



Workplace Services

Department for
Administrative and
Information
Services



Workplace Services

report on the

LABOUR HIRE/ON-HIRE INDUSTRY

TARGETED INTERVENTION STRATEGY

September 2004

*A joint initiative between
DAIS - Workplace Services
and
WorkCover Corporation*

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1.0 Introduction

Workplace Services is committed to improving Occupational Health, Safety & Welfare (OHS&W) outcomes for workers and assisting industry to achieve compliance with OHS&W legislative requirements.

In a joint initiative with WorkCover Corporation, Workplace Services focused its efforts during 2003 and 2004 on the labour hire/on-hire industry to ensure that workers within the industry enjoy healthy and safe workplaces.

This report provides Workplace Services' results of the first and second phases of the strategy, the audits of labour hire agencies and host employers conducted by Workplace Services, to measure OHS legislative compliance with the [Occupational Health, Safety & Welfare Act 1986](#) and [Regulations](#), and adoption of the industry guidelines.

A third phase, a telephone survey of labour hire employees to be conducted by WorkCover Corporation, was planned for early 2004. This had not been finalised at the time of writing this report.

2.0 Background

- In 1994, the labour hire industry was included in WorkCover Corporation's *High Risk Industries Program*, which saw the establishment of an industry working party and the subsequent development of the *Guidelines for Managing Health and Safety in the Labour Hire Industry* in 1997. The labour hire industry was then identified for inclusion in the *SAfer Industries Program*, which involves WorkCover working in partnership with industry to bring about a reduction in the number and severity of work related injuries. WorkCover Corporation, together with the labour hire industry, developed and promoted industry based products and guidance material and provided seminars and training to industry. More recently, WorkCover released the [OHS&W Guidelines For Host Employers](#), outlining operational responsibilities for employers engaging labour hire. The revised guidelines for the labour hire industry, [Placing Workers in Safe Workplaces](#), were launched in April 2004.
- In 2000, Workplace Services looked at available industry data and identified a number of industry sectors and major hazards worthy of proactive intervention. The labour hire/on-hire industry was identified as an emerging significant industry both in size and economic impact in South Australia, and one which reported a high incidence of injuries and WorkCover claims, due to the diverse and often high risk work labour hire employees are required to perform. This has also been due to an increase in the use of labour hire in high-risk industries such as manufacturing, transport & storage, construction, health and community services. OHS&W in the labour hire/on-hire industry was considered a significant project that would complement the objectives of the *SAfer Industries Labour Hire Strategic Plan*. From this grew the *Targeted Intervention Strategy*.

3.0 Aim, Objectives & Expected Outcomes

The aim of this intervention strategy was to foster a sustainable industry culture, having a focus on the health, safety and welfare of workers within the labour hire/on-hire industry, and encourage industry to achieve OHS&W excellence in the labour hire/on-hire process.

The specific objectives of the strategy included:

- Conducting an audit of labour hire agencies against both the OHS&W legislation and the industry guidelines (Phase One)
- Verifying the findings of the labour hire agency audits by Workplace Services auditing at least one host employer of each agency (completed) and WorkCover conducting a telephone survey of labour hire employees (not completed) (Phase Two).

The expected outcomes were significant changes in the level of OHS&W legislative compliance by the labour hire/on-hire industry, and the level of host employer awareness of and compliance with OHS&W responsibilities.

4.0 The Audit Tools

Two audit tools, one for the labour hire agency audits and one for the host employer audits, were specifically designed to determine compliance in six main areas. These were categorised as Initial Contact; Site Visits; Written Agreements; Recruitment, Selection & Induction; Placement and Monitoring. All of these steps are fully explained in the industry guidelines [Placing Workers in Safe Workplaces](#), and are briefly summarised below:

4.1 Initial Contact

When a host employer first identifies a requirement for temporary labour, they should identify all the details of the task and notify the labour hire agency. Agencies should gather information regarding any plant, equipment, substances or materials involved in the job. The knowledge, skills and experience required to perform the task should be identified, as well as any training needs. This is usually done through the use of job or assignment specifications.

4.2 Site Visits

Labour hire agencies should visit the host employer sites, prior to placement of the labour hire employee, to verify the information obtained on initial contact. During these visits the labour hire agency should undertake a risk assessment of the work environment and the task/s to be performed. Host employers should also conduct risk assessments on all tasks, plant and pieces of equipment, and implement appropriate controls ([OHS&W Regulations, Division 1.3.3](#)).

