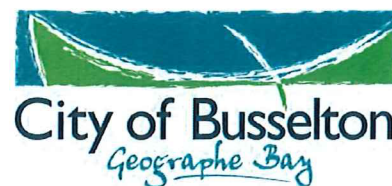


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Mike Archer, Chief Executive Officer

21 December 2016

Ms Ann Palmer
Committee Secretary
Senate Economics References Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Email: committee.sen.@aph.gov.au

Privileged and Confidential

Dear Ms Palmer

INQUIRY INTO THE FUTURE OF AUSTRALIA'S STEEL INDUSTRY – CITY OF BUSSELTON RESPONSE

We refer to your letter dated 29 November 2016 enclosing the supplementary submission from Weld Technology Institute of Australia (*WTIA*) to the Senate Economics References Committee (*Committee*) relating to its inquiry into the future of Australia's steel industry. The supplementary submission includes a report by WTIA and the Australian Steel Institute (*ASI*) (*supplementary submission*). City Officers have reviewed and considered the supplementary submission in relation to the compliance of steel products in respect of the 3 pedestrian bridges constructed in Busselton over the course of 2012 and 2013, namely Buayanup Drain Bridge, the Toby Inlet Bridge and the Vasse Diversion Drain Bridge (*Bridges*).

Thank-you for the opportunity to provide a response to the supplementary submission prior to its publication. We understand the response was due to be submitted to the Committee secretariat by COB Thursday 8 December 2016 but that this date has been extended to COB 22 December 2016. I understand that the City's response is covered by parliamentary privilege. I also understand that the supplementary submission will be published on the Committee's website and will be publicly available.

The City's detailed response is attached to this letter marked Attachment 'A'. You have stated in your letter dated 29 November 2016, that the City's response would be published on the Committee's website unless the City has objections to the publication. The City does not wish the information provided under Attachment 'A' to be published on the Committee's website due to the fact that Attachment 'A' potentially contains personal information in relation to third parties and information relating to a matter that if disclosed, would reveal information that has a commercial value to a

person and as such is confidential in accordance with section 5.23(2) (e)(ii) of the *Local Government Act 1995* (WA). The information in Attachment 'A' is provided in confidence in order to detail the City's internal processes with respect to the construction of the Bridges and provide some context to the City's decision making processes.

In summary I wish to make the following comments on behalf of the City in respect of the supplementary submission (noting that the City has no objection to publication of the following):

1. The City of Busselton has the shared primary objective, along with WTIA, that no Australian lives are lost as a consequence of faulty or sub-standard works, services or workmanship, including an accident that may be caused by any non-compliant welding in respect of the Bridges.
2. Through the City's procurement processes a suitably qualified and experienced contractor was engaged to design and construct the Bridges. The contract that was awarded required the contractor to comply (among other requirements), with specific standards and practices in relation to the quality and safety of the Bridges and required the contractor to report in detail on these issues.
3. At all times during the procurement, design, construction and completion of the Bridges, the City complied with relevant procedural requirements and acted in good faith and in reliance on the information provided by the contractor regarding the methods of design and construction of the Bridges.
4. As part of its obligations under the contract the contractor engaged by the City to construct the Bridges submitted to the City various detailed Manufacturing Data Reports for each of the Bridges and the approach ramps to the Toby's Inlet Bridge (**MD Reports**). The MD Reports provided, among other things, data and information in relation to the following:-
 - Quality Assurance
 - Inspection and Test Plan for Fabrication;
 - Material Certificates;
 - Materials Traceability Records;
 - Welding Procedure Specification and Qualifications;
 - Third Party NDT;
 - Welder & Inspector Qualifications;
 - Welding Records and Fabricators NDT;
 - Galvanisation Reports;
 - Dimensional Checking Records; and
 - As built drawings.
 - Engineering
 - Engineers Report;
 - Engineer Verification Bridge;
 - Engineers Verification Ramps; and
 - Vehicle Load Check.

The MD Reports also provided the City with:

- Evidence (which was considered by the City to be sufficient) that the Bridges were designed, manufactured and installed as per the contract specifications and all relevant Australian Standards;
 - Third party verification and sign-off by a suitably qualified structural engineer; and
 - Detailed asset management plans that provide clear maintenance regimes for ongoing serviceability to ensure that the structural integrity of the Bridges is maintained over the lifespan.
5. In addition to the quality and safety assurance process under the design and construct contract, the City also engaged suitably qualified and experienced independent consulting engineers to assist with a defects liability or 12 month maintenance inspection of the Bridges. These consultants conducted a visual inspection of the Bridges and identified a number of aesthetic issues relating to the Bridges (which have since been rectified by the contractor) but did not identify any structural or safety issues.
6. The City is of the view that the project has from conception, through to construction and commissioning been managed as far as practicably possible in a manner that endeavoured to ensure that all the necessary requirements in terms of quality checks and safety and quality assurance were met, based upon the evidence provided to the City.
7. The City understands that inspection by engineers from ASI, WTIA the Galvanizers Association of Australia (**GAA**) concluded:

"There is evidence that there is a potential immediate safety risk to the public in the use of these structures and this will increase in time as the durability factors come to bear.";

and the reports included the comment:

"the Council is demonstrating that it has double standards regarding the WA manufacturing community, that it is prepared to accept product that clearly does not meet the required Australian Standards on a critical structure from suppliers overseas whereas local suppliers are required to fully satisfy all the requirements of the Australia standards".

However the City is of the view that the various expert reports obtained by the City in respect of the Bridges have indicated that, except for a number of aesthetic issues, the quality and safety standards of the Bridges meet all relevant Australian Standards and that the Bridges do not pose *"a potential immediate safety risk to the public"*. Therefore to the extent that the submissions lodged with the Senate Economics References Committee are inconsistent with reports and findings from the City's contractor and consultants, the City considers these submissions as unfounded allegations.

8. The City of Busselton Council is committed to delivering high quality, safe and functional infrastructure and projects to its ratepayers and the public at large and will not accept sub-standard, unsafe products and workmanship. Therefore should any person or entity (including ASI, WTIA or the Galvanizers Association of Australia) provide the City with scientifically substantiated evidence (other than visual observations) contradicting the reports obtained by the City, which would justify the City expending public money on further investigations, then the City will of course be willing to consider this.

Please do not hesitate to contact the City's Legal Services Coordinator, [REDACTED] on telephone [REDACTED] or email [REDACTED] should you have any questions in relation to this matter.

Yours sincerely

[REDACTED]

Mike Archer
Chief Executive Officer

21 December 2016