



GLASS PRODUCTS

Introduction:

The Australian Government is a significant influencer in the building and construction industry as an important consumer and funder of projects.

The Government needs to play a leadership role by ensuring that imported, non-conforming, sub-standard building products and furniture are never used in Commonwealth funded and capital supported infrastructure projects. No matter how cheap the imported product is, if it does not conform to certain critical Australian Standards, it cannot represent value for money.

The scale of the problem:

The amount of non-conforming imported windows, doors and other glass and aluminium based products including glass curtain walls, balustrades and balconies, aluminium and glass “shopfront” products on the Australian market has reached epidemic proportions.

Non-conforming product is even more prevalent in the high rise residential and office market as windows and doors for those buildings tend to be consistent dimensions through all the levels lending this market to high volume importation on a per project basis by builders and import suppliers.¹

In the Australian Industry Group’s November 2013 report *‘The quest for a level playing field: the non-conforming building products dilemma’* the Australian Windows Association expressed ‘Deep concern

¹ The Australian Industry Group, *The quest for a level playing field: the non-conforming building products dilemma*, November 2013, available online@ http://www.aigroup.com.au/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/LIVE_CONTENT/Publications/Reports/2013/REPORT_NCP_FINAL.pdf , 43.

regarding extent of the Non-Conforming Products in the industry' and questioned 'the resulting impact on SME manufacturers and the contribution to the worst building stock in the country.'²

The issue:

Commonwealth procurement rules state that a number of considerations should be included in value for money decisions. These considerations include fitness for purpose and whole of life costs.³

The risk of large building failures from use of non-conforming, cheaper imported building components is apparent if price becomes the sole determining proxy for value for money. This risk is exacerbated due to the fact that product is dumped and unfairly subsidized; such as product formerly aimed at the North American market is now being redirected to the Australian market. For instance Canada has recently applied anti-dumping and countervailing duties on Chinese imports of Curtain Walls of between 15.7% and 120%. The same business model is used to export product to Australia at dumped and subsidized prices.

When a decision is based on price only and fitness for purpose and whole of life costs are not adequately taken into account when procuring glass products the impact can be negative both on safety of the installers, consumers and the public and the long term asset value.⁴

The problem is that these products (predominately of Chinese origin) do not meet the product test and certification standards claimed and there is little appreciation of the financial (including potential litigation costs caused by failure) and warranty risks in dealing with thinly-capitalized, often loss-making Australian subsidiaries of Chinese manufacturers. This situation potentially leaves Commonwealth funded buildings with significant defects with no recourse to the supplier or (potentially) builder.

It would appear that there is some evidence that the Chinese product also has a shorter whole of life durability compared with the Australian products which heightens concerns about reportedly shorter

² Ibid, 48.

³ The Australian Government Department of Finance and Deregulation, *Commonwealth Procurement Rules: Achieving Value for Money*, 2012, available online@ http://www.finance.gov.au/sites/default/files/cpr_commonwealth_procurement_rules_july_2012.pdf , 15.

⁴ See for example, The quest for a level playing field,

warranties and less possibility of retribution or rectification in the event of what would appear to be inevitable failure of the sub-standard imported product.⁵

The Commonwealth's performance to date:

The Commonwealth's performance in regard to procurement of glass products came under scrutiny when media reports claimed imported window panes on the Canberra based ASIO building kept failing, and literally falling to the ground even prior to the first public servants starting work there.⁶

There are concerns with the quality and long term durability of the imported building stocks in a number of commonwealth supported infrastructure projects where industry intelligence is that the specification nominates

⁵ See 'Glass-covered towers nearing critical age', *China Daily*, available online@ http://www.chinadaily.com.cn/china/2012-04/16/content_15053321.htm

⁶ ASIO building loses another glass panel – article refers to an WorkSafe ACT investigation into the loss of a panel in the ASIO building that followed the loss of another 20 panels – source abc.net.au 5/10/12