IMPAC
Less risk, safe people, better business

WORKING WITH MULTIPLE PCBUS

+ UNIT STANDARD 17595

With a practical, experienced approach that recognises risk is inherent in life, IMPAC works closely with organisations and government agencies across the country to help drive strongly engaged cultures that prioritise health and safety.

IMPAC is New Zealand's leading health and safety solutions provider – we take the time to understand our client's health and safety requirements and work with them to diagnose, recommend and deliver relevant, practical solutions, including:

- a comprehensive training portfolio and the only NZ based NEBOSH Gold Status Learning Partner
- innovative, locally developed health and safety IT management and analytics systems
- PREQUAL contractor pre-qualification programme
- a team of highly experienced and qualified consultants who help guide health and safety leadership and solutions in organisations across the country.

Recognising people are an organisation's greatest strength, our goal at IMPAC is, and will always be, to ensure everyone gets home safe from work every day.

+IMPAC

Less risk, safe people, better business

CONTENTS

GUIDE

This guide is designed to go with an IMPAC training experience. You will need to refer to it during the training. It is yours to take away and also makes a great reference guide back in the workplace.

Please feel free to add your own notes to this guide.

TIPS

As you go through this manual with your trainer use a highlighter or underline important words as you are reading. This will make it easier to find key information later.

Use a different colour to highlight or underline words you do not understand or are unsure about, this will make it easier to find them later so that you can ask someone, or look them up.

WORKPLACE HEALTH AND SAFETY CULTURE AND COMMUNICATION

This course of learning provides the training required towards the achievement of:

- **Unit Standard 17595 —** Explain health and safety management requirements for contractors working on site.

  Your IMPAC course trainer will provide you with instructions as to what you need to do to achieve this standard.

As an NZQA candidate, you are expected to:

- Participate fully in the training session
- Share your knowledge and experience
- Participate in discussions and activities
- Complete all assessment activities as notified by your trainer
- Take responsibility for your own learning needs
- Discuss with your trainer any assistance you may need.

If you are being disruptive, your trainer will advise you that your behaviour is disrupting learning for other trainees.

If the behaviour continues to disrupt or disturb others, your trainer will ask you to leave the course, and your employer will be notified immediately.

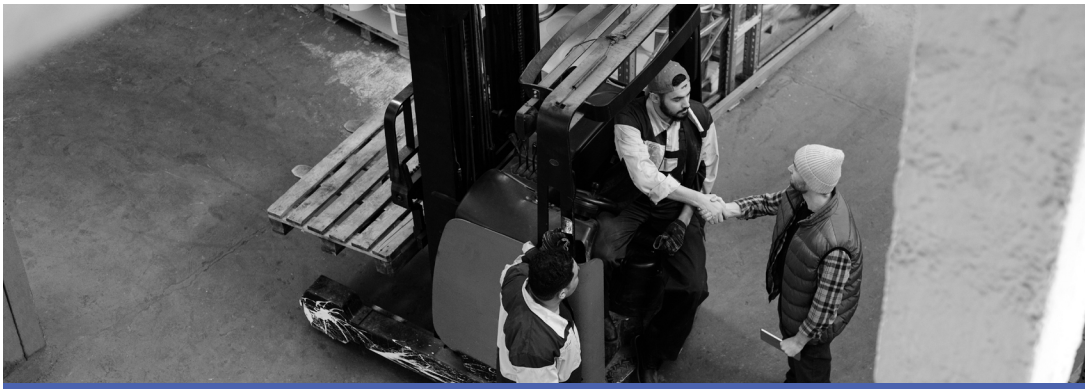
INTRODUCTION

INTRODUCTION

All organisations have some level of interaction with other organisations as part of their business or undertaking. Use of contractors is also a key part of business operations for many organisations. Good business leadership is committed to the principle that everyone should get home from work safe and well each day, and when different organisations are working together, they need to consult, co-operate and co-ordinate their activities to make sure this happens. Whether you use contractors or are a contractor yourself, it is important to understand your legal obligations around health and safety, and how to meet them effectively.

The course will cover the following topics:

- The different types of relationships between PCBUs and how practically to consult, cooperate and coordinate when overlapping duties exist
- Why it is important to properly manage contract work, including the legal and organisational requirements for engaging contractors, and the benefits of effective contractor management for all parties involved
- Planning to work with other PCBUs, including pre-tender preparation, contract terms, scoping the work, gathering information, and identifying risks
- Sourcing the right partners including selecting and engaging contractors, assessing competence, evaluating health and safety plans and contracts, and induction and training requirements for contractors
- Managing the work including monitoring contracts, managing change and when and how to review contracts to learn from your experiences.



PCBUs WORKING TOGETHER

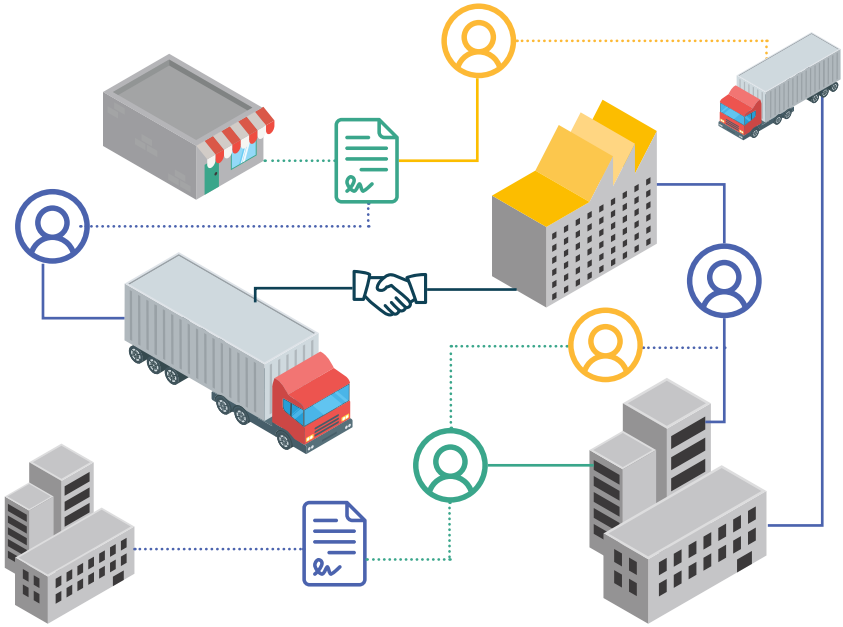
What you need to know:

- Organisations exist in networks of relationships
- It can be useful to describe and categorise different relationships between PCBUs.

NETWORKS BETWEEN ORGANISATIONS

There are many different types of relationships between organisations. Some are completely interconnected and the relationship is formalised through a contract for services. In other cases, the objectives and functions of organisations are joined up with each other, even though no contract for services exists. Organisations sometimes work from the same physical location, provide facilities and assets for other organisations to use, or products and materials in a supply chain.

Still others use the professional services and specialist advice provided by organisations. Some organisations have regulatory functions and interact with other organisations in an inspection and enforcement capacity, or provide public services. Finally, many organisations indirectly impact on other organisations, through being neighbours, through their use of resources, and through environmental impacts.



PCBU RELATIONSHIPS

One way to make sense of the many ways organisations can be interconnected is to categorise them by relationship.

In it with us

One PCBU engages another to do physical work for them as a contractor (contract for services).

Joined

PCBUs that work in the same space where their operations interface but do not necessarily have a contractual relationship.

Connected

PCBUs that work in the same space but do not have a contractual relationship.

Only an asset owner

One PCBU leases rents or uses assets outside the main operations of another PCBU.

Expert advisors

One PCBU provides professional services to another PCBU.

Interested

Neighbouring operations to the PCBU or local and government authorities.

“IN IT WITH US”

One PCBU engages another to do physical work for them as a contractor (contract for services).

EXAMPLES FROM YOUR WORKPLACE

“JOINED”

PCBUs that work in the same space where their operations interface but do not necessarily have a contractual relationship.

EXAMPLES FROM YOUR WORKPLACE

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PCBUs that work in the same space but do not have a contractual relationship.

EXAMPLES FROM YOUR WORKPLACE

"ONLY AN ASSET OWNER"

One PCBU leases rents or uses assets outside the main operations of another PCBU.

EXAMPLES FROM YOUR WORKPLACE

“EXPERT ADVISORS”

One PCBU provides professional services to another PCBU.

EXAMPLES FROM YOUR WORKPLACE

“INTERESTED”

Neighbouring operations to the PCBU or local and government authorities.

EXAMPLES FROM YOUR WORKPLACE

NOTES

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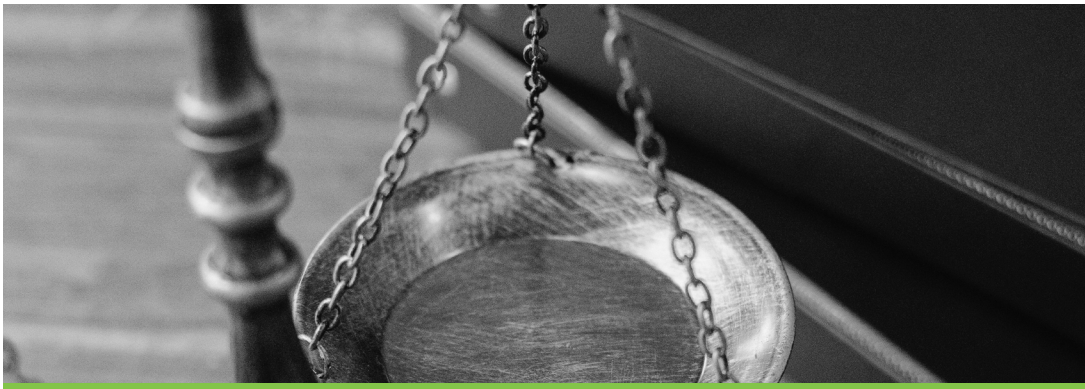


THE HEALTH AND SAFETY AT WORK ACT 2015

What you need to know:

- The Act provides a balanced framework for ensuring the health and safety of workers and others
- Organisations (PCBUs) have duties, and when these duties overlap with other organisations, they must consult, cooperate and coordinate their activities
- Organisations have upstream and downstream duties in their supply chains.

THE HEALTH AND SAFETY AT WORK ACT 2015

The Health and Safety at Work Act (HSW Act) 2015 is the key work health and safety law in New Zealand and covers nearly all work and workplaces.

The HSW Act came into effect from the 4 April 2016.

