Pay for Safety Scheme
Experience Sharing in Implementing the System in Public Works Contracts

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Background

The Pay for Safety Scheme was developed in 1996. The Scheme was designed to promote establishment of safety management system on construction sites for public works contracts. It covered five major aspects, namely:

(a) Provide and update Safety Plan
(b) Provide Safety Officer
(c) Arrange and hold site safety committee meetings
(d) Arrange and attend weekly safety walks
(e) Provide safety training to workers

When the Scheme was first launched in 1996, there were lots of queries about the effectiveness of the Scheme. “Is the Scheme an incentive scheme or a reward scheme to the contractors?” “Shall we pay extra money to the contractors as a result of the Scheme whereby construction health and safety should be part and parcel of the contractors’ duties and obligations under the law?” “Why need to pay and what is its purpose to pay?” “How do you ensure that the money spent is valuable? “How do you gauge the contractors’ performance for payment?” “How do you prevent blind and obvious payment?”......

Achievements

Many of the queries have been answered after implementation. After the launch of the Scheme in 1996, its effect was seen subsequently that the accident rates for public works contracts was continuously lowering from 56.6 accidents per thousand workers per year in 1996 to 19.5 accidents in 2004, representing a decrease of 66% in eight years. The decrease continues for the 1st half year of 2005 to 16.5 accidents per thousand workers per year, which will be likely representing for the whole year.
The construction industry also recorded a tremendous drop in the accident rates for the same period from 219.9 accidents per thousand workers in 1996 to 60.3 accidents in 2004, representing a decrease of 73%, which was even higher than that of public works. So what is the contribution of the “Pay for Safety” in improving site safety performance?

“Rome cannot be built in one day.” The merit of “Pay for Safety” is not only on the monetary term that it provides to the contractors, but more importantly the message that it propagates for the establishment of a safety management system on construction sites. The success in implementing the safety management system in public works contracts by that time when it was not a statutory requirement was attributed to the Pay for Safety Scheme. And the construction industry also benefits from this new initiative.

**Merits of the Scheme**

In devising the Scheme, considerations had been given to what should be paid and why should be paid. The Scheme will not pay for the safety requirements which have been prescriptively given under the law. The Scheme would only pay for those ingredients to promote the implementation of a safety management system for a contract. The payment provides an additional tool on top of the contractual requirements to the client in monitoring and control of the contractors’ performance in promoting site safety. The effect for each of the payment items under the Scheme is given below:

(a) Provide and update Safety Plan

Safety Plan is a key document for delineating the safety management system to be implemented on site by the contractor. According to the specification, the Safety Plan provided for a contract must be site specific, and should cover the 14 elements for a safety management system. Regular updating of the Safety Plan is necessary. While the payment for providing Safety Plan is in a lump sum, its updating will be paid on a monthly basis so as to induce the contractors to update the Safety Plan regularly including the conduct and review of risk assessments for the work activities.

(b) Provide Safety Officer
Consideration had been given to remove this payment item in a recent review of the Scheme but was maintained eventually. The purpose of retaining this item is to monitor the performance of the Safety Officer employed for the contract.

(c) Arrange and attend site safety committee meetings

Effective communication is of vital importance on site safety management. Two site safety committees are established, namely the “Site Safety Management Committee” and the “Site Safety Committee”. The former is for communication between the client and the contractor, while the latter is for the contractor and his sub-contractors including the workers’ representatives. The payment for this item is to ensure that the meetings are held regularly and the actions required by the committees are completed diligently and satisfactorily.

(d) Arrange and attend weekly safety walks

This is the most crucial part of the Scheme to monitor and control the contractors’ safety performance on construction sites. The contractor shall arrange to carry out joint inspection with the client’s representative weekly to assess site safety performance, and to identify defects and deficiencies for improvement. A large portion of the sum under the Scheme is assigned for the weekly inspections. The contractor has to rectify the defects and deficiencies within the agreed time set by the client. The contractor will not get paid for that week if he cannot complete the improvement actions. This provides a powerful tool to the client to urge the contractor in taking remedial actions promptly. It will create a pressure to the contractor’s site personnel if they cannot get the payment for the walk.

(e) Provide safety training to workers

Many accidents could have been prevented if the workers had taken the necessary precautions before working. There is a need to raise the workers’ awareness of the hazards and risks in works and one effective way of doing so is through the training. HKCA has devised the
site-specific induction training and toolbox talks for workers, which have been proven very successful in inculcating safety knowledge to the workers on construction sites. The payment under the Scheme will finance the contractors in providing such training for the workers.

What if when without the Scheme

There are other alternatives to achieve the objective of the Scheme without necessarily paying the contractors. But I would consider paying is one of the most effective means. What if we dispense with the Scheme? We may have to go back to the old days to rely on contractors to promote health and safety on their own. Or Labour Department may take stronger enforcement actions against contractors for contravention, or ETWB may take more stringent penalties against poorly performed contractors by kicking them out of the contractors’ list. Would forsaking of lower performers be the way that we are looking for in promoting the health and safety of the construction industry?

Without the Scheme, I can predict many contractors will cut back their resources on safety promotion. The Scheme does provide a financial support to safety. Although the 2% of the contract sum may have been absorbed in the overall tender price by some tenderers due to the keen competition in tendering, the monitoring and control system devised under the Scheme will cause the contractor to pay back after the contract is awarded, and therefore will force the tenderers to think carefully before he cuts the corners on safety. The Scheme serves as a blowing horn to remind contractors on safety.

Another important ingredient of the Scheme is the successful involvement of the client on safety. Experience tells us that many sites with good safety performance have the active involvement of the client. Not all the contractors would have the motivation and enthusiasm to drive health and safety on their own. The safety work on site will be far more encouraging if it involves client.

Other Supportive Systems

The Scheme will link up with the contractors’ performance. Repeated non-payment of any item under the Scheme will lead to an adverse report on the contractor’s performance. This has been proven very effective in urging the contractors to improve site safety performance.
In addition, each works department has established a Safety Unit headed by a Safety Advisor to oversee the construction health and safety of the department. The Safety Advisor will visit the site monthly, and attend the site safety management committee meetings and the safety inspection prior to the meeting. The role of this officer is very important as he will conduct an impartial assessment of individual site safety performance, and will report back to the management in case of needs. He will also resolve disputes on site safety matters during attendance of site safety meetings. He is an eye of the department in monitoring the contractors’ site safety performance in the overall.

**New Development**

The Scheme has been expanded recently to cover two new initiatives, namely the Safe Working Cycle and the Pay for Environment, and was re-titled to “Pay for Safety and Environment Scheme”. The Scheme will be further expanded to cover environmental management in late 2005.

**Concluding Remark**

Incentive is always better than sanction in safety promotion programmes. We are delighted that the Scheme is well supported by contractors and the concept of “pay for safety” is getting increasing attention by the stakeholders of the construction industry. Recently, REDA/HKCA has launched a partnering programme to adopt the Pay for Safety Scheme to private sector. Through this safety initiative, we look forward to further improve the safety performance of our construction industry.

Thank you.