

Sharing practical solutions to OHS problems

EVALUATION OF CONTRACTOR OHS COMPLIANCE INITIATIVES

February 1999

MANAGING YOUR CONTRACTORS' HEALTH AND SAFETY: A GUIDE

Contracting out of work is a fast growing trend in Australia. Many organisations are facing the challenge of how to effectively manage the health and safety of their contractors, how to ensure that contractors keep the same high standards of safety as direct employees, and how to comply with the law in this area. To meet this challenge, many organisations have developed a systems approach to managing their contractors' OHS.

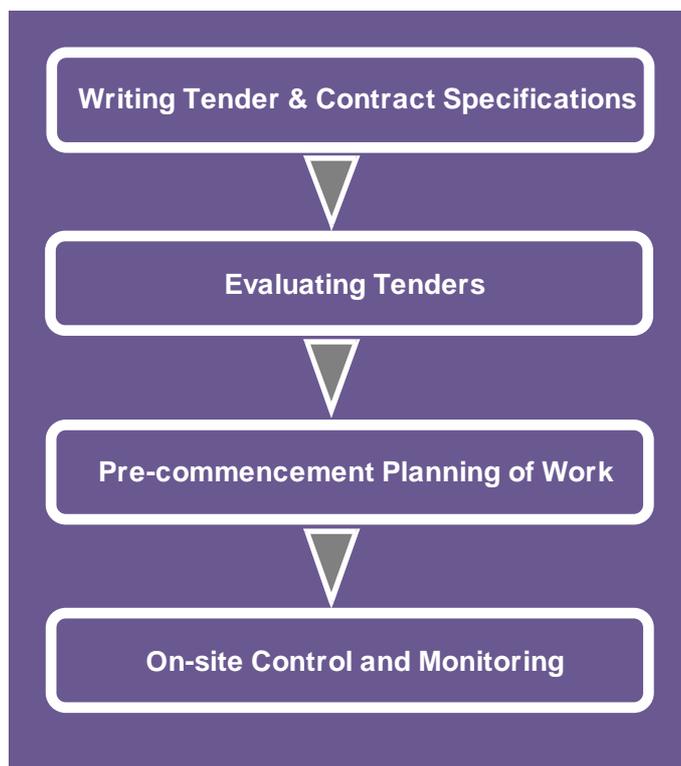
The National Occupational Health and Safety Commission (NOHSC) study *Evaluation of Contractor OHS Compliance Initiatives* looked at how various organisations have implemented contractor OHS Management Systems. The study describes what the systems involve and how well they work. We found from the study that there are common elements in contractor OHS systems and certain factors that help to make a system successful. The findings are provided here as guidance to organisations who intend setting up a contractor OHS Management System and also for contractors and subcontractors. The information can assist most industries and can be adapted to suit large, medium and small business situations.

CONTRACTS HAVE DIFFERENT LEVELS OF RISK

Companies usually classify their contracts according to the level of risk involved in the work – low, medium or high. Monetary value, size and duration of the contract are taken into account as well as the level of risk. Contractor management systems need to be flexible to cater for different levels of risk. Special attention needs to be paid to highly hazardous types of activities for obvious reasons, but also to small, short duration contracts as these can very easily slip through the system net.

WHAT IS IN A CONTRACTOR OHS MANAGEMENT SYSTEM?

In order to manage contractors' health and safety successfully, controls should be included in the four main stages of the contracting process. These main stages are identified in the flowchart below.



Depending on the level of risk (or classification) of the contract, some or all of the following OHS controls should be included in the main stages of the contract:

1. Writing Tender and Contract Specifications

- Tender specifications often include OHS requirements that end up as contract conditions too. Specifications can differ depending on whether a contract is classified as high, medium or low risk work. They include:
 - * Comply with OHS legislation and with the organisation's OHS policy, procedures and standards
 - * Comply with additional 'Special Conditions' as required by the organisation, especially for high risk contracts
 - * Demonstrated evidence of the tenderer's own OHS management system and OHS performance record
 - * Other general conditions such as providing regular OHS performance reports, attending site management meetings, notifying incidents and accidents, and procedures and penalties that apply if the contractor does not comply with contract conditions (non-compliance).
- For medium to high risk contracts, the tender and contract should require the contractor to develop a project specific Health and Safety Management Plan before starting the job. The plan includes a Risk Assessment (sometimes called Job Safety Analysis) and Safe Work Procedures (sometimes called Work Method Statements).
- For low risk contracts, the contractor should be required, as a minimum, to develop Safe Work Procedures before starting work.
- For small, short-term, low risk contracts, compliance with OHS legislation and the client's OHS policy and procedures may be the only requirement specified in the tender and contract.

2. Evaluating Tenders

- Tenders are evaluated by assessing the tenderers' OHS management system documentation and OHS performance record against set criteria. A questionnaire is usually provided to tenderers listing the essential information to be provided. Some companies also provide their in-house Tender Assessment Guidelines to tenderers, as an aid.



- Organisations should ask to see physical evidence of a contractor's OHS Management System, ie. company forms and records showing how it is implemented. (Safety Map Initial Level certification is accepted by some companies as sufficient evidence of OHS competence).
- Some organisations use a rating system for OHS performance, for example, a cut-off score of 75%. However, tenders falling below this mark may be given an opportunity to improve their documentation before tenders close, or submit their tender subject to producing the required documents within a specified time-frame after contract is awarded.
- Pre-award meetings may also be held where a tenderer is required to produce further evidence of their OHS management system to ensure they can meet the client's OHS requirements.
- Organisations need to give advice and assistance to tenderers, especially smaller companies, on how to document their OHS system and present it in the tender.