4.3 Written Agreements

In line with the industry guidelines, formal written agreements or terms and conditions should exist with all host employers, and address specific OHS issues and responsibilities, such as the process for dealing with any changes to the task or job. These agreements should also be specific to each site.

4.4 Recruitment, Selection & Induction

The recruitment and selection process should achieve the best possible match between the employee and the job. Employees should be provided with information, instruction and training, including an induction that addresses the specific requirements of the job, by both the labour hire agency and the host employer ([OHS&W Regulations, Divisions 1.3.4 and 1.3.5](#)).

4.5 Placement

Placement should include all details of the job being clearly communicated to the labour hire employee. The employee should also be made aware of any hazards associated with the task, plant and equipment to be operated, and any substances to be used or handled.

4.6 Monitoring

Labour hire agencies should ensure that employees are adequately monitored, with the frequency based on the level of risk involved in the job or task. Monitoring entails inspection and observation of the task and environment, and should be carried out to ensure that risk controls are effective and identify any changes to the labour hire employee's role.

For each section, the OHS Inspector determined an agency or host employer was complying through validation of the answers given for each question, with documentary evidence of processes and procedures.

Where an agency or host employer was found not to comply with the OHS&W legislation, a formal notice was served. Where they failed to comply with the industry guidelines a verbal direction was given.

Phase two, the audits of host employers, also included an extra section at the end of the audit for the 'Hazard Walkthrough'. OHS Inspectors conducted a walkthrough of the host employers' workplaces to observe work practices and identify any other Occupational Health and Safety issues.

5.0 Phase One: Audits of the Labour Hire/On Hire Agencies

Workplace Services commenced phase one, the audits of labour hire agencies, in July 2003. The scope of the strategy was to audit OHS&W legislative compliance of 20% of SA based labour hire agencies. These agencies were randomly selected from companies listed under the 'Employment Services' category of WorkCover Corporation's industry classifications. A total of 40 labour hire agencies, in metropolitan and regional South Australia, were audited.

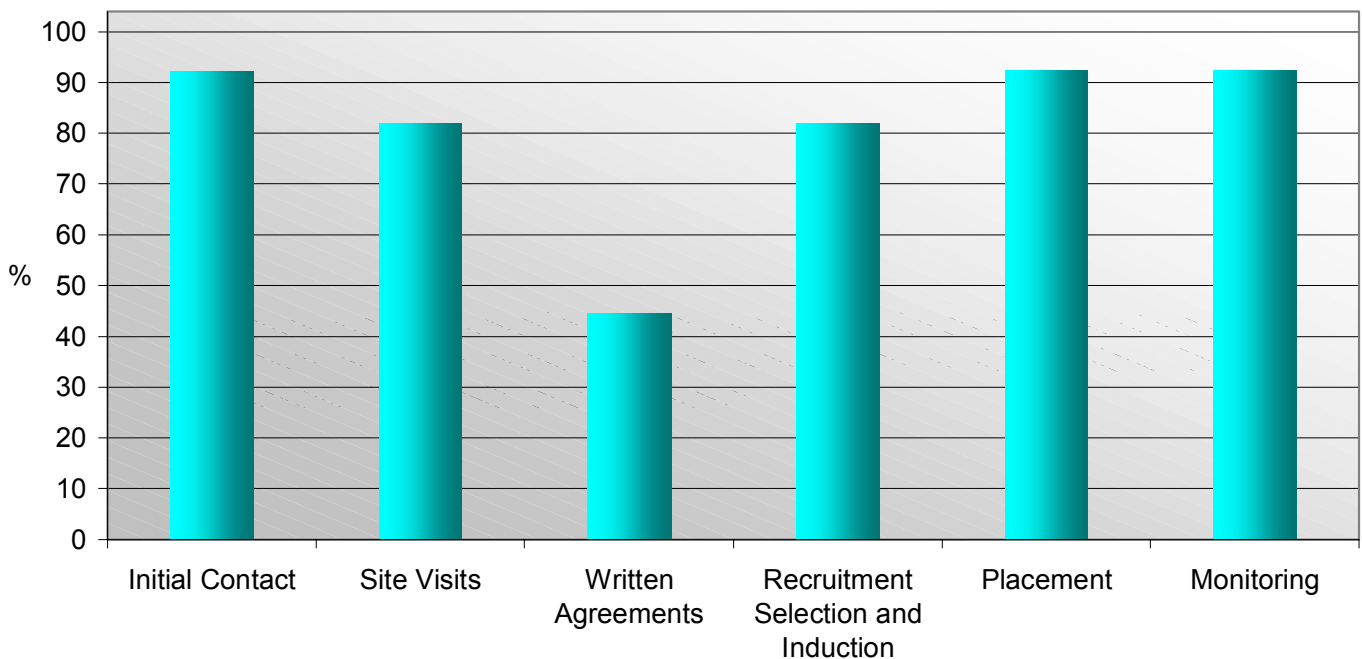
As part of the audit process, each agency provided contact information for 3 of their host employers and 3 of their labour hire employees, which was used to plan phase two of the strategy.