PURPOSE OF THE HSW ACT s3

The main purpose of this Act is to provide for a balanced framework to secure the health and safety of workers and workplaces by:

1. Protecting workers and other persons against harm
2. Providing for fair and effective workplace representation, consultation, and co-operation
3. Encouraging unions and organisations to take a constructive role in making work safer and healthier
4. Promoting the provision of advice, information, education, and training
5. Securing compliance with this Act through effective and appropriate compliance and enforcement measures
6. Ensuring appropriate scrutiny and review of actions taken by persons performing functions or exercising powers under this Act
7. Providing a framework for continuous improvement and progressively higher standards of work health and safety.

KEY POINT

The HSW Act is underpinned by the principle that workers and other persons should be given the highest level of protection against harm to their health, safety, and welfare from hazards and risks arising from work.

REASONABLY PRACTICABLE  s22

The term “reasonably practicable” appears throughout the HSW Act and is used to qualify duties to ensure health and safety at work:

- Something is ‘practicable’ if it is possible or capable of being done
- ‘Reasonably’ means that it should also make sense - it should ‘stand to reason’.

Working out what is reasonably practicable means looking at the:

1. Likelihood of the risk happening in your situation
2. Degree of harm that might result
3. Knowledge about the hazard, risk, and control measures
4. Availability and suitability of control measures in your situation
5. Cost of control measures to get rid of or minimise the risk.

The upshot is that duty holders are expected to do what a reasonable organisation or person would do in the situation.

KEY POINT

KEEP UP TO DATE WITH GOOD PRACTICE

The best way to work out ‘reasonably practicable’ risk control is to look at what the relevant approved codes of practice, guidelines and standards say. Part of the idea of ‘reasonably practicable’ is keeping up to date with good practice in your industry, as well as what the regulator expects.

GETTING THE BALANCE RIGHT

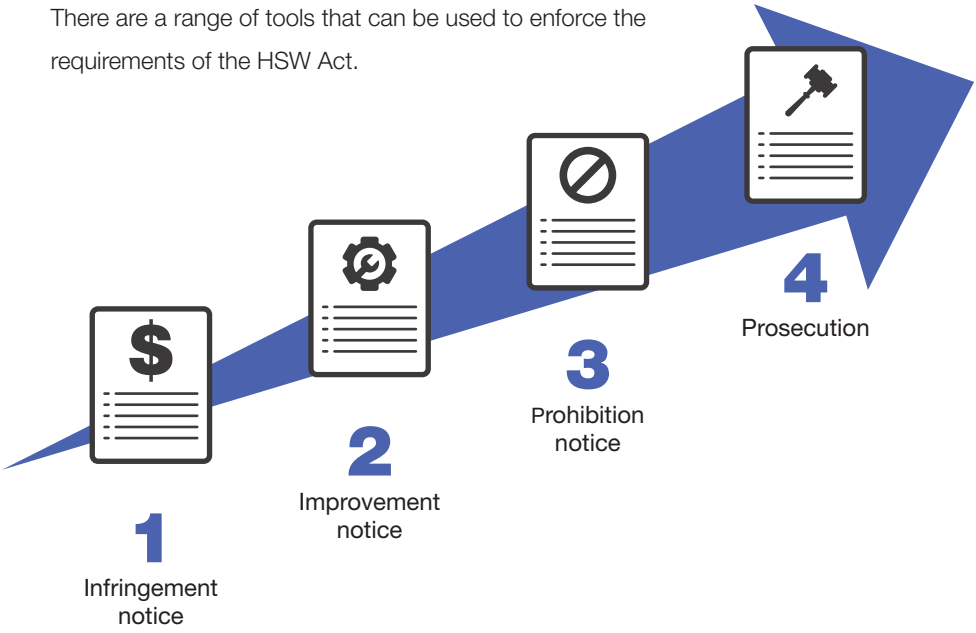
If something is possible to do, but the time, cost, effort and trouble to do it is a lot more (a gross disproportion) than the benefits to be gained in managing the risk, then it is probably not 'reasonably practicable' to do, and so not legally required.

EXAMPLE

Dave's Lumber Ltd. has workers, delivery trucks, wholesalers and customers regularly driving in and out of the site. There have been some near misses between vehicles and pedestrians. The site manager looks up site traffic management guidance on the WorkSafe website. The management team decide to mark out a one-way traffic route, loading zones, parking areas, walkways as well as place speed limit and 'Enter' and 'Exit' signs. They then also install a boom gate and security guard hut, which is something not covered in the guidance, but good to reduce the risk of theft. While Dave's Lumber has definitely met its duty, the security guard hut is probably beyond what is reasonably practicable under the Health and Safety at Work Act.

ENFORCEMENT TOOLS

There are a range of tools that can be used to enforce the requirements of the HSW Act.



OTHER ENFORCEMENT TOOLS:

- Non-disturbance orders
- Enforceable undertakings
- Adverse publicity orders
- Work project orders
- Cost recovery.

KEY POINT

Infringement offences and fees are outlined in the Health and Safety at Work (Infringement Offences and Fees) Regulations 2016.

DUTY-HOLDERS UNDER THE HSW ACT

There are four main duty-holders that, under the HSW Act, must do certain things.

PCBU s17

Person Conducting a Business or Undertaking. A legal entity (enterprise or organisation) best placed to influence the control of hazards and risks arising from profit-making or non-profit activities. A self-employed person is also a PCBU.

OFFICERS s18

Officers are people with significant influence over the management of the business or undertaking (the PCBU), such as Directors, Chief Executives and Partners.

WORKERS s19

A worker is a person who carries out work in any capacity for a PCBU, including:

- An employee
- A contractor or subcontractor
- An employee of a contractor or subcontractor
- An employee of a labour hire company
- A homeworker (person who works from home)
- An apprentice or trainee
- A person gaining work experience
- A volunteer
- A manager.

OTHER PERSONS s46

An 'other person at the workplace' is someone at the workplace who is not a worker or PCBU, such as a visitor, customer, service user or casual volunteer.

DUTIES OF THE PCBU

PRIMARY DUTY OF CARE s36

PCBU PRIMARY DUTY OF CARE

- Make sure that while work is happening, workers and others affected by the work stay healthy and safe, so far as is reasonably practicable.

SPECIFIC OBLIGATIONS TO MEET THE PRIMARY DUTY OF CARE s36

SPECIFIC PCBU OBLIGATIONS

- Work environment free of risks
- Safe systems, plant, structures and substances
- Adequate welfare facilities (toilets, hand washing, rest break areas etc.)
- Information, training, instruction, supervision
- Monitor worker health and workplace conditions.

OVERLAPPING DUTIES s34

OVERLAPPING DUTIES

- With other PCBUs
- Consult, co-operate, co-ordinate.

The idea of overlapping duties is a key part of the design of the HSW Act 2015. PCBUs will have a duty to all workers affected by their work (their sphere of influence), including the workers of other PCBUs in some cases. PCBUs will need to work together to meet their overlapping duties.

Two or more PCBUs shouldn't have to duplicate what they are doing. They need to consult, co-operate and co-ordinate activities to meet their shared responsibilities. The duty to consult, co-operate and co-ordinate activities sits only with the PCBU, not with all duty holders.

Once the PCBUs agree on reasonable activities to manage their overlapping duties, they will have to monitor each other to make sure everyone is doing what they agreed to do.

There are four main points to remember about overlapping duties:

1. You have **a duty to consult, cooperate with and coordinate activities** with all other PCBUs you share overlapping duties with, so far as is reasonably practicable.
2. You **can't contract out of your health and safety duties**, or push risk onto others in a contracting chain.
3. You can enter into **reasonable agreements with other PCBUs** to make sure that everyone's health and safety duties are met.
4. The **more influence and control** your business has over a workplace or a health and safety matter, the **more responsibility** you are likely to have.

DUTIES THAT ARE LIKELY TO OVERLAP BETWEEN PCBUS

DUTY TO MANAGE RISKS s30

Where risk management duties are set out, the duty holder is required:

1. To eliminate risks to health and safety, so far as is reasonably practicable; and
2. If it is not reasonably practicable to eliminate risks to health and safety, to minimise those risks so far as is reasonably practicable.

A duty holder is expected to manage risks to the extent to which they have, or would reasonably be expected to have, the ability to influence and control the matter to which the risks relate.

WORKPLACES s37

PCBUs must ensure, so far as is reasonably practicable, that the workplace, the entry and exit to the workplace and anything arising from the workplace does not put anyone's health and safety at risk.

FIXTURES, FITTINGS AND PLANT s38

PCBUs must ensure, so far as is reasonably practicable, that the fixtures, fittings and plant do not put anyone's health and safety at risk.

DESIGNING, MANUFACTURING, IMPORTING AND SUPPLYING PLANT, SUBSTANCES OR STRUCTURES

s39, 40, 41, 42

PCBUs must ensure, so far as is reasonably practicable, that whatever is designed, made, imported, or supplied for use at a workplace is without risks for people constructing or using, maintaining, cleaning etc. The equipment or plant.

INSTALLING, CONSTRUCTING AND COMMISSIONING PLANT OR STRUCTURES

s43

PCBUs must ensure, so far as is reasonably practicable, that the plant or structure is without risks for installation, use, cleaning, decommissioning, and for people in the vicinity.

WORKER ENGAGEMENT, PARTICIPATION AND REPREPRESENTATION

Part 3

PCBUs must ensure, so far as is reasonably practicable, that workers can raise concerns and express their views on work health and safety matters and that those views are taken into account.

PCBUs must also have practices that provide reasonable opportunities for workers to participate effectively in improving work health and safety on an ongoing basis.

NOTIFICATION s25

If a notifiable event occurs, PCBUs must:

- Preserve the site where the event occurred (if you manage or control the workplace). This duty does not prevent police from carrying out their duties such as removing a deceased person, and ensuring the site is safe from immediate risks
- Notify WorkSafe as soon as possible
- Keep a record of notifiable events for at least five years.

FIRST AID Subpart 4

PCBUs must ensure that your workers have access to adequate first aid equipment, facilities for the administration of first aid and trained first aiders. If you share a workplace with other PCBUs, you can coordinate sharing first aid resources with them.

