

24 March 2017

SUBMISSION TO THE JOINT SELECT COMMITTEE ON GOVERNMENT PROCUREMENT

Introduction

1. The Welding Technology Institute of Australia (WTIA) is the peak body representing Welding in Australia. We are committed to safeguarding the public by ensuring the integrity of in-service welds through compliance and certification to Australian Standards.
 2. The Institute is grateful for this opportunity to make a submission to the Joint Select Committee on Government Procurement and applauds this initiative to update the Commonwealth Procurement Rules. We note the leadership shown by the Commonwealth and the impact it will have on state and commercial procurement practices.
 3. The focus of this submission is to offer the Select Committee advice on how best to implement the new clauses in order to provide the best protection for the Australian public.
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Issues

4. Over the past three years the number of reports of unsafe steel structures received by the WTIA from its Certified Welding Inspectors has increased exponentially. This appears to be supported by reports of increased events from State Safety Regulators for the same period. The primary cause of safety concerns has been welding which is not fit for purpose and does not comply with recognised Australian or International Standards resulting in failure.

Examples of unsafe structures include:

- pedestrian, road and rail bridges
 - oil and gas industry safety structures
 - welded steel beams used in the construction industry
 - light poles and gantries used in road infrastructure
 - light and heavy trailers; caravans; buses and coaches
5. The WTIA is deeply concerned that this issue poses a threat to public safety which could lead to loss of life.

'There is evidence that there is a potential immediate safety risk to the public in the use of these structures (Busselton Pedestrian Bridges) and this will increase in time as the durability factors come to bear.'

ASI/WTIA Report on Busselton Bridges 2 September 2015

'On June 9, 2015 a light pole crashed over a footpath on the Anzac Bridge in Sydney. No one was killed but as a witness stated: 'if it had fallen on the road it could have been an incredible accident'.

Sydney Morning Herald 9 June 2015

‘As a result of a recent accident involving a quad axle dog trailer manufactured by XXX Trailers in Brisbane, the trailer drawbar became detached from the trailer frame. ... There were indications of ineffective and sub-standard welding procedures carried out to the drawbar assembly.’

Queensland DMR 30 June 2006

Commentary

6. Clause 10.10: *Where an Australian standard is applicable for goods or services being procured, tender responses must demonstrate the capability to meet the Australian standard, and contracts must contain evidence of the applicable standards.*

This clause is open to misinterpretation and abuse. In practice self assessed conformance is often a ‘tick and flick ‘ exercise in order to meet the requirements of the RFT. As third-party auditors for industry our experience is that there is a significant gap between organisations ‘demonstrating the capability to meet the Australian standard’ and actually meeting it. Every compliance audit results in a series of compromises in relation to complete or partial non-conformance with certain aspects of the standard. Such compromises create financial risks for the Commonwealth and safety risks for the public. We recommend the following changes to this clause .

Clause 10.10: *Where an Australian standard is applicable for goods or services being procured, tender responses **must** demonstrate, **through third party certification to the relevant** Australian standard, and contracts **must bind tenderers to compliance** with the applicable standards.*

7. Clause 10.37: *Where applying a standard (Australian, or in its absence, international) for goods or services, relevant entities must make reasonable enquiries to determine compliance with that standard:*

- a. *this includes gathering evidence of relevant certifications; and***
- b. *periodic auditing of compliance by an independent assessor***

Whilst the intent of this clause is reasonably clear it should be strengthened as follows:

Clause 10.37: *Where applying a standard (Australian, or in its absence, international) for goods or services, relevant entities must **ensure** compliance with that standard:*

- a. *this includes gathering evidence of relevant certifications; and***
- b. *periodic auditing of compliance by an independent assessor***

Related Matters

Application of Australian Standards

8. In the case of steel infrastructure procured by the Commonwealth Australian Standards must be applied as follows:
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|-------------------------|---------------------------------------|
| a. Design Specification | AS4100 |
| b. Steel Manufacture | (Certified by ACRS) |
| c. Welding | Inspected to AS1554, Certified AS3834 |
| d. Erection | Certified AS5131 |

Extended Implementation

9. These procurement rules, if implemented as suggested, should apply to all steel fabrication and erection procured by Government's at all levels. We recommend that the Commonwealth recommends reciprocal legislation to state and territories through COAG. Furthermore the Institute believes that it would be beneficial to public safety to enable legislation to ensure that the same procurement rules are applied to private sector infrastructure.

Yours faithfully,



Geoff Crittenden
Chief Executive