

## Contractors - Better Practice Guidelines Including Health/Safety in Engagement/Management/Evaluation

**Document Number** PD2005\_227

**Publication date** 27-Jan-2005

**Functional Sub group** Corporate Administration - Purchasing  
Personnel/Workforce - Occupational Health & Safety

**Summary** Specifies requirement for including health and safety principles in engaging, managing and evaluating contractors in Health Services.

**Author Branch** Workplace Relations and Management Branch

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**Applies to** Area Health Services/Chief Executive Governed Statutory Health Corporation, Board Governed Statutory Health Corporations, Affiliated Health Organisations - Non Declared, Affiliated Health Organisations - Declared, Public Health System Support Division, NSW Ambulance Service, NSW Dept of Health

**Distributed to** Public Health System, Health Associations Unions, NSW Ambulance Service, NSW Department of Health

**Review date** 31-Jan-2012

**Policy Manual** Not applicable

**File No.** 99/11760-2

**Previous reference** 2001/119

**Issue date** 17-Dec-2001

**Status** Active

### Director-General

This Policy Directive may be varied, withdrawn or replaced at any time. Compliance with this directive is **mandatory** for NSW Health and is a condition of subsidy for public health organisations.

**CIRCULAR**

<b>File No</b>	99/11760-2
<b>Circular No</b>	2001/119
<b>Issued</b>	17 December 2001
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**BETTER PRACTICE GUIDELINES FOR INCLUDING HEALTH AND SAFETY  
IN THE ENGAGEMENT, MANAGEMENT AND EVALUATION  
OF CONTRACTORS IN HEALTH SERVICES**

This circular applies to public health organisations as defined under section 7 of the Health Services Act 1997 (including Area Health Services, Corrections Health Service, and the Children's Hospital at Westmead), the Department of Health, and the Ambulance Service of New South Wales.

The Guidelines outline the NSW Health policy for including health and safety principles in procedures for engaging, managing and evaluating contractors in Health Services. They aim to assist Health Services minimise the risk of injury or occupational illness to contractors, employees, visitors and others in the workplace that may arise from the presence of contractors on the premises.

The document incorporates an OH&S risk management approach to contractor management, and provides a framework for local procedures in compliance with current OH&S legislation.

Health Services are to develop and implement OH&S procedures for contractor management within their Health Service based on the Guidelines and local needs.

Inquiries in relation to this circular should be directed to Health Service Risk Managers. Only Risk Managers should contact the Department.

Robert McGregor  
**Acting Director-General**

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In accordance with the provisions incorporated in the Accounts and Audit Determination, the Board of Directors, Chief Executive Officers and their equivalents, within a public health organisation, shall be held responsible for ensuring the observance of Departmental policy (including circulars and procedure manuals) as issued by the Minister and the Director-General of the Department of Health.

**NSW HEALTH**

**Better Practice Guidelines  
for including Health and  
Safety in the Engagement,  
Management and Evaluation  
of Contractors in Health  
Services**

