness of OHS and champion best practices and innovative solutions.

The Office is consulting with several departments about participating in the Model Client Initiative and has subsequently nominated suitable projects. A number of meetings with project stakeholders, and a site visit, have been conducted. The Office has drafted a Guide for participating agencies in relation to the Model Client Initiative. The Guide will be a 'working' document that will be edited and adjusted to incorporate feedback and lessons learnt as the initiative progresses. Eventually, the Guide will be available to all Australian Government agencies.

The Office is also in the process of confirming arrangements for a consultancy to provide expert OHS advice for the projects associated with this initiative.

6:

Implementing the

Australian Government

Building & Construction OHS Accreditation Scheme



The *Building and Construction Industry Improvement Act 2005* (BCIIA) provides for the establishment of an OHS Accreditation Scheme to apply to building and construction projects funded by the Australian Government.

The Australian Government Building and Construction OHS Accreditation Scheme (the Scheme) commenced on 1 March 2006, and enables the Australian Government to use its influence as a client and provider of capital to improve the industry's OHS performance. In this way, the Australian Government aims to see building and construction work performed safely, as well as on time and on budget. The Scheme ensures that the benefits of investment in high quality OHS practices are recognised, and that the costs of poor OHS are properly taken into account.

The Scheme places the onus on Australian Government agencies to only contract with accredited contractors for building and construction projects with a value of \$6 million or more. The assessment process for accreditation involves a two-stage approach in which an applicant's submission undergoes a desktop assessment and, subject to meeting the minimum requirements, proceeds to an onsite audit. It is only after the contractor has satisfied the FSC in both areas that they are then considered for accreditation under the Scheme.

Implementing the Scheme

The Scheme is being implemented in two stages.

Stage 1

Stage 1 requires head contractors wishing to contract with the Australian Government for directly funded building and construction contracts, worth \$6 million or more, to hold accreditation. Stage 1 has been divided into two phases to facilitate smooth implementation: provisional accreditation and full accreditation.

Provisional accreditation commenced on 1 March 2006 and requires head contractors to meet criteria drawn from two of the identified six focus points (see page 20) and possess an OHS Management System that is certified or equivalent to AS 4801:2001.

Provisional accreditation is valid for a period of 12 months after the date of accreditation or until 31 July 2007.

Full accreditation will commence on 1 October 2006 and require head contractors to meet criteria drawn from all six FSC focus points (see page 20) and possess an OHS Management System that is certified (not just equivalent) to AS 4801:2001 or OHSAS 18001.

Full accreditation is valid for a period of up to three years from the date of accreditation.

Transition from Provisional to Full Accreditation

From July 2006, the OFSC will start accepting applications for full accreditation. Australian Government agencies may contract with either provisionally or fully accredited contractors for building and construction projects worth \$6 million or more.

Provisionally Accredited Head Contractors

Provisionally accredited head contractors may apply for full accreditation before their provisional accreditation expires. Provisionally accredited head contractors that apply for full accreditation prior to the expiry of their provisional accreditation will have the benefit of only being required to address those focus points not covered in provisional accreditation. However, their OHS Management System must be certified (not just equivalent) to AS4801:2001 or OHSAS 18001.

However, if a provisionally accredited head contractor allows their provisional accreditation to expire before applying for full accreditation, they must submit a new application that addresses all criteria.

New Applications

Head contractors may submit applications for full accreditation from July 2006. However, full accreditation cannot be granted until after 1 October 2006.

Before 1 October 2006, the FSC may still grant provisional accreditation to head contractors that will be contracting between 31 July and 30 September 2006 for Australian Government directly funded building and construction contracts valued at \$6 million or more.

Provisional accreditation that is granted between 31 July and 30 September 2006 will be valid only until 31 July 2007.

From 1 October 2006, the FSC can only grant full accreditation.

Stage 2

Stage 2 will extend to all contracts for building and construction projects funded directly or indirectly by the Australian Government, subject to financial thresholds which are yet to be announced. The requirements for Stage 2 accreditation will be announced in 2007. A Fact Sheet regarding full accreditation is provided on page 33.

