

Safety Management System Modules

Element 18 – Procurement and Contract Management

What and Why

It is essential that procurement and contract management procedures consider safety aspects.

Under the law, all rail transport operators are held directly accountable and responsible for safety within the scope of their operations. Under both the rail safety law and prevailing workplace health and safety laws, it is not possible to contract out any safety responsibilities.

This means the rail operator is responsible when someone is contracted to do safety work

With this in mind, even smaller less-complex operators should understand what they need to do and how they can manage procurement and contractors.

If considering whether or not contractors are performing rail safety work, it is wise to further consider what is defined as rail safety work. Anyone who is engaged as a contractor to perform any of these tasks is considered to be a rail safety worker.

A contractor is someone who is not employed and who is engaged to perform rail safety work for a rail transport operator. This may be on a single or ongoing basis. There is no requirement for a physical 'contract' between the rail transport operator and the contractor, so long as there is an arrangement to do work.

Examples of contractors could include:

- An external maintainer engaged to maintain a specific locomotive type;
- A training organisation to perform competency assessments;
- An Engineer engaged to develop standards;
- A consultant engaged to certify track post maintenance works;
- An engineman engaged through a labour hire company on a short-term basis;
- An engineer who is de-commissioning a steam locomotive;
- A consultant who is facilitating operational risk assessments;
- A motor mechanic who is servicing a Road Rail Vehicle.

Contractors who are to perform rail safety work must also be able to demonstrate that they are Fit for Duty under the National Health Assessment Standard for Rail Safety Workers (see Element 27 Health and Fitness) before they are engaged to commence rail safety work.

In relation to procurement, rail transport operators should consider how and what they purchase and the impact on safety. For smaller less complex rail operators, this may be as simple as a statement on how safety is considered when buying products or services.

An example could be that the operator only purchases safety equipment or tools that comply with Australian Standards.

Larger more complex operators should consider:

- If, when and how they tender;
- What controls are in place when engaging contractors;

- The standards to which products or services should demonstrate;
- How the operator assures itself that the products or services are safe;
- How the performance of the contractor is monitored or assessed;
- Whether or not contractor audits are required.

How

As with all components of a Safety Management System, agreed procedures should be documented and included as part of the SMS. This procedure should describe how procurement and contractors are managed. These can be separate documents or combined.

The level of detail in the procedure will be relevant to the nature and scope of the operations.

Things for the operator to consider include:

- That equipment, parts, and consumables are fit for the intended purpose during sourcing;
- Whether there are specific specifications that safety critical components and equipment must meet?
 - If so, what are these?
 - Are they appropriate for the frequency and use in the current operations?
- Whether or not specific Australian Standards should apply, or whether standards are set by the Rail Infrastructure Manager that manages and controls the track.
- For components no longer manufactured, the operator should be able to demonstrate that they get “like for like”;
- Defining the limits for purchasing for each role within the organisation (See Appendix B);
- If contractors are not used to perform rail safety work, the operator may have a simple statement to support this position.

Rail Transport Operators and contractors must agree how they will manage safety while the work is being done. This could be through by either the:

- Contractor applying the relevant systems, procedures and reporting imposed by the operator’s safety management system; or
- Operator incorporating the contractor’s systems and procedures into its safety management system.

This is particularly important when the contractor does not normally perform rail safety work.

If using contractors, the operator should also consider:

- How to specify the work to be done, the standard to which it is to be completed?
- How to know that the contractor is competent, fit for duty and qualified to perform the work while on the operator’s network;
- The insurances that are held by the contractor;
- How to monitor the performance of contractors in delivering on the specifications;
- How consultation mechanisms can include contractors.

Whether expectations placed on the contractor’s performance may mean that they take shortcuts to meet financial and /or time constraints.

Who

The Executive Committee/Board may have agreed authorities in place for procurement as part of their governance processes.

Managers and Supervisors could have financial delegations included in their job /role descriptions or included in financial procedures.

They should also ensure that their direct reports have a clear understanding of the process for engagement of contractors and the conditions under which they must be engaged.

Rail Safety workers, volunteers and visitors should understand their obligations in relation to what and when they can procure goods, the conditions of procurement and any relevant standards. In addition, they should understand how their role interacts with contractors, and the operator's expectations of that interaction.

When

Procurement procedures should clearly define when and how they apply. Any person who is authorised to buy either services or products should apply these principles when considering procurement of any new or different items.

Every contractor that is engaged to perform rail safety work should be reviewed and assessed for qualifications/licences, competency, fitness for duty and insurance prior to engagement.

List of relevant documents (internal)

Element 13 - Consultation

Element 27 – Health and Fitness

Element 19 – General Engineering and Operations System Safety Requirements

Links (external)

[National Transport Commissions National Health Assessment Standard for Rail Safety Workers](#)

[ONRSR Website – Health and Fitness](#)

Other websites – not endorsed by ONRSR

[WA Government – Department of Finance \(Procurement Templates and Guides\)](#)

[Comcare Website – Contractor Management](#)

[Government of South Australia – State Procurement Board](#)

Appendices

A. [Example Procurement Register](#)

B. [Example Contractor Register](#)

C. [Example Contractor Letter](#)