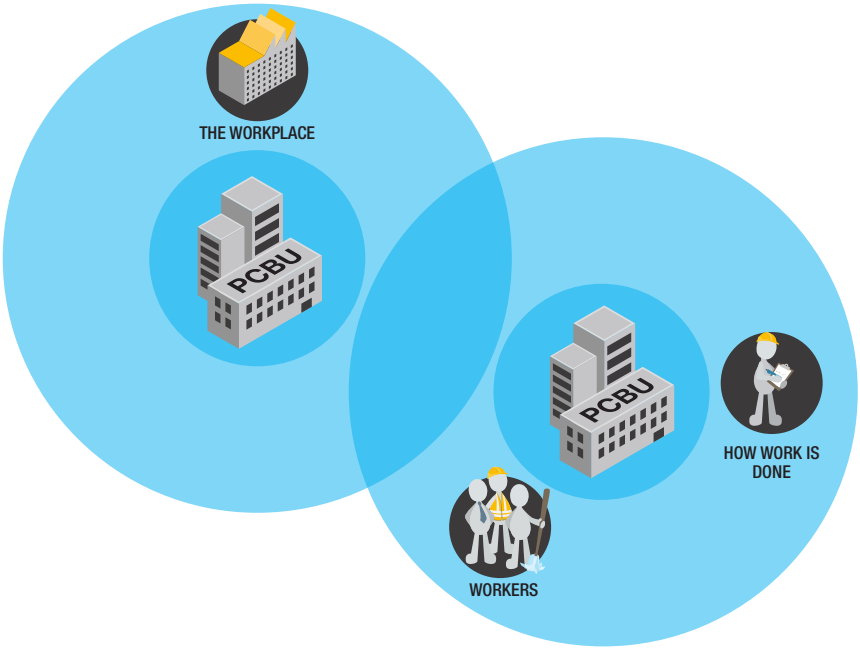
EMERGENCY PLANS: HEALTH AND SAFETY AT WORK GENERAL RISK AND WORKPLACE MANAGEMENT REGULATIONS 2016

PCBUs have a duty to prepare, maintain and implement an emergency plan at your work. You must consult, cooperate and coordinate with other PCBUs that you share overlapping duties with to coordinate emergency procedures.

CONTROL AND INFLUENCE

The more influence and control a PCBU has over a health and safety matter, the more responsibility it is likely to have. There are three ways a PCBU can have influence and control over health and safety matters:

CONTROL OVER **WORK ACTIVITY**	CONTROL OF THE **WORKPLACE**	CONTROL OVER **WORKERS**
A PCBU in control of the work activity may be in the best position to control health and safety risks.	A PCBU in control over the workplace, including plant and structures, has some influence and control over health and safety matters.	A PCBU has more influence and control over its own workers and contractors than those of another PCBU.



CONSULTING, CO-OPERATING AND CO-ORDINATING IN PRACTICE

PCBUs have a greater duty and more will be expected of them in areas where they have the most influence and control over the work activity that's going on. PCBUs will likely have more influence and control over the workers they employ, and less influence and control over the workers of another PCBU.

PCBUs who have expertise in the work, and who are located near to where the work is happening, will usually have more influence and control. Where a PCBU has less influence and control over workers, they will need to make arrangements with the PCBU closer to the work which has more direct control over the work.

Consulting, cooperating and coordinating can avoid PCBUs unnecessarily duplicating each other's efforts, and help prevent any gaps in managing health and safety risks.

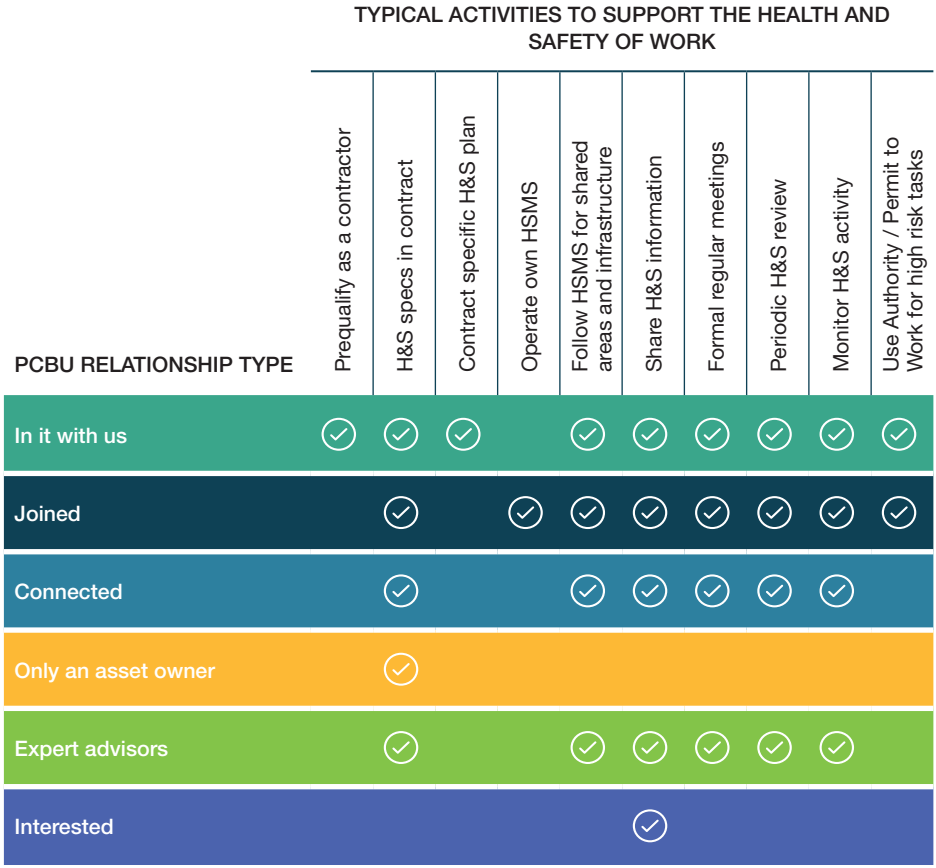
Some ways that PCBUs can meet this duty and avoid gaps include (but aren't limited to):

- **Planning** ahead by thinking through every stage of the work
- **Thinking** about how the work could affect other PCBUs and the public
- **Identifying** the risks that need to be managed
- **Consulting** with other PCBUs to agree on how those **risks will be managed**
- **Consulting** with other PCBUs to decide **who is best placed** to manage each risk, and
- **Clearly defining roles, responsibilities and actions,** so that everyone knows what to expect.

CONSULTING, CO-OPERATING AND CO-ORDINATING AND THE PCBU RELATIONSHIP TYPES

The six PCBU relationship types provides a practical framework for PCBUs to consult, co-operate and co-ordinate to meet overlapping health and safety duties.

The following is an example of how a PCBU could map out relationship-appropriate activities with other PCBUs.



RASCI MATRIX

The RASCI matrix is a useful tool for helping to assign roles and activities when there are multiple people or organisations involved in meeting a shared set of objectives. It can help to clarify who is best placed to do what, and avoid duplication or omission of work.

It can also be used when PCBUs are consulting, co-operating and co-ordinating activities to meet overlapping health and safety duties.

R	**Responsible**	Does the work to achieve the deliverable or action step.
A	**Accountable**	Ultimately in control of resources and answerable for the correct and thorough completion of the deliverable or action step.
S	**Supportive**	Provides resources or can play a supporting role in implementation.
C	**Consulted**	Kept in the loop and consulted prior to deliverable or action step being taken.
I	**Informed**	Kept up to date on initiation and progress of deliverable or action step.

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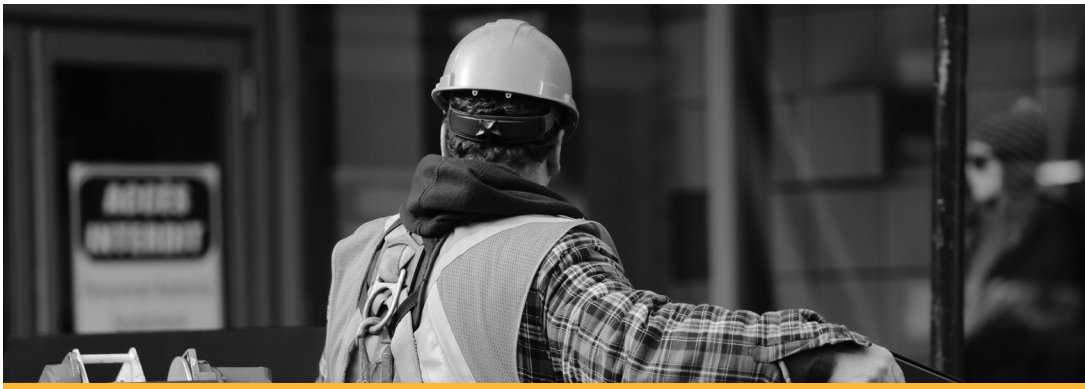


INTRODUCTION TO CONTRACTING

What you need to know:

- The benefits and risks of contracting
- Common contracting situations and how they differ, including facilities and maintenance, construction and infrastructure projects, labour hire, consultancy and advice
- Types of contracts, their benefits and risks, and clauses to consider including in contracts to support positive work health and safety outcomes
- The overlaps between procurement and contracting
- The contracting cycle
- A risk-based approach to contracting.

CONTRACTING

Contracting is the process of engaging a company or person to do some work activity for “gain or reward” (other than if they’re a worker). Contractors can be self-employed individuals or companies.

Many essential and high risk activities within a business are performed by contractors. In the past, this was often limited to traditional roles such as engaging a construction firm to build a new work premises or electricians to fix some electrical fault. However in today’s world, many companies tend to focus on core business and leave non-core business activities to others who have dedicated expertise in the area.

The number of activities likely to be contracted out has expanded considerably. Common examples include:

- Catering
- Cleaning
- Construction work
- Health and safety management and training etc.
- IT installation and support
- Maintenance and property management
- Transportation
- Recruitment and human resource management

DISCUSSION QUESTION

What contractors does your organisation use?

THE RISKS OF CONTRACTING

If not done carefully, contracting out work can sometimes create more problems than it solves.

Like any part of a business, if the work is well managed, the arrangements can be very beneficial to both parties. However, a business which takes the approach of "I've contracted that activity to someone else, therefore I don't need to do anything in that area", runs the risk of not meeting obligations and targets relating to safety, quality and budget.

Some examples of potential problems:

- Additional layers in management structure
- Problems with work coordination – many different parties involved
- Unclear responsibilities – people may assume others are looking after things
- Conflicting health and safety systems and planning
- Hazard and Risk management arrangements unclear or not up to standard
- Problems with information provision leading to people being exposed to hazards they are unfamiliar with - a contractor should be an expert in their field, but they cannot be familiar with every hazard on a given work site, or the hazards that other contractors may introduce
- Communication issues associated with multiple people, on and off site work and often non-routine work hours
- Commercial pressures reducing costs and meeting tight time frames
- High risk work activities being performed by people who may not be adequately trained or experienced.

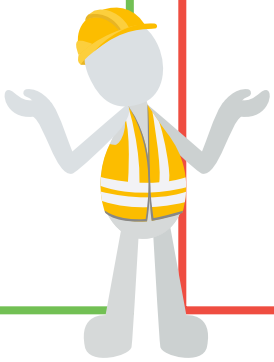
CONTRACTING ADVANTAGES AND DISADVANTAGES

It is important to understand both the advantages and potential disadvantages of contracting.