5.1 Results

The findings from the first phase of this strategy – audits of the labour hire agencies – were extremely positive, and the level of support and interest from the industry was very encouraging. The following results are from the 40 audits conducted, and indicate average industry performance in the six sections of the audit document.

5.1.1 Industry Averages

Average Compliance



Labour hire agencies achieved over 95% compliance in the 'Initial Contact' section, due to a comprehensive analysis of the task or job being performed in almost all cases, in order to find the best possible match between the labour hire employee and the tasks they are required to perform.

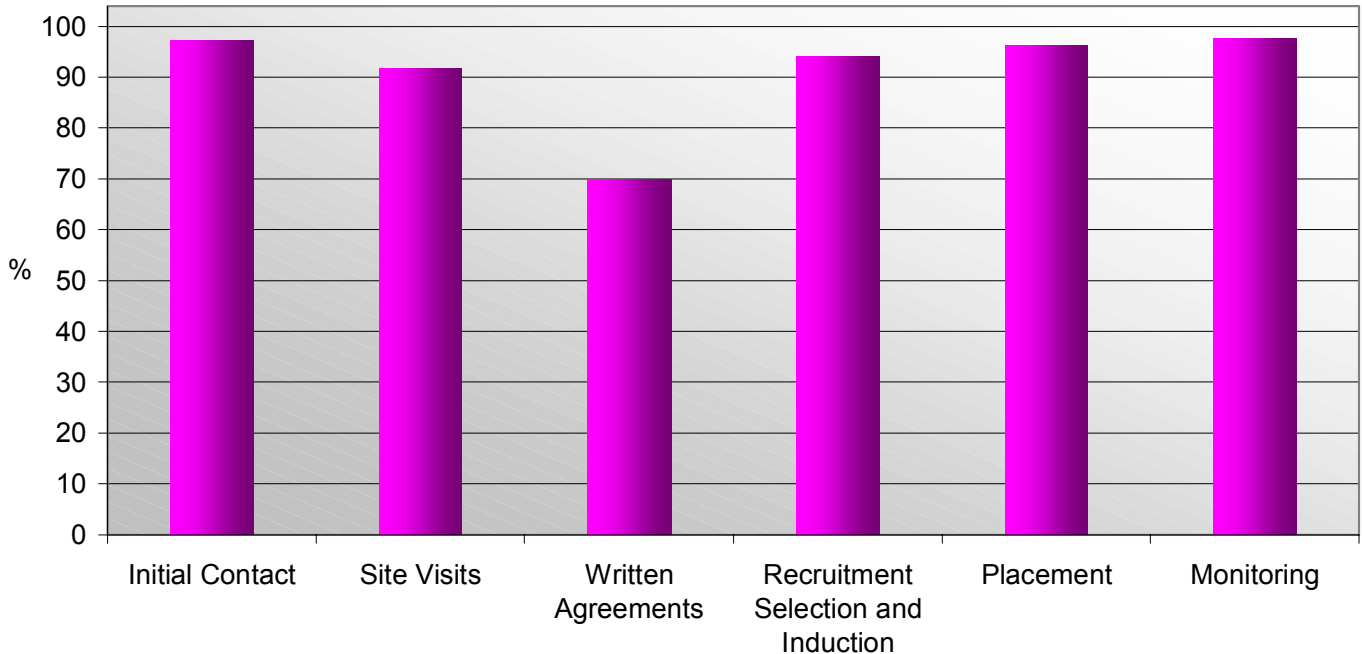
The issues identified under 'Site Visits' related to inadequate risk assessments being carried out. Although many agencies demonstrated that they were carrying out general risk assessments, approximately 1 in 5 agencies do not identify hazards or conduct site, task and plant specific assessments prior to placement.

Under the 'Written Agreements' section, it was found that most agencies had general agreements with their host employers in place, however only 44% of labour hire agencies audited had formal written agreements in place with all of their host employers that addressed *specific* OHS responsibilities and issues.

