

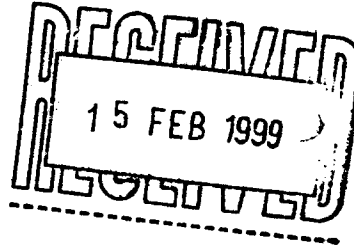


CIVIL CONTRACTORS FEDERATION

SOUTH AUSTRALIAN BRANCH: 198 Greenhill Road, Eastwood, SA 5063.
Telephone: (08) 8373 6292. Facsimile: (08) 8271 9502. Email: ccf@camtech.net.au

12th February 1999

Doug Huett
Civil Contractors Federation
1/8 Glan Avon Road
HAWTHORN SA 3122



316

Dear Doug

Re: Productivity Commission Inquiry "Impacts of Competition Policy on Regional Australia"

The main area of unfair competition practices I am aware of relates to Regional Councils. The few examples past and recent below illustrate some of the problems private contractors have when competing with Councils.

Example One: Large Regional Council in South East of State

This Council's Social Club has access to plant and Council material (at lower or no cost?) to undertake private works outside of normal working hours eg. Weekends. This deprives the region's contractors of work and brings into serious question competitive practices and accountability. This practice still occurs.

Example Two: Council in Eyre Peninsula

This particular Council was offering their plant for hire (with operator) at rates considerably less than commercial rates. When challenged by CCF they withdrew the service. We believe this practice is widespread.

Example Three: Another Large Regional Council in South East

Were offering ratepayers Council facilities, particularly plant hire at considerably cheaper prices than normal commercial rates. Again this was depriving contractors of traditional private works. When CCF challenged, this practice ceased. This is also widespread in regional areas.

Finally one significant area of concern in South Australia relates to the Competitive Tendering provisions of a new draft Local Government Bill. There is intense lobbying activity by Local Government, supported by the AWU to suppress the requirement for Councils (particularly regional) to not have to put Council work out to competitive tendering. CCF SA has made a submission to the Minister.

Trust this helps.

Regards

Lidia Langishes
for Bob

***INQUIRY INTO THE IMPACT OF
COMPETITION POLICY REFORMS***



***A SUBMISSION BY THE
CIVIL CONTRACTORS FEDERATION
(QUEENSLAND BRANCH)***

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EXECUTIVE SUMMARY

E.1 BACKGROUND

- The Civil Contractors Federation of Queensland is the peak representative group of the civil construction industry. Representing over one hundred and fifty business enterprises, the Federation's membership extends throughout every part of Queensland from Far North Queensland and the North West through Western Queensland to the South-East corner.
- The civil construction industry is extremely important for Queensland in terms of the employment and State revenue it provides, its backbone support for regional economies and Local Governments and its role in training the Queensland work force to ensure that the State is continually improving its national and international competitiveness.
- The National Competition Policy Reforms are the fundamental component underpinning the Queensland Government and its agencies' procurement strategies. Other aspects of procurement strategies as implemented by Government departments and agencies also have a considerable impact upon local businesses and Queensland companies competing for the contracts.

E.2 THE PRESENT SITUATION

- The Queensland civil construction market place is presently in decline with BIS Shrapnel predicting that the civil construction sector of the Queensland economy will decrease from an expenditure level of \$3,980 million in 1998/1999 to \$3,319 million in 1999/2000 and down to \$2,642 million in 2000/2001. (A reduction in excess of 30% over two years.)
- The major issues of concern in the declining market are:
 - Transitional arrangements and implementation of Competition Policy Reforms have not provided level playing field that Queensland contractors believed commercialization of Government enterprises would deliver.
 - Private contractors have been underbid by Government Construction Organisations by up to 25% in an industry where a 3% profit margin is considered healthy even amongst the most efficient of organisations. For Government Construction Organisations to have bid at 25% below the private sector indicates that the playing field has not been level and significant cross-subsidisation has occurred.

CIVIL CONTRACTORS FEDERATION - QUEENSLAND

- The decline in the civil construction industry in Queensland will undoubtedly increase infrastructure costs in the long term, it will adversely affect the level and distribution of income and employment in the Queensland, it will harm the Government's initiatives to stimulate regional economies and will lead to a lowering of the level of service and technology in the industry.
- It is now time to turn the Competition Policy into an instrument to revitalise the Queensland civil construction industry and provide ongoing benefits for all contractors.

