RISKTECH

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Contractor Management

A contractor is a person who is employed by your organisation, other than an employee, who is engaged to perform work at your workplace either on a once only basis, occasionally, or regularly. Contractors can include plumbers, builders, cleaners, electricians, etc.

A contractor may engage the services of a sub-contractor to assist in the completion of the contract. For example, a building contractor may hire a sub-contractor to complete the electrical wiring part of the contractor's building job.

As an organisation, it is your responsibility under the OH&S legislation to ensure that contractors and sub-contractors are not put at risk by activities of any person in the organisation and that your staff and clients are not put at risk by the contractor or their employees. Companies are therefore responsible for:

- Providing a safe working environment;
- Undertaking hazard identifications and risk control activities in order to eliminate any possible risk exposure;
- Providing safe working equipment and machinery; and
- Providing adequate instructions, training and supervision to everyone in the workplace.

It is for these reasons you should implement a formal Contractor Management System to ensure your responsibilities are fulfilled and to effectively prove that any contractor who comes on-site is adequately controlled and any risks are effectively managed. Implementing such a system will therefore assist the organisation in its risk mitigation measures and ensure the business does not become liable for contractor staff.

The following is a brief overview of the procedures needed to ensure you will have an effective contractor management programme in respect to OH&S, asset protection, business interruption, insurance and legal responsibilities.

Contractor Approval Process

By implementing a contractor approval process, contractors are requested to demonstrate that they have:

- An appropriate level of qualification (where applicable);
- Current certificates and licenses (where applicable) e.g. all contractors or sub-contractors operating any mobile equipment such as forklifts, front end loaders, etc. must have the appropriate licenses;
- Elements of an OH&S programme relevant to the size and complexity of their business but as a minimum they must be able to supply training records and risk management documentation such as Job Safety Analyses, Safe Work Method Statements, Material Safety Data Sheets (for hazardous substances used); and
- Up to date Certificates of Currency for workers compensation, public and product liability Insurance.

This is generally done by asking the contractor to compete a Pre-Qualification Questionnaire which includes questions relating to their OH&S programme in relation to the work to be done. These documents demonstrate that contractors are aware of their responsibilities and the work requirements, and have the proper skills to carry out the work safely. Insurance documentation should be tracked and collected annually.

A company should establish a contractor register where details of each contractor can be filed, including reports on performance and compliance with OH&S requirements.

Induction Process

Induction processes are intended to instruct contractors about the company's policies and procedures and to provide them with information concerning hazards and hazard control measures at the worksite. Contractors should then be required to acknowledge in writing that the induction has taken place and the information provided has been understood and has been agreed to as a condition of contract. A signed record of the induction should be maintained on file. The induction process and procedures should be at least reviewed annually.

Work Permits

Before some high risk jobs are commenced, it is recommended that companies require contractors (as well as their own employees) to work under a Permit to Work system. This ensures that the hazards and risks associated with the work are identified and the appropriate controls implemented to maintain a safe working environment. Permits to be issued include:

- Hot Work Permit

  Hot work can be defined as any temporary or permanent operation that produces flames, sparks, or heat. Some examples of hot work operations include welding, grinding, thermal/oxygen cutting or other related heat producing processes. Conducting these operations outside safe areas creates a significant risk, especially during maintenance and construction activities, which results in many serious fires. To achieve effective hot work management, proper planning, training and adequate supervision is necessary to reduce the risks associated with hot work operations.

- Cold Work

  Cold work permits are required specifically on works on or near insulated metal panels. Insulated panels are of concern due to the combustible insulation that is found within these building elements. Cold work permits therefore ensure sufficient safety precautions are in place to remove the potential for ignition of the combustible core material during these works. The most common types of insulation found in these panels is expanded polystyrene (EPS) or polyurethane (PUR).
- Confined Space Entry Permit

  Entry into confined spaces can expose employees to significant hazards such as an unsafe level of oxygen, atmospheric contaminants, engulfment by products normally stored in the space, or entrapment by operating machinery and equipment in the space. The work to be undertaken in the space can also contribute to the hazards e.g. fumes generated by welding and other hot work, or use of chemicals etc. If contractors are going to undertake the confined space work, the company must ensure they are competent and their employees have had the appropriate training. They must demonstrate they understand how to work under a confined space Permit to Work and all the necessary risk controls are available including an oxygen/gas detector metre, a stand-by person, means of purging and ventilating the space if required, respiratory equipment if required and rescue equipment.
- Working at Heights Permit

  Falls from height can result in serious injury or death, hence the need to protect employees undertaking this work by having a Permit to Work system in place. If a contractor is going to do a job which involves working at height, the company must ensure the contractor demonstrates how the work will be done safely. This will involve completing a risk assessment, having a Job Safety Analysis or Safe Work Method Statement for the job which states what access will be used to reach the required height e.g. ladder, scissor lift, other form of elevated work platform. The Permit to Work will state the controls that are required and the company will check that they are being implemented during the job.