**February 2005**

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## About this document

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<b>Introduction:</b>	<p>This document aims to assist Health Services minimise the risk of injury or occupational illness to contractors, employees, visitors and others in the workplace that may arise from the presence of contractors on the premises.</p> <p>It has been developed in consultation with a working party consisting of representatives of the Department of Health, Health Services, Health unions, and an OH&amp;S consultant. The document incorporates an OH&amp;S risk management approach to contractor management, and provides Health Services with a framework for the engagement, management and evaluation of contractors in compliance with current legislation.</p>
<b>Responsibility:</b>	<p>This document was prepared by the Employee Relations Division, NSW Department of Health.</p>
<b>Authority:</b>	<p>It is a condition of subsidy under the Accounts and Audit Direction that Health Services comply with Departmental Circulars.</p>
<b>Version:</b>	<p>December 2001</p>
<b>Updates and feedback:</b>	<p>This document will be updated to reflect any changes to legislative and policy requirements. Feedback is welcome and should be directed to the Director, Employee Relations.</p>
<b>Related Department of Health policies and manuals:</b>	<p><i>Fire Safety in Health Care Facilities</i> (Circular 2001/11) <i>Infection Control Policy</i> (Circular 99/87) <i>NSW Health Occupational Health, Safety and Rehabilitation Guide</i> <i>Policy and Guidelines for the Management of Occupational Rehabilitation in NSW Public Health Care Facilities</i> (Circular 97/89) <i>Policy and Guidelines for the Safe Handling of Glutaraldehyde in NSW Public Health Care Facilities</i> (Circular 97/61) <i>Policy and Guidelines for the Safe Use of Hazardous Substances in NSW Public Health Care Facilities</i> (Circular 98/76) <i>Policy Framework and Guidelines for the Prevention and Management of Latex Allergy</i> (Circular 2000/99)</p> <p><i>Policy Guidelines for the Prevention of Manual Handling Incidents in NSW Public Health Care Facilities</i> (Circular 97/35) <i>Purchasing and Supply Manual for Area Health Services and Public Hospitals.</i> <i>Safety &amp; Security: Minimum Standards for Health Care Facilities</i></p>
<b>Related legislation:</b>	<p><i>Occupational Health and Safety Act 2000</i> <i>Occupational Health and Safety Regulation 2001</i></p>
<b>Additional references / resources:</b>	<p><i>Best Plant.</i></p> <ol style="list-style-type: none"><li>1. <i>Audit Provisions</i>, WorkCover NSW/Edtex, 10 June 1999</li><li>2. <i>Contract Specifications</i>, WorkCover NSW/Edtex, 31 May 1999</li><li>3. <i>Contractor Pre-qualification</i>, WorkCover NSW/Edtex, 26 April 1999.</li></ol> <p><i>Code of Tendering for the Construction Industry</i>, NSW Government, July 1996. <i>Environmental Management Systems Guidelines</i>, Construction Policy Steering Committee, November 1998. <i>Hazpak, A practical guide to basic risk management</i>, WorkCover NSW, undated. <i>Managing Your Contractors Health and Safety: A Guide</i>, WorkSafe Australia, February 1999. <i>Memorandum of Understanding Signatory Construction Contractors Subby Pack</i>, NSW Construction Industry, 30 March 1999.</p> <p>The following documents are available via the NSW Department of Public Works and Services web site (<a href="http://www.cpsc.nsw.gov.au/ohsr/">http://www.cpsc.nsw.gov.au/ohsr/</a>): <i>Guidelines for Auditing Project OHS&amp;R Management Plans, New South Wales.</i> Construction Policy Steering Committee, November 1998. <i>How to prepare Site Specific Safety Management Plans and Safe Work Method Statements, 3rd Edition</i>, New South Wales. Construction Policy Steering Committee, November 1998. <i>OHS&amp;R Management Systems Guidelines, 3rd Edition, New South Wales.</i> Construction Policy Steering Committee, November 1998.</p>



<b>1.1 About the policy and guidelines</b>	<p>This document outlines the NSW Health policy for including health and safety principles in procedures for engaging, managing and evaluating contractors in Health Services.</p> <p>The policy and guidelines are intended to assist Health Services in minimising the risk of injury or occupational illness to staff, patients, visitors and others in the workplace that may arise from the presence of contractors on the premises, and to minimise the risks to the health and safety of contractors which may arise from the activities of the Health Service.</p> <p>Section two of the document provides nine principles for good practice in contractor management. Sections three to five provide guidelines for the implementation of each principle. The scope and manner of the implementation of the principles will depend on a risk assessment of each contractor situation.</p>
<b>1.2 Who the policy and guidelines are for</b>	<p>The policy and guidelines have been developed to assist managers and other staff with responsibilities for contractor engagement, management and evaluation to establish their own procedures, based on local needs, to meet the requirements of the NSW Health policy.</p>
<b>1.3 Who is a contractor?</b>	<p>A contractor is an individual, organisation or legal entity engaged under a contract for services to perform any work, provide any service, or supply any goods at an agreed price or rate.</p> <p>For the purposes of this document, examples of the work or services undertaken by contractors may include cleaning, all types of repair and maintenance, medical (eg agency nurses, Visiting Medical Officers), consulting and construction.</p> <p>Contractors are not employees. There are certain features which distinguish the two types of worker under the law. An <i>employee</i> performs work under the control of another person (the employer) in exchange for payment. The relationship is that of a <i>contract of service</i>. This relationship is contrasted with a <i>contractor</i> relationship, which is usually referred to as a <i>contract for services</i>. In this case the employer hires a contractor for a service but may not have control over who performs the work, over their work conditions (such as hours, breaks, etc.) or, in many cases, over the manner in which the work is performed.</p> <p>Some additional features that may indicate a worker is a contractor include the following:</p> <ul style="list-style-type: none"> <li>- the worker carries his/her own tools or equipment,</li> <li>- the worker is free during the engagement to perform similar work for others,</li> <li>- the nature of the worker's involvement carries a risk of financial loss or opportunity to make a profit from the work, and</li> <li>- the worker charges for his/her services by supplying an invoice (rather than receiving wages) and is generally responsible for the payment of tax.</li> </ul> <p>In cases of staff hired through employment agencies, an essential element is the contract of engagement. Usually no contract exists between the host company and the worker. The worker may work for several host companies over a period of time and may have a relationship with several employment agencies.</p> <p>The management of Health Services is responsible for determining whether an individual would be considered a contractor or an employee, and applying relevant policies and legislation accordingly.</p> <p>In this document, the word "contractor" refers to the principal contractor, their employees, their sub-contractors, and the sub-contractors' employees.</p>
<b>1.4. Who has the responsibility for OH&amp;S issues?</b>	<p>Some employers erroneously believe that they can delegate their OH&amp;S responsibilities by engaging contractors to undertake hazardous work that would otherwise be done by employees. Many employers also believe that where they do not have direct control over the manner in which the work is performed or the service is supplied (particularly where trades persons or other professionals are involved), they also delegate their OH&amp;S responsibilities. However, given the employer's need to show due diligence, health facilities cannot point to contractors as having sole responsibility for health and safety.</p> <p>NSW OH&amp;S legislation imposes simultaneous obligations on a variety of persons and entities who have control over a workplace. These obligations cannot be delegated.</p> <p>Recent court decisions in NSW have demonstrated that employers who retain contractors remain liable for ensuring that the contractors' employees (and sub-contractors) are not exposed to risks to their health and safety while at the employer's workplace.</p> <p>In turn, contractors as employers themselves, have a responsibility to ensure the health, safety and welfare of their own employees.</p>
<b>1.5. Key legislation</b>	<p>The <i>Occupational Health and Safety Act 2000</i> and the <i>Occupational Health and Safety Regulation 2001</i> are based on the concept of duty of care relating to the health, safety and welfare of persons at work, including contractors.</p>

