



Training Package TP 34/23

Contract Carrier Management

Ref. EIGA Info TS 04/20 Transport of Gases Contractor Management

Asia Industrial Gases Association

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Contract Carrier Management

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Introduction

For industrial and medical gases companies, the transport of gases to the customers is usually carried out by contract carriers (hereinafter referred as “contractor”). This is in addition to the gas company owned fleets. In regular cases the contractor provides drivers, other transport function personnel and also certain transport equipment such as tractor, truck, semi-trailer, tube trailer, chassis for swap bodies / containers and drivers’ equipment. Thus, the contractor’s personnel are directly responsible for transport safety. However The employees of the contractors also act as representatives of the gas companies towards the customers. For these reasons, it is critical that gas companies choose their contractors diligently, train them for the transport of industrial and medical gases (see AIGA Safety Bulletin 29/21 ‘Training Induction and Refreshers Training of Drivers, Management and Other Transport Function Personnel’), monitor their performance closely and take appropriate action(s) if they perform poorly.

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Purpose

To provide guidance on the minimum requirements for the selection, qualification and performance monitoring of contractors that provide equipment, personnel, and services for the transportation of industrial and medical gases.

Selection of The Contract Carrier

Minimum requirements for contractors concerning their capability to transport industrial and medical gases

- License, permit and experience with the hazardous materials transport (experience with industrial gas transport is always preferred) in the designated mode (for example: liquid tanker, tube trailer or cylinder transport). If a contractor does not have prior experience, then, an induction / start up program should be agreed to ensure that the contractor is capable of acquiring experience.
- Knowledge concerning applicable local regulations.
- Have qualified personnel for the scope of work or the means to acquire it.
- Driver Recruitment Process should follow industry standard guidelines; see *EIGA Info TS 05/20 Driver Recruitment Process for Bulk and Cylinder Vehicles*
- Vehicle inspection and Maintenance Program should follow industry standard guidelines; see *AIGA SB 27/21 Vehicle Specification and Maintenance*
- Validate the Contract Carrier historical Road Safety Performance

A formal contract carrier evaluation should be conducted before contract signing

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Minimum Requirements for The Contract

All new contracts with carriers should include agreed minimum requirements such as:

- Vehicle Specification and Vehicle safety related Technology (for example brake assistance and lane departure warning system); for further information, see *AIGA SB 27/21 Vehicle Specification and Maintenance*
- Minimum Criteria for Driver Recruitment; for further guidelines, see *EIGA Info TS 05/20 Driver Recruitment Process for Bulk and Cylinder Vehicles*
- Driver and Other Transport Function Training; follow *AIGA SB 29/21 Training: Induction and Refresher Training of Drivers, Management and Other Transport Function Personnel*
- Commitment to manage and report the agreed Key Performance Indicators (KPI), for further information see *AIGA SB 28/21 Vehicle Data Management*
- Personal Protective Equipment (PPE) required by the risks related to the task in addition of the basic PPE; for example gas detectors, Flame Retardant clothing etc where required. For further details see *AIGA 066/18, Selection of Personnel Protective Equipment*

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Minimum Requirements for The Contract

- Commitment to accident / incident reporting, including vehicle accidents, spills and / or product releases, customer related incidents, equipment damage, regulatory penalties or suspension of operations, or any situation that could adversely affect the gas and contractor companies;
- Commitment to perform / participate in contractor assessments on a regular basis;
- Subcontractors hired by a contractor should be pre-approved by the gas company and be held to the same level of performance as the contractor and should provide reports required of contractors by the gas company;
- Agreed delineation of responsibilities with regard to:
 - *Vehicle and equipment installation & maintenance;*
 - *Scheduling and dispatching; and*
 - *Driver training, coaching & performance monitoring*

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Minimum Requirements for The Contract

- Zero tolerance policy for non compliances; for example, integrity, tampering of safety devices, theft, violation of Life Saving Rules, use of mobile phone while driving, smoking in the cabin or fill zone, etc.
- Hours of service
- Rewards and consequences to the contractor; and
- Termination clauses in the contract.

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Key Performance Indicators

- Contract Carriers' performance should be measured by Key Performance Indicators (KPIs) that cover safety and service, and these should be clearly defined and transparent to the contractor.
- KPIs should be aligned with company safety goal and should be agreed in advance and the contractor should provide a periodic report containing measurement of performance against these KPIs to the identified operational representative of the gas company. The contractor shall recognize that the KPIs will be the measure of its success or improvement.
- The method and process for measurement should be agreed at the time of contracting and contained in the contract. Additional KPIs may be defined during the contract as long as they are mutually agreed.

