Contractor Management Procedure

HSEQ Management System Procedure

# What this Procedure Describes

This procedure describes how TasNetworks establishes, evaluates and manages our Contractors engaged via a tender process.

**Why it is Required**

TasNetworks has obligations and expectations in safety law, environmental law, Energy Networks Australia standards, Industry and Australian Standards to ensure Health Safety and Environment (HSE) Risk is being managed between us, our Contractors and their subcontractors. TasNetworks has duties to consult, co-operate and co-ordinate to share the management of our health, safety and environmental Risks with the businesses we engage.

The two key clauses that relate to contractor management in the Work Health and Safety Act 2012 need us to manage the duties we share with our Contractors (section 16) and to consult, co-operate and co-ordinate with businesses we share duties with (section 46). TasNetworks also has duties as the owner of our assets, plant and equipment and as designers, constructors or when we engage others to make plant or structures (sections 20-26). These duties cannot be transferred to our Contractors (sections 14).

While environmental laws don’t provide general duties for working with Contractors, we need to work with other businesses to manage our impact on the environment to protect the environment, and our reputation.

Effective contract management results in: tasks being planned better because duties are clear and understood; fewer incidents and delays; better safety performance. This creates better relationships with our Contractors and subcontractors whilst continually improving TasNetworks reputation.

**Who it Applies to and When**

This procedure applies to TasNetworks team members when they establish, evaluate and/or manage contractors via a tender process. Anyone in TasNetworks interacting with our Contractors has an important role to play in providing feedback for performance discussions with our Contractors. This includes service providers and suppliers of products. This procedure must be applied to the tender engagement process, even if a HSE Representative is not a participate on the tender evaluation panel.

**Procedure Authorisation and Revision History**

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| Authorisation |
| Issue date | 30/07/2018  |
| Authorised by | Zero Harm TLT |
| Review Cycle | 2 years |
| Revision History |
| Date | Revision Details |
| 30/07/2018 | Original Issue – replaces/supersedes Transend Contractor Risk Management Standard (TNM-DS-809-0113); AE-OHS-SYS-PRO-005 Standard Managing Contractor Workplace Health and Safety; TasNetworks Contractor Risk Management Standard. |
| 19/12/2018 | Amendment of the procedure to cater to the Contract Operations Team and the Sourcing and Procurement Teams function and sharing of responsibility. |

**Reference documents**

The following documents were reviewed as part of developing this procedure:

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| --- |
| Key Legislation |
| * *Work Health and Safety Act 2012*
* *Work Health and Safety Regulations 2012*
* *Environment Protection and Biodiversity Conservation Act 1999*
* *Environmental Management and Pollution Control Act 1994*
 |
| Codes of Practice, Industry Codes, etc. |
| The standards in this document have been based on the requirements in:* **Standards to manage contracts**: Australian Standards (AS 4000 series, AS 4300, AS 4303 and AS 4901). The guides cover general conditions of contracts for a range of contractual agreements, including design and construct, minor works, major works and supply of equipment.
* **Standards to manage HSE**: standards to develop, maintain and improve systems to manage safety and environment matters: AS 4801, AS 4804, Australian/New Zealand Standard ISO 14001.
* **Guides to manage Contractor safety in the Electricity Supply Industry (ESI):** in particular, Energy Networks Australia’s National Guidelines for Contractor Occupational Health and Safety Management (ENA NENS 10-2005).
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Records arising from this procedure

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| Record | Storage Location |
| Stored Documents and associated correspondence and approvals etc. | ZONE- Intranet site and the Internet.Changes to this procedure and it’s attachments must be mirrored on Internet versions via the Corp. Social Responsibility team. |

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Glossary - Abbreviations

**Authorised Service Provider (ASP) –** TasNetworks Authorised Service Provider (ASP) scheme is designed to assure any Contractors performing high Risk work on behalf of TasNetworks has strong and reliable systems in place and the technical competencies to perform that high Risk work. The scheme contains criteria that an independent auditor must use to assess and verify their systems and competencies before we engage the Contractor.