E.3 RECOMMENDATIONS

- The Federation recommends a review of the National Competition Policy to ensure:
 - R1 Government Enterprises compete on level terms with private contractors. Where a Government department and statutory authority establishes a Significant Business Activity (> \$15 million annual turnover) then all internal works that would normally be undertaken by that activity should be put to open tender.
 - R2 It is proposed that all public works spending be open to tendering by private contractors. Without the crutch of internal work at higher rates, GCO's will not be able to artificially undercut the private sector.
 - R3 Force GCO's to treat their internal and external businesses as completely separate entities. Nominal returns on investment and profits on turnover must be made in each sector without cross-subsidisation.

E.4 BENEFITS FROM THE RECOMMENDATIONS

- The benefits to be obtained from the Federation's recommendations if implemented include increased revenue from taxes, a stimulation of the local consulting and sub-contracting industries, and strengthening of local communities, thus creating more jobs and more competitive regional economies.

1. THE CIVIL CONTRACTORS FEDERATION

The Civil Contractors Federation of Queensland is the peak representative group of the civil construction industry. Representing over one hundred and fifty business enterprises, the Federation's membership extends throughout every part of Queensland from Far North Queensland and the North West through Western Queensland to the South-East corner.

The Federation's members range in size from small family owned contracting organisations to significant businesses capable of performing the largest projects in the civil construction industry.

The role of the Civil Contractors Federation is to represent members to Government, external agencies and the community, to provide services to members and to supply support and fellowship.

The representative role is the most important role and the Civil Contractors Federation has a proud record of co-operation with Government and its agencies in furthering the interests of its membership in the Queensland community.

The Federation has been a partner with the State Governments Departments and the Local Government Association in the transitioning of Government Enterprises to commercialised and corporatised entities. During this time the Federation has recognised the legitimate role of Government Construction Enterprises and has agreed with the initiatives to place them on a commercial basis. However the Federation has had, and continues to have, many reservations about the implementation of the policy and the day-to-day operational activities of these Government Construction Enterprises which do not compete on a level playing field with the private contracting industry.

2. THE CIVIL CONSTRUCTION INDUSTRY

The Australian market for civil engineering contracting is presently around \$15 billion annually. The market has fallen in real terms since the 1980's, reflecting a change in emphasis by various Federal Governments from expenditure on 'hard' areas such as infrastructure to 'soft' areas such as welfare.

Recent Federal and State Government policies have seen a trend back towards infrastructure provision as a means of generating employment and training opportunities that are lasting in the community thus increasing the Australian standard of living as benefits flow from the industry activity.

The Queensland market place is presently in decline with BIS Shrapnel predicting that the civil construction sector of the Queensland economy will decrease from an expenditure level of \$3,980 million in 1998/1999 to \$3,319 million in 1999/2000 and down to \$2,642 million in 2000/2001. (A reduction in excess of 30% over two years.)

The profile of a Queensland civil engineering contractor is slightly different to the national profile in that Queensland contractors are larger organisations utilising greater numbers of plant items than those in other States. More noticeable is their employment capacity where the average Queensland civil contractor employs 30% more staff than its interstate colleague.

An important difference between Queensland contractors and their interstate colleagues is that Queensland civil engineering contractors in the private sector perform only 16% of their work for the State Government, whereas in other States this figure averages at closer to 25%.

CIVIL CONTRACTORS FEDERATION – QUEENSLAND

The Queensland civil construction industry is diversified throughout the State. Every major provincial city in Queensland has sizeable civil engineering contracting organisations and thus the industry forms part of the backbone of Queensland life. If the Queensland contracting industry experiences hard times then this directly and immediately affects the vibrancy of communities throughout the State.

3. THE ACTIVITIES OF GOVERNMENT CONSTRUCTION ORGANISATIONS

GCO TENDERING ADVANTAGES

GCO's generally enjoy tendering advantages due to their non-exclusive participation in the private sector. The work carried out "internally" is usually not competed for against external contractors on the basis that the GCO's are the only enterprises with the expertise to carry it out, this situation also reflects Government policy to protect employment in the public sector. Often work carried out "internally" is on the basis of 100% productivity whereas the competitiveness of the commercial market place dictates that average annual productivities across the board vary between 70% and 90%.

In being able to "fill up" all of its time not working in the private sector marketplace with 100% productive work internally at standard charge rates, the GCO manufactures an edge over the private sector competitor due to guaranteed productivity and charge rate.

