



10 July 2015

Dr Kathleen Dermody  
Committee Secretary  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Dr Dermody

### **Inquiry into non-conforming building products**

Thank you for your email dated 1 July 2015 inviting the Australasian Procurement and Construction Council (APCC) to make a submission to the Senate Inquiry into non-conforming building products.

The APCC is led by Chief Executives, who are business leaders from across the Australian public sector. It is the peak council whose members are responsible for procurement, construction and asset management for Australian State and Territory Governments.

Productivity in the construction industry is critical to Australia's growth and the economy. The building and construction industry accounts for 7.8% of Australia's gross domestic product (GDP), and employs 9.1% of the workforce. <sup>1</sup>Total spending in the building and construction industry reached \$233 billion in 2013- 14 - \$128 billion on engineering construction, \$75 billion on residential building and \$30 billion on non-residential building<sup>2</sup>.

For many years APCC members have become increasingly concerned with the compliance and durability of construction products. There are numerous instances in which non-compliant construction products have caused failure or damage to buildings, motorway signs, and failure of key building elements, such as glass panels, steel fixings and more.

Evidence suggests that many construction products are not fit for the purpose for which they are intended. The most concerning consequence of construction product failure is its impact on safety.

In partnership with industry the APCC develops proactive initiatives aimed at increasing productivity, competitiveness and long-term sustainability for the building and construction industry and the benefit of the Australian and Papua New Guinean communities.

As a result of the increasing evidence and concern of the market penetration of non-conforming construction products, particularly for many 'safety critical' products the APCC together with 30 key industry stakeholders developed and launched the *Procurement of Construction Products – A guide to achieving compliance* (APCC Guide) on 1 September 2014.

In essence the APCC Guide seeks to assist in the decision-making processes for the procurement of construction products in Australia, with a view to elevating levels of compliance and providing a level of confidence to all parties in the supply chain.

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<sup>1</sup> Australian Bureau of Statistics (ABS).

<sup>2</sup> Australian Construction Market Report (ACMR).



The APCC Guide also reduces confusion and provides greater clarity for all stakeholders involved with the building and construction industry.

The APCC recommends that the APCC Guide be widely promoted to educate and reduce confusion amongst stakeholders about the responsibilities of regulators and insufficient knowledge of the conformance framework. The APCC Guide can be downloaded from: [www.apcc.gov.au](http://www.apcc.gov.au)

In addition to the development and promulgation of the APCC Guide, the APCC has been a member of the Construction Product Alliance (CPA) Steering Committee since its inception in 2013.

The CPA is a group of public and private organisations and industry bodies that promote awareness and identify options for addressing issues relating to the impact of non-conforming building products and in so doing improve the safety, quality and long term sustainability of buildings and other structures.

In its work to date, the CPA has focused its attention on the development of a holistic approach to addressing pressure points where regulatory, administrative or operational systems may need review and improvement.

The CPA has identified eight activities that are designed to operate as an Action Plan to assist industry and government to undertake the necessary actions to address the non-conforming product issue.

The eight activities are as follows:

1. Establish a taskforce comprised of key industry stakeholders and state and federal government agencies with a charter to develop a strategic plan which incorporates short, medium and long term responses to the issue of non-conforming products (NCP).
2. Increase industry and public awareness by establishing a national portal for available industry and public information.
3. Increase stakeholder awareness of third party certification schemes as a tool for achieving product compliance.
4. Develop and operate a pilot to determine the feasibility of establishing a building products register for compliant product.
5. Request the Australian Building Codes Board (ABCB) to:
  - Undertake a review of the current evidence of suitability criteria in the National Construction Code (NCC)
  - Develop and publish guidance material in the form of a handbook regarding the use of risk-based assessments to determine the appropriate evidence of suitability under the NCC
6. Evaluate the feasibility of building legislation being enforced at point of sale
7. State building authorities to review surveillance and audit activities and implement stronger penalty regimes to improve effectiveness in achieving compliance with the National Construction Code (NCC).
8. Assess the feasibility of establishing a confidential reporting system to facilitate the reporting of NCP.



The APCC recommends that due consideration be given to the eight activities in the CPA Action Plan which also recommends promotion of the APCC Guide.

The APCC supports the CPA view that a holistic approach involving industry and government is necessary because industry is unable to solve all of the issues by itself and it is beneficial for government to work with industry to achieve effective regulatory systems.

An important issue to the APCC which the CPA has been examining are opportunities to close the regulatory and operational loop in the construction product supply chain to address the manufacture, supply and use of non-conforming products whether they be manufactured domestically or internationally.

Currently it is extremely difficult to ascertain whether or not all construction products, irrespective of where they are sourced, comply with the National Construction Code (NCC) and/or conform to the requirements of the relevant Australian or international standards, where they exist.

The APCC is increasingly concerned about the compliance and durability of construction products as the potential risks to the community and construction industry workers are immeasurable and should not be underestimated.

I thank you for providing the APCC with the opportunity to provide a submission to the Senate Committee.

Yours sincerely

David McHugh, APCC Chair  
Chief Executive  
Department of Infrastructure, Northern Territory