

Speech for ‘Excellence in Worker Compensation and Safety’
by Mr Tom Fisher
Federal Safety Commissioner
Tuesday 31st July 2007 at the Menzies Hotel Sydney



Ladies and gentlemen,

I'm delighted to be able to speak to you this morning and thank the organisers of this conference for giving me the opportunity to do so.



I want to speak today about the urgent need for cultural change to reduce the grossly unacceptable statistics of death and injury in the building and construction industry, and the Federal Safety Commission's Accreditation Scheme which has been instituted, for the first time in our history, at the national level.

The construction industry currently comprises over 900 000 people and makes up nine per cent of the Australian work force.

Fatalities in the construction industry are still three times higher than the national average. There were four fatalities in the BCI during March 2007 and one during April 2007. There were 26 notified fatalities in the first 10 months of the 06/07 Financial Year, the same as the 05/6 data for the same FY period.

When we see or hear or read in the media about what are termed 'industrial accidents' we feel shocked or aggrieved that someone's life has been needlessly cut short, or a worker has been injured through a lack of safety precautions.

What we should also be feeling is growing conviction that such accidents *need* not, and *must not* happen, and, as Federal Safety Commissioner, I am committed to do all I can to ensure, through my Office, that fewer lives are lost on building sites, fewer accidents impact on workers and their families.

There is both challenge and opportunity to embed OHS into every project at the earliest design stage, and the development and implementation of the Australian Government's OHS Accreditation Scheme is one of the key tasks of my Office.

I want to speak more about the cultural changes which we hope to bring about through the OFSC Accreditation Scheme but first let's look at how they do safety on building sites in other parts of the world.

Safety goggles....



Safety helmets....



More safety goggles.....



Safety footwear....



Still overseas - very picturesque old Vietnamese villa – very unsafe roof site !



Dangerous worksite – this picture was taken in New York.



And bodgy scaffolding. – this is an Australian work site.



And this – also an Australian site.



And this is shocking – no electrical tagging, power cords everywhere.



The FSC's Safety Principles are a platform for change.

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OFSC's Safety Principles

- Tangible commitment to developing a safety culture
- Demonstrate OHS leadership at all stages of the construction process
- Cooperative business relationships to build commitment to OHS
- Effective communication and consultation
- Systematic approach to management of OHS risks and hazards
- Effective OHS measures across building cycle
- Responding to changes in the construction environment
- Monitoring, reporting, benchmarking OHS to improve performance



I believe that:

1. Industry participants should demonstrate a tangible commitment to developing a safety culture within their companies and across the building and construction industry.
2. Clients should demonstrate OHS leadership at all stages of the construction process by acting as exemplars in relationships with other industry participants.
3. Industry participants should strive to develop cooperative business relationships to ensure that time, cost and quality objectives do not compromise a commitment to OHS.
4. Industry participants should ensure that safe design and constructability is considered at the planning and procurement stages to reduce or eliminate hazards and control risks before construction commences.
5. All stakeholders should ensure that effective consultation and communication arrangements are in place, so that all parties are aware of OHS considerations and their responsibilities.
6. Contractors should ensure that a systematic approach is taken to the management of OHS risks and hazards.
7. Contractors should ensure they maintain effective OHS measures across the construction project life cycle and are able to respond to changes in the construction environment.
8. They should monitor, report and benchmark OHS at the site, project and company levels to improve and compare OHS performance.

My role as Federal Safety Commissioner is to promote best practice OHS on building and construction projects. All my efforts, including the Australian Government's building and construction Accreditation Scheme and promoting a strong safety culture through education, information sharing, safe design and best practice guidance are simply the means to an end.

The Accreditation Scheme.

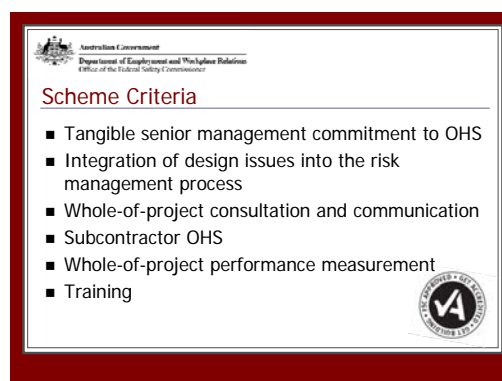


The Australian building and construction industry has traditionally had a culture of inattention to OHS, instead prioritising time and cost factors.

The Accreditation Scheme is the OFSC's main driver for cultural change in the building and construction industry. From now on, anyone who wants to contract for Australian Government building and construction work will have to be accredited.

The Government agency, or client, is no longer able to enter into a contract with a non-accredited contractor.

