

# Cartage Contractors in Extractive Industry



Over the last three years, the CMPA has concentrated on developing a series of tools and templates that industry can use to assist in complying with the *Owner Drivers and Forestry Contractors Act 2005* (the Act).

This document commences by revisiting the Act and what it requires of industry ('hirers') and transport contractors ('owner drivers').

The CMPA template transport contract was its primary means of assisting Members in gaining compliance. Both the authorisation of the template and its content are discussed. The template's table of contents is also included.

A forum was held in 2006 at which participants considered the range of areas that should be included when establishing a transport rate. These are included in checklist form. There is also discussion about areas which are subject to change between businesses and localities.

To reinforce the importance of ensuring the safe delivery of quarry materials, the 'On Road Pickup and Delivery Checklist' was developed.

At the same time that the Act was being implemented, there were considerable changes made to the Mass Management systems. The document looks particularly at Maintenance Management Accreditation, and a pre start checklist the CMPA has developed to assist in its implementation.

This process is an on going concern to the CMPA, with a review of the contract to occur in mid 2008. This will provide an opportunity to consider where changes and more information are required.



## Summary of Key Areas:

- Owner Drivers and Forestry Contractors Act
- CMPA Standard Form Contracts
- Establishing the Base Cost of Transport
- Pickup and Delivery Checklist
- On Road Tip Truck Safety Checklist
- Maintenance Management Accreditation
- Variance from the Benchmark Cost Model

## Owner Drivers and Forestry Contractors Act

*The Act aims to improve the position of small businesses in the transport and forestry industries by providing them with the information and support essential to running a successful business.*

### What is the purpose of the Act?

In addition to the above, the *Owner Drivers and Forestry Contractors Act 2005* provides a framework for resolving disputes in a timely and cost effective manner. The main parts of the Act commenced on 1 December 2006.

### Who does the Act apply to?

The Act applies to owner driver businesses (including sole traders, companies or partnerships) that operate up to a maximum of three vehicles in providing services in transporting goods. The Act only applies where the business owner also drives one of the vehicles.

The Act covers owner drivers involved in interstate operations where a substantial part of the services are performed within Victoria.

The requirement to provide contractors with an information booklet and the applicable rates and costs schedules only apply to contractors whose engagements are on going, or where services are performed for more than 30 days in any three month period.

The requirement to give a minimum period of notice only applies where the engagement proceeds beyond three months.

(Continued on page 2)

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# New Rights for Owner Drivers

(Continued from page 1)

## What is the Code of Practice?

The *Owner Drivers and Forestry Contractors Code of Practice* came into effect on 1 December 2006. The Code contains some mandatory requirements and also sets out guidance on industry best practice. In addition, the Code can be taken into account by the Victorian Civil and Administrative Tribunal (VCAT) in determining whether unconscionable conduct has occurred, or whether contract terms are unjust.

## How does the Act ensure contractors are well informed?

The Act sets out a number of requirements that will assist contractors to improve their business skills and to better understand their cost structures and their contracts.

### The Information Booklet

The information booklet is designed to provide a comprehensive and convenient source of information to owner drivers and forestry contractors to assist them in running their business safely and profitably.

The information booklet provides information on:

- Rights and responsibilities under the Act and Code
- Information on establishing and running a small business
- Sources of advice and assistance
- Regulation of the industry and health and safety

### Rates and Costs Schedules

The rates and costs schedules give contractors information on:

- *The typical running costs of the business*  
This information is based on the kind of vehicle or equipment provided under the contract. An example is provided based on a typical business using that type of vehicle, with an explanation of how the costs might vary for individual businesses. The model can be used by the contractor to calculate their own individual operating costs.

- *The rates typically paid to employees performing similar work*

This will assist the contractor in deciding on a reasonable rate for their own labour.

### The schedules do not set minimum rates that must be paid

Instead they provide contractors and hirers with information about the typical operating costs applying to their business. Having this information before entering a contract will assist contractors to assess whether they should accept the rates being offered and allow better information negotiations.

It is a requirement of the Act that from 1 December 2006 the information booklet and the applicable rates and costs schedules be given by hirers to all new contractors three days before they sign a contract. The requirement also applies to tender processes and to freight brokers.

