

PRODUCTIVITY COMMISSION INQUIRY
INTO PUBLIC INFRASTRUCTURE

SUPPLEMENTARY SUBMISSION RE:
THE AUSTRALIAN GOVERNMENT
BUILDING AND CONSTRUCTION OHS
ACCREDITATION SCHEME-IMPACTS ON
CONSTRUCTION COSTS

APRIL 24, 2014



**CIVIL CONTRACTORS
FEDERATION**

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Disclaimer: every effort has been made to ensure this document was accurate at the time of completion however, because information was sourced from numerous sources, the Civil Contractors Federation does not guarantee that the information in this document was accurate at the date of publishing or that it will be in the future.

ABOUT THE CIVIL CONTRACTORS FEDERATION

The Civil Contractors Federation (CCF) is the peak industry body representing Australia's civil construction industry. It has branches in all states and territories and around 2000 contractor and associate members nationally.

CCF members are responsible for the construction and maintenance of Australia's infrastructure, including roads, bridges, pipelines, drainage, ports and utilities. Its members also play a vital role in the residential and commercial building construction industry by providing earthmoving and land development services including the provision of power, water, communications and gas.

CCF is an organisation registered under the *Fair Work (Registered Organisations) Act 2009*. It is governed by a National Board comprised of member-elected representatives from each state and territory.

A commitment to furthering its members' interests and helping them manage their businesses more effectively is at the core of CCF's operations. To that end, it offers effective business tools and management systems, as well as practical advice in areas such as taxation, industrial relations, work health and safety, human resources and environmental compliance.

CCF's mission is to be the voice of the industry and to provide a high level of benefit to its members. In particular, CCF is focused on ensuring the industry:

- **is professionally represented** - by representing and advocating for the views of the industry to all levels of government in a timely and effective manner.
- **is informed** - by delivering to members, effective and timely information about key issues.
- **has access to tools and resources that help businesses succeed** - by identifying, developing and delivering tools and resources that assist members in their day-to-day operations.
- **has access to high quality training** - by delivering best practice, training by the industry, for the industry.
- **has access to opportunities to network, learn and celebrate their achievements** - by delivering a range of events designed to provide members with opportunities to build relationships, be informed and have access to people of influence.
- **has access to supporting partners that extend the benefits of membership** - by developing networks and relationships with organisations that can provide additional services to members beyond those provided directly by CCF; delivering real cost savings to members.

EXECUTIVE SUMMARY

This submission has been developed based on anecdotal and experiential feedback from members of CCF as well as other sources of data. In some areas, there may be a requirement for an issue to be investigated further due to the need for supporting data.

Generally, this submission provides the opinion of CCF and its members and is not intended to be an exhaustive research paper. CCF also acknowledges the limitations placed on organisations to provide in depth feedback when consultations are subject to short timeframes.

CCF wishes to acknowledge that as a member based organisation, it is highly supportive of practicable initiatives that support and assist the improvement of work health and safety (WHS) delivery in all workplaces, and particularly in the civil construction environment.

This submission is structured to respond directly to the Productivity Commission request for further information regarding the costs to industry relating to the implementation of the requirements of the federal Safety Commissioner Contractor Accreditation Program.

The information herein has been received from a small sample of CCF members, some of whom have attained OFSC Accreditation status, and several who have either considered gaining OFSC Accreditation, or are in the process of obtaining OFSC Accreditation.

The format of this submission responds to a series of questions that have been raised by the OFSC formal review; however CCF is of the firm opinion that they and the responses given, are highly relevant to the Productivity Commission inquiry.

CCF wishes to note that it deems there is a strong requirement for enhanced WHS at appropriate project levels, such as those that are by their design or construction type considered to be of a high risk nature. Typically these projects in the civil construction sector would fall into a high complexity or high value status; with a significantly lower number falling into the high risk or lower value status.

RESPONSES TO SCHEME COVERAGE

The *OFSC Review Discussion Paper* indicates a number of concerns have been raised regarding the applicability of the current thresholds, particularly in light of the rising costs of construction and the growing concerns relating to red tape.