Similarly, while almost all of the labour hire agencies audited were keeping their employees informed in regard to the general issues of their placement, areas of non-compliance in the 'Placement' section included a lack of assessment (and communication to the employee) of the *specific* requirements of the job, such as plant and equipment to be used, and any hazards associated with the task or job.

Over 92% of agencies complied in the 'Monitoring' section of the audit, where the most common issue identified was a lack of suitable OHS training for those supervising labour hire employees.

Average Performance



The Average Performance graph (above) denotes the industry average performance *within* each audit section against the section's criteria. Where it was found that there was non-compliance with criteria that related to specific requirements of the OHS&W legislation, the overall section would be determined as non-compliant. So, in many circumstances, even though agencies might have received a reasonable performance rating *within* a section, the section would still be rated as non-compliant.

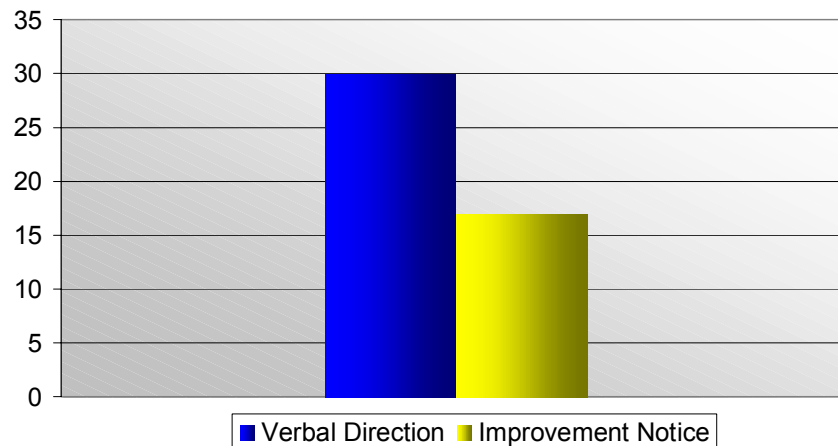
In the 'Initial Contact' section of the audit, labour hire agencies met over 98% of the criteria on average, and 92% of the criteria in the 'Site Visits' section. OHS Inspectors found that while agencies had some processes in place for identifying the hazards involved in the job or task, not all risk assessments were carried out by competent persons – that is staff with relevant experience or formal training in the hazard management process. In other cases, site, task or plant specific risk assessments were not being carried out.

In the 'Written Agreements' section, labour hire agencies met almost 70% of the criteria on average. The main reasons for not complying were that agencies did not have site-specific formal agreements in place that addressed specific OHS responsibilities or the process for dealing with changes to the labour hire employee's duties.

The labour hire agencies audited met an average of more than 95% of the criteria for the 'Recruitment, Selection & Induction' and 'Monitoring' sections. The main reason for agencies not complying in the 'Recruitment, Selection & Induction' section was a lack of verification that induction training had been carried out by the host employer.

In the 'Placement' section, although over 96% of the criteria were met on average; labour hire agencies were not always informing their employees of the hazards associated with the task they were required to perform at the host employer's site.

5.1.2 Corrective Actions



A total of 30 Verbal Directions and 17 Improvement Notices were issued. Most Improvement Notices were issued for inadequate hazard management – specifically a lack of competent persons conducting risk assessments (in accordance with [Section 19 of the OHS&W Act 1986](#) – 'Duties of Employers' and [Division 1.3 of the Regulations](#)), and a lack of site, task and plant specific risk assessments being conducted.

A number of Improvement Notices were also issued to labour hire agencies to ensure that they had formal written agreements in place with the host employer, that address specific OHS issues and responsibilities, and the hazard management process.

OHS Inspectors also issued Improvement Notices to ensure that the labour hire agencies improved communication and consultation with both the host employer and the labour hire employee, and ensured that the labour hire employee was informed of the hazards associated with the task they were required to perform.

Verbal directions were given to the labour hire agencies audited to ensure that they verified the host employer had carried out induction, and that induction training provided by the labour hire agencies was formally recorded and documented ([Placing Workers in Safe Workplaces](#)).

Other verbal directions were given in relation to written agreements, specifically to ensure that both the labour hire agency and the host employer signed a formal agreement that addressed hazards and other OHS&W issues specific to each site, and included the process for dealing with changes to the labour hire employee's duties.

Verbal directions were also issued to the labour hire agencies to ensure that regular visits to the host employer sites take place to adequately monitor the health and safety of the labour hire employee, with the frequency based on the level of risk involved in the job.