DISCUSSION QUESTION

What are the main advantages and disadvantages of contracting?

ADVANTAGES	DISADVANTAGES



COMMON TYPES OF CONTRACTS

FIXED-PRICE (LUMP-SUM) TENDERED CONTRACT

The scope and design is given out to a number of potential contractors, and the contractors have to submit a tender with an estimate of the cost of the work and the methodology. The point of tendered contracts is to create competition. Once the contract is signed, the contractor is contractually bound to complete the task within the agreed price and time. There is not much chance for collaboration between client and contractor at the pre-tender scoping and design stage, and less focus on relationship and trust. Used typically when work is in demand.

IMPLICATIONS FOR THE HEALTH AND SAFETY OF WORK:

In order to win the work and undercut the competition, a contractor may be tempted to submit an unrealistically low price and then attempt to regain the costs through variations part-way through the work. The contractor may also be tempted to control costs by making cuts to resources for work such as time, availability of fully competent workers, or the most appropriate tools and equipment. Requests for changes to the scope can be very expensive for the contractor if there are penalty clauses built into the contract. The contractor may be incentivised to take risks to get extra work done as quickly and cheaply as possible rather than negotiate a scope change with the client.

SOLUTIONS – CLAUSES TO INCLUDE IN THESE TYPES OF CONTRACT:

Specifiy minimum quality and health and safety standards required

Don't have automatic penalties for scope changes.

Require regular and transparent communication between client and contractor about unexpected changes to scope.

FIXED-PRICE (LUMP-SUM) NEGOTIATED CONTRACT

The scope and design is given out one contractor that is already known and trusted by the client. Client and contractor work together to estimate of the cost of the work and the methodology. The point of negotiated contracts is to build trust and collaboration. Risks are more likely to be eliminated or minimised at the scoping and design stage. Once the contract is signed, the contractor is contractually bound to complete the task within the agreed price and time.

IMPLICATIONS FOR THE HEALTH AND SAFETY OF WORK:

Risks are more likely to be eliminated or minimised at the scoping and design stage. There is however a chance that when a contract is not competitively tendered, the client could miss the chance to work with a contractor that has an innovative approach to managing risks.

SOLUTIONS – CLAUSES TO INCLUDE IN THESE TYPES OF CONTRACT:

Require the contractor to demonstrate they have up-to-date knowledge about the hazards and risks related to the work, and how to manage them.

Require the contractor to show how they have incorporated health and safety risk management at the design stage.

FIXED-PRICE (LUMP-SUM) INCENTIVISED CONTRACT

The contract may be tendered or negotiated. Once the contract is signed, the contractor is contractually bound to complete the task within the agreed price and time. Although the price is fixed, the contractor may receive an incentive if they perform well. The incentive can be tied to any performance measure such as cost, time, quality or technical performance.

IMPLICATIONS FOR THE HEALTH AND SAFETY OF WORK:

Health and safety performance incentives are often linked to numbers of lost-time and reportable injuries to workers. These can create unintended outcomes, like under-reporting and creative ways of defining and counting incidents. It also puts the focus on the numbers and away from the workers and the risks they face.

SOLUTIONS – CLAUSES TO INCLUDE IN THESE TYPES OF CONTRACT:

Incentivise positive action directed at managing the critical health and safety risks to workers. For example, the client and contractor will work together to agree the critical health and safety risks of the work, and the resources needed to manage them. The contractor will receive extra incentive payments by demonstrating the presence and effectiveness of these critical risk control resources.

COST DISBURSABLE PLUS FEE CONTRACT

The contractor is reimbursed for cost of the completed work plus a fee representing their profit. Fees awarded can be a fixed fee, or based on a percentage of cost, or on incentives.

IMPLICATIONS FOR THE HEALTH AND SAFETY OF WORK:

Because the contractor will receive a fee plus be reimbursed for all costs regardless of the quality of the work, the contractor may cut corners to get the job done quicker in order to move onto the next job. On the other hand, because the client is paying for all the costs, they may put pressure on the contractor to reduce costs that are actually needed to protect the health and safety of workers and others.

SOLUTIONS – CLAUSES TO ADD TO THESE TYPES OF CONTRACT:

Client and contractor to agree up-front on the costs related to ensuring the health and safety of workers and others.

Hold regular meetings to monitor costs and ensure that the work resources are suitable and sufficient to manage the critical risks of the work.

TIME AND MATERIALS CONTRACT

The contractor is paid for labour hours and agreed consumable materials used for the work. The client agrees to an hourly rate and a not-to-exceed limit.

IMPLICATIONS FOR THE HEALTH AND SAFETY OF WORK:

There is a high degree of trust placed in the contractor by the client to provide the expertise needed. This can create a mis-match between the risks of the work and the capability of the worker to manage those risks. Also, it can be more difficult to manage issues such as fatigue, impairment, stress, wellbeing and personal development because the contracted worker is self-employed or employed by another PCBU.

SOLUTIONS – CLAUSES TO ADD TO THESE TYPES OF CONTRACT:

Client and contractor to agree up-front on the specific qualifications, certifications and experience needed for the work.

Clarify arrangements to manage risks related to fatigue, impairment, stress, wellbeing for the contracted worker.

OVERLAPS WITH PROCUREMENT

Procurement is the planning, decision-making, business rules and processes/ procedures used by an organisation to buy goods and/or services.

To help support consistency across public sector procurement the Ministry of Business Innovation and Employment (MBIE) published procurement guidelines.

The guidelines set out three main functional phases of:

- **Planning:** Before PCBUs can approach the market or provider community, they need to plan your procurement.
- **Sourcing:** This phase is about ensuring the right suppliers and providers submit quality offers, and that the best offer is selected for the right reasons.
- **Managing:** Contract management includes tracking and monitoring delivery and costs, managing risks, relationships and resources, conducting reviews and resolving problems.

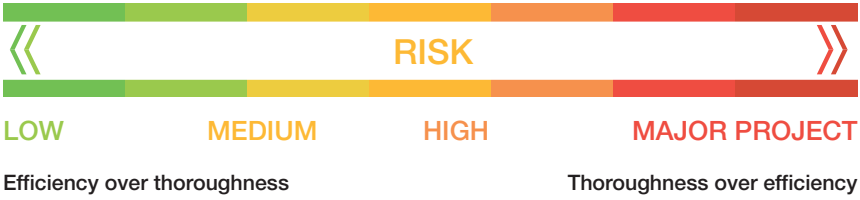
THE CONTRACTING CYCLE

In June 2019, WorkSafe published the Good Practice Guidelines “PCBUs Working Together - Advice when Contracting”. This guide identifies six stages to contracting.

- Scoping the work
- Prequalifying the contractor
- Choosing the contractor
- Awarding the contract
- Monitoring the contract
- Post-contract review

A RISK-BASED APPROACH

The level of detail and thoroughness expected at each stage of the contracting cycle should be related to the level of risk in the contract.



RISK STREAMING EXAMPLE

The following table shows an example of how a PCBU might take a risk-based approach to contracting.

CONTRACT RISK CATEGORIES AND REQUIREMENTS

LOW

Typically:

- Not interacting with operations or other contractors
- Doesn't involve high risk work as defined in "High" column
- Simple task of short duration (< day)
- Work only involving visual inspections
- Could be one off or ongoing contract.
- Using hand tools or simple equipment only
- Delivery of materials to designated loading/lay down areas.

TYPICALLY REQUIRES:

- Prequalification
- Induction
- Sign in/Check in process
- Work under client HSMS for general requirements (e.g. emergency response, traffic management, incident reporting etc)
- Verbal risk assessment although may require simple JSA/SWMS
- Limited monitoring – general observation and feedback
- Informal H&S review periodically for ongoing engagement
- Generally informal regular communication between PCBUs

MEDIUM

Typically:

- Limited interaction with operations or other contractors
- Doesn't involve high risk work as defined in "High" column
- Could be one off or ongoing contract
- Use of hazardous substances other than household type products in similar quantities
- Work involving mobile plant and equipment
- Work generally day/s duration.

TYPICALLY REQUIRES:

- Prequalification
- Induction
- Sign in/Check in Process
- Prestart brief
- Risk assessment via JSA/SWMS
- May require simple H&S Plan for more complex risks or interactions (Plan primarily risk focused)
- Work under client HSMS for general requirements
- Less formal but regular monitoring via general observation and feedback
- Ongoing comms agreed as required
- H&S review (semi-formal) for ongoing engagements

HIGH

Typically:

- Any facilities and maintenance or project work involving critical risk work activity e.g. Work at Height, confined Space Entry, Isolations / Live high voltage, Excavation, Cranage (other than Hiab), Asbestos, Major earthworks, Notifiable Work, significantly hazardous substances etc.
- Significant interaction with Operations and/or other Contractors/PCBUs
- Significant facilities and maintenance or Operating Contract (running part of operations) - work weeks/months + duration.

TYPICALLY REQUIRES:

- Prequalification
- Induction
- Formal precommencement meeting
- Sign in/Check in Process
- Daily prestart brief
- Permit to work and work authorisation process
- Risk assessment via JSA/ SWMS for less complex risks or interactions
- H&S Plan for more complex facilities and maintenance or project activity
- Work under client HSMS for general requirements
- Formal inspection/audit processes
- Formal H&S review at work completion and/or 6 monthly

MAJOR PROJECT

Typically:

- Standalone build on a greenfield site
- Ring fenced build on an operating site
- Significant build (or similar activity) in a live operations area.
- Multiple contractors and subcontractors
- Multiple project stages
- Significant financial investment
- High media profile
- Significant resource consenting
- Timeframe typically months +

TYPICALLY REQUIRES:

- Follow formal Project lifecycle process e.g. main contractor involved in Safety in Design at preconstruction phase
- Prequalification
- Induction
- Formal precommencement meeting
- Sign in/Check in Process
- Project H&S Framework (defines how Client & other PCBU HSMS work/interact within the project)
- Main Contractor H&S Plan
- Formal inspection and audit plan
- Formal project communication plan
- Formal Project review plan

ROLES AND RESPONSIBILITIES

EVERYONE

Everyone is responsible for looking out for themselves and others, for following reasonable rules and instructions from the lead PCBU and other PCBUs, and for taking action if they see anything that looks dangerous. Taking action could mean stopping work, and/or calling the Manager or Health and Safety Representative.

LEAD PCBUS

WorkSafe expects PCBUs at the top of a contracting chain to be leaders in encouraging good health and safety practices throughout the chain. WorkSafe also expect them to use effective contract management processes. These processes may include:

- Choosing competent contractors
- Exchanging information
- Planning and monitoring
- Doing post-contract reviews.