Research by CCF indicates that in the civil construction sector, the current low financial thresholds do in fact capture projects at the very lower levels of project cost; which by the nature of their type, are considered by the industry to be lower WHS risk projects. This is particularly exacerbated in regional areas, where a number of the smaller, lower value projects are undertaken as a result of federal grant programs. These are typically constructed by organisations that are at greatest risk of sustainable operation, due to overhead cost expansion; a result of being forced into the OFSC Accreditation regime in order to compete for works.

From a general perspective, CCF is of the opinion that in setting the original threshold levels some seven years ago, little consideration was given to the differing nature of the higher labour content of vertical building and hence higher WHS risk, compared to the lower labour content and proportional risk level of the horizontal construction sector. This is supported by the data illustrated in **Table 1** from the Australian Bureau of Statistics.

PERSONS EMPLOYED ¹ , CONSTRUCTION INDUSTRY - MAY 2009 ²				
	MAY 2006	MAY 2007	MAY 2008	MAY 2009
	'000	'000	'000	'000
Building Construction				
Residential Building	71.0	70.0	90.0	73.0
Non-Residential Building	41.0	42.0	43.0	48.0
Building Construction, nfd	100.0	104.0	115.0	110.0
Heavy and Civil Engineering Construction				
Heavy and Civil Engineering Construction	48.0	74.0	60.0	70.0
Construction Services				
Land Development and Site Preparation	53.0	51.0	55.0	48.0
Building Structure Services	87.0	83.0	95.0	91.0
Building Installation Services	182.0	211.0	212.0	226.0
Building Completion Services	192.0	181.0	201.0	189.0
Other Construction Services	96.0	89.0	88.0	85.0
Construction Services, nfd	4.0	7.0	3.0	5.0
Construction, nfd	18.0	25.0	15.0	38.0
TOTAL CONSTRUCTION	892.0	937.0	976.0	984.0

¹ All data presented are for May quarter

² Source: Labour Force, Australia, Detailed, Quarterly, May 2010, (cat. no. 6291.0.55.003)

TOTAL ALL INDUSTRIES 10 213.0 10 523.0 10 755.0 10 782.6

Of the 984,100 persons employed in the construction industry, 65.4% were employed in construction services, 23.5% in building construction, 7.1% in heavy and civil engineering construction and 3.9% in general construction activities, not further defined.

Note: nfd - not further defined

Table 1

ABS MARCH KEY FIGURES ³			
	MAR QTR 12	DEC QTR 11 TO MAR QTR 12	MAR QTR 11 TO MAR QTR 12
	\$M	% CHANGE	% CHANGE
TREND ESTIMATES ⁴			
Value of work done			
Building	18 778.0	-2.2	-6.0
Residential	11 008.5	-1.5	-6.6
Non-residential	7 778.8	-3.1	-5.0
Engineering	29 239.0	5.4	32.9
Total construction	48 137.4	2.6	14.6
SEASONALLY ADJUSTED ESTIMATES ⁴			
Value of work done			
Building	18 450.8	-5.0	-7.7
Residential	10 989.9	-2.0	-8.3
Non-residential	7 460.9	-9.2	-6.8
Engineering	29 849.6	13.3	35.6
Total construction	48 300.4	5.5	15.0

(a) Chain volume measures, reference year 2009-10.

Table 2

On the basis of the above information, it is reasonable to conclude the following:

- Table 1 – the labour content within the building related construction environment is some 30 per cent to 50 per cent higher than in the heavy and civil construction environment.
- Table 2 – The value of works done is comparatively, equally shared between building related construction and engineering/civil construction.
- CCF would therefore conclude that the risk of WHS incident is significantly higher in the building related construction environment; given the considerably higher employment rate, as opposed to that of the civil construction industry.

CCF's feedback from a number of regionally based contractors, indicates a belief that due to the low number of federally funded projects in a given area, and the high cost of obtaining OFSC

³ Source: ABS – 875.00 Value of Construction Work Done, Australia, Preliminary, Dec. 2013

⁴ Chain volume measures, reference year 2009-10.

Accreditation, that the Federal Government is unknowingly creating a significant barrier to entry for regionally based contractors.

