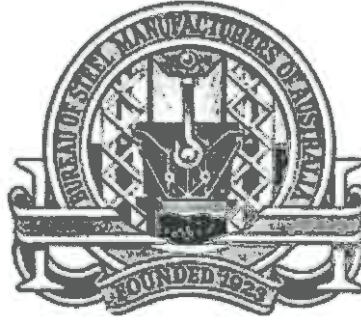


**Submission  
No 21**

## **PROCUREMENT OF GOVERNMENT INFRASTRUCTURE PROJECTS**

**Organisation:** Bureau of Steel Manufacturers of Australia Limited  
**Name:** Mr Rob Johnson  
**Date Received:** 12/02/2016



**BUREAU OF STEEL MANUFACTURERS OF AUSTRALIA LIMITED**  
**Registered Office: Level 6, 205 Pacific Highway, St. Leonards, NSW 2065**  
**Post Office Box 1063, Artarmon, NSW Australia 1570**  
**ABN 51 088 933 162**

**Chairman:** D Jenkins  
**First Vice-Chairman:** N Gibson  
**Second Vice-Chairman:** J Nowlan  
**Website:** [www.bosma.org.au](http://www.bosma.org.au)

**Secretary:** D Armston  
**Phone:** [REDACTED]  
**Fax:** 02 8424 9885  
**Email:** [info@bosma.org.au](mailto:info@bosma.org.au)

---

Legislative Assembly  
Committee on Transport and Infrastructure  
Parliament of New South Wales  
Macquarie Street  
Sydney NSW 2000

The Bureau of Steel Manufacturers of Australia (BOSMA) welcomes the Legislative Assembly's inquiry into the procurement of government infrastructure projects. BOSMA is the peak body representing the Australian steel manufacturers OneSteel, an Arrium business, and BlueScope Steel.

BOSMA members supply the majority of steel mill products used in the Australian domestic market. OneSteel and BlueScope together employ around 12,000 people in Australia while total employment in the steel sector, both upstream and downstream, was estimated to be around over 100,000 (ABS 2011).

Procurement practices in major infrastructure projects have a profound impact on the steel industry and supply chain and its' ability to innovate, to generate operational and logistics efficiencies and to therefore underpin a successful, sustainable industry model in the long term.

Procurement and tendering policies for government infrastructure projects should be cognisant of the flow on impacts and opportunities for the broader supply chain. Government procurement practices can and should can underpin the efficiency of the construction industry and the related supply chain via legislation, regulation and incentives for stakeholders to:

- Minimise uncertainty regarding project pipelines and increase transparency. This will provide confidence to the broader supply chain to invest and align resources to optimise efficiencies and reduce costs
- Allow for enough time to strategize and innovate via the provision of a framework for early engagement and collaboration across the supply chain.
- Lower bidding costs
- Ensure construction project planning is kept realistic and feasible

- Evaluate procurement and contract models
- Incentivise innovation and maximise value by selecting project teams based on their 'value proposition' rather than lowest price
- Involve contractors and suppliers early to drive efficiencies and innovation
- Improve regulation efficiency and minimise bureaucracy
- Place more emphasis on good design
- Improve the usage of data and analytics
- Ensure Australian Standards are specified & mandated
- Implement appropriate measures to ensure the compliance of construction products [as provided in the APCC Guide to procurement]
- Reward triple bottom line sustainability initiatives [Economic, Social & Environmental]
- Recognise the impact of the procurement model on shaping downstream behaviours

BOSMA draws to the attention of the committee the UK Crown Commercial Service Procurement Policy Note (PPN) – Procuring steel in major projects in which it is noted “Procurement decisions should always be made on a quality/cost/risk/basis.”

The PPN provides guidance on how to take account of steel throughout the procurement process. It focuses on:

- signalling the future pipeline of requirements on steel sourcing and best practice in pre-procurement market engagement
- ensuring there is clear visibility of opportunities at sub-contractor level where the source of steel has not been defined by a Tier 1 contractor
- assessing the health and sustainability of potential suppliers in the supply chain at selection stage, including compliance with relevant health and safety and employment legislation
- ensuring that the price or cost calculations are based on an assessment of the whole life cost and not lowest purchase price
- taking account of appropriate social and environmental impacts at the award stage where they are linked to the subject of the contract.

BOSMA recommends the committee adopt similar guidelines as an integral part of the procurement process for materials for government infrastructure projects.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/473545/PPN\\_16-15\\_Procuring\\_steel\\_in\\_major\\_projects.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/473545/PPN_16-15_Procuring_steel_in_major_projects.pdf)

<https://www.gov.uk/government/publications/procurement-policy-note-1615-procuring-steel-in-major-projects>

BOSMA notes that, as referenced in the Australasian Procurement Construction Council [APCC] document "Procurement of Construction Products- A guide to achieving compliance", non-compliant construction products, including steel, are being supplied into construction projects.

There is evidence from a range of sources that some steels being supplied into projects are non-compliant with specifications and standards. The APCC guide notes that: "**The most concerning consequence of construction product failure is its impact on safety**". To mitigate the potential risk to public safety there needs to be a better overall product conformity system and in the case of high risk construction products like steel, there needs to be Government support in the form of rigorous specification and procurement practices.

The BOSMA position is that regardless of source of product, members of the supply chain must ensure that the steel products used in risk critical structural applications, such as infrastructure projects, have been supplied from steel mill manufacturers which have Third Party Certification of their manufacturing output, demonstrating compliance with the relevant Standards. This is particularly important for high risk structural applications in construction where steel mill products are relied upon for the structural integrity of the building.

BOSMA is not calling for increased regulation but support from Government of the systems already in place driven by industry need and with a proven track record.

Thank you for the opportunity to make a submission to the inquiry into the procurement of government infrastructure projects. Please do not hesitate to contact me if you have any questions about our submission. We will be pleased to answer any questions and provide further clarity.

Yours faithfully,



Rbb Johnson  
Assistant Secretary