Through the Scheme the Government uses its purchasing dollars to drive change and improve the industry's OHS performance. The Government aims to promote the idea that work must be performed safely as well as on budget and on time. The first requirement in meeting the Accreditation Scheme is that a contractor has in place an OHS management system.



The Scheme's the main objective is to achieve long term cultural change in relation to OHS, so we have also included **six specific criteria**, which are:

- **tangible senior management commitment to OHS** – commitment that is clearly visible to clients, sub-contractors and workers on site;
- **integration of design issues into the risk management process** – the degree to which safe design is considered and incorporated in planning and construction phases;
- **'whole of project' consultation and communication** – effectiveness of consultation and communication arrangements;
- **subcontractor OHS** – effectiveness of management arrangements;
- **'whole of project' performance measurement** – capability to collect, analyse and report OHS performance data systematically embedded into company operations; and
- **Training** – ensuring all workers are suitably trained and competent in OHS.

The Accreditation Scheme was introduced in two stages:

Stage One covers head contractors for directly funded Australian Government building and construction contracts with an estimated cost of \$6 million or more.

Stage Two extends to all contracts funded directly or indirectly by the Government.

The \$6 Million threshold which currently applies to directly funded Australian Government building and construction projects will be lowered to \$3 Million.

The reduction in the threshold will capture more building and construction projects that were previously excluded.

- in particular, note that maintenance contracts are captured by the Scheme under the definition of building work, as per the Building and Construction Industry Improvement Act 2005;
- new or renegotiated maintenance contracts that meet the Scheme thresholds will be captured; and
- the Scheme will also cover pre-commitment leases.

For indirectly funded projects, the thresholds will be:

- where the value of an Australian Government contribution to a project is at least \$5 Million and represents at least 50 per cent of the total value of the project;
- the Australian Government contribution to a project is \$10 Million or more, irrespective of the proportion of Australian Government funding.

It is proposed that the indirectly funded threshold will come into effect from 1 October 2007. I want to stress that the Scheme applies to head contractors and this legislation will also clarify that it is the actual builder that has to be accredited.

The Scheme is underpinned by Federal Safety Officers (FSOs), who undertake both pre-accreditation and project surveillance audits on accredited contractors' sites to assess safety systems and *de facto* OHS practices. (I myself happen to be an FSO.)

On-site inspections by FSOs follow a desk audit.

Pass the desk audit and your company can go on to have an on-site audit.



On-site audits concentrate on the six OHS focus points already covered, and having passed the on-site inspection, full accreditation is awarded for up to three years, during which time your company is entitled to contract for any Australian Government projects. **Projects which add up to around \$6-7 Billion per annum.**

Post-surveillance audits are shorter but over the life of a project we will cover most aspects.

The Department of Defence, Department of Finance and Administration and CSIRO are among potential clients for head contractors holding full accreditation, while the Australian Tax Office and Centrelink currently have submissions being considered with the Public Works Committee.

Federal Safety Officers by law are allowed access to building sites, under entry provisions outlined in Section 63 of the *Building and Construction Industry Improvement ACT 2005* (BCIIA). Under Section 35 of the Act Australian Government agencies are forbidden to enter contracts with unaccredited contractors.

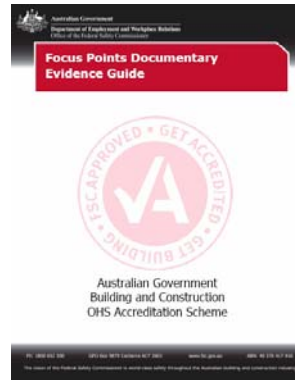
Think of Scheme Accreditation not so much in terms of a pass or fail, but as a way to improve your work culture and protect your workers.

Let me make a few things clear:

- this is not a ‘tick and flick’ exercise and we make no apologies for that;
- the Scheme demands a higher standard than mere legislative compliance and we do not apologise for that;
- some companies will not make it because they do not have sufficient commitment; again, we make no apology for that.
- At this stage we do not do surprise audits, because we don’t need to (as you saw in earlier photos.).

So how does the Accreditation Scheme work in practice ?

My office has compiled what we call an evidence guide to assist the contractor’s ability to meet the OHS requirements of the Scheme, whenever a project is being assessed for accreditation. The evidence guide, which lists systems or documentation that can be used as evidence to demonstrate your company’s safety credentials will be formally published in August but is now up on the FSC website.



I should stress, however, that the evidence guide is just that, a guide. Many contractors will have their own ways of providing evidence, and I encourage them to do this. The evidence guide, incidentally, was developed from the applications and audits process, so it is worth while having a look, at least, at a copy.

Safe Design

The opportunities to create safer workplaces are most cost-effective in the design phases of the construction cycle. It is much cheaper, easier and more effective to design safety into a project during the concept stages than half-way through construction. It can also be more difficult, expensive and time-consuming to retrofit safety measures that were not considered or were omitted, earlier.