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Part 2, Division 1 of the Act sets out the duties of employers, self-employed persons, controllers of work premises, designers, manufacturers and suppliers relating to health, safety and welfare at work. In particular:

- Section 8(1) requires the employer to ensure the health, safety and welfare at work of their employees;
- Section 8(2) requires the employer to ensure that other persons are not exposed to risks to their health or safety arising from the employer's undertaking while they are at the employer's place of work ; and
- Section 10 provides that persons having control of premises used by people as a place of work must ensure that the premises are safe and without risks to health.

All duty holders must take all practicable steps within their control to secure the safety of any contractor engaged to carry out work, and of the premises, plant or substances used. The Act also includes a requirement for employers to consult employees on any risk assessments, decisions, and new or altered procedures relating to their health and safety at work (Part 2, Division 2).

The legislation includes a requirement for ongoing risk management (Chapter 2 of the Regulation). All employers (and other parties) must ensure that all risks to health and safety at a place of work are identified, assessed and eliminated or controlled. Such risk management forms the basis of contractor management.

The legislation requires the notification of accidents, death and certain other occurrences to WorkCover (section 86 and 87 of the Act and Part 12.1. of the Regulation). Such other occurrences include an injury that will prevent the person from attending the person's usual place of work for a continuous period of at least seven days. Incident Report Forms are available from WorkCover NSW. The contract should clearly state who will be responsible for notifying WorkCover NSW under section 86 of the Act.

## 1.6. Legislative liability

Occupational Health and Safety legislation applies to all places of work in NSW and an employer who has not taken adequate steps to eliminate or reduce risks can be penalised for not complying with the legislation even if no injury has occurred. The maximum fine for corporations for a breach of sections 8, 9, 10, or 11 of the *Occupational Health and Safety Act 2000* is currently \$550,000 (first offence) and \$825,000 (subsequent offences). Directors and managers of corporations, as the employer's representatives in the workplace, may face a penalty of up to \$55,000 (first offence), or \$82,500 or imprisonment for two years or both (subsequent offences).

For the purposes of the Occupational Health and Safety Act, Health Services are corporations.

## 1.7. Glossary

A number of terms will be in regular use in these guidelines and are defined here for convenience of reference:

**Contract** - an agreement between two or more parties.

**Contractor pre-qualification** - a systematic procedure for screening the health and safety practices and culture of organisations or individuals that supply plant and equipment, human resources, or services. In this way, a pool of preferred contractors can be established.

**Due diligence** – the use of all reasonable foresight and care in the planning and conduct of activities to protect the health, safety and welfare of everybody in the workplace.

