



FACT SHEET

Contractor Management

Do you employ contractors to undertake work within your school, parish or welfare facility?

Under state and territory health and safety legislation, people who manage or control a workplace are still required to provide for the health, safety and welfare of contractors, sub-contractors, staff, volunteers and visitors for the duration of works.

Failure to comply with health and safety laws can result in large fines, damaged reputations and in some cases, end in jail time for those held responsible.

Although it is not always the case, there have been instances where contractors or sub-contractors have failed to institute safe work practices or take the appropriate precautions, resulting in fines and litigation for the organisation and contractor involved.

A Victorian state school was recently fined \$10,000 by WorkSafe Victoria after a contractor drilled a hole through asbestos sheeting when installing ventilation to the canteen area.

At the time volunteers were in the canteen, and as a result, are believed to have been exposed to white asbestos.

It might seem like \$10,000 is a little light considering organisations can face fines well in excess of this figure. However, situations like this can also expose organisations to civil litigation and where asbestos is concerned insurers will not cover the cost. In addition, the incident may also negatively impact on the reputation of the school.

Therefore it is crucial for organisations to recognise the need to develop and implement effective systems to manage the safety aspects of contractors.

Taking a risk management approach to contractor management

A suitably qualified member of staff should oversee all areas of the contractor management process including safety, security and due diligence.



In addition, a responsible member of staff should be appointed to identify the risks associated with works being undertaken by the contractor/s.

Once the risks have been identified, analyse the risks to determine the likelihood and consequence of an identified risk occurring. Conclusions drawn can then be used to determine the level of risk and treatments required.

Some common risks associated with contractor management include, but are not limited to, failure to monitor contractor performance; budget blow-outs; inadequate insurance cover; neglecting to communicate and inform contractors on their occupational health and safety responsibilities and failure to provide a safe work environment.

Example Contractor management risks:

Scenario	Risk	Risk ranking
Contractor works at height without working at heights training	Falls from height	High
Failure to address contractor under performance	Injury, property damage and/or budget blow-outs	Medium – high
Contractor has inadequate or no insurance	Organisation held responsible for loss caused by the contractor	High

Risk controls

- ◆ Establish a contractor management policy and procedure in accordance with your state or territory Workplace Health and Safety legislation, respective regulations, codes of practice and standards. Policies should state your overall objectives and responsibility. Procedures should explain processes, for example, your responsibilities when allowing a contractor to undertake high risk work such as working at heights
- ◆ Validate previous job references
- ◆ Nominate a representative in your organisation to manage the health and safety of contractors, stakeholders and others
- ◆ Obtain risk assessments from your contractors for works to be conducted and review the adequacy of contractor risk assessments throughout all phases of the project

- ◆ Sight and retain copies of licences, registrations and qualifications
- ◆ Obtain copies of insurance certificates of currency for:
 - public liability
 - workers' compensation
 - professional indemnity
- ◆ Validate risk assessments and work permits
- ◆ Review the contractor's health and safety plan
- ◆ Review safe work and operating procedures
- ◆ Induct and train contractors in the organisation's occupational health and safety policy and procedures for example: First Aid, emergency notification etc.
- ◆ Communicate and consult with all stakeholders where it is identified that works pose a risk to health and safety
- ◆ Inform stakeholders of new building safety rules, policies and procedures
- ◆ Ensure the contractor issues site specific work and general work accredited safety induction training to their employees, sub-contractors and labour-hire workers
- ◆ If a contractor does not comply with mandatory legislative requirements, regulatory guidelines and codes of practice, stop work and seek advice from your state workplace health and safety authority
- ◆ Ensure all areas are free from hazards by conducting regular and random inspections and supervision of work areas
- ◆ Record and report progress and performance results with your nominated project manager and contractor
- ◆ Request safe work and operating procedures for newly installed equipment
- ◆ Obtain copies of certificates of warranty and compliance
- ◆ Meet regularly with the contractor, project manager and sub-contractors during works
- ◆ Discuss the progress of works and report on safety compliance matters.

Depending on which state or territory your organisation occupies, a risk assessment should commonly include work plans or permits, job safety analysis sheets or work method statements.

Monitoring and review

Monitor and review risk controls at regular intervals to ascertain effectiveness and amend controls if they are not working.

Further resources

Safe Work Australia

www.safeworkaustralia.gov.au

Your state or territory WorkCover Authority

Relevant Standards, Regulations and Acts

State or territory acts, regulations, codes of practice and guidelines

HB 266: 2010 Guide to Managing Risk in Not-For-Profit Organizations

AS/NZS 4801 Occupational Health and Safety Management Systems – Specification with guidance for use

AS/NZS ISO 31000:2009 Risk management – Principles and Guidelines

References:

Devik Alecs, “Canteen Asbestos costs Geelong High \$10,000 in Court Fines”, Geelong Advertiser 04/12/2009, news article, www.geelongadvertiser.com.au/article/2009/12/04/128895_news.html

Prosecution Results Summaries, WorkSafe Victoria, accessed 02/06/10, www1.worksafe.vic.gov.au/vwa/vwa097-002.nsf/content/LSID163514

If you want to know more, or would like a copy of the Contractor Management Checklist, please contact the *risksupport* Helpdesk on **1300 660 827**.

Construction insurance

If you are planning to undertake building works and would like to enquire about contractor insurance, please contact your Account Executive on **1800 011 028**.

If you would like further information about Contractor Management, please contact the *risksupport* Helpdesk on:

1300 660 827
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