

## OCCUPATIONAL HEALTH AND SAFETY...THE CARING CLIENT?

### Case Study

### MANAGING OCCUPATIONAL HEALTH AND SAFETY ON QUEENSLAND GOVERNMENT BUILDING PROJECTS – A MANAGEMENT SYSTEMS APPROACH

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### BACKGROUND

In December 1999, the former Minister for Employment, Training and Industrial Relations established the Building and Construction Industry (Workplace Health and Safety) Taskforce (the Industry Taskforce) to inquire into and recommend strategies to improve occupational health and safety compliance in the building and construction industry in Queensland. The main objective of the Industry Taskforce was to address the industry's low levels of compliance as evidenced by a range of sources including the results of Workplace Health and Safety Queensland's 'blitz campaigns'.

Among other things, the Minister specifically requested that the Industry Taskforce provide advice "on the setting of prequalification or tendering requirements that support contractors with proven workplace health and safety management systems and committed to high compliance with their health and safety obligations". (DETIR, 2000)

On 30 August 2000, the Industry Taskforce submitted its final report containing seventy-eight separate recommendations addressing the areas of data collection, the legislative framework, enforcement strategies and compliance strategies. An Implementation Review Team consisting of representatives of employers, employees and government was established to oversee and coordinate the development and implementation of the recommendations in line with government policy.

In relation to the specific issue of occupational health and safety prequalification criteria for government projects, the Industry Taskforce recommended:

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"That the Department of Public Works introduces effective workplace health and safety criteria into the pre-qualification tendering process and the monitoring of on-site performance of principal contractors on government projects-----".

In supporting its recommendation, the Industry Taskforce was of the view that, "The design and adoption of a 'systems' approach to managing health and safety risk within the industry has the potential to generate sustained and meaningful change at all levels of the industry." (DETIR, 2000)

This paper outlines the Department's response to the recommendation of the Industry Taskforce and the resulting new occupational health and safety requirements that have been introduced for building industry contractors under the Queensland Government's Prequalification (PQC) System.

## THE PQC SYSTEM

The Queensland Government's process for selection of building industry contractors is based on a system of prequalification known as PQC, administered by the Department of Public Works. Under the PQC System, contractors must be appropriately prequalified and registered to be eligible for invitation to tender on government building projects estimated to exceed \$250,000 in value. The PQC System was developed in consultation with industry and government stakeholders, consistent with the principles of the National Prequalification Criteria Framework (APCC, 1998) established by the Australian Procurement and Construction Council. The PQC System was approved for adoption by all Queensland Government 'Departments' in November 1998.

The PQC System provides a comprehensive assessment of a contractor's capabilities, financial capacity, and commitment to continuous improvement against prescribed criteria including experience, systems, people and business. The system features a degree of self-assessment and a review of performance history and statutory compliance after which the contractor is assigned to one of four levels ranging from base level (1) to world's best practice (4).

The various services required for the procurement of government building projects are correspondingly rated according to their complexity and risk. Contractors must be appropriately registered on the PQC System and have a PQC level that matches or exceeds the PQC service risk rating to be eligible to tender for a government building project. Performance evaluations are carried out during and at the conclusion of the contract and the information is fed back into the PQC System. There were 312 contractors registered on the PQC System as at June 2004.

## THE MANAGEMENT SYSTEMS APPROACH

The Industry Taskforce's final report identified that the first iteration of the PQC System did not deal adequately with the occupational health and safety performance of prequalified building industry contractors (DETIR, 2000). Although compliance with relevant legislation was a minimum requirement for applicants, the self-assessed prequalification criteria regarding occupational health and safety relied on performance measurement techniques such as accident severity rates that, in the opinion of the Industry Taskforce, failed to provide an accurate performance appraisal from which improvement strategies could be determined.

The Industry Taskforce promoted a management systems approach to occupational health and safety on government building projects through the implementation by prequalified contractors of an effective Occupational Health and Safety Management System (OHSMS). The management systems approach requires an enterprise to have effective health and safety policies, effective management structures and systems for delivering the policy; a planned and systematic approach to implementation; and the measurement and systematic review of performance.