Transitional provisions in Part 10 of the Act mean that hirers must provide all current contractors who are engaged as at 1 December 2006 with a copy of the information booklet and the applicable rates and costs schedules.

### Contracts must be in writing and specify minimum hours or income

The Act requires that all on going engagements must be in writing and that the contract must specify a minimum level of income or number of hours of work. The minimum could be zero, but on the basis that the parties understand the offer being made. Parties can seek to negotiate the level of security and certainty they require.

The Transport Industry Council has prepared a generic non-industry-specific model contract to assist both hirers and contractors to develop written contracts.

If the hirer breaches the Act by not giving either the information booklet or the rates and costs schedules to the contractor as required by the Act, then the contractor can make a claim to be paid for their labour and profit at an appropriate and fair rate, as determined by VCAT.

*Information extracted from Industrial Relations Victoria documentation*

[www.irv.vic.gov.au](http://www.irv.vic.gov.au)

# CMPA Standard Form Contracts

Support in Quarries  
04

*Two standard form contracts released by the CMPA are expected to improve efficiency, productivity and reduce uncertainty in quarry material suppliers' business relationships with purchasers and owner drivers.*

## Transport Contract

The CMPA contract has been designed to comply with legal requirements and ease quarrying and extractive industry business costs.

With approval from the Australian Competition and Consumer Commission (ACCC), the contract is designed as a template for negotiation between quarry owners/operators and owner drivers.

The contract's clarity on the division of responsibility and the obligations of the supplier and the owner driver, removes issues stemming from what were previously often oral agreements.

Furthermore, the contract assists compliance with road transport chain of responsibility laws which cover the transport of materials.

## A Net Public Benefit

The agreement between Members of the CMPA to prepare and publish two standard form contracts, one relating to the supply of materials and the other for the contracting of owner drivers, has been authorised by the ACCC.

In authorising the agreement to prepare and publish the agreements the ACCC considered any anti-competitive effect of the agreement and any public benefit arising from it and in doing so considered the detail of the contracts. It concluded that there was likely to be a net public benefit.

Graeme Samuel, Chairman of the ACCC said, "The ACCC considers that the conduct relating to the supply contract will result in public benefit as a result of greater certainty in legal relationships, transaction cost savings and enhanced compliance with legislative requirements."

## Removing Uncertainty

CMPA Chairman Grant Phillips said the forms removed uncertainty and expense for quarry owners and owner drivers or material buyers in business dealings.

"We are seeking to provide clarification for each party involved – whether it is an owner driver undertaking delivery work for a quarry or a customer purchasing materials," Mr Phillips said.

"We have made every effort to ensure the forms are scrupulous in detail and fairness, and function to streamline business operations for all parties.

"The industry has relied for too long on agreements sealed only with a handshake, or orally and often without even a written order form for the supply of material or the contracting of owner driver services," Mr Phillips explained.

"While we recommend use of the standard forms as guidance only, and there is certainly no compulsion for any CMPA Member, contractor or owner driver to use them as is, or amended, we do believe the forms can deliver a greater deal of business efficiency," Mr Phillips explained.

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*"The industry has relied for too long on agreements sealed only with a handshake, or orally..."*

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## Setting Responsibilities and Obligations

The CMPA retained Competition Economic Services Pty Ltd (CES) to develop the contracts.

CES Director Lindsay Coombs said he was surprised to learn there were few written contracts to set out responsibilities and obligations of parties.

"We have worked to eliminate that scenario and develop a contract which can be used to record these important details," Mr Coombs said.

"From my experience in the predecessor organisation to the ACCC, I was convinced that a common form template covering all potential requirements of a contract would provide quarry suppliers with a cost effective and practical starting point for contracting," he said.

"With experience in its use, parties should get benefits from more quickly being able to conclude a contract."

*(Continued on page 4)*

(Continued from page 3)

## Design Considerations

The supply contract developed is based on the VicRoads head contract and is particularly suitable for contracts over \$80,000. It can also be used for contracts of lesser value, according to Mr Coombs.

“In developing the owner driver contract we have taken into account the chain of responsibility which is now incorporated in road laws nationally. We have also incorporated the payment procedure set out in the *Building and Construction Industry Security of Payment Act 2002* which if adopted by suppliers as required by law, should ensure prompt and fair payment from contractors and a fair dispute resolution system,” Mr Coombs explained.