There is strong evidence, from the information provided in the *OFSC Discussion Paper* (p.10) that adjusting the thresholds up to \$10 million for both directly and indirectly funded works would affect less than 30 per cent of civil projects. Consequently, CCF would argue that increasing the threshold even further would not unduly effect the application of the scheme to high risk, high value projects.

Question 1: Should the thresholds for directly and indirectly funded projects be lowered, removed, increased, or remain unchanged? To what levels?

In relation to whether the thresholds for directly and indirectly funded projects should be lowered, removed, increased, or remain unchanged, CCF recommends that:

- the current \$5 million (contribution and 50 per cent of value) and \$3 million (head contract) threshold be reviewed to avoid low value, low risk civil construction projects.
- the current threshold for building projects be increased to reflect the same threshold as the application of *Commonwealth Procurement Rules*, which is currently \$9 million.
- the thresholds be reviewed so as not to create a barrier to entry; particularly in regional areas.
- the threshold for civil projects be increased to \$20 million for directly funded projects and \$25 million for indirectly funded projects

Question 2: Should the definition of building work be changed? If yes; how should building work be defined?

CCF considers that the current definition of "Building Work" in the Scheme is ill defined and tends to describe work that would be conducted by what the community recognises as builders, as opposed to a definition that reflects the varying types of construction work, such as high rise commercial, low rise domestic, civil infrastructure and so on.

Given CCF's recommendation on Question 1 as set out above, in relation to whether the definition of building work should be changed, CCF recommends that the current definition of "Building Work" is expanded to differentiate between typical building work, or vertical construction, and civil infrastructure work, or horizontal construction.

Question 3: Should exemptions to the Scheme apply to particular agencies or sectors of work?

CCF wishes to note that the following comments are reflective only of its expertise in the civil construction sector and as such they do not include consideration of the circumstances that may apply to the building construction sector.

CCF is of the opinion that exemptions to the Scheme should be applicable under specific circumstances such as post emergency rehabilitation works and low value, low risk remote location works. In these circumstances the application of OFSC Accreditation, and the inherent high complexity of documentation required at the project level, has the potential to reduce the opportunity for local organisations to be involved in the works; thus adding to cost and completion timeframes

In relation to exemptions to the Scheme, CCF recommends that they are implemented for post emergency rehabilitation works and low risk remote location works.

RESPONSES TO ACCESSIBILITY OF THE SCHEME

From data quoted in the *OFSC Discussion Paper* where it is indicated only 10 per cent – 15 per cent of the 305 Accredited companies (or 30-45 organisations), are smaller companies with less than 25 employees, it is strongly evident that this sector of the construction environment views the Scheme as highly unproductive to their business model.

When one considers this data from the civil construction perspective, and in comparison with the significant number of contractors working in the civil environment (CCF's membership nationally is approximately 1600 contractors); it is quite evident that the OFSC is failing to adequately encourage involvement from the vast number of smaller contractors available to undertake federally funded works.

Evidence from research undertaken among CCF members, clearly indicates a significant reluctance towards achieving OFSC Accreditation at the smaller business level, and the key feedback is that:

- it is excessively expensive to achieve and maintain OFSC Accreditation.
- companies with an excellent WHS performance record do not see the necessity to accept higher costs or management complexity associated with OFSC Accreditation.
- the availability of applicable work in regional Australia does not warrant the expense.
- Particularly for those companies with excellent WHS performance, the imposition of continual application of higher standards across all works is seen as reducing the competitiveness of the company against its peers.
- the OFSC audit requirements are largely focussed on the company maintaining copious documented procedures and supporting records rather than practically managing WHS in the workplace.

CCF is thus firmly of the opinion that significant change needs to be identified and implemented to encourage a higher level of participation at the small business level or; adjust the applicability thresholds (refer to Question 1, above) to remove the need for OFSC Accreditation at the small business, small project level.

CCF is also of the view that a direct result of the low number of OFSC Accredited participants in the small business sector is strongly hindering the competitive environment for smaller projects; thus unduly increasing the cost of construction in this sector.

It should be noted that in the civil sector; where AS4801 Certification is a general prerequisite and contains some 33 audit criteria; the OFSC Audit Criteria (2012 version) contains some 58 general audit criteria, and a further 49 audit criteria; or 107 in total, for aspects that are specific to typical civil construction. For those companies undertaking specialist works, there is potential to add additional audit criteria to the system requirements.