The response from agencies to these directions was very favourable and improvements were implemented quickly.

6.0 Phase Two: Audits of the Host Employers

The second phase of the strategy commenced in January 2004 with Workplace Services conducting audits of at least one host employer for each audited labour hire agency, from a range of industries. OHS Inspectors from the relevant industry teams audited fifty-two host employers in the metropolitan and regional areas. Industries covered included transport and storage, manufacturing, aged care, wine manufacturing, healthcare and local government, among others.

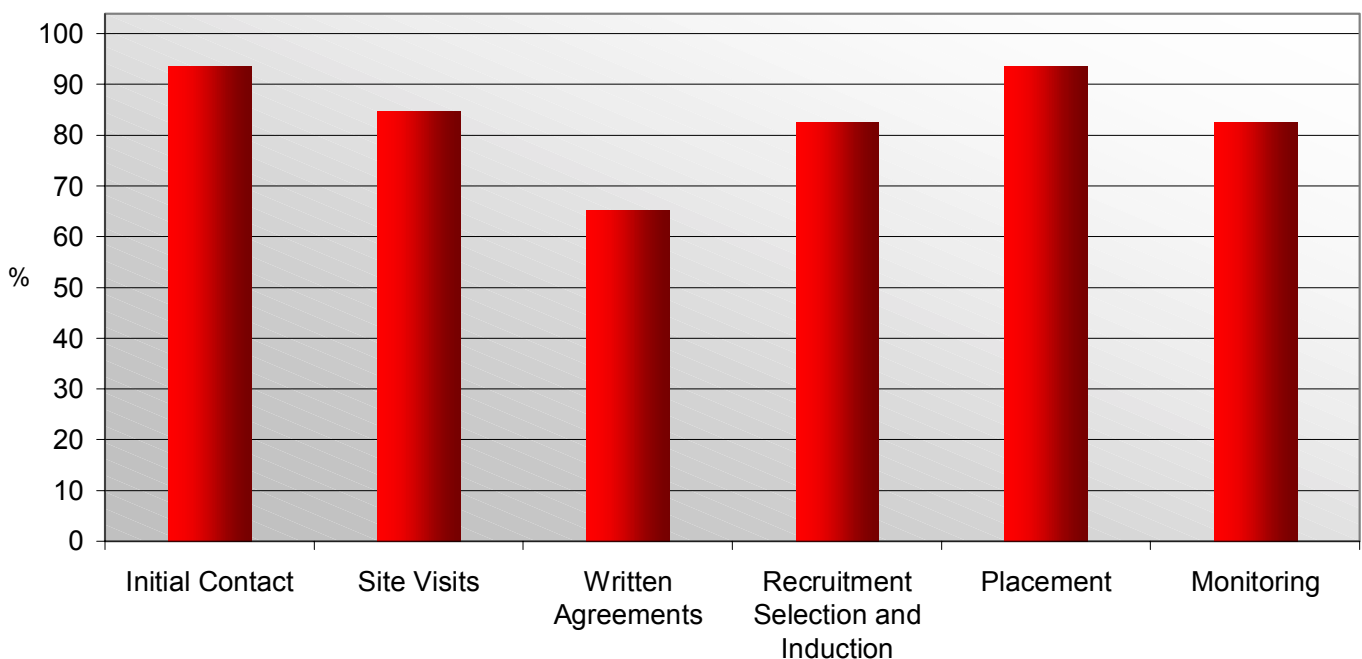
The audit also included a 'Hazard Walkthrough' of the worksite at the end of the audit, to observe work practices and identify any other issues. Improvement Notices were issued for any identified breaches of the OHS&W legislation, and these issues are still being addressed with the relevant host employers.

6.1 Results

The OHS Inspectors' findings from the audits of host employers determined that there is a high level of awareness and compliance with the legislation and industry guidelines. The following results show us the average compliance for the 52 host employers audited, and their average performance *within* each audit section.

6.1.1 Host Employer Averages

Average Compliance



The Average Compliance chart (above) shows the average overall compliance for each section of the audit. As with the audits of the labour hire agencies, the main area of non-compliance was in the 'Written Agreements' section of the audit, with 65% of host employers complying. This means that 35% of

host employers had no formal written agreements in place with the labour hire agencies, or agreements were only informal or verbal.

Also in line with the Inspectors' findings from the labour hire agency audits, the host employers audited were not always identifying hazards or carrying out site, task and plant specific risk assessments. In the 'Site Visits' section almost 1 in 6 host employers were either not conducting the hazard management process or were not receiving visits from labour hire agencies for the purposes of conducting risk assessments prior to placement of the labour hire employee.