The requirements of Stage 1 accreditation (both provisional and full) and Stage 2 are outlined in the table below.

	Stage 1 – head contractors wishing to contract with the Australian Government for directly funded building and construction contracts, worth \$6 million or more		Stage 2 – all contracts for building and construction projects funded directly or indirectly by the Australian Government	
	Provisional Accreditation	Full Accreditation	Provisional Accreditation	Full Accreditation
		If still provisionally accredited	If a new applicant or provisional accreditation has expired	
Applications Possible	1 March 2006 – 30 September 2006	From July 2006 and thereafter, before expiry of provisional accreditation	From July 2006	To be announced
Duration of Accreditation	12 months after the date of accreditation or until 31 July 2007	Up to 3 years from the date of accreditation	Up to 3 years from the date of accreditation	To be announced
Focus Point 1 – demonstrated senior management commitment to OHS	✓ Required		✓ Required	To be announced
Focus Point 2 – Integration of safe design into the risk management process		✓ Required	✓ Required	To be announced
Focus Point 3 – Whole-of-project consultation and communication		✓ Required	✓ Required	To be announced
Focus Point 4 – Demonstrated effective subcontractor OHS management	✓ Required		✓ Required	To be announced
Focus Point 5 – Whole-of-project performance measurement		✓ Required	✓ Required	To be announced
Focus Point 6 – Training Requirements		✓ Required	✓ Required	To be announced
Possess an OHS Management System that is certified or equivalent to AS 4801:2001	✓ Required			To be announced
Possess an OHS Management System that is certified (not just equivalent) to AS4801:2001 or OHSAS 18001		✓ Required	✓ Required	To be announced

Scheme Adoption

The FSC has undertaken considerable activity to properly educate all industry participants about the introduction of the Scheme and their obligations to it. This activity has included:

- Industry and Client Agency Reference Groups.
- Consultations (unions, construction companies, State and Territory Governments).
- Industry and Employer Associations (conferences, seminars, briefings).
- Letters (to client agencies and building and construction companies).
- Advertising (in mainstream newspapers and industry publications).
- Media statements.
- FSC website.
- Conferences and sponsorships.

As a result of the FSC's commitment to consulting with all industry participants, the past 12 months has seen contractors embrace the Scheme, and exceed the Office's expectations, with 130 applications for Accreditation received as at 30 June 2006.

The status of these applications at 30 June 2006 is as follows:

- 82 audits undertaken.
- 33 contractors have been accredited out of a total of 130 who applied for provisional accreditation.

The FSC will be flexible to ensure that no contracts are delayed as a result of the accreditation process – subject to the contractor meeting the required criteria. Due to the high number of Accreditation Scheme applications received, and to prevent delays to contractors, the FSC is prioritising the order in which applications are assessed, using the following criteria:

- Priority 1 – applications from large contractors that are planning to tender for directly funded Australian Government contracts above the \$6m threshold.
 - i.e. the contractor definitely requires Accreditation for Stage 1.
- Priority 2 – medium sized contractors that are currently undertaking building and construction projects under \$6 million but may tender for contracts above the \$6m threshold.
 - i.e. the contractor will most likely require Accreditation for Stage 1.
- Priority 3 – smaller contractors and subcontractors that are currently undertaking projects under \$6m, including civil construction.
 - i.e. the contractor will most likely require Accreditation for Stage 2.

“...the Australian Government aims to see building and construction work performed safely, as well as on time and on budget.”

7:

Accreditation

Scheme Insights

When a head contractor applies for accreditation, they submit documented evidence of their OHS policies, systems and experiences. This documentation is reviewed by the FSC during a desk assessment phase, and then validated through an onsite audit. The desk assessment involves reviewing a number of key elements relating to the focus points.