At a nominal industry productivity of 80%, only 30% of a GCO's work has to come from internal sources for them to be able to realise normal profits and charge 10% below the market. If 50% of work comes internally (not an unusual figure for a GCO) a massive 25% cut in charge rate is possible and still hit target profits.

The industry has recorded instances where GCO's have underbid the market by 25%. It can be seen from the above that such is possible with the GCO still satisfying fair pricing policies and competitive neutrality - all the GCO needs is 50% of its work internally at target charge rates.

CLOSENESS TO SUPERINTENDENTS

GCO's enjoy a more favoured relationship with the superintendent for a contract than do private contractors. Often the superintendent resides under the same roof as the project manager for the contract. Thus when a GCO bids against a private contractor and wins there is a greater chance that their requests for extras and extensions of time will be met favourably.

This is not to infer any impropriety. It is just that the long term personal relationships that often exist within GCO's allow much more "off the record" discussion and explanation of situations.

Given that private contractors have been forced down to bare margins in their pricing to be able to compete as shown in Section 2.1 above, the ability to claim extras or avoid liquidated damages enjoyed by the GCO's is a further competitive advantage that is to the detriment of the private sector.

ROAD CLOSURES

GCO's have a competitive advantage in that it is much easier for them to obtain a road or lane closure to permit construction than it is for the private contractor. Closures and other restrictions are usually part of the special conditions of contract which are honoured more by their breach than their observance when a GCO is performing the work.

ACCESS TO TAXPAYER FUNDED INFRASTRUCTURE

The GCO's have access to taxpayer or ratepayer funded construction infrastructure which is often denied private contractors. For example, private contractors can not purchase crushed rock from the Brisbane City Council quarry at Mt Coot-tha whereas Council GCO's are able to do so at the reduced rates applicable to all Council works. As well,

town planning zonings would forbid any private quarry opening up on such a sensitive site close to a city, Council GCO's are able to enjoy this strategic advantage.

EFFECT ON THE PRIVATE SECTOR

The net effects on the private contractors of the above GCO activities are that even though the GCO is satisfying in all respects fair pricing and competitive neutrality principles, they enjoy an unfair advantage in terms of:

- Ability to bid at a lower price subsidised by non-competitive taxpayer funded activities;
- Able to get more favourable treatment throughout a contract;
- Access to taxpayer funded infrastructure and services off limits to private contractors; and
- Are Government guaranteed for project losses and security collateral.

4. COMPETITIVE NEUTRALITY

It is the Federation's strong recommendation that Government Construction Enterprises be forced to compete on level terms with private contractors. Legislative amendments will be required to the Queensland Authority Act. The Federation proposes:-

that where Government departments and statutory authorities business enterprises provide goods and services to the public and private sector exceeding \$15 million annually then that business activity should be deemed to be a "Significant Business Activity". Where a Government department and statutory authority establishes a Significant Business Activity then all internal works that would normally be undertaken by that activity should be put to open tender.

In essence, if a significant public sector business unit wants to compete in the open market, it should be subjected to competitive neutrality principles and not be supported by the internal provision of non-contested business. This provides it with an unfair advantage over its competitors and precludes them from competing on the same basis as their private sector counterparts.

5. STRONG REGIONAL ECONOMICS

It is important for Queensland's competitiveness in the national and international market place to have strong regional enterprises able to stand on their own two feet. If all of Queensland retracted to the South-East corner through the decline in the regional economies, then the Government's objectives of decreasing unemployment and providing the opportunities for small businesses in this industry to participate profitably in Infrastructure projects will not be met.

Our long term future is dependent upon a number of strong and vibrant regional economies each of which is able to concentrate on its own target markets and perform for its unique set of circumstances. This can only occur in an environment where Government policy and the instruments of Government policy such as the National Competition Policy are revitalised to facilitate the process.

6. SUMMARY DETAILS OF ALLEGED RESTRICTIVE and UNFAIR COMPETITIVE PRACTICES.

1. BELLERO CONSTRUCTIONS – HARVEY BAY

- (a) Woolworths Car Park – using approval process to access work.
- (b) Wallaville Roadworks – RTCS unfair advantage.
- (c) Small project – Wide Bay internal works.
- (d) Toogoom Road – Use of day labour.
- (e) Maryborough City Council – RTCS unfair advantage.