CONTRACT MANAGERS

Managers, Team Leaders or other PCBU representatives who engage contractors become the Contract Manager and have responsibilities for:

- Job scoping
- Tendering the contract or engaging the contractor
- Getting the relevant approvals
- Checking contractor prequalification and assessment
- Inducting the contractor and arranging on-going communication
- Monitoring the contractor's activities
- Reviewing the contract.

Good practice suggests that Contract Managers should hold an appropriate qualification or the NZQA Unit Standard 17595.

CONTRACTORS AND SUBCONTRACTORS

Contractors, subcontractors and their workers are responsible for carrying out the agreed work diligently, following and using the agreed procedures and equipment, and keeping within the boundaries of their competence. They are also responsible for speaking up when they have concerns, sharing their experience and expertise, and following site rules and requirements. Lead PCBUs should encourages a partnership approach with open lines of communication, and contractors are expected to play their part in this.

NOTES

NOTES

STAGE 1: SCOPE THE WORK

What you need to know:

- The importance of scoping work
- How to scope work so that risks (including health and safety risks) are identified, evaluated and managed from the start
- Key actions for the lead PCBU when scoping work that is to be contracted out.

SCOPING THE WORK

The client (lead PCBU) decides the scope of the work to be contracted out, and considers broad health and safety implications of the work.

Scoping is the process of describing the work that needs to be done, the required outcomes, the boundaries or limits of the work, who and what is involved, and the hazards and risks associated with the work. Clear job scope allows the lead PCBU and the contractor to understand what needs doing and the most effective ways of approaching the work. A clear scope also helps to avoid misunderstandings and 'scope creep'.

Here are some guiding principles for scoping the work:

- Determine what work needs to be contracted out, and the broad health and safety implications (hazards and risks)
- Do an initial appraisal of the hazards and get an overview of the likely risks associated with different options
- Identify the tools, equipment, vehicles and consumable resources needed
- Identify the competency, qualifications and resources the contractor will need to complete the work successfully.

Scoping includes considering things such as:

- Nature of the work, eg location, types of activity, time frame for completion, the number of contractors on site
- Cost of the project
- Hazards on site that could affect the contractor's work and place the contractor's workers and subcontractors at risk
- Hazards the contractor could introduce during the project
- Site-wide factors, such as site access and exit, loading/unloading areas, control of pedestrians, access to facilities (such as power and water etc), managing other work on the site etc.

RISK STREAMING

If the lead PCBU is using a risk-based approach, scoping the work will allow the contract to be streamed into low, medium, high or major project risk.

TRAINING FOR THOSE WHO MANAGE OR ENGAGE CONTRACTORS

Some suggested steps to make sure from the start that contractors are successfully managed on your site are:

- Arrange a meeting with any staff who engage or manage contractors. Explain the process of only engaging approved contractors
- Train these people so that they know how to prepare a contractor specific safety plan with the contractor for the significant jobs in the future
- Ensure they are aware of other necessary requirements (inductions, information sharing, monitoring contractor performance and providing feedback (discussed in next section)
- The fact that you are on this course shows that your PCBU is meeting this requirement.

ACTIONS FOR THE CLIENT AS A PCBU

Nominate a person responsible for contractor management on a site.

Complete an initial scoping activity for work that is being considered for contracting out.

Identify all contractors that have on-going relationships with the PCBU eg. cleaners, electricians, carpenters or catering staff.

Consider health and safety issues alongside price and other contractual terms.

BENEFITS OF LOOKING AT HEALTH AND SAFETY FROM THE START

The benefits of looking at the health and safety risk management capability of potential contractors at the pre-tender stage are that it:

- Emphasises from the beginning that health and safety is an important issue
- Limits the number of tenderers, so that only contractors who have appropriate health and safety practices in place will submit a tender
- Allows more time for assessing and negotiating the health and safety performance of tenderers.

PROVIDING INFORMATION TO POTENTIAL CONTRACTORS

Lead PCBUs and contractors need to share information and agree what has to be done, how it is to be done and who should do what. The PCBU must give relevant information to tenderers/contractors through the pre-tender documentation. This step is made much easier when the work has been properly scoped. The contractor must provide a health and safety plan which details how they will approach the job safely and meet the requirements of the PCBU.

INFORMATION SHARING PRE-TENDER

The information PCBUs provide to prospective contractors should include everything they need to know so they can plan to do the job effectively and safely. PCBUs should also consider the broader health and safety implications, such as co-ordination with other activities and contractors working on site at the same time.

Remember, PCBUs have a duty to take all reasonably practicable steps to avoid harm to contractors and their workers. This involves an awareness of the required standards, and a responsibility to advise on appropriate safety standards that should be followed.

The nature of the contract and the significance of the hazards and risks involved will dictate how detailed and prescriptive the PCBU should be. Some tasks involve little risk, while others could lead to serious, even fatal accidents or major health effects to either the contractors' or PCBU's workers, or others.

5W1H: A TOOL FOR SCOPING THE WORK

A great tool for scoping work looking at it from inside your organisation is 5W1H:

W **What is the work to be done?**
The specific work objectives and requirements)

W **Why does it need to be done?**
(Maintenance, repair, new capital expenditure, upgrade, legal requirement, customer requirement etc.)

W **Where will the work be done?**
(Physical location, size, extent, condition, unusual hazards and risks)

W **When will the work be done?**
(Duration, shifts, unusual work patterns)

W **Who will do the work?**
(Contractor capabilities, qualifications, certifications etc.)

H **How will the work be done?**
(Basic methodology, approach, relevant standards, industry guidelines)

NOTES

NOTES

STAGE 2: PREQUALIFY THE CONTRACTORS

What you need to know:

- What contractor prequalification is
- Approved contractor and supplier lists
- How prequalification can benefit both the lead PCBU and contractors
- The advantages of third party prequalification.

PREQUALIFICATION

Collection of information from a contractor before starting a job is often called prequalification. The idea is to ensure that the contractor is qualified to perform the task that we want them to do.

Before work commences, a contract will usually be put out to tender. Part of this process is to check that the contractor we choose is safe to have on our site, doing our work and representing our organisation.

APPROVED CONTRACTOR LISTS

When organisations prequalify a range of contractors and suppliers they can build a list of other organisations they know and trust, and can call on when needed to provide services and supply goods they need. Over time, these organisations can get to know each other and build confidence based on a long-term relationship.

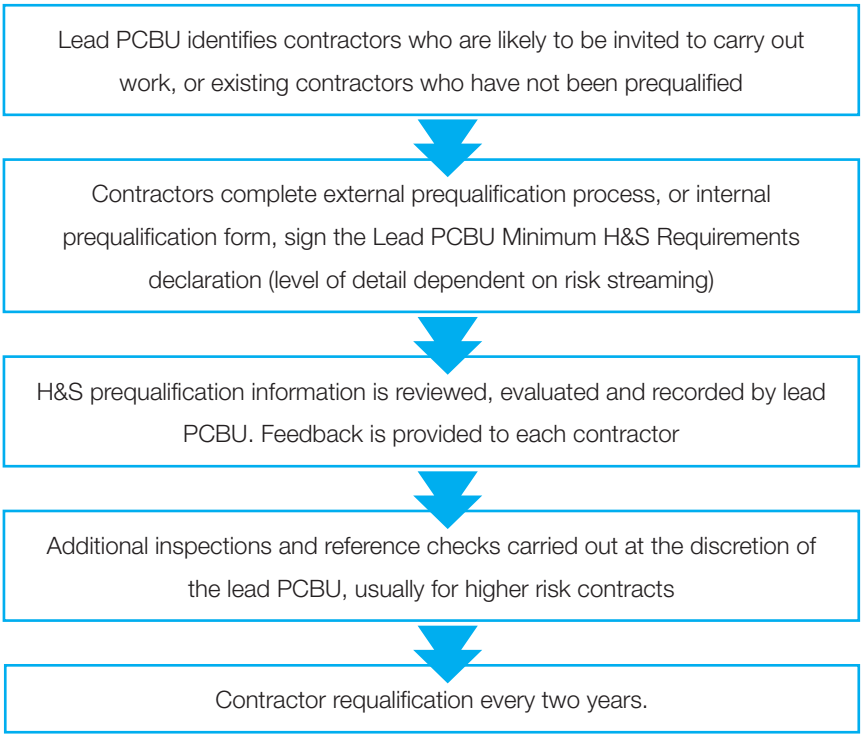
BENEFITS OF PREQUALIFICATION

Prequalification gives the lead PCBU an overview of the management systems and resources of existing and potential contractors. For new work that is being tendered, the lead PCBU can shortlist potential contractors to those we are confident can successfully manage the risks related to the work.

Looking at the health and safety risk management capacity of potential tenderers at the pre-tendering stage emphasises the value placed on the wellbeing of people. It also means that only contractors with appropriate competency, resources and track record will be invited to tender for the contract.

HOW PREQUALIFICATION TYPICALLY WORKS

Here's how prequalification often works:



THE ADVANTAGES OF THIRD-PARTY PREQUALIFICATION

A number of organisations are now outsourcing the contractor pre-qualification and accreditation to dedicated specialists such as IMPAC PREQUAL, as it means that they have qualified, neutral assessment of the competency of their contractors, and support for contractors to improve their capability.

Contractors usually benefit as well because they don't have to provide separate prequalification information to every client they work for, and they have access to advice and support for improving their capacity to manage their health and safety risks.

NOTES

NOTES

STAGE 3: CHOOSE A CONTRACTOR

What you need to know:

- Competencies should we look for when engaging contractors
- How to evaluate health and safety plans
- Contract documents that support consultating, cooperating and coordinating of activities between the parties to the contract
- Typical induction requirements for contractors.

KEY POINTS

Lead PCBUs should evaluate potential contractors and tenders without compromising safety standards in the interests of cost saving. Lead PCBUs can achieve this by making sure that:

- Tenders/contractors are assessed by people with skills and knowledge relevant to the health and safety requirements of the project
- All references are checked
- Tender/contractor evaluation always includes health and safety requirements
- Adequate time is allowed to assess the health and safety requirements of tenders
- The proposed schedule for the project does not adversely affect health and safety
- The health and safety performance of potential contractors and organisations tendering for the work has been adequately assessed
- All tenders are thoroughly assessed, benchmarking the potential contractor's health and safety competence against tender requirements
- Contracts are assessed in good time to allow for corrections/modifications.

ACTIONS FOR THE LEAD PCBU

Award contracts taking health and safety risk competency into account as a high priority.

Agree work arrangements that include minimum critical risk control resources and standards.

