

Subcontractors

Purpose

This procedure describes Pipeline Watertech process for managing subcontracting for use in Pipeline Watertech projects.

Pipeline Watertech subcontracting procedure covers the whole of subcontracting commencing at prequalification and completed when the subcontract work achieves final completion.

The subcontracting procedure provides the baseline for Pipeline Watertech projects to meet contractual commitments and business objectives, to measure the effectiveness of and improve the performance of the Integrated Management System.

Scope

Pipeline Watertech overall subcontracting procedure is to deliver the subcontract work in accordance with our QEHS Policies, Customer specifications and business objectives.

Pipeline Watertech overall subcontracting procedure focuses on Quality, Safety and Environmental Management, the key areas being:

- Quality – Delivery of quality goods and services, Customer satisfaction, contract performance, minimisation of non-conformances and continually improve our procedures for quality management
- Safety – Delivery of a healthy and safe working environment, prevention of harm to employees, compliance with legal and regulatory requirements and continually improve our procedures for Occupational Health and Safety management
- Environment – Delivery of goods and services minimising impacts on the environment, the prevention of pollution and harm to the environment, compliance with legal and regulatory requirements and continually improve our procedures for environmental management

For Customer specifications and business objectives, Pipeline Watertech overall subcontracting procedure focuses on the key areas being:

- Customer specification – Meet the Customer specification
- Business sustainability – Sustain or grow the business according to the market circumstances

References

Pipeline Watertech Integrated Management System Manual contains the QEHS Policies and Procedures, references to the relevant Australian Acts, Regulations, Codes and Standards including the QEHS standards ISO 9001, ISO 14001 and ISO 45001.

Definitions

Subcontracting

Subcontracting generally covers a range of work that requires where applicable definition of the scope of works, a technical specification to describe the requirements, design requirements, test requirements, QEHS requirements, documentation requirements, subcontract lump sum price and price basis, delivery, conditions of contract and any other project specific requirements as well as subcontractor project management and key personnel to manage the work.

Special Services and Health Surveillance

Subcontracting also includes special services and work that requires health surveillance such as working with asbestos or polychlorinated biphenyls.

Trades Services

Subcontracting does not include trades services that is managed by purchase orders and normal site supervision covered under the Purchasing procedure.

Hire of Plant, Machinery, Tools and Equipment

Subcontracting does not include hire of equipment, machinery, tools and equipment or purchasing of capital plant that are managed by standing agreements and covered under the Purchasing procedure.

Approved Subcontractor Register

Pipeline Watertech uses subcontractors that are known to Pipeline Watertech or that are registered on Pipeline Watertech Approved Subcontractor Register.

Prequalification is required to become registered on Pipeline Watertech Approved Subcontractor Register.

Prequalification

Subcontractors

If a potential subcontractor is not registered on Pipeline Watertech Approved Subcontractor Register, Pipeline Watertech shall undertake prequalification during subcontract negotiations and prior to entering into a subcontract to ensure the subcontractor has the necessary qualifications to undertake the work.

The prequalification is fit for the intended purpose using the Subcontractor Prequalification Checklist that includes the following information where applicable:

- Pipeline Watertech past experience with the subcontractor
- Subcontractor's information and experience
- Subcontractor's QEHS accreditation
- Subcontractor's compliance with Australian Standards, Legislation and Codes of Practice

The Supplier /Subcontractor Assessment Questionnaire is submitted to a potential Supplier/Subcontractor to assess their suitability to provide Pipeline Watertech with the required goods or services.

Response to the Questionnaire is reviewed and Supplier/subcontractor acceptability determined. The result of the questionnaire is used to complete the internal Subcontractor Prequalification Checklist (Form 14.3)

Special Services and Health Surveillance

Subcontracts for special services and health surveillance shall undergo Pipeline Watertech standard prequalification procedure with extra care to ensure the potential subcontractor has the necessary level of fit for purpose accreditation, special procedures, experience and qualified personnel.

Project Specific Prequalification

Some projects may require project specific prequalification such as special QEHS requirements and site working conditions.

Pipeline Watertech shall ensure all potential subcontractors including existing approved subcontractors are also prequalified for project specific requirements whether or not on Pipeline Watertech Approved Subcontractor Register.