2. CAIRNS EARTHMOVING CONTRACTORS

- (a) Johnstone Shire Council – RTCS unfair advantage.
- (b) Wet Tropics Management Authority – Council unfair advantage.
- (c) Cairns City Council – RTCS unfair advantages.

3. BIELBY HOLDINGS PTY LTD

- (a) RTCS internal works–unfair advantage.
- (b) Oakey By-pass – Use of internal works to gain unfair advantage.

4. ASPHALT PAVEMENTS

- (a) RTCS use of internal work to gain advantage.

5. MANTLE PTY LTD

- (a) RTCS internal works–unfair advantage.
- (b) Oakey By-pass – Use of internal works to gain unfair advantage.

6. BASIC CONSTRUCTION SERVICES

- (a) Oakey By-pass – Use of internal works to gain unfair advantage.
- (b) RTCS internal works – unfair advantage.

7. CONFLICT OF INTEREST REPORT

8. QUEENSLAND BRIDGE & CIVIL

- (a) Johnstone Shire Council - RTCS unfair advantage.

9. STOCKPORT (NQ) PTY LTD

- (a) RTCS awarded Cloncurry Airport Upgrading on conditions not stated in tender documents.
- (b) Cloncurry Region – RTCS unfair advantage.

10. HOBSON CONSTRUCTION

- (a) Providing RTCS internally agreed contracts, previously listed for open tender.
- (b) Private sector contractors disqualified from MR works.



49 Hunter Street, PO Box 362, Hervey Bay Q 4655
 Telephone (07) 4128 2277 (07) 4128 2385 (A/H) Facsimile (07) 4124 1880
 A.C.N. 073 103 107 Licence No 76021 OBSA ACT 1991.

FAX

To: CCF ATTENTION: GRAHAM DODD

From: BOB GOODWIN

Phone: 07 4128 2277 Fax: 07 4124 1880 Date: 16 FEBRUARY 1999

Re: PRODUCTIVITY COMMISSION INQUIRY

PAGES (INCLUDING COVER):

URGENT	FOR REVIEW	PLEASE COMMENT	PLEASE REPLY
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MESSAGE:

NAME OF ORGANISATION:	BELLERO CONSTRUCTIONS
CONTACT NAME/POSITION:	BOB GOODWIN
POSTAL ADDRESS:	P O BOX 362 HERVEY BAY Q 4655
PHONE NUMBER: 07 4128 2277	FAX NUMBER: 07 4124 1880
EMAIL: bellerio@bigpond.com.au	MOBILE NUMBER: 0408 197 281

Infrastructure Reforms

Nominate details of activities that you believe provide government enterprises with an advantage in competition with the Private Sector.

1. WOOLWORTHS CAR PARK

This project involved roadworks on a declared road. Therefore I asked Council's engineer for the applicable conditions. The engineer noted the name of the consulting engineering firms from my documents, contacted the firm and requested approval to tender. Won the job below cost price and lost over \$80 000.00 and did not complete all the external work in the original scheme.



Industrial, Commercial and Domestic Builders, Civil Engineering Contractors and Plant Hire

2.

2. WALLAVILLE ROADWORKS – MAIN ROAD TENDER

This tender was won very easily by RTCS. The private firms I know all programmed to complete the project prior to Christmas 1998. It would appear the project may not be completed until about May 1999. The reason given by RTCS bidding for work is to keep their day labour workforce employed. To my knowledge very little of the work on this contract has been done by RTCS day labour workforce. Their supervisory staff has been more ruthless than any of the majors. It is also believed that the project will show a real loss.

3. SMALL PROJECTS IN WIDE BAY

At present the Wide Bay is in a down turn in civil constructions. There are two small passing lane projects being constructed on the Hervey Bay-Maryborough road. These projects have been given to RTCS – Bundaberg to maintain their workforce. If RTCS day labour workforce was constructing the Wallaville project they would not need these projects for their workforce.

4. TOOGOOM ROAD – MAIN ROAD TENDER

Hervey Bay City Council tender was \$1 039 408.00, Main Road's estimate \$1 817 816.00. We were the second lowest at \$1 170 439.00. On this project Council carried out about half of the constructions by day labour. On the final figures shown to me, the project did not make a profit plus there was no return of their assets.