Based on the first six months of the Accreditation Scheme's operation, the FSC observes that contractors have generally performed well at the desk assessment stage in terms of demonstrating objective evidence against the following key elements:

- There is a senior management or board position that is allocated overall OHS responsibility.
 - A high proportion of applicants were able to provide documentary evidence that they employed a senior OHS manager or similar position that had responsibility for OHS and that there were mechanisms in place to report directly to the Board/senior executives on OHS issues.
- There is an OHS policy that has been communicated to all parties (e.g. client agency, subcontractors) involved in a construction project.
 - Most companies were able to demonstrate that they had an OHS policy, but in a number of instances they could not demonstrate adequate communication of the policy.
- There is a common system of site induction for all subcontractors and workers.
 - A high proportion of applicants were able to effectively demonstrate that they had an induction process for all subcontractors. In some instances, the induction process was comprehensive, with several excellent examples of internal company induction booklets observed.

The key elements consistently identified as deficient across many applicants were:

- Issues identified through onsite audits that were not evident through the desktop assessment of documentation.
 - The two stage assessment process identified some key areas of disconnect between the documentary information provided in the application compared with onsite performance.
 - Many of the applicants were able to provide evidence that they had a certified OHS management system to AS4801, yet at the audit stage a significant number of the identified major non-conformances were in relation to elements of AS4801.
 - Other examples of the disconnect between the desk assessment stage and the onsite audit related to the focus points and the management of hazards. Whilst many of the applicants indicated that they had previous experience or demonstrated capacity to manage high risk construction hazards, at the site level a number of concerning deficiencies were found. In relation to the management of subcontractors, applicants were able to provide evidence demonstrating that they obtained safe work method statements (SWMS) and job safety analysis from subcontractors, who were subsequently involved in their review. However, at the site level the SWMS were very generic, not site specific and there was limited evidence that the SWMS had been reviewed.
- The allocated senior management executive or board member has signed-off the OHS project plan for a construction project.
 - Many submissions did not provide sufficient evidence of senior manager sign-off on OHS project plans.
- The responsible senior manager for OHS has visited projects and addressed the relevant consultative forum (e.g. OHS committee).
 - Many applicants were unable to provide documented evidence that senior management had visited project sites for OHS reasons and attended relevant OHS meetings.

-
- The principal contractor requires an appropriate OHS plan from any subcontractors engaged directly.
 - Many applicants were only able to provide information to suggest that they require SWMS from subcontractors and not OHS plans.
 - The principal contractor involves subcontractors in any inspections and audits of OHS on the site.
 - Information provided by applicants suggested that site audits had been undertaken, but these weren't inclusive processes as subcontractors were not actively involved.
 - Applicants were unable to provide sufficient evidence of a current OHS project plan.
 - Many applicants could not provide a plan, or produced a generic plan which was insufficient for the accreditation process.

Federal Safety Officers

The BCIA allows for the appointment of Federal Safety Officers to audit against the requirements of the Scheme. As a result of a competitive Request for Tender process, a panel of FSOs was established, with representation on the panel from each state and territory. The FSOs conduct site audits to evaluate how successful contractors are in making their documented OHS policies and systems work onsite. Nineteen external FSOs were appointed, with an additional two appointed from within the OFSC.

The FSC instituted an observer program whereby FSOs were accompanied by either an officer from the OFSC or a consultant with construction expertise to monitor the performance of the FSOs onsite and to ensure consistency. FSOs were provided feedback from the observation to ensure that FSC standards were maintained. In some cases, the FSC has taken the decision to not allocate further work. Two FSOs have been removed from the panel.

FSOs are auditing to improve, not inspecting to enforce. As such, FSOs can work with contractors to help them meet and maintain accreditation standards. It is important to note that FSOs are not inspecting against State and Territory OHS legislation, rather they are evaluating systematic approaches to OHS.

Throughout the past 12 months OFSC staff have accompanied FSOs on audits to ensure national consistency in their approaches and evaluations.