**Hazardous Work** - any work that has the potential to harm the health and safety of a person.

**Health Service** –for the purposes of this document, “health service” refers **individually** to the NSW Department of Health, public health organisations as defined under section 7 of the *Health Services Act 1997* (including Area Health Services), and the NSW Ambulance Service.

**NSW Health** – for the purposes of this document, “NSW Health” refers **collectively** to the NSW Department of Health, public health organisations as defined under section 7 of the *Health Services Act 1997* (including Area Health Services), and the NSW Ambulance Service.

**Risk management** – a logical and systematic process of identifying, assessing, controlling or eliminating, monitoring and communicating risks associated with any activity, function or process in a way that will enable organisations to minimise losses and maximise opportunities.

**Risk assessment** – a crucial component of risk management, the process of estimating the magnitude of risk exposures and deciding the urgency with which they are to be controlled.

**Safe Work Method Statement** - a written statement, based on a risk assessment, clearly stating the safest way to do the task; to be prepared by a contractor for all hazardous work.

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## 2.0 NSW HEALTH POLICY

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## ~~2.1 About this section~~

~~This section states the NSW Health policy for the engagement, management and evaluation of contractors and sets out 9 principles for good practice.~~

## 2.2 Policy

***Each Health Service is to ensure that risks to health and safety at the workplace are identified, assessed, and eliminated or controlled so that:***

- 1) the health and safety of employees, patients, visitors and others will not be put at risk by the activities of contractors in the workplace; and***
- 2) a safe place of work is provided for contractors working in Health Services.***

## 2.3 Principles for contractor engagement, management and evaluation

Each Health Service is to develop and implement procedures for engaging, managing and evaluating contractors. Implementation of these procedures should be commensurate with the foreseeable level of risk of each case.

The procedures shall have provision for the following principles of:

### ***Contractor engagement***

1. Conducting and documenting an OH&S risk assessment before work commences;
2. Including in contract documentation the facility's OH&S requirements and a clear definition of the contractor's OH&S responsibilities; and
3. Assessing, before engagement, the contractor's capability and suitability to carry out the work in a manner that is safe and without risks to health.

### ***Contractor management***

1. Ensuring that induction and ongoing training is provided as necessary according to the degree and type of risk to which contractors may be exposed while on the Health Service's premises;
2. Communication and consultation between the Health Service and contractors on OH&S issues; and
3. An ongoing process for monitoring and managing the contractor's compliance with OH&S statutory requirements, and the OHS requirements imposed in the contract, while on the Health Service's premises.

### ***Contractor evaluation***

1. A post-engagement performance review, which includes OH&S criteria and a Register of Injuries;
2. Compiling criteria, which include OH&S considerations, for a List of Preferred Contractors; and
3. Regular evaluation of the effectiveness of the procedures for contractor management.

## 2.4. Accountabilities

### ***NSW Department of Health***

The NSW Department of Health is responsible for:

- i) Setting policy direction for the health and safety of all staff employed in Health Services; and
- ii) Establishing procedures for the engagement, management and evaluation of contractors on the Department of Health premises.

### ***Chief Executive Officers***

Chief Executive Officers are responsible and accountable for ensuring:

- i) the implementation of a contractor management program in their facilities which is consistent with the objectives of NSW Health;
- ii) the development of local procedures which complement the NSW Health policy;
- iii) evaluation and monitoring of local contractor management procedures;
- iv) consultation with employees on any OH&S decisions by means of an OH&S Committee or OH&S representative in accordance with Part 2, Division 2 of the *Occupational Health and Safety Act 2000*; and
- v) reporting outcomes to the appropriate Health Service Board or the Director-General.

### ***Managers, supervisors and team leaders***

Managers, supervisors and team leaders, or other controllers of work premises, are responsible and accountable for:

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- j) the effective implementation, promotion and support of the contractor management procedures in their areas of responsibility. This includes participation in monitoring contractor OH&S performance against the facility's contractual requirements and the post-contract evaluation process;
  - ii) ensuring staff under their control are made aware of contractor management procedures and possible hazards which may arise from the presence of contractors in the work place;
  - iii) taking appropriate action when hazards related to the presence of contractors in the work place are reported or unsafe situations are observed; and
  - iv) acting promptly to resolve any OH&S issues or disputes concerning contractors at the facility.

***Risk management staff***

Risk management staff are responsible for supporting and advising relevant managers to ensure OH&S input in all phases of contractor engagement and management.