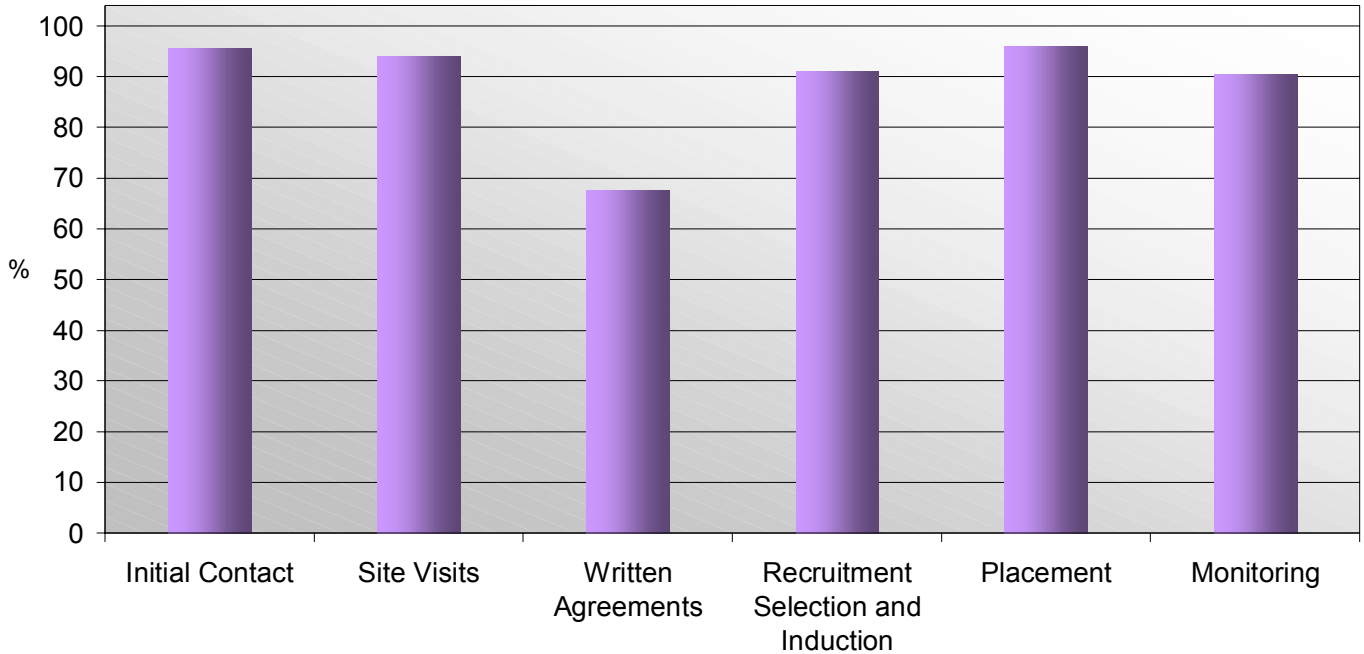
In the 'Initial Contact' section of the audit, approximately 93% of the host employers complied. This was due to a thorough process of job analysis and the identification of the skills, experience and relevant qualifications required by the labour hire employee being conducted in almost all cases.

The host employers audited did not comply in the 'Recruitment, Selection and Induction' section of the audit where there was no provision of site-specific induction training to the labour hire employee. Overall 18% of host employers did not comply.

Although 93% of the host employers audited complied with the requirements outlined in the 'Placement' section, OHS Inspectors found that some of the host employers audited were not providing job-specific instruction and training to the labour hire employee.

A failure to comply in the 'Monitoring' section was due to a lack of communication with the labour hire agency regarding any changes to the job or environment. Some of the host employers audited were neither verifying that monitoring visits were being carried out by the labour hire agencies, nor consulting with agencies on those visits.