The scheme applies to any Contractors and their subcontractors:

* performing electrical work on behalf of TasNetworks (excluding general electrical maintenance activities at offices and depots), and
* Performing work within the vicinity of TasNetworks electrical infrastructure. For instance, excavation, asset maintenance or vegetation clearance.

**Contractor –** in context to the *Work Health and Safety Act 2012*, is a worker. Contractors work at various locations and for varied lengths of time. For instance, a Contractor could work at a TasNetworks office or site every day for months or may never have visited Tasmania and be engaged for an hour of work.

**Control –** means taking action to eliminate health and safety Risks so far as is reasonably practicable, and if that is not possible, minimising the Risks so far as is reasonably practicable.

**Electricity Supply Industry (ESI)** – TasNetworks or other Energy Networks Association (ENA) members. <http://www.esipassport.com.au/>

**Hazard –** means a situation or thing that has the potential to harm a person. Hazards at work may include: noisy machinery, a moving forklift, chemicals, electricity, working at heights, a repetitive job, bullying and violence at the workplace.

**Health Safety Environment (HSE) Management Plan –** is a written plan that sets out the arrangements for managing site safety and environment matters for construction work. All construction projects costing $250,000 (excl GST) or more must have a written management plan prepared by the principal Contractor before work commences. It should be easily understood and available to workers (including Contractors and subcontractors).

**Risk –** is the possibility that harm (death, injury or illness) might occur when exposed to a Hazard.

**Safe Work Method Statement** **(SWMS) –** a SWMS is a written document that sets out step by step detail on the Hazards, Risks, and Controls for high Risk construction work activities. The document helps supervisors and workers to Control the Risks for a particular task. A SWMS is required for [18 high Risk construction work activities](https://www.legislation.tas.gov.au/view/html/inforce/current/sr-2012-122#GS291@EN) provided in the WHS Regulations.

Glossary - Responsibilities

**Category Managers / Contract Owners**

The Category Manager / Contract Owner is the team member engaging a Contractor by a tender process who actively incorporates and reviews Health, Safety and Environment (HSE) requirements at each stage of the contract management process.

Is responsible for undertaking the following during the tender process:

* Ensure the level of HSE Risk associated with the work is identified and the contract is classified;
* Review HSE documents provided by the Contractor;
* Ensure HSE requirements have been met. This includes checking mandatory licenses, permits or accreditations are held or are capable of being obtained in time;
* Provide HSE management plans (where they are required for high risk or unusual work) to the HSE Representative for review;
* Share documents provided by the Contractor with the people involved in the works;

Is responsible for the following for the duration of the contract:

* Monitor the Contractors HSE performance
* Facilitate reporting and recording of incidents notified by the Contractor as a TasNetworks event and ensure the Contractor’s incident investigations are effective and completed on time;
* Collate the audit, inspection and incident data for performance management. Use the information to identify areas for improvement in HSE, consult with the Contractor and agree on HSE improvements and share the data with the HSE Representative;
* Facilitate the liaise with the Contractor regarding the outcomes of audits, inspections and incident investigations;
* Seek support and advice from the HSE Representative and people involved with the contracted work at any stage of this process.

**Contractors and their subcontractors**

Need to meet or exceed the standards within this procedure.

**Employees**

* Are any TasNetworks employees interacting with our Contractors or observing their performance.
* They are encouraged to provide feedback to the Contractor, Category Manager / Contract Owner and the TasNetworks Job Manager with observations of how our Contractors align with our values, behaviours and management of HSE.

**Heath, Safety, Environment (HSE) Representative**

* Provide advice and support to TasNetworks Employees on how to manage HSE Risk.
* Where required, review HSE documentation and provide feedback to stakeholders in a timely manner.
* Audit Contractor compliance to environmental and safety management requirements in accordance with the HSE audit schedule and report the findings to the Contractor and/or the Category Manager / Contract Owner in a timely manner.
* Be an active participant, when required, in the tender evaluation process for contracts classified with a high level HSE risk.
* Provide advice and support to the Category Manager / Contract Owner on the evaluation of the HSE tender submission documentation.