***Occupational Health & Safety Committees***

Occupational Health and Safety Committees are responsible for:

- i) providing a channel of communication for employees with concerns about contractors in the work place; and
- ii) monitoring and reviewing health and safety issues related to the presence of contractors in the workplace (including risk assessments, decisions about measures to eliminate or control risks, new or changed procedures, etc.).

***Employees***

Employees are responsible for:

- i) participating in the consultative process;
- ii) cooperating with the employer to enable compliance with occupational health and safety requirements;
- iii) taking reasonable care for the health and safety of others, including visitors, at the employer's place of work; and
- iv) immediately reporting to their supervisors any concerns relating to the safety of themselves, other facility staff, visitors, patients or the contractors.

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**3.0 ENGAGEMENT OF CONTRACTORS**

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<del>3.1</del>	<del>About this section</del>	<p>This section describes the guidelines for policies and procedures that Health Services must put in place to meet the needs of the following principles of contractor engagement as outlined in Section 2:</p> <ol style="list-style-type: none"> <li>1. <i>Conducting and documenting an OH&amp;S risk assessment before work commences;</i></li> <li>2. <i>including in contract documentation the facility's OH&amp;S requirements and clear definition of the contractor's OH&amp;S responsibilities; and</i></li> <li>3. <i>assessing, before engagement, contractor's capability and suitability to carry out the work in a manner that is safe and without risks to health.</i></li> </ol>
3.2	<b>OH&amp;S risk assessment</b>	<p>A risk assessment should be undertaken to:</p> <ol style="list-style-type: none"> <li>1. identify all foreseeable risks to contractors and others in the workplace (employees, visitors, patients etc) arising from the presence and/or activities of contractors in the workplace (including the likelihood of environmental risks such as chemical spills); and</li> <li>2. identify all foreseeable risks to the health and safety of contractors arising from the activities of the facility.</li> </ol> <p>The risk assessment may be carried out by the Health Service and/or the contractor. For the risk assessment to be valid, sufficient detail about how and when the work will be undertaken must be available.</p> <p>If the contractor is to conduct the risk assessment, the Health Service must identify beforehand any specific risks and requirements to be considered in the assessment. Depending on the type of the contract, such risks may include, but are not necessarily limited to:</p> <ul style="list-style-type: none"> <li>• improper conduct in relation to children or other patients,</li> <li>• manual handling incidents,</li> <li>• medico-legal risks,</li> <li>• product or service liability,</li> <li>• dangerous goods or chemicals,</li> <li>• increased fire risk, noise and/or dust,</li> <li>• the presence of heavy vehicles and mobile plant, increased vehicular traffic,</li> <li>• disposal of waste,</li> <li>• security risks including the possible disconnection of warning systems,</li> <li>• the presence of asbestos,</li> <li>• confined spaces,</li> <li>• buried pipes, concealed wires, etc.</li> </ul> <p>Requirements include, but are not necessarily limited to:</p> <ul style="list-style-type: none"> <li>• satisfactory criminal record checks,</li> <li>• licences or qualifications,</li> <li>• warranties,</li> <li>• safety isolation procedures,</li> <li>• permit to work procedures,</li> <li>• signage,</li> <li>• Personal Protective Equipment.</li> </ul> <p>Health Services must be satisfied that the contractor is capable of conducting an adequate risk assessment, and must sign off on the assessment once it has been completed. Any control measures already in place for the hazards identified also need to be reviewed to determine whether they will be affected by the presence of contractors at the facility. The lift-out work-sheet in the WorkCover NSW <i>Hazpak, A practical guide to basic risk management</i> is designed to assist in conducting risk assessments.</p>
3.3.	<b>Contract documentation</b>	<p>Contract documentation should be commensurate with the work being undertaken/service provided and the level of foreseeable risk. It is essential that contract documents clearly state the responsibilities of both parties.</p> <p>As a guide, contract documentation may include the following, depending on the risk assessment:</p> <ul style="list-style-type: none"> <li>• statements of OH&amp;S requirements that must be complied with;</li> <li>• statements that reflect the outcome of the OH&amp;S risk assessment(s);</li> </ul>

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a requirement for a Project Safety Management Plan, a Health Service (Site) Specific Safety Management Plan or Safe Work Method Statement(s) depending on the contract's value or complexity;

**Note:** Instructions on how Project Safety Management Plans, Site Specific Safety Management Plans and Safe Work Method Statements should be presented are set out in the NSW Government Booklet "How to prepare Site Specific Safety Management Plans and Safe Work Method Statements". This is available at <http://www.cpsc.nsw.gov.au/ohsr/>.

