

DEVELOPING CONTRACTING PARTNERSHIPS

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INTRODUCTION

Increasing competition in the mining industry over the previous ten years has seen the need for the Australian Mining Industry to become more efficient to ensure it maintains market share in an extremely competitive world market

This need for ever increasing efficiency has encouraged many organisations to concentrate on core activities, with many identified non-core activities being outsourced to specialist companies. This, along with traditional outsourced activities such as equipment servicing and facility maintenance carried out at a mine site has seen an increasing number of contractors being used in a range of areas. These include:

- Casual labour hire
- Occupational Health and Safety
- Training
- Security
- Payroll
- Purchasing
- Recruitment/Human Resource Services

The increase in the use of contractors and service providers whilst providing significant opportunities for increased efficiency and productivity can also provide the potential for an increase in risk to both the contracting and contractor organisations. If these risks are not controlled the benefits to the organisation may be negated or indeed, result in an actual loss to the contracting organisation.

My address today will deal with the concept of developing Contracting Partnerships and provide strategies for the successful implementation of partnership agreements at the point of production.

WHAT IS A CONTRACTING PARTNERSHIP

Queensland Mining Employment Services interpret a Contracting Partnership as being **“an agreement between parties to provide services which provide minimum risk and maximum benefits equally to both parties”**.

This interpretation places an equal obligation on both parties to ensure there are common goals

developed during contract negotiations. These goals should reflect a commitment to:

- The development of joint, pro-active occupational health and safety systems which reduce the potential for accidents and/or injury to the employees of both organisations
- The development of quality control systems which ensure contracted work or services are provided effectively and efficiently over the life of the contract.
- The development of procedures which ensure disputes or issues which can impact on either of the above are resolved in an amicable and timely manner.

WHAT ARE THE BENEFITS OF DEVELOPING CONTRACTING PARTNERSHIPS?

In the initial stages of developing Contracting Partnerships it may appear there is an increase in costs to the contracting party. However, taking into consideration the savings associated with a reduction of:

- Lost time injuries
- Injured worker rehabilitation costs
- Workers Compensation Premiums
- Tender and Contract development costs
- Industrial issues
- Poor workmanship - requiring re-work
- Cost overruns
- Administration costs

There are considerable cost benefits to be gained from implementing Contracting Partnerships.

It is also evident Contract Partnerships provide cost benefits in areas where it is not as easy to quantify the savings. Areas such as improved employee moral, knowledge and skills transfer between the employees of both organisations can be both motivational and lead to a greater utilisation of resources.

It is the opinion of Queensland Mining Employment Services that a successfully implemented Contracting Partnership can provide substantial cost benefits to both parties.

STRATEGIES FOR THE IMPLEMENTATION OF CONTRACTING PARTNERSHIPS

Strategy 1 – Identifying Suitable Contracting Partners

During the initial stages of developing partnerships it is essential for the contracting company to:

- Clearly identify those services or combination of services required for their whole operation.
- Identify contractors who ideally can provide more than one of the services required.
- Assess each identified contractor taking into consideration:
 - Size and scope of the contractor's operations
 - Past history with respect to previous contracts
 - Reference checks where no previous history exists (this is particularly crucial where there is no previous history).
- Match organisational requirements with the services currently available

The aim of this strategy is to:

- Reduce the overall number of contractors utilised by the organisation
- Develop a list of core contractors

Strategy 2 – Developing the Contract

Having identified suitable partnering organisations it is essential to establish a formal contractual relationship. In developing the contract it will be necessary to clearly define:

- The nature and scope of the work to be undertaken
- The hazards associated with the work including:
 - Hazards introduced to the contractor's employees
 - Hazards introduced by the contractor's employees
- The measures each party will develop to reduce the risks associated with identified hazards
- The role, responsibilities and accountabilities of both parties, including the role, responsibilities and accountabilities of persons acting on behalf of both parties.
- The agreed minimum occupational health, safety and welfare standards acceptable to both parties. These should take into consideration:
 - Statutory obligations
 - Australian Standards
 - Industry Codes of Practice

- The minimum competency standards of employees involved in the partnership arrangements
- The development of Key Performance Indicators including:
 - External Audit Criteria and Schedule (if required)
 - Internal Audit Criteria and schedule
 - Inspection Schedule (including statutory inspections)
 - Team meeting/Shift meeting/ Toolbox talk schedule
 - Accident/Incident Reporting Procedures
 - Accident Investigation protocol
 - Injured Worker Rehabilitation protocol
- The development of an agreed Disputes Settlement Procedure

During the contract development stage the use of standard conditions of contract with respect to occupational health and safety requirements should be avoided if possible. Roles, responsibilities, accountabilities, competencies and standards should be developed specifically to meet the requirements of the services being provided.

The aim of this strategy is to;

- ensure all parties have a clear understanding of the manner in which the partnership arrangements will work on site
- clearly establish the management systems including roles responsibilities and accountabilities for the partnership.

Strategy 3 – Implementing the Partnership Contract

The implementation stage of the contract is crucial to the success of the partnership arrangements. Failure to properly implement the partnership arrangements can minimise the advantages to both organisations.

Organisations should take into consideration the following during the implementation stage:

- All employees of both organisations should be advised of the partnership arrangements. This can be achieved through:
 - Management meetings
 - Team meetings
 - Toolbox talks
 - Occupational Health and Safety Committees
 - Newsletters
- Nomination of a specific contract manager with delegated responsibility for ensuring the

- arrangements agreed in the contract are fully implemented
- Inclusion of contractor's employees in all activities conducted on the site. This can include:
 - Occupational Health and Safety meetings
 - Toolbox talks
 - Small group activities
 - Management Meetings
 - Accident investigation teams
 - Workplace inspection teams
- Inclusion of nominated contract manager in contractors activities on site. This can include:
 - Occupational health and safety meetings
 - Toolbox talks
 - Small group activities
 - Management meetings
 - Accident Investigation teams
 - Workplace Inspection teams

It is essential that contractor's employees are integrated into the contracting organisations management systems.. The perception of contractors being separate from the operations of the organisation must be replaced by the philosophy of being part of the normal operations of the organisation. In the successful partnership arrangements contractors employees are not seen as **"only contractors and not our problem"**

The aim of this strategy is to:

- Ensure employees of both organisations are fully aware of the intent of the partnership arrangements
- Ensure employees of both organisation work together to have an integrated system designed to provide benefits to both organisations

Strategy 4 – Monitoring and Review

To ensure the partnering arrangements provide the maximum benefit to both organisations it is essential to ensure there are clearly defined monitoring and review systems developed. These systems should be developed to quickly identify any issues which may impact on either organisations ability to meet their obligations under the partnership arrangements.

In developing the monitoring and review systems organisations should take into consideration the following:

- Development of scheduled contract review meetings

- Implementation of programmed external audits
- Implementation of programmed internal audits
- Implementation of regular employee update meetings (this could be included in toolbox talk agendas)

CONCLUSION

The development of Contracting Partnerships represents an effective and efficient method for organisations to improve productivity and maintain systems which assist the organisation to provide for the health, safety and welfare of both its employees and contractors on site. In an economic environment which has become increasingly competitive and an industrial environment where the organisations requirements to meet "duty of care" and "due diligence" obligations continue to grow, Contracting Partnerships will become more prevalent

As a major supplier of casual mining labour to the mining industry Queensland Mining Employment Services recognise the benefits Contracting Partnerships offer both ourselves and our clients. It is our belief where Contracting Partnerships are developed utilising the strategies outlined today, organisations will gain the maximum advantage from entering into these agreements.