5. MARYBOROUGH CITY COUNCIL – RUSSELL STREET BRIDGE

This tender was won easily by RTCS – Nerang. The project took almost double the specified construction period and from all local reports, the project was very poorly supervised and must have incurred a large loss.

I am interested in taking part in an informal discussion.

A suitable (Regional) Centre would be **WIDE BAY**



CAIRNS EARTHMOVING CONTRACTORS PTY. LTD.

A.C.N. 010 025 831

P.O. BOX 1518, CAIRNS, QUEENSLAND 4870
TELEPHONE (07) 4035 3500
FAX (07) 4035 3976
Email: admin@cecpl.com.au

L320.RL.bj

10 February 1999

Mr Graham Dodd
Executive Director
CCF Qld Branch
Suite 73
545 Queen Street
BRISBANE QLD 4000

Dear Graham

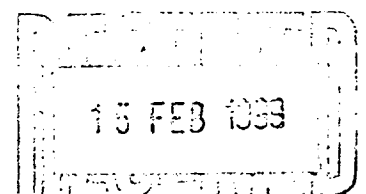
We have enclosed four recent examples of Tenders called and Contracts awarded, which in our view display a tendency to be contradictory to the National Competition Policy. In Example (1) Johnstone Shire Council - Replacement of Bridges, the Council has taken the unfair trading line where Tenders were called and a deal was done with Main Roads who were not the lowest tenderer. One can only assume that when a Tender is called for road works in the Johnstone Shire, a reciprocal deal will be done with Main Roads.

Example (2) Wet Tropics Management Authority, (Proposed Day Use Facilities at Cape Tribulation - Daintree Rescue Program). In this Tender we were asked to tender two parts and we feel that this Tender was used to establish a price for the part that was handed to the Douglas Shire Council, who did not tender at all I believe. One other important point was that it was not essential to have Quality Assurance after Companies like ours were forced by Government to put Q.A. in place.

We have an instance where Cairns City Council told a Developer that he did not have to have engineering design for some off site works as long as the Council constructed same. This circumstance gave the Developer a cost saving which private Companies were unable to compete with.

We also understand that a grant or subsidy was given to the Half Moon Bay Golf Club via the Cairns City Council to improve facilities in their golf course extensions on the disused Yorkeys Knob Dump. C.E.C. were having discussions with the Club about these works when next thing Cairns City Council started the construction works.

....1 of 2/



Page 2

There are numerous other examples which highlight the fact that the National Competition Policy is not being fairly administered by Governments and Semi Governments.

Yours sincerely

CAIRNS EARTHMOVING CONTRACTORS PTY LTD

A handwritten signature in black ink, appearing to read 'Roy Lavis', with a checkmark below the name.

Roy Lavis
Director

Enc.

Bridges contract awarded

By ANDREW WEBSTER

The Johnstone Shire Council has awarded what is believed to be its largest works contract since the mid 1970s — the contract to replace nine timber bridges in the shire worth over \$1.4 million.

Eleven tenders for the project were received, with the contract awarded to the Department of Main Roads Cairns, which submitted a price of \$1,286,424.

JSC technical services manager Will Higgins advised council the final project cost could be as high as \$1,420,424 once allowances were made for necessary extras not included in the tender document, and other unexpected costs.

Council voted to accept Mr Higgins' recommendation to award the contract to DMRC at its October general meeting on Thursday night.

Under the contract, DMRC will construct nine concrete bridges, to be positioned on Jones Rd, Friels Rd, Gullotta Rd, Garners Beach Rd, Cuthill Rd, Lawrence Rd, Gauci Rd No.1, Gauci Rd No.2,

and Ninds Creek.

The Ninds Creek Bridge will be by far the most ambitious undertaking among the project, estimated alone to cost over \$700,000.

In a report to council, Mr Higgins said the tender documents were prepared to provide contractors with as much latitude as possible, to guarantee a minimum amount of work to encourage economy, but to ensure the resultant structures met council requirements.

The tenders were designed to provide council with as many options of choice as possible, Mr Higgins said.

Individual tenderers presented a variation of bridge solutions, including culverts, pre-stressed concrete kerb and deck units, and composite bridges constructed of concrete and steel girders.

The first stage of the tendering process reduced the number of contractors being considered to three, before further investigation centred on the successful tenderer.

Physical work at the sites is not expected to begin before March 1999, although DMRC has

given a commitment to finish all nine bridges by November 1999.

