

15 December 2021

## **Joint Industry Letter – Improving Safety for Road Workers and Users through Below the Line Procurement**

There is an unprecedented level of commitment among mature and sophisticated companies to deliver improved safety outcomes for their road workers. However, current methods of procurement can create disincentives that prevent these outcomes from being realised.

Our roadworkers build and maintain a network that keeps Australia moving and road users safe – they must be protected in the delivery of this service. In just the last few months we have seen the tragic deaths of road workers in Queensland and Victoria.

Companies bidding for government projects have told us that although they are passionately supportive of spending more to improve road worker and road user safety, they are often reluctant to, given it may ultimately result in their bid being evaluated as less commercially attractive.

It appears there is widespread perception that in a competitive market, investments in safety that exceed minimum standards can lead to lost bids. Companies should not feel undue pressure to hold back better safety proposals because they fear they will not win work.

There are many examples of alternative procurement strategies that utilise non-price assessment – with some effective, but many marginal compared to the weighting given to price.

The solution we propose is to reframe major procurement such that investments in safety are separated from other bid costs - and instead evaluated separately on a below the line basis. Crucial to this pivot is a clear understanding by companies that they will not be penalised for proposing a higher investment in safety through the bidding process.

Our attached example illustrates how this may look conceptually – with total bid values broken out into their safety and non-safety components. What initially looks to be the most favourable bid on a rolled-up lump sum basis ultimately appears less favourable once additional safety measures and their attendant costs are broken out and contrasted. We need to encourage companies to put forward their best thinking when it comes to protecting the lives of workers and the public.

The benefits from government clients evaluating safety on a below the line basis are:

- Aligning incentives for genuine improvements to road worker safety among buyers and suppliers;
- Improving transparency across bids on approaches to and levels of investment in safety;
- Creating new opportunities for positive differentiation in bids, without impacting value for money;
- Greater reputational protection as higher safety standards reduce the risk to workers and the general public at worksites;
- Allowing companies to deliver and refine innovative solutions to safety by reducing the cost penalty if proposing ground-breaking technology, equipment and methodologies;
- Facilitating a step change in industry approaches to safety significantly faster than would be possible via incremental changes in prescribed minimum standards; and
- Generating a legacy outcome whereby the inherent risks to road workers are permanently reduced.

Of course, the most important reason for adopting this approach is to save lives and prevent injuries before they have a chance to damage and destroy Australian families.

We strongly encourage you to adopt a procurement model that evaluates investments in safety on a below the line basis. This will ensure that companies are not deterred from putting forward the best possible safety solutions and help to protect the lives of road workers.

Yours sincerely



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# RECOGNITION OF ROAD WORKER SAFETY IN TENDER DOCUMENTATION

## HYPOTHETICAL CONCEPT AND EVALUATION

PROJECT/CONTRACT	DESCRIPTION	SCOPE
CIVIL ROAD CONSTRUCTION	MOTORWAY UPGRADE	WIDENING OF ROAD FROM 2 TO 3 LANES IN EACH DIRECTION IMPROVEMENT TO THE ROAD ALIGNMENT EXTENSION TO ENTRY AND EXIT RAMP AT INTERCHANGES
		CONSTRUCTION OF A SERVICE ROAD INSTALLATION OF SMART MOTORWAY TECHNOLOGIES INSTALLATION OF BIKE AND PEDESTRIAN PATHS

TRADITIONAL BIDDING APPROACH	SAFETY ORIENTED BIDDING APPROACH	MINIMUM STANDARD	ADDITIONAL SAFETY MEASURES EVALUATED ON NON-COMMERCIAL BASIS
<b>BIDDER ONE</b> 	-  =		
<b>BIDDER TWO</b> 	-  =		NIL
<b>BIDDER THREE</b> 	-  =		+  +  +  +  +
<b>BIDDER FOUR</b> 	-  =		NIL
<b>BIDDER FIVE</b> 	-  =		+

ADDITIONAL SAFETY MEASURES