Average Performance



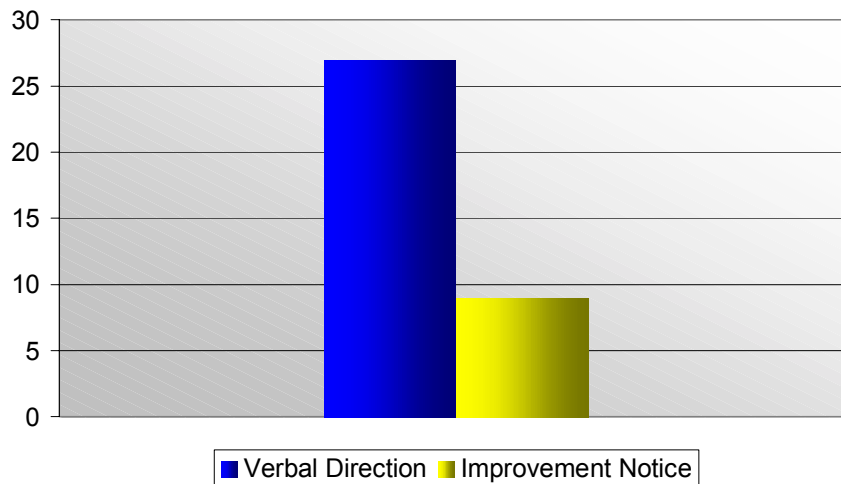
The Average Performance chart (above) shows the host employers' average performance *within* each section of the audit. If they did not comply with specific requirements of the OHS&W legislation they would have been recorded as non-compliant regardless of their average score.

The number of criteria met in each section was quite high on average – over 90% in all cases. The one exception was in the 'Written Agreements' section, where an average of 67% of the criteria were met. OHS Inspectors found that there were often general agreements in place, however many of these agreements did not address OHS responsibilities specific to each work site, or the hazard management process.

While the host employers audited met over 90% of the criteria in the 'Recruitment, Selection & Induction' section, they were determined to be non-compliant where they failed to provide site-specific induction training.

Similarly, although the host employers audited met on average over 95% of the criteria in the 'Placement' Section, a lack of job-specific training and instruction resulted in a failure to comply overall in the section.

6.1.2 Corrective Actions



27 Verbal Directions and 9 Improvement Notices were issued, mainly in relation to inadequate hazard management and a lack of site-specific induction training ([Division 1.3.5 of the OHS&W Regulations](#) and [Section 19 of the OHS&W Act 1986](#)).

Improvement Notices were issued to ensure that risk assessments are carried out (in accordance with [Division 1.3.2 of the OHS&W Regulations](#)) and to formalise the hazard management process. Notices were also issued to ensure that the host employers have formal agreements in place with the labour hire agencies that address hazards and other OHS&W issues specific to each site, and include the process for dealing with changes to the labour hire employee's duties.

Verbal directions were given in relation to the provision of job-specific training to labour hire employee for the task they are required to perform ([Placing Workers in Safe Workplaces](#)), and in addition to this, to ensure that any training needs of the labour hire employee are identified.

Several verbal directions related to the establishment of formal written agreements between the host employers and the labour hire agencies, as well as the identification of any plant, equipment, substances and materials the labour hire employee will be using or exposed to being identified and communicated to the labour hire agency and the employee. Some of the host employers audited were also issued with verbal directions to ensure adequate supervision of the labour hire employee to ensure their health and safety ([Placing Workers in Safe Workplaces](#)).

It was found that most host employers were actively supporting the labour hire process and endeavoured to make the best match between the job and the labour hire employee through effective communication with the labour hire agency and the use of job specifications and other data.

Host employers also demonstrated an encouragingly high level of knowledge of and commitment to OHS&W excellence in the engagement of labour hire personnel.

Any other issues identified during the 'Hazard Walkthrough' are currently the subject of ongoing investigations by Workplace Services' OHS Inspectors.

7.0 Conclusions

Analysis of results of the host employer audits has shown a number of similarities and significant differences between the findings from the host employer and labour hire agency audits. These key issues are listed below.

- Formal written agreements are often not in place, and according to host employers, labour hire agencies are not performing adequate, site-specific risk assessments prior to placement, or conducting monitoring visits.
- While both the labour hire agencies and host employers are usually undertaking a thorough analysis of the job in order to achieve the best possible match between the labour hire employee and the requirements of the job or task, this process does not include the identification and provision of information, instruction and training needs.
- Induction is not always being carried out by both parties, with some confusion as to who is responsible – some host employers do not provide site-specific induction because they believe this is the role of the labour hire agency prior to placement. In other cases this is the reverse.
- Because of a lack of communication between the labour hire agencies and host employers, there are often no systems in place for identifying any changes to the task or environment and notifying the labour hire agency of these changes.
- Similarly, where there is a lack of communication and formal processes, labour hire agencies and host employers are not verifying with the other party that risk assessments, monitoring or training have been carried out.
- It was found that some processes are not in place because the host employers or labour hire agencies think they are unnecessary, because the job never changes or they always engage the same workers with the skills and experience to carry out the job.