One of the significant assessments smaller contractors make in deciding to become Accredited, is the cost of meeting the OFSC Audit Criteria from both a process and implementation perspective. Given the way the document is written, there is an expectation by the contractor that they will need to demonstrate they have a documented process for virtually all of the 107 typically applicable criteria.

Question 4: What measures can be implemented to reduce the time taken to gain accreditation?

For any construction company, labour time cost is significant and typically represents 20 to 30 per cent of its operational cost. It therefore follows that the time taken to prepare for OFSC Accreditation is a key consideration of smaller businesses.

It should be noted that each of the accredited contractors that provided input to this submission, and several in the process of achieving accreditation, remarked pointedly that the cost of achieving OFSC Accreditation over and above their pre-existing AS 4801 Certification was excessive. Detailed cost information provided to us by a medium sized (Tier 3) contractor verified a cost to that company of \$164,000 to achieve initial OFSC Accreditation within the last 12 months. It is their expectation that their annual maintenance cost will be in the vicinity of \$130,000 annually, a portion of which would normally be contributed to AS 4801 maintenance.

Following list of recommendations developed by CCF is focussed on reducing the time impost of gaining OFSC Accreditation.

- The Audit Criteria is restructured to reduce the documentary burden on companies and place greater evidence on practical WHS management.
- The OFSC consider the WHS history of the company applying for OFSC Accreditation (evidenced by its WorkCover insurance premium rate) and structure the audit duration according to their historic risk.
- Revise the OFSC Audit Criteria to amalgamate specific criteria into the broader requirements.
- Retrain Federal Safety Officers (FSO) to audit against practical demonstration of compliance rather than documentary evidence of procedural content.
- Provide instructional webinars or similar training to assist those applying for OFSC Accreditation in preparing documentation.
- Align the OFSC Audit Criteria more with AS4801, as this is the current Australian Standard accepted by all State, Territory and Local Governments for contractor prequalification.
- The OFSC makes an application to Standards Australia for a review and modernisation of AS4801.
- The OFSC works with Australia's conformity accreditation body, Accreditation Authority JAS-ANZ, to set in place strategies to improve the consistency of AS4801 auditing and certification across industry.

Question 5: Is the process for first time applicants appropriate?

CCF is of the opinion that generally the application process is appropriate; notwithstanding the recommendations made throughout this document; however makes the following recommendations for improvement:

- the OFSC makes available a complimentary service to provide an initial gap analysis of the contractor's compliance at both a systems and implementation level.
- the OFSC provide a webinar or similar training services to guide applicants through the process.
- the OFSC moves to accept systems certification to other off-shore standards equivalent to AS4801 as a suitable prerequisite.

Question 6: Should AS/NZS4801:2001 certification be removed as a pre-requisite to applying for Scheme accreditation? In what other ways can compliance costs be reduced for companies seeking accreditation?

In regard to whether AS/NZS4801:2001 certification be removed as a pre-requisite to applying for Scheme accreditation, CCF recommends that:

- AS4801-2001 remain as a prerequisite, however acceptance of other equivalent standards (e.g. ISO18001, SafetyMap etc.) be included.
- the recommendations made at Question 4 be considered in response to this question.

Question 7: What changes can be made to current requirements to make applying to the Scheme and achieving accreditation easier for smaller companies?

CCF is of the opinion that a number of responses to previous questions are applicable in response to this question. In relation to changes that can be made to current requirements to make applying to the Scheme and achieving accreditation easier for smaller companies, CCF recommends that:

- the Audit Criteria is restructured to reduce the documentary burden on companies and place greater evidence on practical WHS management.
- the OFSC consider the WHS history of the applying company (evidenced by its WorkCover insurance premium rate) and structure the audit duration according to historic risk.
- the OFSC revise the OFSC Audit Criteria to amalgamate sub criteria of the broader, key criteria.
- the OFSC retrain FSOs to audit against practical demonstration of compliance rather than documentary evidence of procedural content.
- the OFSC provide instructional webinars or similar training to assist those applying for OFSC Accreditation and needing to prepare documentation.
- the Audit Criteria be more aligned with AS4801, as this is the current Australian Standard accepted by all State, Territory and Local Governments for contractor prequalification.
- the OFSC make a complimentary service available to provide an initial gap analysis of the contractor's compliance level both at systems and implementation level.
- the OFSC provide a webinar service or similar to guide applicants through the process.