Examples that can be used as evidence can be identified at both the design and construction stages.

At the design stage you may be able to conduct a risk assessment that identifies OHS issues that may arise in the construction stage.

To ensure that risks that are identified at the initial design stage (and are unable to be eliminated) are identified into safety plans, you should have a system to revise and re-issue safety plans – in other words, no set in stone design plans.

At the construction stage, you need to be able to assess and control design-related OHS risks that impact on safety during this stage.

The draft OFSC Health Work Plan 2007-2008

While most of our focus has been on the Accreditation Scheme, we are also working on strategies to raise awareness of health issues in the industry.

We are working on a Health Work Plan, currently in draft form, that identifies, through stakeholder feedback and other data, the most urgent BCI health issues.

From workers compensation data and stakeholder feedback we know that musculoskeletal disorders and noise induced deafness, complete or partial, are key work-related health problems. Hazardous substance exposure, fatigue management and mental health as well as back, neck and disc pain problems are also long term health problems suffered by significantly more BCI workers, compared to workers employed in any other industries.

Programs identified included hearing loss, the need for a national guide of drug and alcohol use and an awareness program to target mental illness and fatigue.

The ABS National Health Survey 2004-2005 data also showed that BCI workers had significantly greater levels of risky behaviour compared to workers in all other industries relating to alcohol and other drugs, smoking and obesity.

The OFSC aims to address these issues through the Health Work Plan 2007-2008.

As an industry, we also need to move beyond simply relying on worker's compensation data for accurate and timely snapshots of OHS performance.

Effective measurement and reporting should cover LTIs, incident rates, medical treatment injuries, alternate work injuries and notices issued by the appropriate regulatory body. Contractors should also include Positive Performance Indicators – PPIs - in reporting. Some things we see in Scheme applications so far include:

- line management involvement in OHS;
- safety inspections and audits
- safety breaches;
- project hazard assessment;
- number of safety committee meetings held;
- number of safety alerts issued;
- number of safety bulletins issues
- number of client inductions completed;
- number of competency assessments conducted.

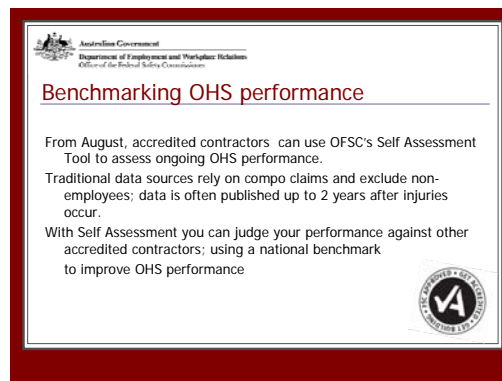
Accurate and transparent measurement and reporting provides opportunities to both improve performance and reward good performance.

Put simply – what we don't measure and report on will not be improved.

You cannot fix problems you don't know about.

The cultural change that we're trying to bring about will be defined by

- a reporting culture, one in which not only OHS systems are in place but where people seek to report unsafe conditions, near misses and safety concerns;
- a just culture, backing up a strong reporting culture, in which safety is promoted, rather than blame or punishment for reporting errors;
- a learning culture, in which the BCI adopts and adapts to learn, report effectively and make appropriate changes.



Benchmarking OHS performance.

From mid-August, next month, contractors accredited under the Scheme will have access to an OHS Self Assessment Tool, which allows them to assess their ongoing OHS performance.

As you know, there has always been the problem of getting a true picture of OHS data from traditional sources to monitor OHS performance. Traditional data sources rely on a workers' compensation claims submitted) and thus exclude non-employees (ie. self employed and employees of contractors), with data published up to two years after the injuries/fatalities occur.

Since the inception of the Scheme, construction companies and industry associations have approached my Office about developing a tool that allows contractors in the Scheme to assess their OHS performance against other accredited contractors.

The Review of the Operations of the Federal Safety Commissioner recommended the use of OHS performance data collected through the Scheme to inform and direct the focus of the industry's future initiatives. The Self-Assessment Tool provides opportunity to access accurate, industry specific OHS data collected through the Scheme on a national level to benchmark and improve OHS practices against two key OHS measures most commonly used in the industry, Lost Time Injury Frequency Rate and Medical Treatment Injury Frequency Rate.

Importantly, this injury data captures employees as well as subcontractors and their employees, not just workers' compensation claim data as in previously.

Contractors can compare their performance against that of all accredited contractors under the Scheme, and are provided with a ranking as well as a chart indicating their standing. Contractors can also compare their performance with companies of a similar size and download the record of their OHS performance.

The tool is not available to general website users. Contractor's rankings and charts generated will not be stored or recorded by the OFSC, giving security of information for contractors. The data will be updated on a six monthly basis using data collected under the Scheme, which will provide industry with the most current data available.