**Deleted:** The Taskforce's final report supports the management systems approach to workplace health and safety on government building projects through the implementation by prequalified contractors of an effective Workplace Health and Safety Management System (WHSMS).

A management systems approach to occupational health and safety is consistent

with the National Prequalification Criteria Framework (APCC, 1998) and is promoted as best practice in other Queensland Government publications including [the Queensland Code of Practice for the Building and Construction Industry](#) (DETIR, DPW, DMR, 2000) and the *Better Purchasing Guide* entitled “*Industrial Issues in Supplier Selection and Management*” (DPW, 2002). The latter is one of a series of guidelines that complement the State Purchasing Policy and assist agencies and suppliers to understand government purchasing practice. It suggests that “suppliers tendering for high risk contracts, such as a supplier tendering for the construction of a high rise building or contracts involving the use of hazardous substances, would be expected to have a formalised occupational health and safety management system to manage the risks associated with a highly complex and hazardous workplace”.

[The National Occupational Health and Safety Commission in its National Occupational Health and Safety Improvement Report](#) noted that “most States and territories have developed an occupational health and safety management model or guidance material regarding occupational health and safety management”. (NOHSC, 2000)

Experience in NSW points to the [effectiveness of a management systems](#) approach in improving the safety performance of building industry contractors. In 2001, WorkCover NSW released a [report into the health and safety performance of the building industry in NSW](#) titled “Safely Building NSW” (WorkCover NSW, 2001). The report [evaluated, among other things, the Construction Industry Memorandum of Understanding \(MOU\) that was agreed between the NSW Government and the Chief Executives of the industry’s principal contractors regarding the adoption and implementation of safety management systems on NSW government projects.](#)

[WorkCover NSW audits of signatory contractors’ safety management systems over the period of the MOU identified a 25% improvement in the way they managed occupational health and safety.](#) In contrast, [audits undertaken across a broader range of contractors by the NSW Department of Public Works and Services showed an improvement of 7% for a similar period.](#)

[Improved occupational health and safety management by contractors was also reflected by improved claims experience for the NSW construction industry. For the period 1998-2000, analysis of the claims experience of MOU signatory contractors identified a 32% decrease in incidence rate. In the corresponding period, the NSW construction industry’s overall incidence rate per 1000 workers decreased by 9%.](#)

[The improved implementation of signatory contractors’ safety management systems aligns with a decline in the overall incidence rate for the NSW construction industry from a ten-year high of 58.0 per thousand workers in 1995/96 to 39.9 in 1999/00, a reduction of 31%, and a decline in the subcontractor Special Trade Construction category since 1998.](#)

[The NSW research suggests that the major drivers of change in occupational health and safety management have been: increasing legislative obligations and changes to workers compensation payment and levy systems; client pressures especially government procurement requirements; and parent company pressures. Other key best practice initiatives identified by the report include the “regular appraisal and verifiable review of ‘actual’ work practices against documented safe work procedures”. This latter aspect is a key element of the new PQC requirements.](#)

## THE PQC REQUIREMENTS

The Department of Public Works undertook a review of the PQC System in 2000, in consultation with industry and government stakeholders. [The review](#) acknowledged the final report of the Industry Taskforce and [concluded that the PQC System should support initiatives to improve standards of occupational health and safety, industrial relations and training in the building and construction industry and more closely link contractor compliance in these areas with access to government building projects.](#)

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The Department of Public Works partnered with Workplace Health and Safety Queensland (Department of Industrial Relations) and industry stakeholders including the Queensland Master Builders' Association and Construction Forestry Mining and Energy Union to develop the new model and supporting systems and tools. The model for the new occupational [health and safety](#) requirements for contractors under the PQC System may be considered in two parts as follows:

- a prequalification OHSMS requirement; and
- a project specific requirement that includes the assessment of Construction Workplace Plans and Site Inspections.