- procedures for ongoing risk assessment during the contract;
- a requirement for adequate personnel, resources and supervision to do the job safely;
- a requirement for the contractor to have procedures for the recruitment, control and monitoring of sub-contractors;
- induction and training requirements;
- references to facility safety rules and emergency procedures;
- contractor licences, mandatory training requirements and registration details;
- provision of equipment eg personal protective clothing;
- level of insurance cover required and verification of insurance coverage in such areas as workers' compensation, motor vehicle and third party property damage, professional indemnity and public liability;
- procedures for on-going consultation and communication between the Health Service and the contractor(s);
- provisions for monitoring and managing OH&S compliance, including issue resolution procedures; and
- a written system for reporting accidents and incidents, consistent with legal reporting requirements.

For construction sites, contract documentation should also clearly define the construction site, and state which parties have care, custody and control over the work site, and when and under what circumstances responsibilities change (eg hand over at completion).

A checklist containing key OH&S requirements for consideration when preparing contract documentation is included at Appendix A.

### 3.4. Contractor capability assessment

When assessing contractor suitability it is advisable to prepare a matrix of OH&S issues based on the findings of the risk assessment and the requirements written into the contract. Responses of the contractor to each of the risk assessment issues and the essential requirements of tender documents should be examined individually and assessed, for example *Satisfactory*, *Unsatisfactory* or *Not Applicable*. Weightings may be advisable if necessary to distinguish the importance of particular issues.

Assessment should also include a review of the contractor's incident/accident/injury statistics, as well as Prohibition or Improvement Notices issued and prosecutions initiated by WorkCover in the previous three years.

If the contractor has supplied references, the organisation(s) concerned should be contacted and questioned as to the overall OH&S performance of the contractor.

Networking within the public health care system and/or the NSW Health Intranet is another possible source of information.

When assessing contractor suitability Health Services must, as a minimum, check the contractor's training records and sight licences and other qualifications.

Some major building contracts are managed by the Department of Public Works. In these instances, Health Services may have little control over the selection of contractors.

However, they still maintain certain OH&S responsibilities under the legislation.

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## 4.0 MANAGEMENT OF CONTRACTORS

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#### ~~4.1 About this section~~

~~This section describes the guidelines for policies and procedures that Health Services must put in place to meet the needs of the following principles of contractor management, as outlined in Section 2:~~

- ~~1. Ensuring induction and ongoing training as necessary is provided according to the degree and type of risk to which contractors may be exposed while on the Health Services premises;~~
- ~~2. Communication and consultation between Health Service management and the contractors on OH&S issues; *and*~~
- ~~3. An ongoing process for monitoring and managing the contractor's compliance with OH&S statutory requirements, and the OH&S requirements imposed in the contract, while on the Health Services premises.~~

#### 4.2 Contractor induction and training

In accordance with the new OH&S legislation, an employer must ensure that any person who may be exposed to a risk to health and safety at the employer's place of work is provided with any information, instruction and training necessary to ensure the person's health and safety.

It is important that contractors undergo induction by the facility **before they are permitted to commence work**. The induction must be appropriate to the type and severity of hazards that they may encounter while at the facility.

The nature and scope of induction will depend on:

- the nature and severity of the hazards identified by the risk assessment;
- the task activities in which the contractors are to be engaged;
- the nature of the work environment;
- the equipment which is to be used;
- the skills and experience of the contractors; and
- the length of time that those being inducted will spend on the premises.

The issues addressed at induction and follow-up training may include:

- permit to work systems (see table at Appendix B) and isolation procedures;
- sign in and sign out procedures;
- fire and emergency procedures;
- manual handling policy, procedures and rules;
- infection control policy, procedures and rules;
- familiarisation with equipment;
- injury treatment and hazard reporting procedures;
- overview of relevant safe work method statements;
- other relevant facility specific safety rules; and
- work in progress barriers and signs.

#### 4.3 Communication and consultation

Good communication between Health Service management and the contractor(s) is vital so that OH&S concerns on both sides can be addressed. Protocols for regular meetings should be set out in the contract. The extent and level of ongoing communication depends on the size, scope and nature of the contract.

The facility and the contractor should each nominate a responsible person to supervise the OH&S and other requirements of the contract.

The nominated persons will act as the respective points of contact for all complaints and other problems, which are raised by the facility's or the contractor's employees and work together to resolve them. If no solution can be agreed within their level of authority, it is their responsibility to refer the problem to senior management for resolution in accordance with the issue resolution procedures set out in the contract.