Key Performance Indicators

- Each measurement should be obtained from devices with common standards, methods or processes factual and generally recognized to ensure equity among contractor companies and their employed personnel.

Examples of KPI:

- Personnel injury frequency rates;
- All and preventable vehicle accident frequency rates (per established contract KPI);
- Driving Violations such as over speed, fatigue detections, distractions, harsh braking, harsh cornering, driving and rest hours etc.
- Number of regulatory offences;
- Percentage of drivers covered by a safety recognition scheme
- Driver Turnover Rate

Contract Carrier Driver Retention Program

The importance of driver retention program is not just to avoid direct and indirect cost of driver turnover but it is the strategic intent to ensure that contract carrier can retain a group of competent and qualified drivers to the fleet which will ensure safe operations and also avoid the possibility of missing trips. Examples of activities to support driver retention program such as:

- Recognize and celebrate for both individual and team performance;
- Conduct driver engagement regularly, listen to and act on Driver feedback;
- Team Building;
- Deploy fleet technologies those can help driver able to work safer and more effective;
- Establish fair working relationship with driver. This includes payment to driver, and driver performance rewards.

Contract Carrier Periodic Performance Review

Contractors should be formally reviewed as a minimum for quarterly as basis. The contractor should provide feedback to improve the contractor's performance. The review meeting should cover:

- All key performance indicators (KPIs), including but not limited to :
 - Personnel injury frequency rates;
 - All and preventable vehicle accident frequency rates (per established contract KPI)
 - Driving Violations such as over speed, fatigue detections, distractions, harsh braking, harsh cornering, driving and rest hours etc.
 - Regulatory offences
- Incident learning and Sharing;
- Safety Initiatives taken by Contractors;
- The update of documentation, for example insurance, licenses, permits etc.;

Contract Carrier Periodical Performance Review

- Where contractor's performance is not meeting the established key performance indicators (KPIs), improvement program should be established and tracked periodically.
- Contractors failing to meet established improvement targets at specific distribution facilities / locations may be subject to contract termination.
- Contractors shall operate vehicles and handle receptacles in accordance with applicable regulations and internal standards so that there are no unplanned releases of product at customer sites or during transportation (for example unreported hydrogen releases not controlled through a customer vent stack, or the burst of a bursting disc or the unexpected opening of a pressure relief valve).

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Contract Carrier Periodical Performance Review

- Safety, either during transport or while loading and unloading, should always be the top priority of contractors and the gas companies.
- Event investigations demonstrating violations concerning safety regulations and gas company critical procedures by the contractor's personnel should entail direct countermeasures on a management and / or operational level.

NOTE It should always be kept in mind that switching to a new carrier or transporter can come with various difficulties. The employees of the old contractor will have gained a lot of experience while working with the customers (for example access to customer's facilities, personal relations with customer's personnel, customer's gases demand). It will take a new contractor some time to provide the same quality of service in these areas in the beginning. Furthermore, employees of a new contractor shall all be trained according to gases company's policies.

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Contract Carrier Annual Review

- Purpose of annual review is to review performance of contractor and improvement plan from the past performance.
- Stakeholders should include, but not limited to, distribution management team, procurement, HSE and contractor's senior management.
- The common subjects to be annually reviewed should be the same as the periodic performance review but may extend the topics to cover business forecasting, contract extension or termination, payout, reward and consequence.

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Contract Carrier Audit

The contract carrier audit should be conducted periodically but not over 3 years as basis. The topics to be audited are on the following elements:

- Management Commitment to Road Safety through the interviewing;
- Driver on-duty hours;
- Accident / incident causes, frequency and handling, closing of actions
- Out of service performance for vehicles, drivers, and regulatory violations;
- Effectiveness of driver management programs, such as: recruit, induction training, refresh training; coaching, recognition & consequence management;
- Records required by applicable regulations and internal standards;
- Equipment maintenance, condition and regular standard inspection;
- Availability and application of the required safety measures defined in the contract.

If the result of the audit is not satisfactory, especially due to safety concerns, corrective actions should be agreed and put in place by the contractor.

Audit Cycle



Ref. AIGA Webinar 013 - Road risk assessment and system audit

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Words of Wisdom

“It is better to manage one’s contractors well and establish a fair working relationship rather than to switch the contractor with levity”

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- AIGA SB 28, Vehicle Data Management
- AIGA SB 29, Training: Induction and Refresher Training of Drivers, Management and Other Transport Function Personnel
- AIGA Webinar 013 - Road risk assessment and system audit
- AIGA 066, Management of Personnel Protective Equipment

Stay Safe & Thank You

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