INFORMATION FOR TENDERER OR POTENTIAL CONTRACTORS

When choosing a contractor the lead PCBU should create an 'information for tenderer or contractor' document which describes potential health and safety risks related to the work. This should be based on the scoping exercise already done.

The lead PCBU should then collect information from tenderers or potential contractors on how they intend to manage specific work risks related to the contract. This information should be combined with that from the pre-qualification process, and evaluated alongside other consideration such as cost, competence and references.

Health and safety information for tenderers can be included in tender documents in a variety of ways. It could be:

- Included as part of the specifications for a project
- Presented as a separate health and safety document
- A documented discussion with potential contractors, for smaller jobs.

WHAT SHOULD GO INTO A TENDER OR CONTRACT FOR SERVICE DOCUMENT?

The following table gives an overview of the typical items to include in tender documentation relevant to health and safety. An example of a minimum health and safety requirements document is included in the appendices.

ITEM	INFORMATION
Legal requirements	Relevant to job, may reference codes of practice etc.
Description	What's required to complete the job, eg. site layout and plans
Materials and equipment	What's needed to complete the job, and any specific requirements (eg. "green" or sustainable building materials)
Hazards and Risks	Known hazards and risks in place of work that may affect the completion of the job
Work processes and permits	What work processes are required, and the permit systems used, eg. welding/hot work, electrical, confined/ restricted spaces, working at height, proximity of overhead wires or cranes, excavation, or demolition
Special requirements	Eg. special client needs, restricted areas, sensitive local conditions, security etc
Company rules	Eg. housekeeping standards, induction and training requirements, minimum staffing levels etc
Emergency procedures	What exists, first aid facilities, requirements for contractor
Design	Specifications etc
Communication and reporting	Accidents, serious harm, safety meetings, briefings, notification to PCBU etc.

DRAFT CONTRACT-SPECIFIC HEALTH AND SAFETY PLANS

Tenderers/contractors should submit a draft health and safety plan to the client, showing how they intend to approach the health and safety issues identified. This plan is sometimes part of an overall work plan. The plan is open for discussion by all relevant parties at this stage, and won't be finalised until the contract is signed.

A good health and safety plan is specific to the job being submitted for tender. A single-line health and safety policy statement that says "we will comply with the Health and Safety at Work Act 2015" is not going to be sufficient, because it will not state how they will comply.

APPROPRIATE TO THE JOB

The health and safety plan needs to be appropriate for the job, the hazards and circumstances of the contract.

It is important that the health and safety plan is submitted before the contract is formed.

This allows the client PCBU to:

1. Demonstrate that health and safety criteria were considered in the evaluation of contractors (you didn't just choose the cheapest!); and
2. Place health and safety requirements into the contract agreement.

For larger, high-risk projects, the client PCBU should expect health and safety plans to include the detailed plans for specialised work the contractor PCBU is competent to undertake.

Smaller contracts may have less detailed information, depending on the level of risk of the contract.

WHAT TO EXPECT IN A CONTRACT SPECIFIC HEALTH AND SAFETY PLAN	HIGH RISK CONTRACT	LOW RISK CONTRACT
Description of safety management system, including any accreditations such as ISO	✓	
Who has overall safety responsibility in the company, and their qualifications	✓	
Previous performance, eg. awards, certifications, prosecutions, serious incidents etc	✓	✓
Hazard identification and Risk management specific to the project	✓	✓
How activities will be coordinated with other contractors and the client	✓	✓
Communication arrangements with the client PCBU, including notifiable injury/illness and incident reporting	✓	✓
Safe systems of work and method statements	✓	
Evidence of staff training and competency	✓	✓
Arrangements for use of client services eg power	✓	
Security and access	✓	
Emergency procedures	✓	✓
Any other project-specific requirements	✓	✓

KEY CONSIDERATIONS WHEN CHOOSING A CONTRACTOR

There are several things you should look at when choosing a contractor.

- Past performance/experience in health and safety
- Experience in the type and complexity of work to be carried out
- Resources to carry out the work safely
- How health and safety risks will be eliminated/minimised
- Accreditation under health and safety management programmes
- Health and safety certificates of competence issued by training institutions or similar
- Compliance with relevant standards, where applicable
- Policies and procedures, including whether they have effective WEPR practices in place
- Organisation and arrangements (including assignment of responsibility for health and safety issues, and worker engagement, participation and representation)
- Subcontractor selection and management
- What information, training and supervision is provided to workers
- What performance standards are planned and set
- Risk assessment processes
- Accident reporting, recording and investigation methods
- Performance monitoring processes
- Review methods.

NOTES

NOTES

NOTES

STAGE 4: AWARD THE CONTRACT

What you need to know:

- Issues to consider when compiling a contract
- Important information to share with other organisations at the start of a contract relationship
- Contractor site induction and specific training.

NEGOTIATING AND AWARDING THE CONTRACT

As soon as the client PCBU awards a contract to the contractor PCBU to do work on its behalf, the client PCBU takes on a duty to ensure the contractor PCBU and their workers are not harmed while doing the work and that they do not put others at risk. This means that client PCBU and the successful contractor PCBU must start working together and sharing information as soon as possible.

GETTING THE CONTRACT RIGHT

There are lots of things to consider when you write the contract.

- The type of work being done – will the work be difficult and complex, or straightforward? How risky is the work?
- How long will the work take? Years, months, weeks or days?
- The nature of the engagement – is it a "one-off" job, or recurring work?
- The size of the contract – is the estimated cost for millions, thousands, or hundreds of dollars?
- Will the contractor have to engage other contractors to help complete the job?
- Is the contractor a "one-man" band?
- Is the contractor doing the same work as your workers, eg a temporary worker?
- Will you or a company representative be physically present at the site when the contractor does their work?

CAN PCBUS INCLUDE WAIVERS OF RESPONSIBILITY IN THEIR CONTRACTS?

Definitely not! That is not taking all reasonably practicable steps. It's been tried a number of times, and every time a PCBU has used this defence in Court, they have been found guilty. The Health and Safety at Work Act clearly states that just because one party has legal responsibilities, it doesn't mean that the other parties can take it easy and that all PCBU's must work together to manage their health and safety.

INFORMATION SHARING

As a PCBU, you may need to provide further information for situations where you may not have a representative physically present where the contractor is working.

- Methods for reporting accidents and incidents, including who from your company they should notify
- Who will be responsible for informing WorkSafe New Zealand of the occurrence of a notifiable event
- A contact person who they can call for questions or issues.
- Who the main contractor is (if subcontractors are being engaged)
- Who to contact if they need any specific safety equipment (depending on the terms of your contract).
- Who to contact if work has ceased for a particular reason eg a Health and Safety Inspector has issued a Prohibition Notice, a worker has refused unsafe work (under section 83) or a Council worker has issued a Noise Abatement Notice.
- What your expectations are of how the contract work is to be fulfilled from a health and safety as well as quality aspect.

SITUATIONS WHERE THE CONTRACTOR IS BETTER RESOURCED THAN THE LEAD PCBU

The legal duty under Section 34 is the same regardless of the relative size, resources or influence of the respective parties.

But in practice, there may be a reduced expectation on what is reasonably practicable for the PCBU where the contractor has a high degree of expertise and resources in the specific area in which they are contracting. An example might be where a large and specialised waste management company is contracted to supply services to a smaller enterprise, such as a cafe.

FINALISING THE CONTRACT SPECIFIC HEALTH AND SAFETY PLAN

At this stage, the successful contractor's draft contract specific health and safety plan is finalised, (along with the work activity plan) agreed and becomes part of the written contract, signed by all parties.

This can be stand-alone or part of the Contract Management Plan. The amount of detail required will depend on the size and complexity of the work programme/ service, but the following list gives the minimum areas to be addressed in the plan:

- Key responsibilities and reporting lines
- Methods of communicating between all groups involved in or affected by the work
- Risk management standards for specific, and typically higher risk hazards identified
- Management of any subcontractors and how these parties will work together
- Induction, training and competency requirements
- Incident reporting and investigation process
- Emergency response plan
- Audit and inspection arrangements
- The plan can be used to monitor the health and safety performance of the contractor for the duration of the project.

INDUCTION AND TRAINING

A robust contractor pre-qualification process should mean that the contractors you engage already have the necessary competence to do the work safely and to a high standard. However, it is still important that contractors are inducted into the worksite and your specific company procedures. This will be considered a 'reasonably practicable step' for PCBUs to take.

Not all of the contractor's staff will have detailed knowledge of the health and safety issues and requirements included in the tender documents. Well-designed induction training will serve to reinforce the health and safety plan and the pre-tender information you provided. Induction and briefings also give contractors and their workers a chance to ask questions and raise issues about the work, the worksite and potential hazards.

Depending on the work being done, the contractors could attend the same induction process as your workers, but in other circumstances, the contractor induction may need to be developed from existing induction documents. For high risk work environments, contractors may also need to attend specific training on areas such as the work permit process, confined space entry, work at heights etc.

You may need to cover some or all of the following areas:

LEGAL AND ORGANISATIONAL

- Health and safety duties
- Compliance with standards.

COMMUNICATION AND REPORTING

- Who to, how often
- Site briefings
- Site contacts.

EMERGENCY MANAGEMENT

- Sign in/out
- After hours work
- Evacuation arrangements
- Fire risk control.

HYGIENE

- Any special requirements for hygiene (eg. special clothing, redline procedures)
- Biological monitoring
- Drug testing.

INSPECTIONS

- When, where, how often etc.

WORK PERMITS

- PTW system on site
- When it's used.

RESTRICTED ACCESS

- High noise zones
- Confined spaces
- Hot/cold areas
- Radiation areas
- Restricted access/security areas.

HAZARDS

- Specific hazards
- Control measures
- Housekeeping standards
- Environmental management.

KEY ISSUES TO THINK ABOUT

There are some points to ponder around the question of training and information for contractors.

- Do they get it?
  - Make sure the contractor understands your safety requirements!
  - How do you check this?
- What about sub-contractors?
  - How are they passing on the information you've given them?
  - How do they check safety for their subcontractors?
- How will you continue to consult, cooperate and cooordinate?
  - Daily, weekly, monthly meetings?
  - Work permits
  - "Toolbox" talks.

CONSULTATION, COMMUNICATION AND INFORMATION SHARING

PCBUs should place a very high value on clear and transparent communication between everyone working for them, both on-site and off-site. PCBU's are required to consult, cooperate and coordinate health and safety matters together.

NOTES

NOTES

STAGE 5: MONITOR THE CONTRACT

What you need to know:

- The importance of monitoring the contract
- Approaches to monitoring
- What to ask for and look for when monitoring contractors.