Any significant differences between the findings from the labour hire agency audits and those of the corresponding host employers' audits are being followed up by Workplace Services' OHS Inspectors.

Overall, from the findings of the audits we can see that the labour hire/on-hire industry is well on the road to achieving OHS&W excellence in the labour hire/on-hire process. Agencies and host employers showed a strong commitment to OHS&W with a very high level of knowledge and awareness of their OHS&W responsibilities. Several host employers had established good long term working relationships with their labour hire agencies, with a clear focus on providing a safe workplace for temporary labour.

8.0 Recommendations

Recognising that the industry is demonstrating a willingness to achieve continuous improvement in its management of OHS&W, Workplace Services recommends the following:

- That labour hire agencies consistently conduct risk assessments prior to placement on each site, task and piece of equipment that the employee will be involved with.
- That labour hire agencies inform the labour hire employee of the specific requirements of the job, such as the plant, equipment and substances involved in the job or task, and any associated hazards.
- That labour hire agencies ensure that the hazard management process is conducted by a competent person – that is, someone who is suitably qualified (whether by experience, training or both) and has received adequate information, instruction and training to carry out this process.
- That labour hire agencies conduct regular site visits to monitor the health and safety of the labour hire employee, with the frequency based on the level of risk involved in the job or task.
- That both labour hire agencies and host employers provide induction training to labour hire employees and ensure it is formally documented.
- That host employers provide job-specific training and instruction to labour hire employees, and inform them of all plant, equipment, substances and materials they will be involved with.
- That formal written agreements are in place, and are signed off by both the agency and the host employer. These should address formal induction, hazard management and site-specific processes, and should be in place for every worksite (where possible).
- Finally, that both labour hire agencies and host employers improve communication and consultation processes to ensure that both parties are fully aware of any training needs, or changes to the task or working environment, for example.

9.0 The Future

As the labour hire/on-hire industry continues to grow and change, Workplace Services will continue to regard the labour hire process as significant, and encourage the industry to achieve excellence in occupational health, safety and welfare.

Workplace Services has made improvements to their internal recording procedures when labour hire agencies are involved in complaints and accidents investigated by Workplace Services. This will enable more effective monitoring of labour hire agency involvement, and evaluation of labour hire industry compliance with the legislation and industry guidelines.

Workplace Services will also be shifting its focus from targeting the labour hire industry as an industry in itself, to labour hire agency involvement *within* industry, so that the focus is on high-risk industries and the labour hire process in those industries in compliance auditing.

This is in line with the national strategy developed by the National Occupational Health and Safety Commission (NOHSC), where high-risk industries such as construction, transport & storage, manufacturing and health & community services, have been identified as worthy of targeting to reduce the incidence of injury to workers.

10.0 Acknowledgments

Workplace Services acknowledges the strong support received from the Recruitment and Consulting Services Association, the United Trades and Labour Council and the labour hire industry. The Labour Hire Industry OHS Working Party, as part of the Safer Industries Program, has also made an important contribution to the promotion of OHS in the labour hire industry, and their invaluable work is duly recognised by Workplace Services.

Workplace Services would also like to thank the agencies and host employers involved in the audits for their enthusiasm, cooperation and assistance during the audit process.

11.0 Further Information

For further information regarding the OHS Guidelines for the Labour Hire Industry and related literature, visit the [WorkCover Corporation \(www.workcover.com\)](http://www.workcover.com) website. To find out more about the South Australian Occupational Health, Safety & Welfare Act and Regulations and associated Codes of Practice, visit Workplace Services' [Employment Relations Information Centre \(ERIC\) \(www.eric.sa.gov.au\)](http://www.eric.sa.gov.au). Additionally, please do not hesitate to contact Carolyn Gilmore, Project Coordinator on 8303 0404 if you have any questions about the Labour Hire Targeted Intervention Strategy or the results.

12.0 References

Workplace Services (2000), *Industry Projects – 2000 & Beyond*, Government of South Australia

WorkCover Corporation (2004), *Placing Workers in Safe Workplaces: Safety management systems guide for Labour Hire Agencies*

WorkCover Corporation (2003), *The Host Employer Guideline for Managing the Safety of Labour Hire Workers*

SAfer Industries (1999), *Labour Hire Industry Occupational Health and safety Strategic Plan 1999-2001*, WorkCover Corporation

South Australian Government, *Occupational Health, Safety & Welfare Act 1986*

South Australian Government, *Occupational Health, Safety & Welfare Regulations 1995*