Right from the beginning leadership commitment to high performance in health and safety was woven into the way we procured the supply chain. We wanted the best to bring what they had to offer to what we were doing. The commercial framework gave us the room to forge those partnerships through the works.

There’s certainly a role for commercial frameworks to drive a better performance. What our client wants, we respond to. They hold the gold. So there is great opportunity if it is framed correctly for it to drive better safety performance.

We’re not taking an approach which is all about risk transfer and keeping back and watching the success active and engaged during delivery. We do things that contribute to better safety performance because you can’t just say, we want the best performance without working with the contractors to help make that happen.

The metrics are based around the experiences that we have had of incidents and things that we have been worked well. They are designed to be very much leading indicators, to positive factors.

So the commercial framework was based upon a clear approach to early warning and dealing with compensation events, the way in which you don’t allow these things to fester. You have a program that is based upon open communication and honesty and the way you treat people reflects how you expect them to perform.

We all worked to a common goal... barriers were broken down about ‘us and them’ and that helped with not blaming individuals or companies.

The key was to get the contractors to work in a way that they trusted the client that when they brought bad news there was a sense of ‘together we’re going to work through this’ and when they brought good news they were patted on the back and rewarded.

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rmit.edu.au/research/health-safety-research
Purpose of this guide

As the initiators of projects, clients are in an influential position to affect the cultural change needed to deliver successful construction projects. This guide provides insights into how clients can design commercial frameworks to achieve exceptional health and safety (H&S) performance in construction projects. It is based on a review of modern changes from businesses and organisations. A project commercial framework is broadly defined as:

- The set of commercial strategies and practices that the client uses to establish commercial relationships that create value for clients and project participants during a construction project.

How to use the guide

Under each key area of influence, the guide:

1. establishes principles to consider in designing project-specific commercial frameworks for the achievement of exceptional H&S performance; and
2. presents ideas and suggestions that can be used to guide the development of commercial frameworks that support exceptional H&S performance improvement through the project life cycle.

The ideas and suggestions are broken down to evidence in the relevant research for more detail.

The guide is not intended to be prescriptive. The design of a commercial framework should be tailored to the circumstances and requirements of a specific project.

Key areas of influence

This guide considers the key H&S influences that can be involved in the front-end planning of any project in the three key areas:

- The choice of contracting strategy.
- Project objectives and metrics.
- Financial incentive mechanisms.

These are grouped under the three key areas of influence below.

Principles to consider

Nine high-level principles to consider in the front-end planning of projects were identified from the research. These are grouped under the three key areas of influence below:

1. establishes principles to consider in designing project-specific commercial frameworks for the achievement of exceptional H&S performance; and
2. presents ideas and suggestions that can be used to guide the development of commercial frameworks that support exceptional H&S performance improvement through the project life cycle.

Contracting strategy

The establishment and choice of a contracting strategy is critical to the project culture and impact the extent to which H&S is integrated into project decisions and project participants are actively engaged in H&S throughout the project life cycle.

6. Incentive mechanisms

Financial incentive mechanisms are used to align the interests of the client and contractor and potentially damage the client-contractor relationship.

3. Project objectives and metrics

The establishment and clear communication of a vision for H&S performance, measurable and ambitious objectives for H&S performance, make sure these are understood and embedded into the contract, are actively engaged in H&S through the project life cycle.

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5. Project objectives and metrics

Ensure that H&S is a moral and legal responsibility. It cannot be reduced to dollars.

6. Financial incentive mechanisms

Ensure that H&S is firmly embedded in the system of pay and reward. Financial incentives need to be set at an appropriate level of H&S performance.

7. Financial incentive mechanisms

Negative financial incentives are used to discourage poor performance. A review found three ways to structure financial incentives to discourage H&S improvement in sub-contractor relationships.

8. Financial incentive mechanisms

When financial incentives are negatively aligned with performance, a number of potential solutions may be considered to improve, or at least stabilise, financial incentives to improve H&S performance.

9. Financial incentive mechanisms

Enforce and support project participants’ commitment to improve H&S performance.

10. Financial incentive mechanisms

Evaluate the impact of innovation on H&S and other aspects of project performance.

This guide focuses on a project's front-end planning. These guidelines are intended for project participants to establish principles to consider in designing project-specific commercial frameworks for the achievement of exceptional H&S performance.

The contracting strategy defines the roles and responsibilities of each party, the financial incentive mechanisms applied to the project, and the establishment of project objectives and the way these mechanisms are integrated into this process.

This guide provides insights into how clients can design commercial frameworks to achieve exceptional H&S performance in construction projects. It is based on a review of modern changes from businesses and organisations. A project commercial framework is broadly defined as:

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Under each key area of influence, the guide:

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The ideas and suggestions are broken down to evidence in the relevant research for more detail.

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