CLARITY OF SCHEME REQUIREMENTS

Question 8: What changes and support measures can be introduced to clarify criteria and scheme requirements and assist companies in the Accreditation process?

CCF is of the opinion that the clarity of the Scheme requirements and the guidance material provided is quite clear, however CCF recommends that the OFSC provide a webinar service or similar to guide applicants through the application and audit processes.

RESPONSES TO ONGOING ACCREDITATION COMPLIANCE REQUIREMENTS

It is evident that within the OFSC there is an incomplete understanding of the total audit impost currently experienced by construction companies on a regular basis. This impost would typically include the following audits:

- AS4801 Certification (every three years) and surveillance auditing (generally each six months).
- audit of project WHS Management Plans (WHSMP) required by the relevant Construction Code compliance units at state level.
- random implementation audits of the WHSMP throughout the project.
- project auditing undertaken by the contract superintendent to address the compliance interests of the client.
- the construction company's own internal audit regime to comply with its obligations under legislative responsibilities, AS4801 WHS system requirements and OFSC requirements.
- OFSC project and systems audits either initial or reaccreditation.
- state/territory statutorily authority compliance audits.

A considerable concern to members of CCF is that of the internal cost of audit duplicity (some may refer to this as red tape). Largely this cost has gone unrecognised. For example, assuming the audit regime was as noted above, a smaller company undertaking around four projects per year, would result in a human resource requirement of some 33 days per year, when allowing additional time for audit preparation; it is not inconceivable that another 33 days is added. This translates to a cost of approximately \$40,000 per small company annually.

Thus, CCF is of the strong opinion that reaccreditation processes should be simplified and considerable consideration given to utilising the outcomes of other authorities' audits in compiling the Reaccreditation Audit Plan as a mechanism to reduce audit impost.

Question 9: is the current Accreditation period of three years appropriate? If not what should it be?

CCF believes that the current three year period is consistent with that of Australian Standards auditing; hence it should not be altered.

Question 10: Should reaccreditation be treated differently to accreditation? In what ways?

CCF is firmly of the opinion that reaccreditation assessment should be aligned with company performance across the three prior surveillance audits undertaken by the OFSC. Similarly, the OFSC Surveillance Audits should be structured to provide; over the course of the three years; a whole of system assessment of compliance, rather than a complete reassessment at the three year point.

Similarly, the OFSC should consider requesting that additional audit outcome information from multiple sources is provided by the reaccreditation applicant, in order to provide an in-depth assessment of the company's performance.

In aiming to reduce the impost and cost of reaccreditation audits, CCF believes the following recommendations can be considered by the OFSC:

- the audit outcome reports of other relevant organisations be utilised as partial consideration of reaccreditation compliance.

- the reaccreditation audit be restricted to only those areas where the company has a demonstrated sustained non-compliance with particular criteria.
- the WHS performance of the company over the prior three years is considered as a criteria for reaccreditation audit intensity and duration.
- the OFSC implements an audit and WHS performance risk matrix that drives audit intensity and duration.

Question 11: How do we ensure that companies maintain the standard achieved at accreditation across all projects? How can an element of the unknown be added to audits?

In relation to how the OFSC ensures that companies maintain the standard achieved at accreditation across all projects, CCF recommends that the OFSC request that additional audit outcome information from multiple, relevant sources be provided by the reaccreditation applicant, to provide an in-depth assessment of the company's performance.

Question 12: What factors can be taken into account in undertaking a risk assessment of a company's performance during its accreditation?

CCF recommends that the following factors be considered:

- ongoing compliance during surveillance audits.
- WHS incident, accident, injury statistics.
- the risk factor of the construction works undertaken.
- the risks inherent in the project location.
- the staff turnover of an organisation.
- the growth of the business (i.e. per cent of new and potentially lesser trained staff)

Question 13: Would you be willing to pay an annual fee for maintaining accreditation once accredited? Would this fee foster greater voluntary compliance?