The contract will only require simple tailoring to suit individual circumstances and in doing so will remove a substantial cost burden for Members and at the same time improve business efficiency.

Once familiar with the contract, it is expected that owner drivers can likewise reduce their business costs when tendering for new contracts with CMPA Members.

## A Starting Point

“It is important that suppliers and contractors understand that the standard forms are a template and not a contract to mandate what happens between the parties,” Mr Coombs said.

“The forms cover as many situations as could be identified. If any provision is not relevant to a particular contractual situation it is expected that the template will be amended,” he said.

“This is emphasised by the fact that there are a number of items in an attachment which have to be negotiated. While there are default amounts suggested for these items, some may be completely removed if they are not relevant.

“This procedure also reduces the risk of the use of the contracts being alleged to be anti-competitive. Any amount of money or time periods – basic issues in competition – are not set by the template but are left to be negotiated,” Mr Coombs said.

“Parties are able to negotiate their relationships with the templates a fair and cost efficient starting point if so desired,” Mr Coombs said.

## Major Supply Contract

While the current contract relates to work with VicRoads as the principal, it is expected that the contract will be adapted for other major contractors such as local government, water and rail authorities. A version for contracts of lesser value is also planned for release.

The development of the owner drivers contract has been undertaken using the same principles as the major contract and was precipitated by the requirement of the *Owner Drivers and Forestry Contractors Act 2005* for a regulated contract for use in employing owner drivers.

## Resolving Disputes

“The contract allows for the use of an agreed system of dispute resolution which it is anticipated will enable the majority of disputes to be settled expeditiously and at a low cost,” Mr Phillips said.

“If disputes do arise it is expected that mediators or arbitrators will also soon be familiar with the contract’s contents which may assist in streamlining this process.

“The Small Business Commissioner of Victoria, who has responsibilities under the Act, has stated that one of the purposes of the Act is to encourage owner drivers to become more efficient businesses by forcing them into a clear contractual situation, the CMPA believes that this contract will assist them in achieving that aim,” Mr Phillips said.

In developing the owner drivers contract, the CMPA recognised the existence of a similar document developed by the Transport Industry Council, but believes this does not provide the certainty in describing the responsibilities and obligations of both parties in the quarry industry – a situation the CMPA believed left room for disputes to arise.

# Transport Contract: FAQs

Support in Quarries  
04

*The Owner Drivers and Forestry Contractors Act 2005 was passed by Victorian Parliament in August 2005. All provisions of the Act are now in force and the 'Conditions of Contract for the Hiring of Cartage Contractors to Transport Quarry Materials' has been developed to ensure that Members comply with these provisions.*

## 1. To whom does the Act apply in the quarrying industry?

The Act applies to 'owner driver' businesses including sole traders, corporations (but not publicly listed corporations) and partnerships in Victoria. It also applies to interstate operations where a substantial part of the service is performed within Victoria. The owner of the business (or a director of the company owning the business) must also be the main driver of a vehicle supplied by the business.

## 2. Must I have a contract with owner drivers?

Yes, if you are engaging the driver for a period of no fixed duration or for a period of at least 30 days. The Act requires that, in such cases, there be a WRITTEN contract between owner drivers and those hiring them. The Act does not specify any form of contract but does include provisions which MUST be included in the contract and provisions which cannot be included in the contract.

There are, however, no enforcement provisions in the Act except against unconscionable conduct in negotiating a contract or administering a contract. If a dispute arises between an owner driver and a supplier, and there is no contract, it could well be that the party who failed to insist on a contract may be found to have engaged in unconscionable conduct.

## 3. Why is the document so long?

As a template, the document tries to give guidance for situations regularly encountered in the quarrying industry. The alternative to this document would have been numerous documents trying to cover identifiable situations separately. The contract is similar in length to the model prepared by the Transport Industry Council in its basic clauses. However, including special provisions relating to the quarrying industry (eg. the system of payment under the *Building and Construction Industry Security of Payments Act 2002*), the chain of responsibility requirements and special delivery requirements has added slightly to the length.

## 4. Can I vary the contract obtained from the CMPA?

Yes. The contract is a template setting out conditions. However, it should be carefully considered and varied to suit your own business conditions. There are certain provisions which you must leave in the contract and certain provisions which you cannot include in the contract. If you vary the contract, be sure not to remove or include such provisions.

