

2006 AUSTRALIAN INSTITUTE OF BUILDING

Construct Conference

“New Directions in Building Industry Safety Policy”

Friday 29 September 2006

Speaking Time: 1.45 – 2.15pm

1. Introduction

Good afternoon and thank you for the introduction and thanks to the **Australian Institute of Building** for inviting me to speak here today.

Today I want to give you an overview of how the Office of the Federal Safety Commissioner was set up and the associated Australian Government Building and Construction OHS Accreditation Scheme and their importance to improving OHS in the building and construction industry. I want to discuss how these relate to public sector project tendering and management.

2. The Office

The idea for a Federal Safety Commissioner came out of the recommendations of the Royal Commission into the Building and Construction Industry.

The Royal Commission found the occupational health and safety performance of the building and construction industry was unacceptable. Based on the commissioner's recommendations, the Australian Government decided to use its influence as a major procurer of services in the industry, to promote and enhance Occupational Health and Safety performance. I was appointed in June 2005.

The Australian Government's decision to establish a Federal Safety Commissioner is a practical example of a government seeking to strengthen its capacity to influence OHS outcomes, in line with the National OHS Strategy.

Within the industry much of the unacceptable OHS performance is due to a lack of a safety culture.

The challenge to change the industry safety culture has taken the government on a new direction in building industry safety policy.

3. Vision Statement

The Construction industry is currently comprised of over 800 000 employees and makes up 8% of the Australian Workforce.

Fatalities in the construction industry are still 3 times higher than the national average. Since 1999/2000 the construction industry has accounted for 15% of fatalities in the Australian Workforce. This is unacceptable.

My vision for the future is to have a world class safety standard in the building industry.

4. FSC's Role

My role as Federal Safety Commissioner is to promote and improve occupational health and safety in the building and construction industry.

To achieve this I have developed and implemented the Australian Government OHS Accreditation Scheme for the building and construction industry; and I am consulting with industry, OHS authorities and other relevant agencies to champion a cooperative approach to improving OHS performance across the building and construction industry.

Our Goals are to:

- Improve safety on building and construction sites;
- Foster a new approach where work must be performed safely;
- Have a positive impact on the industry's culture; and
- Promote a high level of OHS management in building and construction – not only on Australian Government projects but across all projects.

5. Progress Report

My office and I are working closely with other Commonwealth agencies and industry to ensure that projects are delivered not only on time and on budget, but safely.

The Minister has just released my first Progress Report. It provides an insight into industry structure and its OHS performance as well as overviewing the Office's current and future initiatives for safety in the construction industry.

Copies are available on our website (and at our booth)

6. The Accreditation Scheme

The biggest and most important project for us has been the establishment of the Australian Government OHS Accreditation Scheme, which was established by the *Building and Construction Industry Improvement Act 2005*. The legislation makes it clear that anyone who wants to contract for building and construction work with an Australian Government agency will need to be

accredited. The Government agency, or client, is not able to enter into a contract with a non-accredited contractor.

The Australian Government OHS Accreditation Scheme is one example of the government using its influence as a client and provider of capital to improve the construction industry's OHS performance.

7. Stages of Accreditation Scheme - Stage 1

The Scheme is being implemented in two stages.

Stage One of the Scheme requires Australian Government agencies to contract only with accredited 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**.

Provisional accreditation commenced on 1 March 2006 and is valid for a period of 12 months after the date of accreditation. Provisionally accredited head contractors may apply for full accreditation before their 12-month provisional accreditation expires.

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.

Applications for **full accreditation** commenced 1 July 2006. Full accreditation, however, will be granted from 1 October 2006.

Stage 2

Stage Two of the Scheme 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. Timeframes for this are likely to be announced later this year.

8. Recent Developments

Since March this year, there have been over 140 construction industry applications to date and so far 47 companies have been provisionally accredited. *

9. Focus Points

I have identified 6 focus points which we consider 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 into the risk management project;
- (3) Whole-of-project performance measurements;
- (4) Demonstrated effective subcontractor OHS management;
- (5) Whole-of-project consultation and communication; and
- (6) OHS training requirements.

These focus points are used when auditing contractors for accreditation (although only some are required for provisional). Other factors that auditors look at include OHS management systems, history and hazards experience.