FSOs conduct audits against specific criteria determined by the FSC and the type of project being audited. Findings include:

- Major non-conformance.
 - Requirements of the audit criteria have not been met due to the absence of a system or the failure to implement and maintain the system.
- Minor non-conformance.
 - Aspects of the system indicate a weakness in the system, or the implementation of the system, that if not addressed would lead to a system failure.
- Opportunity for improvement.
 - May be allocated to an activity where the activity complies with the audit criteria but could be improved by making minor changes to procedures.

Positive Progress Observation

“The initial onsite audit of a company resulted in a total of five non-conformances (three majors and two minors). Subsequently, a re-audit was conducted.

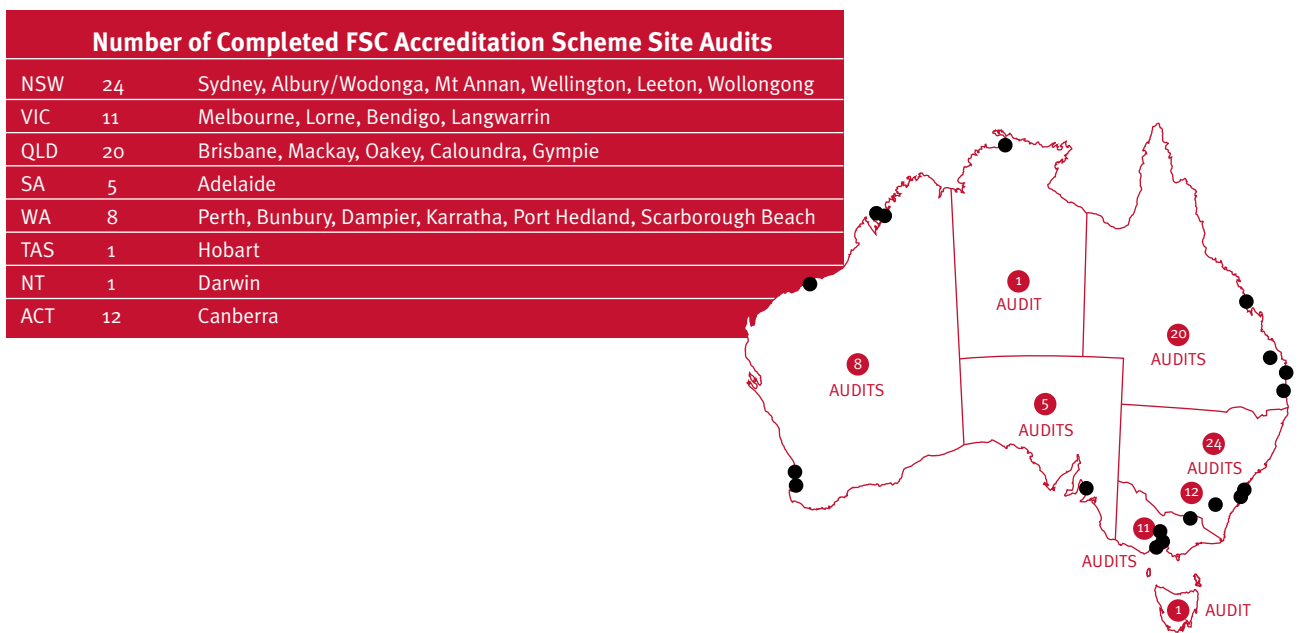
At the second audit (the re-audit), both the Federal Safety Officer (FSO) and the observer noticed that there had been a substantial improvement in the commitment of senior management towards safety. Both the Project Manager and the Construction Manager took a more proactive role at the audit, instead of leaving questions to the safety officers. Additionally, site conditions had improved significantly and it was witnessed that the contractor's systems had been changed at the organisational level. There had also been a national safety officers meeting and workshop, from which a set of recommendations were created and submitted to the company's board, who approved all recommended actions.”

Of the 82 audits performed by FSOs, approximately 75% were re-audits to address issues and non-conformances identified at previous audits. Where re-audits have occurred, only two contractors failed to address the issues to the satisfaction of the FSC. It is pleasing that in the majority of circumstances contractors have used the identification of non-conformances as an opportunity to implement workable solutions to improve their systematic management of OHS.