COMMUNICATION AND MONITORING

On-going communication and monitoring are a necessary part of good contractor management. The intent is to keep up a dialogue between all parties about what is needed for successful work, what is changing, what is working well and what needs improving. The nature and frequency of communication and monitoring activities depends on the risks involved, and what was agreed in the contract and/or the Contract Management Plan.

This is an example of a communication and monitoring plan, suited to the level of risk:

HIGHER RISK:

A mix of planned meetings, observation of work activities, inspections and progress reports. Includes self-monitoring by the contractor, lead PCBU monitoring, and monitoring by an independent 3rd party.

LOWER RISK:

Initial meeting, regular progress checks, and review meetings. Detail and frequency of the meetings based on the type of work, risks involved and the judgment of the Contract Manager.

LEGAL EXPECTATIONS FOR MONITORING CONTRACTS

What is reasonably practicable for a PCBU to do will usually decrease the further the PCBU is removed from the subcontractor's engagement (removed from the site, or little control or expertise in the area, etc.).

What is reasonably practicable for the client PCBU will often differ from what is reasonably practicable for the contractor/ other PCBU's. But if there is a reasonably practicable step for a PCBU to take, then there is a duty to take that step.

The client PCBU cannot distance themselves from what is occurring in the workplace simply because the contractor is more directly related to the workers carrying out the work.

The positive duty of the client PCBU means "willful blindness" is not acceptable and will be regarded as actus reus (Latin for "guilty act").

Use the agreed safety plan and safety inspection checklists as your guide for checking the contractors' work. Are the controls described in the plan established on the work site?

REACTIVE VS PROACTIVE MONITORING

Reactive monitoring is a strategy that relies on the lead/client PCBU waiting to be notified of a problem and then stepping in to take action. It is only a small part of an effective monitoring strategy. Proactive monitoring is a strategy that involves active collaboration between organisations, where they are regularly sharing information, seeking a second opinion, visiting worksites and talking with workers.

Here are some examples of proactive monitoring activities:

Carry out both planned and unannounced **checks and inspections** of the contractor's activities while work is in progress—using the health and safety plan as reference, as well as contract clauses and any specific organisational and legal requirements.

Arrange **review meetings** to keep contractors informed of the results of monitoring, so that they can take proactive steps to improve their performance, plan for and resolve health and safety issues, as well as to give positive feedback on successes.

Set up **positive incident reporting** systems where everyone is encouraged to report positive performance as well as incidents.

Respond quickly to information and reports which come to your attention, and jointly investigate all incidents.

Issue **detailed risk-specific minimum resourcing standards** where the risk justifies it and periodically check in with contractors to find out if their needs are met and what help can be provided.

Ensure **permit to work and job registration systems**, competency requirements, and other controls are in place and maintained.

Use a **handover procedure** at the start and end of each shift where work can be discussd and the contractor and client PCBU can discuss and resolve any issues before they are carried over into the next shift.

Conduct **occasional audits** of the entire contractor management system.

MONITORING, REPORTING AND MEASURING CONTRACTOR PERFORMANCE

The reported results of monitoring should enable the PCBU to measure contractor performance.

KEY PERFORMANCE INDICATORS (KPI)

These are pre-agreed measures of performance that can be used to measure health and safety performance and benchmark a contractor against other companies or industry standards. Some common examples are audit scores, lost time injuries per hours worked, results of surveys and behaviour observation tools etc. There are many problems and limtations of setting KPIs for health and safety related performance however. The health and safety of work is a dynamic emergent property of how work is done, managed and resourced. Better KPIs are more qualitative, and focus on the presence of resources to manage critical risks and capacity to fail safely.

INCIDENT SUMMARIES

These show the type and severity of incidents that are occurring, how frequently, and the causes. They can be used as an indicator of how effectively the contractor management system has functioned and how well the contractor has performed.

ORGANISATIONAL REPORTING REQUIREMENTS

The PCBU can require contractors to report on a number of factors which can be used to monitor health and safety performance. Some examples are training certificates and qualifications, equipment maintenance logs, inspection records eg for personal protective equipment, and the results of any hazard monitoring done by the contractor such as noise, dust or gas levels.

NOTIFICATION REQUIREMENTS

The PCBU can monitor compliance with reporting requirements to the WorkSafe of notifiable event within the required time-frames. This can be used as a measure of the contractor's commitment to legal compliance as well as effective hazard/risk control.

ACTIONS FOR THE PCBU:

Monitor contractors using proactive methods and appropriate to risk

Work with the contractor to resolve issues, rather than take an enforcement approach.

Act quickly to see that any issues identified are resolved. Don't allow continual poor performance to continue.

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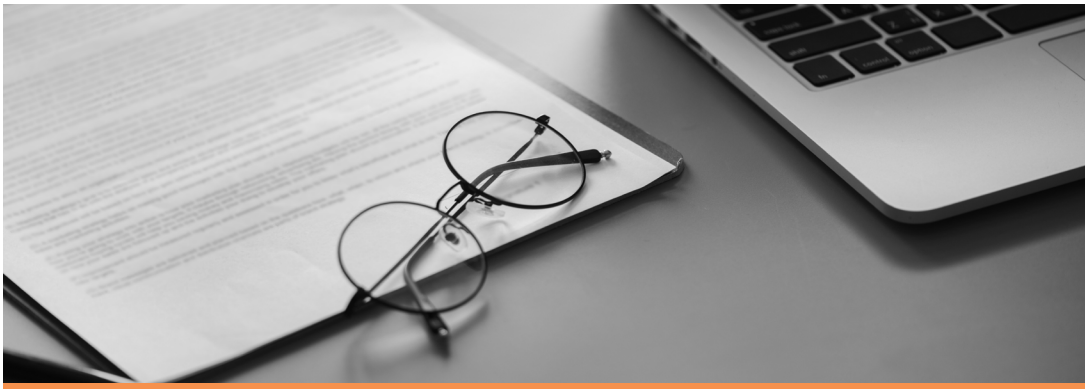

STAGE 6: REVIEW THE CONTRACT

What you need to know:

- How and when to review contractor and client performance
- What to include in a contract review.

REVIEWING CONTRACTOR PERFORMANCE

When the work is complete (or at periodic intervals in a lengthy or on-going contract), the client PCBU and the contractor should review the work outcomes against the job specification and the health and safety plan.

KEY QUESTIONS TO ASK

When reviewing the contract, there should be honest discussion:

- Did we choose the right contractor? Why?
- How well did the health and safety plan match the realities of work?
- Could improvements be made to the work flow, work method, quality and availability of resources, communication, trust etc?
- Would we use the contractor again? What can they learn?
- Were we a good client? What can we learn?
- How well did we consult, cooperate and coordinate our activities to meet our overlapping duties to manage health and safety risks and resource healthy and safe work?

The post-contract review is an opportunity to put recommendations for improvements in writing, so the experience contributes to learning before the next contract.

The following are some of the areas where the PCBU can review how a contractor has performed, with some example areas you might ask questions about.

WORKER FEEDBACK

Don't forget to ask some questions of your staff about how the contractor has worked! They may have seen things you haven't.

- Were communication methods effective?
- Was the exchange of information on health and safety adequate?
- Were people available to discuss health and safety?
- How good was notification of hazards to persons on site and in the vicinity of the worksite?
- How effective were handover procedures?
- How effective were the methods of communication used eg. site hazard notice board, cordon tape, meetings, email?

PERFORMANCE INDICATORS

The following are some potential performance indicators which can be used to assess how well the contractor has performed - in terms of health and safety but also general performance.

TIME AND BUDGET

- Was the job delivered within the agreed time frames?
- Was the job delivered on budget?
- Were any overruns notified to the client PCBU prior to billing?

SITE OBSERVATIONS

- Provision of Personal Protective Equipment (PPE)
- Was the PPE right for the job?
- Were there any reported problems with PPE eg. protective goggles steaming up?
- Was there easy access to replacement PPE when required?

HAZARD/RISK MANAGEMENT

- Were hazards and their risks properly assessed?
- Were controls enough to prevent harm or the potential for harm?
- Number of inspections conducted?
- Notification and control of new hazards to other persons?
- Updating of hazard/risk register?

ACCIDENTS AND INCIDENTS

- Were joint investigations conducted?
- Did investigation identify contributing factors?
- Depth of reporting and skill of investigator adequate?
- Were hazards reported, assessed and steps taken to improve risk controls?
- Has the hazard/risk register been updated recently?
- Were notifiable events reported to the WorkSafe NZ within specified time frames?

SITE SECURITY

- Premises left unlocked
- Theft
- Lone working in unsafe areas.

EMERGENCY RESPONSES

- Efficient response to incident eg. trained person?
- First aid equipment available?
- Was the emergency equipment on site adequate?
- Notification of emergency services adequate?

ACTIONS FOR THE PCBU:

Conduct a post contact review

Record outcome of the review for future reference

Update contractor management arrangements to reflect any lessons learned / improvement opportunities.

NOTES

NOTES

APPENDICES

This section includes:

- Example contractor induction checklist
- Example simple work permit
- Contractor inspection checklist
- Minimum contractor health and safety requirements fortender documents.

APPENDIX 1: CONTRACTOR INDUCTION (BASIC)

Contracting company name: _____

Worker name: _____

ITEM	CHECK
Company Health and Safety Policy	
Contract H&S Plan	
H&S Responsibilities for Contract	
Site/Contract Emergency Procedures Alarms Assembly Areas Communication Emergency and Fire Fighting Equipment	
Location of First Aid and General Facilities	
Event reporting arrangements	
Hazard Management: Site hazards are identified Applicable site rules, PPE requirements, and procedures are explained Contract specific hazards are discussed Work Permit requirements	
Key site contacts	
Procedure for resolving any general issues or concerns	

Signed (contractor):

Date signed:

Signed (PCBU):

Date signed:

APPENDIX 2: WORK PERMIT (BASIC)

THIS PERMIT MUST BE COMPLETED BEFORE WORK COMMENCES

QUESTION	ANSWER
Who will complete the work?	Company: Worker:
Who authorised the work?	
What work is to be done?	
Hazards of the work?	
What controls are in place to stop hazards doing harm? Identify how hazards will be eliminated, isolated, or minimised	
Approval from authorised person	Authorised person signature: Date:
Periodic monitoring of the work	Initials: Initials: Initials: Initials:

The above work will be performed according to all health and safety requirements. The work may be stopped at any time at the request of the authorised person if any safety concerns are expressed.