**Job Manager (Is the Team Member Supervising the Work/Services, incl Works Delivery Team Leaders/Project & Site Managers)**

Is responsible for the following prior to works commencing:

* Consult, co-operate and co-ordinate activities with other Contractors involved with planned work to agree and document on how the responsibility for HSE will be shared between them;
* Ensure HSE requirements have been meet. This includes checking mandatory licenses, permits or accreditations are held or are capable of being obtained in time;
* Provide HSE management plans (where they are required for construction work) to the HSE Representative for review;
* If an Employee requires the Contractor to be engaged for new types of work, discuss the requirement with the Category Manager / Contract Owner to ensure the Contractor is accredited to carry out the work;
* If an Employee requires the Contractor to be engaged for new scopes of work reassess the Contractor’s arrangements, including any new procedures/SWMS or training required for the new work.

**Officers (Board Members and Senior Leaders)**

Part of due diligence involves ensuring that TasNetworks has and uses appropriate resources and processes to eliminate or minimise Risks.

This can involve:

* Ensuring a procedure/system for managing Contractor HSE is in place and seeking verification of its use by Category Managers / Contract Owners, Team Members Planning the Work and other TasNetworks Employees.
* Ensuring TasNetworks continues to maintain records of current training and licensing for Contractors and subcontractors performing high Risk work in field operations.
* Ensuring the effectiveness of the system is audited regularly.
* Monitoring the timely completion and effectiveness of Controls to address corrective actions from Contractor and subcontractor audits and incident investigations.

Further information about Officers is provided in the [Responsibilities Procedure](http://recordpoint.tnad.tasnetworks.com.au/_layouts/15/RecordPoint/RecordProcessor.aspx?Operation=OpenPermaLink&Key=R0000027753|Record).

**Sourcing & Procurement Team:**

Is responsible to undertake the following during the tender process:

* Facilitate the entire tender process in conjunction with the Category Manager / Contract Owner.
* Ensure all HSR documents are issued and returned in line with the tender process.
* Ensure probity is maintained.
* Ensure all completed HSE documents are saved in The Zone and notify the HSE Representative via email of their location.

**Your Responsibility in The Process**

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| --- | --- | --- | --- |
| Responsibility | Getting started – Establish Tender & Contract  | Evaluate | Manage |
| HSE RepresentativeJob ManagerCategory Manager / Contract OwnerContractorIdentify Risk, classify contract, ask questions & provide informationAnswer questions and provide information to support those answersFacilitate the evaluation processReview and endorse evaluation recommendationMonitor performanceWork with Contractor/s to manage HSE Risk for each job/projectSupportSupportSupportSupportSupportSupport |
|  SupportManagement of the Tender ProcessSupport Management of the Tender ProcessSupport Management of the Tender ProcessProvide and receive correspondence to ContractorSourcing & Procurement Team |
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The Contracts Management Process

Getting Started: Establish Tender and Contract

‘Getting started’ is the most important step of the contracts management process. It sets our expectations of the Contractors upfront and establishes a benchmark for performance/monitoring discussions.

The ‘getting started’ process steps Category Managers / Contract Owners through the process of including HSE when establishing tenders and contracts.

**The ‘Getting Started’ Process:**

**Identify any Safety and Environmental Risk**

**Completion of the HSE Risk Checklist:**

The HSE Risk Checklist identifies what HSE Risks a Contractor is likely to experience when they perform work for TasNetworks.

The link to the HSE Risk document is provided below.

The completed HSE Risk Checklist is to be provided to the:

* Contractor as part of the tender package, to be signed and returned as part of the Contractors tender submission. And
* TasNetworks Job Manager prior to commencement of the work to assist with HSE management during construction.

The HSE Representative should be considered as an active participant in the tender evaluation process for contracts classified with a high level HSE risk.