## 5. Must I complete all the items in Annexure B?

No. Some items must be completed to make the contract fit the situation involved. Others will only be required in certain circumstances. In others there are default conditions that apply if the item is not completed. Some of items 7 and 8 are required by the Act to be in the contract and must be completed.

## 6. Must I supply the drivers with the documents referred to in item 7 as being required under clause 24.

Under the Act, both the information booklet and the rates and cost schedules must be provided three business days before the engagement of an owner driver. It is however also recommended that you provide a copy of the Code of Practice.

## 7. Having provided the documents prior to engagement, is that all I have to do?

No. You are responsible for providing a new copy of the rates and cost schedules as soon as practicable if they are reviewed.

## 8. Are there penalties for not providing the required documents?

There are no proscribed 'penalties' but if the driver is not given either the information booklet or the rates and costs schedules in the prescribed manner, then the driver will be entitled to make a claim to be paid for their labour and profit at an appropriate and fair rate, as determined by the Victorian Civil and Administrative Tribunal (VCAT).

*(Continued on page 6)*

(Continued from page 5)

**9. Must I pay the rate set out in any of the rates schedules?**

No. There is no rate or cost schedule directly applicable to the size and type of vehicle used in the quarrying industry. However, the provision of the document should provide suppliers with information on what they should take into account when assessing a fair rate to be offered and owner drivers can use the same information to assess their own running costs. The onus is on the owner driver to assess whether or not to accept a rate offered in light of this information. The schedule does not prescribe rates or hours of work, or the running costs to be paid, but will ensure both parties understand the rates offered.

**10. Can I deduct from payments to the owner driver, or ask the owner driver to pay, amounts for payments for services acquired by me on behalf of the owner driver?**

Yes, provided;

In the case of insurance:

- a. An insurance policy is in force;
- b. The amount charged is no more than the cost of the policy; and
- c. You have provided a copy of the policy to the contractor.

In the case of the provision of any other services or equipment:

- a. The amounts are specified in the contract;
- b. The amounts are a direct and proper reflection of the actual cost of the services or equipment in respect of which the costs are charged; and
- c. If practicable, the owner driver has been given an opportunity to obtain the services or equipment from another supplier.

**11. Am I required to pay a petrol levy if the price of fuel rises?**

Not unless you wish to and have varied the contract accordingly. The contract is written so as to provide for a regular review of the rate to be paid including the cost of fuel (see clause 8). If this is a reasonable time of say 365 days, any fluctuations in fuel prices can be taken into account and over a period should even out with both parties getting both profits and losses.

**12. Will groups of owner drivers be able to negotiate with their common hirer?**

The Act provides for the appointment of negotiating agents by owner drivers and suppliers and places a requirement on the other party to recognise and deal with that agent.

Members should however be wary when requested to so negotiate. The Act purports to authorise collective negotiations by owner drivers with their common hirer and Industrial Relations Victoria claims that "This means the 'price fixing' provisions in the *Commonwealth Trade Practices Act 1974* will not apply, and the parties need not go through the time consuming case-by-case exemption process." THE CMPA DOUBTS THAT THIS IS CORRECT and recommends that Members obtain legal advice or talk to the Adjudication Branch of the Australian Competition and Consumer Commission (ACCC) before agreeing to such a process.

If valid, an agent could be another driver, committee, union or association, lawyer, accountant or consultant.

A person must not coerce another to appoint, or not appoint, a person to be a negotiating agent. There is no obligation on a hirer to offer the same terms to each driver, but the hirer must negotiate with a driver's agent if requested to do so.

(Continued on page 7)

# Transport Contract: FAQs

(Continued from page 6)

## 13. Are there benefits in using the CMPA contract?

Yes. The contract gives you a good starting point for negotiations rather than starting with a blank sheet of paper. Benefits include:

- a. It points you to a payment system that accords with the *Building and Construction Industry Security of Payments Act 2002* which you should be using to obtain payments from contractors and which will easily accommodate paying owner drivers;
- b. It points you to a simple pre-agreed recognisable system of dispute resolution. After using it a few times, users will become familiar with the document when it is presented to them and will not have to read and comprehend a new document each time;
- c. It clearly details responsibilities of each party in accordance with the chain of responsibility system established by road transport legislation; and
- d. It is designed to fit in with the '*General Conditions of Contract for the Supply of Quarry Materials for Major Road, Bridge or Associated Construction Works*'.