FSOs have noted that several follow-up audits have seen substantial improvement in the commitment of senior management towards safety, improved systems at an organisational level and evidence of increased OHS training. Such improvements can be attributed to contractors acting upon FSO recommendations as a result of the economic imperative to gain accreditation and thereby contract for Australian Government work worth \$6 million or more.

Onsite audits are a requirement of achieving and maintaining accreditation. Throughout the coming months, FSOs will commence ongoing audits of accredited companies.

The following map demonstrates the diversity of locations in which FSOs have conducted audits during the past 12 months.



Positive Progress Observation

“The initial audit found that the company’s project was governed by internal policies and procedures, which were generic and inadequate in meeting legislative requirements or OHS standards. The second audit recognised there had been considerable improvement towards meeting OHS obligations, ‘closing out’ five major non-conformances, and downgrading four to minor status. The third audit effectively ‘closed-out’ all four remaining minor non-conformances.”

8:

Leading the Way

Improving Performance Measurement

Integral to the FSC's role in improving OHS in the building and construction industry is the improved measurement of OHS performance at the national, scheme and individual project level. The FSC, in consultation with key stakeholders, is seeking to explore measures and indicators beyond those reported through State and Territory regulatory agencies.

Traditional performance measures used by OHS authorities and published in government publications such as the Workplace Relations Ministers' Council Comparative Performance Monitoring Report, include indicators based on workers' compensation data (e.g. the incidence and frequency rates of injury, diseases and fatalities). Similarly, the National OHS Strategy 2002–2012 refers to accepted workers' compensation claims, and the targets are related to fatalities and incidence of workplace injury.

The abovementioned approach to monitoring OHS performance focuses on measuring outcomes, using lag indicators. While lag indicators are relatively easy to collect and understand, they present some limitations including:

- Negative in nature (i.e. measure performance in managing OHS rather than identifying what needs to be managed).
- Measure actual injury severity, rather than the prevention of injury.
- Often involve under or over reporting of incidents.
- Long lead times in terms of analysis and publication.

The FSC's consultations with industry indicate there is a reliance on lag indicators to assess OHS performance, including:

- Medical Treatment Injury Frequency Rate.
- Lost Time Injury Frequency Rate.
- Average Lost Time.
- Fatalities.

More recently, Positive Performance Indicators (PPIs) are being used to measure the success of OHS initiatives and to supplement the use of lag indicators. Examples of PPIs include:

- Number of system audits completed.
- Number of project safety meetings held.
- Number of safety committee inspections.
- Number of employees attending hazard-specific and induction training.
- Hazards identified and the number rectified using an appropriate risk management approach.

Whilst there are advantages in using PPIs, they also have some limitations in that they:

- Can be difficult to compare for benchmarking or comparative purposes.
- Are not easily measured.
- Can be time-consuming to collect.

Based on 12 months of consultation, the FSC observes that the Australian building and construction industry uses PPIs to a greater extent than first thought. It appears that PPIs are being used to set lead targets within individual businesses. While the use of PPIs is useful for internal purposes, there is limited capacity to use these indicators for industry-wide comparative/benchmarking purposes.

International research shows that safety culture is strongly linked to a reporting and just culture, where open and transparent reporting of incidents and injuries is encouraged and organisations learn from their mistakes – individuals are not blamed for reporting incidents or injuries.

The industry, assisted by the FSC, must consider:

- What measures are needed to evaluate the extent to which the industry is delivering the cultural change needed for sustained improvements in OHS?
- What measures, both positive and negative, would provide a basis for assessing the OHS performance of individual projects, contractors and client agencies?

Establishing a credible method for assessing the OHS performance of individual projects, contractors and client agencies is particularly important as, under the Accreditation Scheme, contractors will need to:

- Ensure mechanisms are established to monitor the safety performance of direct employees.
- Ensure mechanisms are established to monitor the safety performance of subcontractors.
- Provide supporting OHS data during and at the end of the project.