**Classify the Contract HSE Risk**

After identification of the HSE Risks, we can determine what level of contractor management TasNetworks will require to manage the contract. This classification is needed for the ‘evaluation’ and ‘manage’ phases of the Contractor Management Procedure.

The link to the HSE Risk document is provided below.

**Specify Zero Harm Requirements**

This section determines how we expect our Contractors to manage HSE Risk when they perform work for TasNetworks.

**Refer to the*:*** [***Contractor Management Procedure – Risk Identification***](http://recordpoint.tnad.tasnetworks.com.au/_layouts/15/RecordPoint/RecordProcessor.aspx?Operation=OpenPermaLink&Key=R0001247726|Record)**document.**

This document is to be completed by the Category Manager / Contract Owner and supplied to each Contractor through the Sourcing & Procurement Team as part of the Contractors’ tender documentation.

The Category Manager / Contract Owner is to facilitate completion of the following:

* Cover page – fill in the date, company name and tender / project name at the top of the document
* Section 1: (HSE) Risk Checklist – review all HSE Risk Activities listed and move / add activities as required depending on the risk posed to the project. Is inherent that the Technical Competence Group, Works Standards Officer is consulted to ensure all appropriate work procedures for the works are identified.
* Section 1: (HSE) Risk Checklist – check the box for the relevant activities that will be undertaken by the Contractor, note NA or strike through those activities not being undertaken by the Contractor.
* Section 2: (HSE Contract Classification & Evaluation) – Level of Risk - identify the level of risk by working through each ‘Topic’ and circling one ‘risk level’ as applicable for each of the topics.
* Section 2: (HSE Contract Classification & Evaluation) – Contract Classification - from the information provided in the completed ‘Level of Risk’ table select the applicable ‘Classification Level’ Write the ‘Classification Level’ in the area provided at the bottom of the page.
* Section 3: Specific Zero Harm Requirements for Contractors – Fill in the green highlighted areas of the Contract Classification Level document. Specifically state the minimum requirements the contactor is required to meet for the work under the contract.
* Section 4: General Zero Harm Requirements that Apply to all TasNetworks Contracts – generally changes would not be required to this section of the document.

At the end of the document space is provided for the Contractor to sign and returned the document to TasNetworks, along with any required supporting documentation. This document forms part of the Contractors tender submission.

**Ask about Safety & Environmental Performance**

This section asks questions of the Contractor to supply evidence to allow TasNetworks to make an assessment on their ability to meet the HSE requirements.

It also allows for the evaluation scoring to be carried out against the criteria.

The Link to the document is provided below.

**HSE Questions For Contractors:**

The Category Manager/Contract Owner is responsible for facilitating the updating of the ‘HSE Questions for Contractors’ document. The document is to be completed as below:

* Fill in the date, company name and tender / project name at the top of the document
* Read each question and eliminate questions that are not relevant
* Ensure the evaluation scoring is correct and is not included when the document is sent to the Contractor
* Where a Management Plan is required, clearly identify if a site specific or generic plan is required.

The Sourcing & Procurement Team is responsible for issuing the ‘HSE Questions for Contractors’ document to the Contractor as part of the tender process.

The Contractor is responsible to complete the ‘HSE Questions for Contractors’ and return as part of their tender submission, along with any supporting documentation identified in the Zero Harm requirements for Contractors.

**Refer to the*:*** [***Contractor Management Procedure – Questions for Contractors***](http://hseqzone.tnad.tasnetworks.com.au/how-to/Procedures%20and%20Standards/Contractor%20Management%20Procedure%20-%20Questions%20for%20Contractors.xlsx)**document.**

Evaluate:

**Check HSE Submissions for HSE Risk Management**

This step is facilitated by the Category Manager / Contract Owner with input from the HSE Representative and tender evaluation team.

It involves reviewing and evaluating the documents and statements the Contractor has provided to TasNetworks during the tender process.

The ‘Evaluate’ Process involves:

* Checking how HSE will be Managed; and
* TasNetworks Progress check and Endorsement.