CCF is strongly of the opinion that the cost of compliance already placed on the contractor in order for the client to ameliorate their risk is excessive and largely unwarranted. Ultimately this cost is apportioned via business overhead expense across all works conducted by the business; thus adding considerable and hidden cost to infrastructure construction.

In this regard CCF recommends that the OFSC does not apply an annual fee for reaccreditation, as this would simply be passed on to the client and further increase the cost of infrastructure.

Question 14: Is the WHS data collected by the OFSC and the data analysis produced appropriate and beneficial? How could collection and analysis be improved?

The data provided by OFSC is generally appropriate and understandably focussed on the outcomes of the Scheme and those involved in it. This gives little opportunity to draw appropriate performance and relevance comparisons against the rest of industry. This situation is exacerbated by the fact that the data is collected from only 305 accredited contractors, plus perhaps a small number that apply for but do not complete accreditation.

This level of data collection for such a small number of contractors; when compared with the number involved in the sector nationally; results in the tendency to perhaps draw incorrect assumptions of comparative performance of a small number of organisations against the industry mass.

CCF recommends that a greater level of comparative data reporting against whole of sector performance would be beneficial.

RESPONSES TO OFSC AND FSO PERFORMANCE

CCF in its member research has identified a number of concerns with the activities of FSOs; particularly in the field of audit criteria interpretation and application of audit non-conformances as opposed to audit observations. It has not been unusual to hear experiences of in excess of 40 non-conformances at initial accreditation audit, however it is believed this may have occurred some time ago before recent improvements have been implemented.

Concerns have been raised at the high level that relate to a difference of opinion between auditors, and the degree of documentary procedures required to demonstrate compliance to audit requirements. Similarly, the experience levels and or understanding of some auditors has been raised, particularly in the areas of complex works.

It is also a concern of CCF that the majority of FSOs are external providers engaged under contract, and that these auditors will be auditing against AS4801 in the commercial certification environment. This scenario has the potential to create a number of issues or risks for which the OFSC might have control mechanisms in place.

It is an unfortunate fact that auditees will generally refrain from making adverse comments regarding auditor performance due to the belief (correctly or incorrectly) that the auditor will be made aware of the reported comments and this will potentially negatively impact the outcomes of the next audit.

Question 15: How can FSO consistency be improved and reporting of specific instances of inconsistency be increased?

In relation to the improvement of FSO consistency and reporting of specific instances of inconsistency, CCF recommends that:

- the OFSC provides regular training of FSOs as opposed to just induction training; particularly on areas where audit outcomes indicate differing opinions of compliance.
- FSOs be required to undertake annual, practical professional development in line with construction industry expectations and provide evidence of same to retain their contracts.
- there be an a more thorough witness auditing regime implemented; perhaps annually.
- where there is a consistently high level of non-conformance issued, a thorough review of auditor performance takes place.
- a random post audit visitation program by the Commissioner be implemented to ascertain feedback on auditor performance from auditees.

Question 16: Is FSO conflict of interest an issue? If yes, in what ways can it be addressed?

As stated above, CCF has a number of concerns relating to potential conflicts of interest. While the OFSC may have mechanisms in place to guard against these, they are not well publicised, hence the following comments are potentially based on a lack of knowledge of what is currently in place.

In this regard, CCF recommends that:

- FSOs be required to provide details of the conformity assessment bodies they are, or have been engaged by in the three years prior to any audit.
- FSOs be required to provide the OFSC with a listing of those companies they audit for AS4801 and the OFSC should refrain from appointing them to undertake OFSC audits for those companies.

- ✎ FSOs be required to provide copies of any JAS-ANZ witness audit reports that have been undertaken on them in the preceding three years (to applying to become an FSO) and subsequent witness audit reports whilst they are engaged by the OFSC.

Question 17: How can the OFSC improve its own performance?

As previously noted, the CCF has concerns relating to the low number of accredited contractors as opposed to the number of contractors working within the sector. In order to increase the number of organisations involved and improve the competitiveness of the federally funded construction environment, it is reasonable to suggest that much work needs to be done in this area.