Signed (contractor): _____

Date signed: _____

Signed (PCBU): _____

Date signed: _____

APPENDIX 3: CONTRACTOR INSPECTION CHECKLIST (BASIC)

Contracting company name: _____

Worker name: _____

CHECKLIST	YES	NO	N/A
Health and Safety personnel			
Is there a designated health and safety person on site?			
Is there a qualified first aider on site at all times?			
Ladders and steps			
Are any rungs broken or missing?			
Are ladders secured at foot and head when in use?			
Does the length of a single ladder exceed 7.8 metres?			
Does the length of an extension ladder exceed 13.5 metres?			
Are all ladders in good condition?			
Electrical			
Are there any broken plugs, sockets, switches?			
Are there any frayed or defective leads?			
Are isolating transformers used?			
Are power tools in good condition?			
Are there any cable lead trip hazards?			

CHECKLIST	YES	NO	N/A
Personal Protective Equipment			
Is head protection worn in 'hard hat' areas or where there is a danger of objects falling from above?			
Is hearing protection worn in noisy areas?			
Is eye protection worn where there is a risk of injury to eyes?			
Is appropriate footwear worn by workers?			
Is sun cream provided?			
Public Protection			
Is the worksite appropriately barricaded or fenced?			
Is appropriate signage in place?			
Does the site have adequate lighting?			
Are walkways clean and free of debris?			
Is the site access controlled?			
Stairs and landings			
Are any treads broken or worn?			
Are all stairs and landings clear of obstructions?			
Are handrails in good repair?			
Is lighting adequate?			

CHECKLIST	YES	NO	N/A
Fire control			
Are fire exits clearly signed?			
Are fire doors easily opened?			
Are exits clear of obstructions?			
Are extinguishers in place?			
Do all extinguishers have current service certificates?			
Are alarms tested?			
Are trial evacuations conducted?			
Are staff trained in the use of fire-fighting equipment?			
First aid			
Are all cabinets stocked to minimum requirements?			
Are first aider names displayed?			
Are cabinets clean and orderly?			
Mobile plant and equipment			
Is all plant and equipment in good condition with current WOF/inspection certificate?			
Are daily inspections undertaken?			
Is a fault-reporting procedure in place?			
Are all operators trained and licensed?			
Are all warning lights operational?			
Are all reverse alarms operational?			

CHECKLIST	YES	NO	N/A
Welding			
Is a hot work permit system used?			
Is PPE provided and worn?			
Are vision screens used for electric welding?			
Are there fire extinguishers near welding areas?			
Is there a ventilation system for fume extraction?			
Excavations			
Are all excavations well secured and signage displayed?			
Is there a clear and safe access around excavations?			
Is shoring in place and in good condition?			
Fall protection			
Do all elevated work platforms have secure handrails, guarding or fencing?			
Are harnesses and lanyard or belts provided?			
Are all flow penetrations covered or barricaded?			
Demolition			
Is access to the demolition area restricted?			
Is overhead protection in place?			
Are the general public protected?			

CHECKLIST	YES	NO	N/A
Hazardous substances			
Are all containers properly labelled?			
Is protective clothing / equipment available and used?			
Are MSDS sheets available for all hazardous materials on site?			
Is there appropriate emergency / first aid equipment (shower, eyebath, extinguisher)			
Is a hazchem sign displayed?			
Work in confined space			
Is there a communication and rescue plan in place?			
Is suitable training provided to workers?			
Is a confined space permit used?			
General amenities			
Are washrooms clean?			
Are toilets clean?			
Are lockers clean?			
Is meal room clean and tidy?			
Other site / job specific requirements			

APPENDIX 4

MINIMUM CONTRACTOR HEALTH AND SAFETY REQUIREMENTS

Minimum Contractor Health and Safety requirements to include in tender documents or contracts for service.

This includes the following:

- a General health and safety requirements including, complying with all applicable legislation, right of Gotham Client Ltd to monitor and audit the contractor, and drugs and alcohol
- b Training and competency of key personnel
- c Management of subcontractors
- d Hazard and risk management processes including job safety analysis
- e Requirements for the management of specific risks e.g. electricity, traffic management
- f Incident management
- g Emergency management
- h Plant and equipment calibration, certification and use
- i Safety and personal protective equipment
- j Hazardous substances management
- k Breach of rules process and consequences
- l Notifying of any interaction with Regulators
- m Complying with Gotham Client Ltd standards and practices e.g. permit to work.

Where a written contract is in place the “Minimum Contractor Health and Safety Requirements” will be inserted into the contract document or appended to it. The contract terms must specify that the contractor is obliged to comply with the “Minimum Health and Safety Requirements”.

Where a written contract is not in place (e.g. supply of services directly through a purchase order), contractors are required to have signed a standalone copy of the “Minimum Contractor Health and Safety Requirements” before commencing work.

HOW YOUR ORGANISATION MEETS LEGAL REQUIREMENTS FOR CONTRACTOR MANAGEMENT

Opportunity for improvement identified in your workplace:

Plan to address this:

1 How your organisation meets legal requirements for contractor management

2 How work to be done by contractors is scoped and planned

3 The health and safety requirements included in tender or contract for service documents

4 Induction and training requirements for contractors

5 Supervision and monitoring of contractors

6 Health and safety performance monitoring and reporting for contractors

7 Health and safety performance review for contractors

GLOSSARY OF TERMS

Contracting	Contracting is when a PCBU (the contracting PCBU) hires someone else (the contractor – also a PCBU) to carry out work under contract.
Contractor	A person or organisation that has been engaged for gain or payment to do work under a contract of service. It may require specialist skills or resources (such as time or equipment). The work may be an ongoing project or a one-off activity.
Contract	A formal arrangement entered into, whether in writing or not, between a client and a contractor for the supply of services by the contractor to the client in exchange of payment.
Contract manager	The person responsible for engaging and/or managing the contractor, and for managing the contract, project or service. This will be contract specific and does not refer to a dedicated Contract Manager role.
Contract Specific Health and Safety Management Plan	A standalone document or a section within a Contract Management Plan that: ✚ Is developed with input from the Lead Contractor and Lead PCBU ✚ Becomes become part of the written contract. ✚ Includes as a minimum the agreed approach to: • Managing project-specific risks • Conforming with standards • Coordination and reporting requirements • Sharing other project-specific information.

Harm	Illness, injury or death. Includes psychological harm, as well as short and long-term health effects
Hazard	A hazard is anything that could cause harm to people, property, or the environment. Hazards are usually energy sources.
Incident	An event where something has happened that was not expected and that presents a learning and improvement opportunity.
Lead contractor	The PCBU who has practical management responsibilities over the workplace.
Lead PCBU	The PCBU who is hiring another PCBU to carry out work on its behalf, or the owner of the workplace. May also be referred to as the 'client'.
Near miss	An event where there is a loss of control of a hazard and a person was exposed to risk but not harmed.
Notifiable event	A notifiable event is any event requiring to be reported to WorkSafe New Zealand, as defined in the Health and Safety at Work Act 2015
PCBU	PCBU is a 'person conducting a business or undertaking'. They may be an individual, but more often, a PCBU will be a company. The business or undertaking may be commercial or non-commercial in nature.
Risk	Effect of uncertainty on objectives

Risk (health and safety)	The possibility that harm might occur to someone if they are exposed to a hazard.
Significant incident and near miss	An incident or near miss involving a hazard with the potential to cause death or permanent disability/illness.
Subcontractor	A person or organisation hired by a Contractor for the purpose of carrying out any contracted work
Workers	All staff, contractors, labour hire, apprentices, and volunteers (regular and on-going). Contractors, their subcontractors, and their employees are classed as the workers of the lead contracting PCBU.

USEFUL WEBSITES

NEW ZEALAND GOVERNMENT

www.worksafe.govt.nz	WorkSafe NZ
www.standards.co.nz	Standards New Zealand
www.acc.co.nz	Accident Compensation Corporation
www.fireandemergency.nz	Fire and Emergency New Zealand
www.police.govt.nz	New Zealand Police
www.legislation.govt.nz	New Zealand Legislation
www.getthru.govt.nz	Get Thru Emergency Management
www.civildefence.govt.nz	Ministry of Civil Defence
www.eqc.govt.nz	Earthquake Commission

PRIVATE ORGANISATIONS

www.impac.co.nz	IMPAC Services Ltd
www.safeguard.co.nz	Safeguard Magazine

TRADE UNIONS

www.union.org.nz	New Zealand Council of Trade Unions

KEY POINT

For more useful websites and resources we recommend you login to IMPAC's student portal.

Whether you **use contractors** or **are a contractor** yourself, it is important to **understand your legal obligations** around health and safety, and **how to meet them effectively**.

NEW ZEALAND QUALIFICATIONS AUTHORITY: COURSE INFORMATION

ASSESSMENT

- NZQA assessment requirements will be explained by your trainer
- Assessment can be verbal if required
- Please let us know of any concerns you may have about completing the assessment criteria
- Assessment in te reo Maori is allowed but you must apply in writing to our training office.

RE-ASSESSMENT

- Your trainer will advise you what you need to do to complete a re-assessment
- Re-assessment material is forwarded to our Napier office for marking.

APPEALS OF RESULTS

1. Please contact our Training Manager on 0800 246 722 in the first instance
2. Your assessment can be re-marked by another IMPAC assessor if you are unhappy with your result
3. If you are not satisfied following re-marking, you can ask for independent moderation from the Industry Training Organisation (ITO).

COMPLAINTS

If you wish to make a formal complaint, you must:

- Write to the Training Manager, PO Box 308, Napier
- Provide full details of your complaint
- Please provide specific details of your complaint, including dates, times, and places
- Include your contact details (name, address, telephone number, email).

The Training Manager will:

- Acknowledge receipt of your complaint
- Log your complaint
- Analyse the content of your complaint
- Undertake an internal investigation of your complaint
- Advise you in writing of the outcome of the internal investigation.

OTHER IMPAC COURSES YOU MAY BE INTERESTED IN ARE:

CERTIFICATE IN OCCUPATIONAL H&S LEADERSHIP

IMPAC's Level 4 programme is NZQA approved and is designed to provide students who have a health and safety function in their role with the skills, knowledge, and awareness to implement and monitor effective health and safety practice and culture at their workplace, as well as in their home and community settings. It offers a valuable, relevant qualification - designed to meet market needs - to help grow future H&S specialists.

Students enrolled in the programme need to complete the following compulsory courses:

- H&S Leader: Leadership and Culture
- H&S Leader: Training and Competency
- H&S Leader: Practical Risk Management
- H&S Leader: Working with multiple PCBUs
- H&S Leader: ISO 45001 and Auditing

On completion of the programme students will be awarded with the New Zealand Certificate in Workplace Health and Safety Practice - Level Four.

FOR MORE INFORMATION CONTACT US TODAY.

E: contactus@impac.co.nz

P: 0800 246 722

W: www.impac.co.nz

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