**Check how HSE will be Managed**

The Category Manager / Contract Owner will facilitate the tender evaluation with support from the Sourcing & Procurement Team.

The tender evaluation team and HSE Representative will individually assess the Contractor to:

* Verify they have effective HSE arrangements in place;
* Assess their previous HSE performance, and
* Assess their level for managing safety and environment matters.

The HSE Representative must (as required) actively participate in the evaluation for high/medium contract risk classification.

Where the HSE Representative does not form part of the tender evaluation team, advise the HSE Representative of the location of the documents for review, compliance and record keeping.

The Job Manager and effected Employees can form part of the tender evaluation team.

The evaluation is carried out on the ‘HSE Questions for Contractors Including Evaluation’ form provided above as part of the ‘Getting Started’ process.

The evaluation documentation is to be forwarded to the Sourcing & Procurement Team for inclusion as part of the tender process documentation.

**TasNetworks Progress Check and Endorsement**

It is the joint responsibility of the Category Manager / Contract Owner and the Sourcing & Procurement Team to complete this form as part of the tender process.

This form is used to check that the ‘getting started’ and ‘evaluation’ processes are complete.

**Refer to the*:*** [***Contractor Management Procedure – Progress Check and Endorsement***](http://recordpoint.tnad.tasnetworks.com.au/_layouts/15/RecordPoint/RecordProcessor.aspx?Operation=OpenPermaLink&Key=R0001247723|Record)**document.**

Manage:

The Job Manager is responsible for planning construction work with our Contractors and their subcontractors to manage HSE collectively. The Job Manager may attend Contractor performance discussions (facilitated by the Category Manager / Contract Owner) to manage the Risks associated with the construction works. This may involve:

* Monitoring performance and verifying performance by considering inspection and audit results
* Having discussions to review and improve performance.

**The ‘Manage’ process steps involve:**

* Check HSE is being Managed
* Plan works

**Check HSE is being Managed**

Checking HSE is being managed is the responsibility of the Category Manager / Contract Owner.

During TasNetworks and Contractor meetings, reference should be made to:

* Evidence of carrying out specific Zero Harm requirements and applying the general Zero Harm requirements
* Outcomes of audits and inspections performed by TasNetworks team members and by the Contractor (self-audits)
* The causes and corrective actions from any incidents or near misses, and
* The monthly HSE performance data provided by the Contractor.

The TasNetworks Category Managers / Contract Owners and the Contractor should:

**Decide on the actions required** – this involves consulting Contractors and sharing your findings to agree on HSE areas to improve. Agreed actions should be SMART (specific, measurable, achievable, relevant and time-bound) and involve consulting the workers affected by the corrective actions. This allows workers to have input into how the actions should be implemented to create ownership and accept any change. The actions agreed between all parties need to be documented.

**Monitor and review improvements** – actions should be monitored and reviewed to ensure they are accepted and are being implemented. Regular consultation allows issues to be raised early for management. When the contract is complete, a review may assist to identify what was done well throughout the project in relation to Contractor management and what improvements could be put in place for the next contract.

HSE performance may be reviewed when evaluating the success of a project or work undertaken by a contractor. Successes and areas for improvement should be discussed with contractors, for instance, at ‘close out’ meetings.

Plan Works

TasNetworks needs to consult, co-operate and co-ordinate activities with Contractors and subcontractors. It involves finding out who is doing what, and working together in a co-operative and co-ordinated way so that Risks are being managed.

Aside from being a requirement under WHS laws, it means work is better planned and incidents, delays and cancellations are less likely to happen.

The TasNetworks Job Manager should use a HSE Works Planning Checklist to consult, co-operate and co-ordinate with Contractors before works commence.

**Refer to the*:*** [***Contractor Management Procedure – Works Planning***](http://recordpoint.tnad.tasnetworks.com.au/_layouts/15/RecordPoint/RecordProcessor.aspx?Operation=OpenPermaLink&Key=R0001247727|Record)**document.**