### PREQUALIFICATION OHSMS REQUIREMENT

Over time, all prequalified contractors will be required to have a documented, implemented and maintained OHSMS in order to be eligible to tender for government building projects invited under the PQC System.

Contractors are free to choose the type, format or style of their OHSMS but, in order to meet the prequalification OHSMS requirement, it must as a minimum, satisfy the OHSMS criteria set out in *Australian/New Zealand Standard AS/NZS 4801:2001 Occupational health and safety management systems – Specification with guidance for use* as determined by a third-party certification body or an Accredited Provider (PQC (OHS) Auditor) appointed by Workplace Health and Safety Queensland.

The *Workplace Health and Safety Act 1995* makes provision for the chief executive of the Department of Industrial Relations to appoint accredited providers. A pool of PQC (OHS) Auditors has been established to carry out the functions of OHSMS audits, the assessment of Construction Workplace Plans and Site Inspections. Workplace Health and Safety Queensland will monitor their conduct and performance.

### PROJECT SPECIFIC REQUIREMENT

The project specific requirement applies on government building projects with an expected minimum construction period exceeding 16 weeks. When a prequalified contractor is awarded such a project, it will be contractually required to engage a PQC (OHS) Auditor who will assess the contractor's Construction Workplace Plan, inspect actual construction activities against set criteria and report back to the contractor and the administrator of the PQC System.

The *Workplace Health and Safety Regulation 1997 (Qld)* requires the Principal Contractor to prepare a Construction Workplace Plan. The Construction Workplace Plan provides an important link between the contractor's OHSMS and actual

construction activities as they occur on the project. The PQC (OHS) Auditor will conduct an assessment of the contractor's Construction Workplace Plan and provide a report to the contractor that will indicate any areas of the Construction Workplace Plan that do not adequately address the criteria. The contractor must rectify any non-conformances to the satisfaction of the PQC (OHS) Auditor.

The PQC (OHS) Auditor will also conduct an inspection of the contractor's actual construction activities once for every 13 weeks of the expected construction period. The number of inspections required for any particular project will be specified in the tender documentation. The timing of each Site Inspection will be determined by the PQC (OHS) Auditor based on the type and level of activity outlined in the program of works.

The Site Inspection will focus on the contractor's management methods and performance in controlling risks associated with construction hazards contained in a Site Inspection Checklist which has been developed in consultation with the industry stakeholders.

The output of the inspection process is a Site Inspection Report that will highlight any areas of non-conformance against the items in the Site Inspection Checklist. The PQC (OHS) Auditor will also formally request that the contractor rectify any non-conformance via a Corrective Action Notice.

Copies of the Site Inspection Report will be provided to the contractor, the Contract Superintendent/Principal's Representative and the administrator of the PQC System. The contractor will be required to action any Corrective Action Notices within an agreed timeframe.

Any non-conformance reported by the PQC (OHS) Auditor during a Site Inspection will attract demerit points. If the number of demerit points on any one inspection exceeds a set limit, the inspection will be deemed to have been failed and a follow-up inspection will be ordered at the contractor's expense. Any failed inspection may also result in a sanction being applied to the contractor under the PQC System. Such sanctions range from a formal warning to, in the worst of cases, the cancellation of a contractor's registration.

## **CONCLUSION**

The new occupational health and safety requirements for prequalified contractors are to be implemented progressively during 2004-2005. At the time of writing, however, it is too early to assess their impact and effectiveness. The initiative seems to be well received by most elements of the industry with many enterprises taking the opportunity to implement or upgrade their OHSMS. The impact on SME's is being closely monitored.

The important issue to be communicated to industry is that the rationale for the new requirements is to ensure that contractors have an implemented and maintained OHSMS in place and not just to satisfy another government requirement. This level of understanding is fundamental for both contractors and auditors and if achieved, should result over time in steady improvements in health and safety performance.

## REFERENCES

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