## 14. What is Unconscionable Conduct?

Being taken advantage of in a transaction in a way that offends the conscience is known as unconscionable conduct. It is a difficult concept to define, but there are issues which can be taken into account in determining whether a party has engaged in such conduct. Either the supplier or the owner driver may engage in such conduct during contract negotiations or the operation of the contract.

Without limiting the matters to which a Court or Tribunal may consider, the following have been identified as relevant issues:

- (a) The relative strengths of the bargaining positions of the supplier and the owner driver;

- (b) Whether either the supplier or the owner driver was required to comply with conditions that were not reasonably necessary for the protection of the legitimate interests of the other party;
- (c) Whether the parties were able to understand any documents relating to the actual or possible acquisition or provision of services;
- (d) Whether any undue influence or pressure was exerted on, or any unfair tactics were used against one party by the other or by a person acting for either of them;
- (e) The amount for which, and the circumstances in which, a party could have supplied/acquired identical or equivalent services from another person, including an employee;
- (f) The extent to which each party's conduct towards the other was consistent with their conduct in similar transactions;
- (g) The requirements of any applicable code of practice;
- (h) The extent to which one party unreasonably failed to disclose to the other:
  - (i) Any intended conduct by them that might affect the interests of the other party;
  - (ii) Any risks to one party arising from the other party's intended conduct, being risks that the first party should have foreseen would not be apparent to the other party.
- (i) The extent to which each party was willing to negotiate the terms and conditions of a contract;
- (j) The extent to which each party was in good faith; and
- (k) Whether or not the contract allows for the payment of any increases in fixed and variable overhead costs on a regular and systematic basis.

## Checklist to Establish the Base Cost of Transport

*The checklist below provides a selection of headings/areas that need to be considered when setting a cartage rate. Headings could be both fixed (i.e. incurred regardless of amount of work done, such as insurance) and variable (i.e. incurred as a ratio of work done, such as fuel).*

### Income

Kilometres travelled and billed
Hours worked
Tonnes carried

### Variable Income

Accommodation and meals
Administration fees
Distance travelled
Fuel (cost of fuel x annual usage)
Hire/equipment
Loading/unloading charges
Oil
Service and maintenance
Truck wash
Variations

### Fixed Income

Accounting fees
Administration
Audit fees
Bank fees and charges
Building resources and materials
Cleaning
Data processing
Electricity
Insurance (Third party, public liability)
Licences and/or permits
Ownership of equipment
- Depreciation
- Interest
- Lease
- Profit
Postage/telephone/fax/modem
Printing/stationary
Registration
Rent
Uniforms
Wage (normal, overtime, on costs)
- Hours of work
- Tax
- Superannuation
- Workers compensation
- Uniform
- Training
- Other Costs



# On Road Tip Truck Safety Checklist

The 'On Road Tip Truck Pre Start and End Day Safety Checklist' was developed in response to a number of requests to include 'On Road Tip Trucks' in the Safety Checklist series.

The checklist is to be used as a preventative measure to ensure all required areas of 'on road vehicles' are checked before, during and at the end of production.

The function of the checklist is to ensure that:

- All employees operating on road vehicles conduct safety and maintenance checks on the equipment
- The equipment is in a safe and acceptable working order before commencing or finishing work
- The equipment is monitored during operation

- There is a record of inspection and a document path for initiating issues and recording any mechanical or safety concerns

The checklists are printed in duplicate in books of 50. The original is kept in the book for later archiving, whilst the duplicate is provided to the party responsible for organising maintenance.

It is recommended that each truck is assigned its own book. The checks are to be undertaken as directed—some occur at the start of the shift, during the shift, and at the end of the shift.

To indicate that the checks have been completed, complete the boxes with a tick (✓) or a cross (×). If there are any issues raised of an urgent nature, the operator must contact their Supervisor before continuing.