For Project Specific Prequalification, the project specific section of the Subcontractor Prequalification Checklist shall be formally completed (Form 14.3)

Request for Quotation and Subcontract

The Request for Quotation (RFQ) is the basis of the subsequent subcontract works agreement.

The RFQ issued to a potential subcontractor by Pipeline Watertech at the tender stage should be reviewed and modified for the project subcontract works.

In particular, the subcontract RFQ should be reviewed to ensure it includes all the latest head contract requirements agreed with Pipeline Watertech Customer during pre-contract negotiations or otherwise included Pipeline Watertech head contract.

The RFQ should be issued to one or more potential subcontractors at the discretion of Pipeline Watertech.

Pipeline Watertech head contract with the Customer should be reflected where applicable as a guide to the subcontract requirements using Pipeline Watertech Request for Quotation and Subcontract Checklist and Subcontracting Guidelines.

If Pipeline Watertech head contract is unsuitable for the nature of the specific subcontract, Pipeline Watertech will determine the subcontract conditions using Pipeline Watertech Request for Quotation and Subcontract Checklist (Form 14.4) and Subcontracting Guidelines.

The RFQ and subsequent subcontract works agreement shall include the following where applicable:

- Project name and address
- Scope of works
- Terminal points and interface points
- Technical specification
- Design requirements
- Test requirements
- Documentation requirements
- Performance criteria
- QEHS requirements including subcontract QEHS project plans
- Project management requirements
- Key personnel requirements
- General project requirements including access, site regulations, facilities and reporting, working hours and special requirements
- Project specific requirements
- Commercial requirements in accordance with Pipeline Watertech Subcontract Checklist and Subcontracting Guidelines
- Conditions of Contract in accordance with Pipeline Watertech Subcontract Checklist and Subcontracting Guidelines
- Price and price breakdown
- Schedule of rates for extra work
- Programme including milestone dates.

Head Contract Documents

As noted under the RFQ above, Pipeline Watertech head contract with the Customer should be reflected as a guide where applicable in the subcontract requirements using Pipeline Watertech Subcontractor RFQ and Subcontract Checklist (Form 14.4) and Subcontracting Guidelines.

This ensures the subcontractor has the contractual responsibility to meet the head contract requirements relative to its subcontract work.

Subcontract Checklist

Pipeline Watertech Subcontractor RFQ and Subcontract Checklist and Subcontracting Guidelines shall be used to ensure the RFQ, and subsequent subcontract works agreement contains the necessary subcontract requirements for the specific nature of the subcontract.

Pipeline Watertech Subcontracting Guidelines is an internal document covering good management practice and does not form part of Pipeline Watertech IMS.

RFQ Evaluation and Precontract Negotiations

Pipeline Watertech shall evaluate the responses to the RFQ and negotiate with one or more potential subcontractors until Pipeline Watertech is satisfied that the preferred subcontractor can meet the RFQ subcontract requirements.

Any negotiations that impact on the subcontract compliance shall be documented and issued to the subcontractor.

Approval by Managing Director

The subcontract document and price shall be approved by Pipeline Watertech Managing Director prior to issue to the subcontractor.

Subcontract Document

Pipeline Watertech should finalise the Subcontract Documents outlined in the RFQ as modified by the RFQ negotiations and issue it to the subcontractor.

The Subcontract Document shall be signed by both parties as evidence of agreement.

Notice to Proceed

Notice to Proceed - Conditions Precedent

Pipeline Watertech may have a requirement that the subcontract should not proceed until a formal Notice to Proceed (NTP) is issued containing conditions precedent.

A condition precedent may be required due to similar NTP requirements from Pipeline Watertech customer, submission of certain documentation, project specific requirements or the availability of site access.

Notice to Proceed - Limited NTP, Early or Urgent Works

The project may require a limited NTP, early or urgent works to commence whilst the contract is being finalised in which case the nature of the commencement works should be documented in an NTP.

Pipeline Watertech may issue a NTP to commence work whilst the contract is being finalised.

The NTP should outline the scope of works, timetable, documentation, conditions of contract and the limited price ruling until the full contract is issued.

