



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's framed up correctly for it to drive better safety performance.

We're not taking an approach which is all about risk transfer and stepping back and watching. We remain active and engaged during delivery. We do things that contribute to better safety outcomes 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've had in terms of incidents and things that we think have worked well. They're designed to be very much leading indicators, so positive factors.

So the commercial framework was based upon a clear approach to early warnings 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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Considerations in front end planning to achieve exceptional health and safety performance

June 2017

Centre for Construction Work Health and Safety Research

This research was funded by the Major Transport Infrastructure Program, Department of Economic Development, Jobs, Transport and Resources, Victorian State Government.

Purpose of this guide

As the initiators of projects, clients are in an influential position to drive the cultural change needed to delivery successful construction projects. This guide provides insights into how clients can design commercial frameworks to drive exceptional health and safety (H&S) performance in construction projects. It is based on research evidence drawn from Australian and international case studies. A project commercial framework is broadly defined as:

The set of commercial strategies and practices that the client uses to establish commercial relationships to achieve the ultimate goals and objectives in a construction project.

How to use the guide

Under each key area of influence, the guide:

1. establishes principles to consider in designing a project commercial framework 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 H&S performance improvement through the project life cycle. The ideas and suggestions are linked back to evidence in the research report 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 way H&S can be influenced in the front end planning of a project in three key areas.

- the choice of contracting strategy,
- the establishment of project objectives and the way that metrics are used to evaluate performance, and
- the financial incentive mechanisms applied to the project.

The contracting strategy defines the roles and responsibilities of, as well as contractual relationships among, the client and other parties who contribute to the project (including design consultants, contractors and suppliers).

Project objectives are desired targets established and communicated by the client to make clear its requirements for a project. These requirements are expressed, measured, and monitored through performance metrics, including those for H&S.

Financial incentive mechanisms are contractual arrangements the client uses to determine how, and how much, contractors will be compensated for their work, based on performance. Inherent in these mechanisms is the amount of financial risk (actual and perceived) to which contractors are exposed.

Together these three areas of influence make up a project commercial framework.

Principles to consider

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

Contracting strategy

The choice of contracting strategy can shape the project culture and impact the extent to which H&S is integrated into early project decision-making and clients are actively engaged in H&S through the project life cycle. The contracting strategy creates the context for collaboration and success.

1. Integrate H&S considerations into all front end planning and procurement,
2. Develop mechanisms that keep clients actively engaged in H&S through the project life cycle, and
3. Find opportunities to collaborate with other parties in the project supply chain, irrespective of the contracting strategy chosen.

Project objectives and metrics

The establishment and clear communication of a strong and clear vision for exceptional H&S performance establishes expectations at the beginning of a project. Expressing this vision in project performance objectives for H&S and using well designed metrics to measure progress maintains a strong focus on H&S through the project life cycle.

4. Establish a clear vision for exceptional H&S performance at the earliest stage in the life of a project,
5. Actively engage with design consultants, contactors and other project participants to develop shared values and goals relating to H&S, and
6. Monitor project performance using well considered safety metrics and recognise H&S efforts and success.

Financial incentive mechanisms

Financial mechanisms can incentivise desired behaviours in projects. Such mechanisms need to be fair, equitable and based on appropriate measures of H&S performance. Over-reliance on indicators can encourage participants to play a 'numbers game.' Innovations that improve H&S can also improve other areas of project performance. Recognising, valuing and sharing the longer term financial benefits of good H&S performance can foster a culture of learning and improvement.

7. Make sure financial incentives do not focus exclusively on the absence of negatives. Recognise project participants' willingness and ability to learn and improve H&S performance,
8. Encourage and support project participants to innovate and share H&S knowledge, and
9. Evaluate the impact of innovation on H&S and other aspects of project performance.