On Road Tip Truck Operator's Pre Start & End Day Safety Checklist	
Operator: _____	Date: _____
Rego: _____	Machine Kms: _____
<b>Fuels, Oils, Lubricants, Air and Water</b>	
Fuel level? (Note amount if added)	
Engine leaks and oil level? (Note amount if added)	
Radiator and coolant level? (Note amount if added)	
Power steering oil and break fluid? (Note amount if added)	
Transmission/gear box fluid level? (Note amount if added)	
Hydraulic systems and oil level? (Note amount if added)	
Is battery secure and battery acid level correct?	
Is air intake in SWO and air receivers bled of water?	
Is engine air filtering system effective? (Note changes)	
Greased and/or automatic greasing system in SWO?	
<b>Pre Start and During Day – in addition to manufacturer</b>	
Are there any leaks on the ground under the vehicle?	
Is the truck body clean and free of material and/or water?	
Are tailgate/s and draw bar in SWO and operational? <i>Locking mechanism, linkage pins, hydraulic/air hoses</i>	
Are material restraint covers in SWO?	
Rims, tyres, tread, nuts in SWO? (Pressure weekly)	
Are air suspension system/springs in SWO?	
Is access, egress and all guards in position and effective?	
Is cabin in SWO, clean and free of tools? <i>Seating, seatbelts, control levers, cab air filter, air conditioning</i>	
Are electrical gauges, switches, warning lights, indicators, reflectors, lens, horn, camera & reversing alarm in SWO?	
Are emergency systems present and in SWO? (i.e. stops, fire extinguisher, first aid kit, hard hat, tow strap, camera, reflective triangles, etc.)	
Is the communication system in SWO and site compatible?	
Are all covers and compartment doors closed?	
Is there effective visibility? <i>Windscreen, wipers, washer, demister, heater, mirrors, windows, external machine working lights</i>	
Before starting ensure no persons are in the vehicle's area.	
Are the parking, travel, air and hydraulic brakes in SWO?	
<b>End Day – in addition to manufacturer's requirements</b>	
Cylinders, rams, pins, bushes, hoses? (Note leaks / wear)	
Check hoist well and ensure there are no leaks.	
Truck body, tail gate, mudflaps, covers in SWO?	
Are there any cracks or damage to panels?	
Are there any visible signs of loose nuts or bolts?	
Are engine v belts, fan, exhaust system, pulleys in SWO?	
Was the fire extinguisher used during the day?	
Will keys be locked in nominated location at end of shift?	
Operator to initial when completed	
Manager to initial at end of each day	
Comments: _____	

**On Road Tip Truck Operator's Pre Start & End Day Safety Checklist**

**To Complete Checklist**

- Use a separate page for each unit and at the commencement of a new week
- "SWO" refers to Safe Working Order
- Fill in boxes with
 

✓	if the requirements have been met
n/a	if the requirements are not relevant
×	if the requirements have NOT been met

**If you identify any defects, issues or concerns immediately STOP work, contact nominated person. Raise an Issue Resolution Form (see back of this book)**

If you cannot meet the following requirements you MUST NOT operate the vehicle:

- Are you licensed to operate this truck?
- Is the truck registration current?
- Is the vehicle in a roadworthy condition?
- Are you fit for work? (i.e. adequately rested, free of drugs/alcohol)

If you answer no to any of these requirements, report to your Supervisor immediately.

**Daily General Safety Checks**

During the day there are a number of general safety checks that should occur as habit and as such do not require notation that they are being completed. Are you:

- Using your senses of hearing, touch and smell to establish any irregularities from the unit?
- Communicating regularly with all other personnel onsite to ensure they are aware of your position?
- Seeking clear instructions?
- Ensuring the truck bodies display the maximum net weight of the vehicle?
- Inspecting previous checks and speaking to the previous operators?
- Taking 5' and, if required, identifying, assessing and controlling any risks present?
- Wearing PPE as nominated by your company's directions?
- Satisfied you have sufficient lighting to ensure a safe working environment?
- Satisfied the safety signage present is in SWO and identifying the risks?
- Monitoring fluid levels to ensure they will support a full day's production?
- Reporting matters arising to your Supervisor as soon as they occur?
- Carrying out housekeeping to company standards?
- Organising your maintenance programs and having them approved by the Manager?
- Following company procedure regarding the allocation and removal of isolation tags and plant lockout devices?
- Ensuring operator stations, work/store rooms and fuel systems have been cleaned and secured?
- Confirming no persons are left on site as lone workers or in accordance with company procedure?
- Ensuring the site is secure if nominated the last person on site?