Assisting Subcontractors

Subcontractors represent a critical section of the industry that can make a real difference to improving OHS on Australian building and construction sites. During the past 12 months the FSC has explored measures to assist subcontractors with understanding, meeting and exceeding their OHS responsibilities. In doing so, the FSC has liaised with, and sought the opinions of, the Australian Government's Office of Small Business.

It should be noted that subcontractors do not currently require accreditation under the Accreditation Scheme, nor are they likely to require accreditation under Stage 2 of the Scheme.

In exploring ways of providing subcontractors with meaningful assistance, the FSC consulted with industry associations representing subcontractors, unions and State Government agencies.

The key finding from this research and consultation is that there is little value in developing a single, formal OHS Management System which imposes a complex administrative burden on subcontractors. Instead, user-friendly guidance materials should be developed to assist subcontractors in meeting their existing legislative requirements. Such guidance materials must be practical, simple and quick to use.

The FSC is currently in the process of determining the precise information that will provide subcontractors with helpful guidance on meeting their OHS responsibilities – specifically those contained within the National Code for Construction Work. These efforts are complicated by the fact there is currently little consistency in State and Territory OHS legislation – therefore subcontractors' OHS responsibilities, as prescribed by law, vary across jurisdictions. To this end, the FSC is supportive of the Council of Australian Government's moves to give priority to developing a new national set of OHS standards. The FSC will contribute to this COAG initiative in a manner that is appropriate and delivers practical benefits to the building and construction industry.

International Research

The FSC has commissioned a report outlining international best-practice in terms of:

- The countries/governments with OHS accreditation/prequalification schemes and details about the mechanisms and functions of those schemes.
- OHS guidance material provided by clients.
- Innovative approaches to OHS training, particularly for small and medium-sized enterprises (SMEs) and subcontractors.
- Successful initiatives to improve the OHS outcomes of SMEs.

These learnings will enable the Office to replicate proven OHS initiatives within the Australian industry while also avoiding initiatives that have burdened other countries' building and construction industries for minimal safety advancement. The report will be discussed with the FSC's Industry Reference Group.

Positive Progress Observation

“Throughout the process of follow-up auditing and verifying steps taken to address non-conformances the documentary evidence provided—including revised systems, procedures, records of inspections and employee subcontractor briefings—clearly demonstrated that the corrective actions addressed the non-conformances at both the project and organisational levels.

It was evident at the second audit that management, employees and subcontractors viewed the process as an opportunity to further improve management of health and safety not only within the organisation but ultimately across the industry.”

9:

Moving Forward

The FSC will continue to consult, collaborate and communicate with industry to improve OHS performance throughout 2006/07. The momentum of current initiatives will be maintained as the Office undertakes new initiatives.

Specific priorities include developing and implementing Stage 2 of the Accreditation Scheme. Stage 2 will extend to all contracts for building and construction projects funded directly or indirectly by the Australian Government, subject to financial thresholds which are yet to be announced.

The FSC is committed to providing timely, accessible and accurate updates about planning for implementation of Stage 2. A commencement date for Stage 2 is yet to be determined.

The FSC will continue to work with industry in developing a standardised and comprehensive system for measuring OHS performance.

The FSC will release OHS Safety Principles and accompanying Guidance material to provide a level of commitment to safety that goes beyond complying with legislative requirements, and demonstrates a real commitment to sustained improvement in OHS outcomes.

The FSC will be undertaking a number of initiatives to promote safe design. The concept of using safe design to eliminate and/or minimise OHS risk during the construction phase is one that needs to be better utilised within the Australian industry. As such, the FSC's initiatives will raise awareness about, and explore practical applications of, safe design within an Australian context.