10. Pre Accreditation OHS Problem Areas

Over 2005 – 06 Federal Safety Officers (FSOs) performed 82 audits throughout Australia. FSOs initially found there were a large number of companies who effectively had either no OHS system in place or who had an inefficient system operating. Many projects were governed by internal policies and procedures without regard to safety issues and systems.

Some problem areas were:

- There were discrepancies between OHS documentation and what actually happened on the onsite;
- Many submissions did not provide sufficient evidence of senior management sign-off on OHS project plans;
- Many applicants were unable to provide documentation that senior management had visited the project site for OHS purposes;

- Principal contractors received only 'safe work method statements' (SWMS) and not OHS plans;
- Many applicants were unable to produce an OHS Plan sufficient for the accreditation process

11. Some Examples of Poor Safety Culture:

However, when most companies underwent a second audit (75%) to address issues and non-conformances, FSOs noted a substantial improvement in the commitment of senior management to meeting OHS obligations. FSOs also observed improved systems at an organisational level and evidence of an increase in OHS training. Improvements had been adopted because of FSC recommendations and the economic incentive to gain a Government contract.

12. Post- Provisional Accreditation Findings

By the end of the 6-month provisional accreditation period the Office observed that industry contractors had generally performed well against the first and third focus points ie

- Senior industry management positions are generally being allocated overall OHS project responsibility;
- New subcontractors and workers are commonly undergoing at least a site induction program; and
- OHS policies have been established and communicated to everybody.

13. Better Case Examples after Provisional Accreditation Process

There has been a positive impact on OHS in the construction industry under provisional accreditation. I have a few examples of initiatives demonstrating leadership and senior management commitment to OHS within the Building

and Construction industry that were taken from recent accredited companies. I would like to share these with you to give you a broader understanding of the initiatives which are being seen as 'good indicators of cultural change' within the building industry.

The initiatives include:

- **Management OHS Involvement Programs** - Where managers are required to allocate and determine set periods on a regular basis to participate in a range of OHS related activities. These activities include:
 - Conducting 'safety walks'
 - Conducting safety audits
 - Conducting safety inspections
 - Leading incident investigations;

- **Instituting Safety Reward & Recognition Programs, Safety Awards** etc;

- **OHS Communication Initiatives** – For example where each project is required to report monthly against lead indicators into the company's performance and analysis system and that forms part of the monthly OHS report that senior management review; and

- **OHS Trained Workers** – Leaders recognise the importance of having well qualified people on site.

These initiatives can be used in a broad range of industries – not just that of the Building and Construction industry.

The Office is currently in the process of preparing and publishing case examples of some better practice initiatives.

14. Safety Principles and Guidance

In addition, I have developed a set of Safety Principles and Guidance for improving OHS in the building and construction industry which will help create national consistency in OHS practices. These Safety Principles and Guidance aim to encourage all participants to strive for a higher level of safety.

The Safety Principles and Guidance are being released today by the Minister in Canberra and by me here.

The principles include the need for all stakeholders in the industry to:

- (1) Demonstrate a tangible commitment to developing a safety culture;
 - (2) Maintain effective OHS measures across a project's life cycle;
 - (3) Strive to develop cooperative business relationships;
 - (4) Ensure safe design and constructability is considered;
 - (5) Effective consultation and communication;
 - (6) Systematically approach OHS & risk management;
 - (7) Demonstrate OHS leadership at all stages of the construction project;
- and
- (8) Monitor, report and benchmark OHS at all levels.

Copies are available on the website and at our booth.

What we need to do is get the industry to change – and more importantly, to **want** to change. My Office can be a catalyst for change, but without the engagement of industry, we will struggle to make a difference.

I expect major players like you in the industry, to take this opportunity, to embrace and drive cultural change and foster innovative approaches to OHS.

15. What does the Future Hold?

We believe that the adoption of full accreditation by more companies will achieve even greater results. When contractors are assessed under full accreditation it is hoped that we will see progress in the remaining accreditation focus points of the integration of safe design, demonstrated effective subcontractor OHS management, measurements for whole-of-project performance and more widespread OHS training.

For our part we are committed to continuing extensive consultation and the development of partnerships and initiatives with industry in order to direct industry safety policy down the road of OHS performance improvement.

Thank you