If the NTP requires the subcontractor to purchase materials or incur other costs, the NTP should state that Pipeline Watertech authority must be provided in writing prior to incurring such costs.

The work performed under any form of limited NTP must be carefully managed to ensure it does not exceed the agreed cost. This is achieved by appropriate project and site management.

The NTP shall be approved by the Managing Director.

Subcontract Project and Site Management

Subcontract, project and site management is the general management of the project that is performed from either or both Pipeline Watertech project office or site.

All subcontractors are required to complete a Site Induction using the Site Induction Checklist (Form 14.6) prior to commencement of work on the site.

Pipeline Watertech Project Manager and / or Site Manager shall manage the subcontract to ensure the subcontract requirements are implemented.

Pipeline Watertech Project Manager and / or Site Manager shall meet the subcontractor regularly to review all aspects of the subcontract works including:

- Management of the relationship
- Documentation submissions and approvals
- QEHS requirements
- Compliance with the scope of works and technical specification
- Progress against subcontract programme and milestones
- Project issues
- Daily site issues including inductions, toolbox meetings, prestart meetings, attendance records
- Daily site issues including site working conditions, site cleanliness and site access
- Daily site issues including inability to work for any reason, site access delays waiting time and delays caused by inclement weather
- Urgent work that may be outside the subcontract
- Routine meetings where the subcontractor is meeting the subcontract requirements are not required to be formally documented.

Meetings where the subcontractor is not meeting the subcontract requirements are documented and the subcontractor is issued a letter with agreed actions or a directive under the contract.

Pipeline Watertech Site Manager shall advise Pipeline Watertech Project Manager if he considers the subcontractor is not meeting the subcontract requirements to enable the Project Manager to consider the action required. A Contractor Performance Review is required to be completed, as a minimum, at completion of the subcontracted works.

Subcontractors will be requested to complete the SWMS Checklist and submit the completed checklist with a copy of the relevant SWMS to the Pipeline Watertech Project/Site Manager for review and acceptance at least 5 working days prior to commencement of the work activity.

Inspection Test Plans (ITPs) and associated Inspection Test Reports (ITRS) will be reviewed by the Site Manager for adequacy prior to use.

Requests for Variation to Subcontract

Pipeline Watertech may request a variation to the subcontract. A Site Instruction (Form 14.6) will be raised requesting submission of a quotation to carry out the required works or to attend to specified matters in relation to the subcontract works.

Depending on the magnitude and nature of the variation, the request for variation should be treated as a new subcontract with a scope of works, completion date, price, approval by the Managing Director and award of the variation.

Subcontract Management of Conditions of Contract

Subcontract management of the subcontract conditions of contract is performed progressively during the contract rather than at regular contract review periods.

Pipeline Watertech ensures the subcontract conforms to the subcontract conditions of contract using Pipeline Watertech Subcontractor RFQ and Subcontract Checklist (Form 14.4) and Subcontracting Guidelines that include:

- Issue and approval of certificates of currency for insurance prior to commencing work including ensuring currency throughout the contract period
- Issue and approval of certificates of currency for workers compensation insurance prior to commencing work including ensuring currency throughout the contract period
- Issue and release of security bonds within the subcontract timeframe
- Management and approval of variations in scope of works within the subcontract time-bars
- Management and approval of extensions of time within the subcontract time-bars
- Management and approval of inclement weather claims
- Management of any other claims
- Project specific requirements and submission dates
- Punch list of work to be completed prior to Practical Completion
- Issue of certificate or letter of Practical Completion
- Attending to Customer requests during the Defects Liability Period
- Issue of certificate or letter of Final Completion.

Variations to Subcontract Agreement requiring Managing Director's Approval

The following documents and variations to the subcontract shall be approved by Pipeline Watertech Managing Director prior to issue to the subcontractor:

- Release of security bonds at Practical Completion and Final Completion
- Variations in scope of works
- Extensions of time
- Inclement weather claims
- Any other claims
- Punch list of work to be completed prior to Practical Completion
- Issue of certificate or letter of Practical Completion
- Issue of certificate or letter of Final Completion.

Financial Administration and Accounting

This procedure does not cover the financial administration or accounting which is not part of Pipeline Watertech IMS.