Similarly, whilst there have been a number of improvements made to the Scheme over recent years, it still carries the stigma relating to the early days where some questioned the implementation processes.

In relation to how the OFSC can improve its performance, CCF recommends that the OFSC:

- takes improves its communication with industry.
- adopts appropriate, constructive recommendations from the current review, and openly publicises these changes to industry.
- considers the engagement of more in house FSOs to offset the need for contract FSOs who will have external influences on their assessment and decision making skills.
- holds more regular stakeholder forums to keep industry aware of changes and updates to the Scheme.

RESPONSES TO AGENCIES' ADHERENCE TO SCHEME REQUIREMENTS

Question 18: What can the OFSC do to assist agencies to comply with Scheme requirements?

In relation to what the OFSC can do to assist agencies to comply with Scheme requirements CCF recommends that:

- the Department of Treasury; which provides the federal funds to agencies; makes the issue of funds conditional on evidence that the contractor is accredited. This process would be similar to the principle contractor being compelled to provide as an addendum to their works progress claim, a statutory declaration that all subcontractors and suppliers have been paid.
- the OFSC implements a process whereby agencies enter a memorandum of understanding" with the OFSC covering the requirements of implementation.

RESPONSES TO INTERACTION OF THE SCHEME WITH OTHER COMPLIANCE REQUIREMENTS

Research undertaken by CCF indicates there is confusion; similar to that mentioned in the *OFSC Discussion Paper* (p. 22-23) in regard to Safe Work Method Statements (SWMS) and Job Safety Analysis (JSA). It is the belief of CCF, that the confusion stems largely from relevant requirements under state or territory legislation. For example in Victoria a SWMS is required for certain designated high risk activities (particularly construction), and not for others, where a JSA will suffice.

CCF is of the opinion that a singular consistent approach should be mandated across industry to remove any confusion. Similarly the state and territory WHS regulators should work to agree on a standard template; showing the required criteria for an SWMS.

Question 19: What changes should be made to the way the industry utilises SWMS? What role can the OFSC play to facilitate this change?

In relation to SWMS, CCF recommends that:

- the OFSC facilitate a national review to determine the need for and content of SWMS with state and territory WHS regulators, with a view towards standardisation of requirement.
- the OFSC clearly annunciate its expectations with regard to evidence of process via SWMS.

Question 20: What measures can be considered to reduce procurement related compliance costs and administration?

In this regard, CCF recommends that the OFSC:

- works with other agencies to reduce the necessity for multiple layers of auditing under the banner of WHS compliance (refer also to responses in section: Responses to ongoing accreditation compliance requirements).
- facilitates dialogue with those departments undertaking the pre-qualification of contractors to ensure requirements are standardised at appropriate levels to project risk.

Question 20: What are the other pre-qualification schemes that can be considered for mutual recognition in order to further reduce red tape?

It should be noted, that CCF in a number of state and territory jurisdictions and federally, has strongly opposed any increase in red tape that is currently applicable to the civil industry. Similarly, CCF is intensely opposed to any process that adds additional layers of unnecessary compliance to an already over regulated industry.

Given the recommendations made by CCF above, it is evident there is a strong feeling that in many ways the current operation of the OFSC Accreditation Scheme in fact adds additional layers of red tape for those wishing to enter the federally funded construction market; particularly smaller companies. Further, the application of the OFSC requirements at lower project levels provides an effective barrier to entry for many smaller, occasional tenderers for low value federally funded work, thus CCF recommends that the OFSC requirements remain solely in the domain of federally funded projects.

RESPONSES TO OTHER ISSUES

Question 22: Are there ways to increase feedback on the Scheme?

In relation to ways feedback on the Scheme could be increased, CCF recommends that:

- a random post audit visitation program by the Commissioner be implemented to ascertain feedback on auditor performance from auditees.
- regular confidential surveys of accredited and non-accredited contractors be conducted to ascertain their position on various aspects of the scheme.

Question 23: What changes, if any, should be made to the Scheme audit criteria?

In relation to changes that should be made to the audit criteria, CCF recommends that the OFSC initiates a thorough review of the Audit Criteria and associated guidance materials by WHS professionals via a specific technical reference group; this review should take into consideration relevant outcomes and recommendations of the Scheme review.

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