Although the data does not cover all industry participants, the significant number of accredited contractors will ensure that the data will provide accredited contractors with opportunities to benchmark and improve their OHS performance.

The cultural change we want will be driven by the industry. We can act as something of a catalyst, but of course the Australian Government has another tool – we are substantial clients (ie, procurers) within the industry.

Clients can and do play important roles, eg. the mining and off-shore industries.

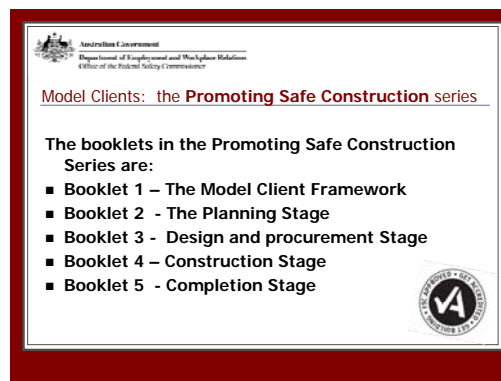
We are working with the major agencies to ensure that we, as clients, accept our responsibilities as clients.

For example, we have two model client projects; the Mint refurbishment project in Canberra and *HMAS Creswell* redevelopment Project at Jervis Bay. And we thank the Department of Finance and the Mint and the Department of Defence, also Hansen Yuncken and St Hilliers for their cooperation.

Incidentally, it is interesting that we're getting approaches from contractors wanting to get involved in this initiative.



Last year the OFSC engaged the Royal Melbourne Institute of Technology to develop resource materials to assist government agencies become model clients.



A series of booklets is being developed that uses a project life cycle approach, mapping client activities during the planning, design and procurement, construction and completion stages. It provides a systematic approach for Government clients to develop OHS processes by listing key OHS process elements including a process map and outline of 26 Key Management Actions (KMA). The first Booklet *The Model Client Framework*, is now at the printers.

We also have a brand new booklet aimed at senior managers called *Leaders in Safety* to be launched in the tea break and you're all welcome to pick up a copy. *Leaders in Safety* carries the message that senior managers –leaders- **can** change workplace culture by paying careful, systematic attention to workplace cultures. *Leaders in Safety* has some useful case studies from Australian companies, with 'key learning' data, as well as chapters on changing specific mind sets or behaviours, 'cultures' which inhibit or exclude safety behaviours.



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International research

- The FSC has commissioned a report on international best-practice based on scheme from countries with OHS accreditation/prequalification schemes.
- The report will assist in developing proven, already tested initiatives.

What does the future hold ?

International research

The FSC has commissioned a report outlining international best-practice from countries/ governments with OHS accreditation/prequalification scheme.

We looked at how those schemes operate, and some innovative approaches to OHS training and successful initiatives to assist small and medium sized enterprises.



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What's ahead for OFSC ?

OFSC future priorities include:

- Implement Scheme Two from 1 October;
- Assist the Government agencies to model client status;
- Focus on leadership, identify 'industry champions'
- Safety in design education programme:'
- Facilitate better mechanisms for OHS data collection
- Facilitate initiatives to address BCI health issues.

OFSC future priorities

Our priorities for 2007-2008 are to:

- implement Stage Two of the Scheme from 1 October 2007;
- assist Australian Government agencies to model client status;
- focus on leadership in OHS by identifying industry champions and best practice;(eg. this just published guide, *'Leaders in Safety'* – copies available)
- facilitate better mechanisms for data collection on OHS performance; and
- facilitate initiatives to address health issues in the industry.

We will continue to work with construction companies, government agencies and others in the industry until safety is seen as equally important as cost, time and quality, and the contribution to OHS of every person in the industry is valued.

We could have taken a tougher approach than we have but I believe that eventually cultural change will only be successful when the industry, not the FSC, is driving it.

Therefore, we will continue to consult, we will continue with our government and industry reference groups (although we are not required to).


We will continue to provide an annual Progress Report to the Minister and the industry, (though we are not required to do so) and we'll continue with the principles we started with, Transparency; Consistency; Professionalism; and Consultation.

I hope the day will come when every person in the industry commits to being a champion of improving OHS safety, when they are prepared to say to the person working alongside them, “that’s not safe practice” and when the safety leaders in the industry are indeed recognised as ‘champions’ . .



So now, can I say to you, ‘Be a champion for the sake of the people working for you, and the families that expect them home safe each night’.

Thank you all for listening, now I’ll be happy to take your questions or comments.


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Contact Details

Tom Fisher
Federal Safety Commissioner

E-mail: tom.fisher@dewr.gov.au
Website: www.fsc.gov.au

Mail: 64N21 GPO BOX 9879
CANBERRA CITY ACT 2601



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