3. Pre-commencement Planning of Work

- The major focus of most contractor OHS Management Systems is the development of the contractor's Safe Work Procedures (for low risk contracts) or project specific Health and Safety Management Plan (for medium/high risk contracts). These documents are generally required to be completed prior to the contractor commencing work or during the early stages of work. The Safety Management Plan is developed in consultation with site management and sets out the

OHS practices and procedures that will apply during the contract. Once approved by management, the safety management plan and safe work procedures become the basis of work inspections and internal and external audits for the duration of the contract.

- Tools such as samples of risk assessments, safe work procedures, and proformas for reporting and recording site activities, are useful to contractors in setting up and implementing their safety plan. Some companies provide these in a ready-made kit form, and sometimes even on computer diskette, which can be personalised by the contractor. These kinds of aids are also provided by employer associations, OHS authorities and OHS training organisations.
- An assessment is made of the degree of adjustment needed to bring a contractor's safety plan into line with the organisation's own OHS Management System. This could mean more supervision and support for some contractors, until they become more familiar with the system.
- At this stage of the project, it is important that site management establishes effective communication mechanisms between the contractor and project manager, site supervisor, OHS coordinator and any other key people. This includes setting up site management meetings, contractors' meetings, hazard reporting systems etc.
- During the planning stage, organisations should be prepared to give contractors, particularly small business operators, the necessary help, coaching and support required to raise their level of understanding of OHS management. This can be time-consuming but will prove valuable to the success of the contract.

4. On-site Control and Monitoring

- On-site management of contractors is achieved through a broad range of mechanisms. Depending on the risk level of the work, companies generally require some or all of the following activities to be carried out on-site, either by their own staff or by the contractors, or jointly in some cases:
 - * Induction and training of contractors' employees (with refreshers for long-term contracts)
 - * Inspection of plant and equipment and associated



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- * OHS check at contract start-up
- * Keeping contractors' employees informed of OHS hazards and procedures, for example, through weekly 'toolbox talks'
- * Attendance of all contractors at site management meetings (OHS should be a standing item) and at contractors' meetings (improves site OHS coordination and problem solving)
- * Hazard, incident, and accident reporting
- * Regular site inspections by contractor, or site management, or jointly (contractor's Safe Work Procedures are checked)
- * Monthly reports from contractors on safety performance (for medium to high risk contracts).
- * Regular internal and/or external audits of contractor's Safety and Health Management Plan (proof that plan is being implemented)
- Feedback to contractors on their OHS performance.
- Non-compliance and non-conformance action, for example holding back payment until the required action is taken.
- Periodic review and updating of contractors' Safety and Health Management Plan and targets, jointly by contractors and site management.
- Regular reports to senior management on OHS performance of contractors as well as the direct employees.
- Promoting OHS and giving feedback on OHS performance through in-house newsletters, workplace social events, etc.

WHAT MANAGEMENT CAN DO TO MAKE THE SYSTEM A SUCCESS

Management should:

- Openly show your commitment to the system by getting directly involved, putting sufficient resources into OHS activities, giving feedback on performance and rewarding achievements
- Build a constructive and open relationship between the organisation and your contractors - a willingness for all to cooperate and learn together is essential
- Give assistance to contractors, even one-on-one coaching where necessary to small business operators, at the tendering and planning stages. Guidance and support should be on-going throughout the contract to ensure that contractors are competent in managing their OHS
- Encourage your contractors to report all hazards and incidents – reinforces their OHS management responsibilities
- Make accountabilities and responsibilities of contractors clear, especially on sites where multiple contractors are involved and particularly where permit to work procedures apply
- Keep your Contractor Management System simple and practical and ensure the resources and tools provided as part of the system are user friendly. Some organisations provide ready-made systems that can be used immediately by contractors as their site safety plan
- Integrate the contractor OHS Management System into your organisation's overall OHS Management System
- Recognise that your organisation needs to develop new skills for this task. Contracts staff should have adequate and regular training to ensure they have the skills to assess the quality of OHS plans, safe work procedures, hazard controls, etc.
- Set up a system for monitoring the OHS performance of contracts and continuously improve your contractor management system
- Keep up to date with industry developments in this area, eg. through networks such as the Principal Construction Contractors Safety Alliance.

WHAT CONTRACTORS CAN DO TO MAKE THE SYSTEM A SUCCESS

Contractors should:

- Find out more about systems for managing OHS – it is required more and more of you as a tendering criteria
- Ask for help with documenting your system and site plan, from the client company, your local employer association or Workcover Authority
- Put your system documentation on the computer. You can adapt it to suit different contracts and update and improve it – makes it cost effective
- Take ownership of your health and safety plan and share the OHS management responsibilities for the contract
- Attend site management and contractors meetings - this will improve your OHS knowledge and problem solving skills
- Ask for feedback on your performance – this will help you improve
- Teach your subcontractors about managing OHS – pass your system and knowledge on to them.

CONTACT FOR FURTHER INFORMATION

More information about the National Occupational Health and Safety Commission (NOHSC) project, *Evaluation of Contractor OHS Compliance Initiatives*, including the full report and case studies, can be found at the NOHSC web site -

<http://www.worksafe.gov.au>

or contact the Solutions Projects Hotline on (02) 9577 9564

1800 021 241 (toll free number)

or email us on solinfo@worksafe.gov.au

You can also get more information about managing contractors from your local Employer Association, union, or OHS Authority.