The responsibilities of their roles should be clearly stated for the benefit of all concerned.

#### 4.4 Monitoring and managing compliance

The Health Service must ensure that the contractor(s) on site are appropriately supervised/monitored. This may involve some or all of the following:

- a pre-work check (eg of safety equipment and tools) immediately prior to work commencing;
- confirmation of the contractor's understanding of how the work is to be carried out immediately prior to work commencing;
- regular or periodic checks;
- a post-work check.

The aim is to ensure that the contractor(s) are carrying out their work in a safe manner.

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Some OHS issues that may need to be monitored on an ongoing basis are:

- the effectiveness of the Project Safety Management Plan; the Facility (Site) Specific Safety Management Plan; or the Safe Work Method Statement(s) as appropriate;
- adequacy of workforce, resources and supervision to do the job safely;
- induction attendance records;
- current and relevant licences and registrations;
- compliance with:
  - safety rules, safe work practices and emergency procedures;
  - key facility policies, eg on security, manual handling, smoking, use of alcohol and other drugs, etc;
  - utilisation of hot work/working at height/confined space entry permits;
  - wearing of personal protective equipment;
  - following facility sign in/sign out procedures;
  - wearing visitor or contractor badge;
  - reporting incidents and accidents;
  - facility speed limits; and
  - general cooperation eg participation in evacuation exercises.

All deficiencies found during monitoring must be raised with the contractor's or sub-contractor's employee and brought to the attention of the responsible person (see 4.3. above). Any identified shortcomings in contractor or sub-contractor employee behaviour must be notified immediately to the nominated contractor or delegated representative. Strategies must be put in place, in consultation with the contractor(s), to rectify any problems.

It is important that a checklist or other form be developed for this purpose and filled out on each occasion that monitoring takes place. These records will be needed during the post engagement contractor evaluation (see Section 5).

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## 5.0 EVALUATION OF CONTRACTORS

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## ~~5.1 About this section~~

~~This section describes the policies and procedures that Health Services must put in place to meet the needs of the following principles of contractor evaluation, as outlined in Section 2:~~

- ~~1. a post-engagement performance evaluation which includes OH&S criteria;~~
- ~~2. compiling criteria, which includes OH&S considerations, for a List of Preferred Contractors; and~~
- ~~3. regular evaluation of the effectiveness of the procedures for contractor management.~~

## 5.2. Post-engagement performance evaluation

When the contract is completed the Health Service should evaluate the contractor's OH&S performance with the objectives of:

- determining whether the contractor would be considered for future work, and
- providing feed-back to the contractor.

This process should be formally documented.

It will normally consist of examination of all the check-lists or other documents completed during the monitoring process; any records of complaints by Health Service employees (eg through the OH&S Committee); and consultation with other managers who may have been affected by or involved in the contract work.

It is important that OH&S performance requirements set by the Health Service be measurable so that subjectivity is avoided.

The contractor should be advised officially of the outcome of the post-engagement evaluation. If the outcome is favourable, the letter should advise that the contractor has been placed on the facility's List of Preferred Contractors (see sub-section 5.3).

If the outcome is unfavourable, the advice should be supported with documentation such as a list of the facility's OH&S requirements with which the contractor consistently failed to conform or which required constant reinforcement by Health Service managers.

## 5.3. Criteria for compiling a List of Preferred Contractors

Criteria for compiling a List of Preferred Contractors will include a number of aspects eg completion to time, completion on budget, value for money, technical expertise and reliability. This section is devoted only to OH&S aspects.

In defining the criteria, it is important that subjectivity is avoided and only measurable OH&S performance indicators are included.

Measurable performance indicators will usually be based on the OH&S requirements of the contract.

Some examples are:

- weekly workplace hazard and safe work practice inspections were carried out on time;
- all contractor employees were provided with induction and training before starting work on the site;
- personal protective equipment was worn whenever necessary;
- safe work method statements were provided; and
- injury investigation reports were provided within the timeframe required, and notifications of corrective actions were completed on time.

## 5.4. Regular evaluation of contractor management procedures

Good management procedures require that documented systems and procedures be reviewed at regular intervals to:

- ensure that they are working satisfactorily; and
- ensure that they are being followed.

If the Health Service already has a review system in place, its contractor management procedures should be included in this system. Otherwise, they should be reviewed on a three-yearly basis.

In addition to a three yearly review, it is good management practice to review procedures after they have been used for the first time or when any shortcomings are identified in practice.