Other Permits to Work may include:

- Electrical Work Permit; and/or
- Isolation Permit.

Incident Reporting

Incident management procedures apply to staff, visitors and contractors. Where an injury, illness or near miss occurs, prompt reporting, recording and investigation of the incident must take place in order to ensure the ongoing safety of all individuals. Incident reports must then be reviewed by management to ensure accuracy and corrective actions take place to avoid it happening again. The company's incident reporting procedures must be explained to contractors during induction so they understand the need to report all incidents.

Personal Protective Equipment

Contractors will need to wear appropriate personal protective equipment to comply with site requirements and the relevant codes of practice. All work areas should be secured and/or barricaded where possible. Fencing, signs, lighting, etc. should be installed as required by site conditions and legislation. Some examples of personal protective equipment include:

- Safety helmets – in construction areas or areas as indicated by signage;

- Suitable and substantial clothing and safety footwear – at all times on site e.g. high visibility vests and shirts;

- Safety glasses or goggles – where any grinding activities are taking place;

- Hearing protection - in designated areas.

- Respiratory protection – e.g. disposable respirators, half face respirators, powered air respirators, for protection in the presence of dusts, fumes, mists, atmospheric contaminants

Emergency Preparedness

All companies must have procedures in place to deal with potential emergencies. This includes having an emergency evacuation plan for the premises and an appropriate level of fire protection equipment e.g. fire extinguishers, sprinkler systems, hose reels. Additional fire extinguishers may be required when hot work is in progress so that there is appropriate protection close to the source of a potential fire.

Contractors must be provided with information on the emergency evacuation procedures during induction, including how to raise the alarm in the event of an emergency. They must understand they are responsible for taking all precautions to prevent fires and fire-inception haards. Care should therefore be taken to ensure that all equipment and materials are cool before storing near combustible materials and that the area is damped down following welding to ensure sparks and smouldering material are extinguished.

Housekeeping

Accumulation of rubbish and combustible waste is a fire hazard and can also lead to slips, trips and falls in the workplace. It is therefore essential that clean housekeeping conditions are maintained in all areas. Contractors should be instructed to clean up all waste and debris after every operation and store materials and supplies in an orderly manner to reduce the risk of incidents. It is also important that contractors do not obstruct aisles, emergency exits, and access to fire protection equipment or create tripping hazards.

Special Hazards

Many operations are generally accepted as being "hazardous". There are widely accepted standards, procedures, and safe practices which have been developed which will, if they are stringently followed, greatly reduce the hazards of any particular operation. For instance, hard hats are required on all new construction sites and in some areas of building alterations, whilst safe spray painting requires good ventilation and explosion proof electrical equipment.

It is expected that the contractor will be familiar with accepted safety standards for the work to be undertaken, and that proper safeguards will be employed. However, a company employing a contractor should never assume that the contractor is aware of all risks. Special hazards, present on your site, must be clearly explained as part of your induction process.

Some of the operations deemed hazardous, where special precautions are needed include:

- Rigging, hoisting, working on, or erecting scaffolding, working overhead;
- Spray painting;
- Excavating;
- Loading or unloading of flammable liquids;
- Working around, or on moving equipment; and
- Cleaning with acids or caustic materials.

Where contractors will be undertaking any of the activities mentioned above the company needs to make sure that the contractor provides evidence of their competency to conduct the work safely and the appropriate risk controls will be implemented.

Monitoring Performance

It is important that companies implement a process to monitor contractor performance during the life of a project or periodically where contractors are used regularly to perform a function such as maintenance or cleaning. This can be done using an OH&S checklist designed to review significant aspects of the work e.g. electrical safety, working at height, wearing personal protective equipment, housekeeping, hot work controls, compliance with permits. Part of the review process has to include directions on what steps to take if a contractor is found to be non-compliant with requirements.

The OH&S requirements of the company and the performance monitoring procedures should be written into the signed contract with the contractor.

Conclusion

Employers have a legal responsibility for persons undertaking work on their behalf as well as for their own employees. This means that a company must take the safety management of contractors seriously and introduce policies, standards and procedures that will protect the company's employees and assets as well as the safety of the contractors' personnel.

A company will often engage a contractor to undertake high risk work because the company does not have the expertise in house. This means that the contractor's employees are exposed to hazards that are not normally encountered in the workplace, and they may also be exposing the company's employees and assets to previously unidentified risks.

This paper has outlined some of the OH&S and property risks encountered when engaging contractors, and also explained the elements of a good contractor risk management program. Companies that implement a good documented program will protect themselves legally as well as reduce the risk of injuries and incidents arising from contractors' work.

This Technical Bulletin is provided as a guide only to implementing a very important system to mange risks associated with contractors. RiskTech has skilled consultants with the necessary technical qualifications and commercial expertise to assist you to develop and implement a contractor management programme. For further assistance, please contact Mike McKelliget on 0416 109 332.