# Maintenance Management Accreditation

Support in Quarries  
04

**M**aintenance Management Accreditation encourages heavy vehicle operators to take more responsibility for maintaining their vehicles correctly and ensuring that they are always in good mechanical condition. It helps you to manage your business more efficiently, partly because you will have clear procedures to ensure that your vehicles are correctly maintained and partly because the risk of penalty for faulty vehicles or equipment will be reduced. It will lead to improved road safety. Better maintenance means fewer breakdowns and unachieved delivery deadlines.

The important thing is that you write down the system you intend to use and explain how it works. This will be your Maintenance Management System. To stay accredited, you need to have documents that prove your methods work and your vehicles are properly maintained with any faults observed, recorded and repaired as necessary. In part, this means keeping your records of vehicle servicing and repairs. You must also be able to prove that you always follow your written procedures.

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|--|
| <b>Standard 1: Daily Check of Each Vehicle</b>       |
| <b>Standard 2: Fault Recording and Reporting</b>     |
| <b>Standard 3: Fault Repair</b>                      |
| <b>Standard 4: Maintenance Schedules and Methods</b> |
| <b>Standard 5: Records and Documentation</b>         |
| <b>Standard 6: Responsibilities</b>                  |
| <b>Standard 7: Internal Review</b>                   |
| <b>Standard 8: Training and Education</b>            |

The performance standards have been developed to ensure that each operator in the scheme has properly maintained vehicles. Your Maintenance Management System must comply with these standards.

Remember, accreditation does not exempt you from the law. You can be audited at any time and your vehicles are subject to on road checks to ensure you are conforming to the performance standards.

However, Maintenance Management Accreditation will ensure you receive preferential treatment from enforcement agencies. You will be required to undergo fewer on road checks and when you do encounter a random check, your vehicle will be dealt with as quickly as possible.

The Maintenance Management Accreditation stickers on your vehicles will identify them to inspectors.

## What Audits Consist of

To qualify for accreditation, you must be audited by an independent auditor to verify that your record keeping and procedures ensure you can comply with the Maintenance Management Standards. This is called an **On-Entry System Accreditation Audit**.

You must also be audited at specific intervals after you qualify so that your accreditation can be renewed. These are called **Scheduled Compliance Audits**, and they are to check you are doing what you said you would do. The first scheduled Compliance Audit will be conducted six months after your accreditation. After that, scheduled Compliance Audits occur every two years.

The various CMPA checklists and documentation, such as the operator checklists and issue resolution form, could be used to cover standards 1 to 3. Other CMPA applications such as training and information regarding maintenance schedules could be applied to points in standards 4 to 8 where applicable.

*Information supplied by VicRoads*

[www.vicroads.vic.gov.au](http://www.vicroads.vic.gov.au)

## Variance from the Benchmark Cost Model

This considers the situation where the cost of operations has been established as a standard running cost and looks at what factors affect the ability to continue to be profitable over different circumstances.

The variance could be a percentage applied to the base for predictable operational situations. The costs can then be quickly altered to apply to the job concerned.

Allowances could be made for:

- Geographical circumstances (i.e. hilly terrain)
- Traffic (i.e. lights and speed restrictions)
- Unloading and loading delays
- Pilot vehicles in restricted areas
- Access issues
- Weather conditions
- Road conditions
- Loading combinations (i.e. minimum payloads)

- Back loading. In this instance, the variance may be to apply some discount, but realistically to cover all cost items, not just return fuel.

Fuel is quite rightly identified as a major concern. This could be appropriately handled by applying a periodic review to the cost of base items leaving the variance to cover everyday circumstances that the operator has to accommodate to establish a particular rate.

The aim is to ensure profitability over the whole cost base over all kilometres travelled rather than reacting to one input.

## More Information

If you require further information on any matters raised in this support sheet, contact the CMPA. Alternatively, there is considerable information available on the web:

**Industrial Relations Victoria**—*Owner Drivers and Forestry Contractors Act*

[www.irv.vic.gov.au](http://www.irv.vic.gov.au)

13 22 15

**Small Business Commissioner**—*Disputes and mediation*

[www.sbc.vic.gov.au](http://www.sbc.vic.gov.au)

1800 136 034

**Vic Roads—Transport Safety Services**—*Mass management issues*

[www.vicoads.vic.gov.au](http://www.vicoads.vic.gov.au)

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