The post-engagement performance evaluation (previously described) is a further occasion on which the need for a review of contractor management procedures may be identified.

A review process should be formulated and involve appropriate managers/ supervisors and other staff directly involved in managing contractors.

Organisations already on the Health Service's List of Preferred Contractors should be formally advised of any changes to procedures or OH&S requirements that may affect them in future contacts and be asked to acknowledge receipt of this information.

**Key points to consider:**

The contents of a contract should be commensurate with the level of foreseeable risk and the work being undertaken. The following key points should be considered for inclusion:

1. Legal requirements
2. Regulatory requirements
3. The contractor's OH&S management system
4. Safe Work Practices
5. Project Safety Management Plans, Site Specific Safety Management Plans, Safe Work Method Statements
6. Health Service vs. contractor OH&S responsibilities
7. Use and management of sub-contractors
8. Initial and ongoing identification, assessment and control or elimination of risks
9. Provision of OH&S information
10. Induction and training provisions
11. Safety rules and emergency procedures
12. Installation procedures
13. Commissioning procedures
14. Technical specifications
15. Guarding provisions
16. Testing provisions
17. Record-keeping and reporting requirements
18. Monitoring of OH&S compliance, issue resolution procedures, and disciplinary action for OH&S breaches
19. Operation of plant and vehicles
20. Registration / licence provisions
21. Equipment provision (eg Personal Protective Equipment)
22. Restricted areas and operations (eg permits-to-work etc)
23. Medical and first-aid provisions
24. Ongoing consultation and communication between the Health Service and the contractor(s) and the employees of each
25. Warranty
26. Insurances (Worker's Compensation, Professional indemnity and liability, Third Party Property Damage)

**Appendix B: List of Permit to Work procedures**

The table below contains a list of permits-to-work types which a Health Service may have in place. Please also note that the *Occupational Health and Safety Regulation 2001* includes a requirement for licences and permits for demolition and friable asbestos removal work (chapters 10 and 11). These are issued by WorkCover.

Permit type	Purpose
Work – general	Issued to contractors to notify site presence and must be carried at all times as proof of authority. (Evacuation procedures and basic safety rules may be printed on reverse side.)
Hot work	Issued as authority/notification to carry out hot work, eg welding or burning. Usually valid on day of issue only and returned to issuing authority on completion of job for which issued or on completion of work for day.
Dusty work	Issued as authority/notification to conduct work producing dusty conditions that might require the isolation of fire/smoke detectors. The conditions of issue are usually the same as for Hot Work.
Interruption to services	Issued when building services (eg water, electrical etc) are to be isolated for the purpose of undertaking repair, renovation or maintenance.
Interruption to fire services	Issued when firefighting and/or fire detection systems are to be isolated for the purpose of repair/renovation/maintenance.
Confined spaces	Issued when contractors must enter confined spaces as defined in Chapter 4, Part 4.3., Division 9 of the <i>Occupational Health and Safety Regulation 2001</i> , "Working in confined spaces". Before this type of permit is issued, the facility must ascertain that the contractor has adequate confined space entry procedures and those who will do the job have received training in those procedures. The conditions of issue should be similar to those for Hot Work.
Noise	Issued when contractors are to carry out noisy work. It should specify the times when noisy work may be carried out and any measures required to reduce the impact of noise on patients/visitors and staff.
Roof access/working at height	Issued when contractors must gain access to roof areas or work at height. It should specify the checks that must be made and the equipment to be worn before going onto roof areas and before working at height. The conditions of issue for Roof Access permits should be similar to those for Hot Work.
Asbestos	Issued for work involving removal of asbestos; work in areas where asbestos is present; or work that may result in asbestos being disturbed. Please also see the Chapter 11 of the <i>Occupational Health and Safety Regulation 2001</i> for legislative requirements.
Excavation	Issued to contractors to permit excavation when it is known or suspected that there are underground services such as power cables, gas or fuel lines or telephone cables in the vicinity. The requirements set out in Part 8.5. of the <i>Occupational Health and Safety Regulation 2001</i> with respect to the stability and other safety aspects of excavation should also be included in the permit to work. Permits to excavate should normally be issued for the duration of a particular excavation task.
Work on/in the vicinity of hazardous voltage	Issued to contractors who need to work on, or in close proximity to, exposed electrical/switchgear or service energised electrical equipment. Before a permit of this nature is issued, the responsible person must be satisfied that only licensed electricians will be involved, that a lock-out/tag-out system is in place, and that the hazardous area is effectively barricaded to prevent inadvertent contact with live equipment.