The FSC is planning a building and construction industry OHS conference in March/April 2007. This conference will feature representatives from both clients and industry discussing ongoing approaches to improving OHS. These discussions are likely to focus on the FSC's six identified focus points—senior management commitment, safe design, consultation and communication, effective subcontractor management, performance measurement and training. From the conference, the FSC will produce discussion papers to engage as many industry participants as possible in the latest thinking on making improved OHS a reality on all building and construction projects.

10:

Fact Sheet

Transition from Provisional Accreditation to Full Accreditation

Introduction

The Building and Construction Industry Improvement (Accreditation Scheme) Regulations 2005 established the Australian Government Building and Construction Occupational Health and Safety (OHS) Accreditation Scheme (the Scheme).

The Federal Safety Commissioner (FSC) has responsibility for promoting and implementing the Scheme.

Stage One of the Scheme requires Australian Government agencies to contract only with accredited head contractors for building and construction projects valued at \$6 million or more.

Stage One has been divided into two phases to facilitate a smooth implementation: provisional accreditation and full accreditation.

The FSC has identified six focus points that are considered to be essential to improving OHS performance in the building and construction industry:

- (1) Demonstrated senior management commitment to OHS
- (2) Integration of safe design principles into the risk management process
- (3) Whole-of-project consultation and communication
- (4) Demonstrated effective subcontractor OHS management
- (5) Whole-of-project performance measurement
- (6) Training requirements

Provisional Accreditation

Provisional accreditation commenced on 1 March 2006.

Provisional accreditation requires head contractors to meet focus points (1) and (4) and to have an OHS Management System that is certified or equivalent to AS 4801:2001.

Provisional accreditation is valid for a period of 12 months after the date of accreditation or until 31 July 2007.

Provisional accreditation will not be granted after 30 September 2006.

Full Accreditation

Full accreditation will commence on 1 October 2006. From this date, all head contractors must hold accreditation to enter into Australian Government directly funded building and construction contracts valued at \$6 million or more.

Full accreditation requires head contractors to meet all six focus points and to have an OHS Management System that is certified (not just equivalent) to AS 4801:2001 or OHSAS 18001.

Full accreditation is valid for a period of up to 3 years from the date of accreditation.

Transition from Provisional to Full Accreditation

From July 2006, the Office of the Federal Safety Commissioner (OFSC) will start accepting applications for full accreditation.

Australian Government agencies may contract with either provisionally or fully accredited contractors for building and construction projects valued at \$6 million or more.

Provisionally Accredited Head Contractors

Provisionally accredited head contractors may apply for full accreditation before their provisional accreditation expires.

Provisionally accredited head contractors that apply for full accreditation prior to the expiry date of their provisional accreditation will have the benefit of only being required to address those focus points not covered in provisional accreditation. However, their OHS Management System must be certified (not just equivalent) to AS4801:2001 or OHSAS 18001.

If a provisionally accredited head contractor allows their provisional accreditation to expire before applying for full accreditation, they must submit a new application that addresses all six focus points.

On or after 1 October 2006, provisionally accredited head contractors may still contract for Australian Government directly funded building and construction contracts valued at \$6 million or more, if their provisional accreditation is not yet expired or if they achieve full accreditation.

New Applications

Head contractors may submit applications for full accreditation from July 2006. However, full accreditation cannot be granted until after 1 October 2006.

Before 1 October 2006, the FSC may still grant provisional accreditation to head contractors that will be contracting between 31 July and 30 September 2006 for Australian Government directly funded building and construction contracts valued at \$6 million or more.

Provisional accreditation that is granted between 31 July and 30 September 2006 will be valid only until 31 July 2007.

From 1 October 2006, the FSC can only grant full accreditation.

For further information you can:

- Visit the Accreditation page of the FSC's website at www.fsc.gov.au
- Contact the OFSC Assist Line on 1800 652 500
- Contact the OFSC via email at ofsc@dewr.gov.au





Australian Government

Department of Employment and Workplace Relations
Office of the Federal Safety Commissioner

Further information

FSC Assist Line: 1800 652 500

Internet: fsc.gov.au

Email: ofsc@dewr.gov.au