There was some concern at the general meeting that council had not had enough time to consider the details of the tender before being asked to make a decision.

A motion by Cr George Pervan to defer the decision to allow for further consideration was supported by Crs Bill Horsford and Ross Overton, but defeated by the majority, who felt confident Mr Higgins had addressed all concerns in forming his recommendation.

Engineering consultant Andrew Maddocks, whose company, Queensland Bridge and Civil, was one of those short-listed for the contract, appeared at the meeting, expressing some concerns about the tendering process.

Mr Maddocks said there were discrepancies in the tendering assessment process that had disadvantaged his company's bid.

Mr Higgins responded to a number of issues raised by Mr Maddocks to the apparent satisfaction of those councillors present at the meeting.

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Name of Organisation **Bielby Holdings Pty Ltd**
Contact Name / Position **George Leader/ Managing Director**
Postal Address **254 Bielby Road**
 KENMORE QLD 4069

Phone Number 07 3378 6938 **Fax Number** 07 3378 7706
Email bielby@gil.com.au **Mobile Number** 0412 722 078

Infrastructure Reforms

Nominate details of activities that you believe provide Government enterprises with an advantage in competition with the Private Sector.

The RTCS gets the majority of its income (70%) from negotiated contracts with its owner for Maintenance, Selected Construction, Design, Testing, etc.

This work is done at a considerable profit and this profit is used to cross-subsidise the work it bids in Open Tender.

This enables it to bid work at negative margins or subsidised rates, whatever it chooses.

An example is Oakey Bypass – Contract N^{os} 67/188/27 & 67/323/11

Enquires today (12/2/99) indicate that the construction is only now reaching completion, some 15 months after Contract Awards. I have included some relevant information.

I am interested in taking part in an informal discussion. (please tick)

A suitable (Regional) Center would be Toowoomba / BRISBANE

Please fax completed form to Graham Dodd 07 3839 6572

WARREGG .HWAY 5.xls

QUEENSLAND TRANSPORT
 WARREGO HIGHWAY
 JOB NO 67/18B/27; 67/323/11

CLOSED 06/08/97

1	RTCS	\$5,996,370		
	Alternative 1	\$5,741,013	-\$255,357	-4.26%
	Alternative 2	\$5,728,564	-\$267,806	-4.47%
	Alternative 3	\$5,692,902	-\$303,468	-5.06%
	Alternative 4	\$5,631,001	-\$365,369	-6.09%
	Alternative 5	\$5,622,478	-\$373,892	-6.24%
	Alternative 6	\$5,584,587	-\$411,783	-6.87%
2	BIELBY HOLDINGS PTY LTD	\$6,629,631	\$633,261	10.56%
	Alternative B	\$6,479,631	\$483,261	8.06%
	Alternative C	\$6,429,631	\$433,261	7.23%
3	BASIC CONSTRUCTIONS	\$7,222,942	\$1,226,572	20.46%
	Alternative 1	\$7,088,722	\$1,092,352	18.22%
4	ABIGROUP	\$7,304,214	\$1,307,844	21.81%
	Alternative 1	\$6,955,128	\$958,758	15.99%
5	BMD GREEN	\$7,414,138	\$1,417,768	23.64%
	Alternative 1	\$7,376,338	\$1,379,968	23.01%
6	JOHN HOLLAND CONSTRUCTIONS	\$7,651,066	\$1,654,696	27.59%
	Alternative 1	\$7,586,066	\$1,589,696	26.51%
7	COOKS CONSTRUCTIONS	\$7,789,610	\$1,793,240	29.91%
8	BELMADAR CONSTRUCTIONS (non-conforming)	\$7,881,862	\$1,885,492	31.44%
	Alternative 1	\$7,806,862	\$1,810,492	30.19%
9	THIESS CONTRACTORS	\$8,488,288	\$2,491,918	41.56%
	Alternative 1	\$8,419,849	\$2,423,479	40.42%
	Alternative 2	\$8,482,288	\$2,485,918	41.46%
10	HENRY WALKER CONSTRUCTIONS (non-conforming)	\$9,131,370	\$3,135,000	52.28%



Our Ref: 67/188/27
Your Ref:

21 November 1997

The Manager
Bielby Holdings Pty Ltd
252 Bielby Road
KENMORE QLD 4069

Dear Sir

Job Number 67/18B/27 67/323/11
Warrego Highway (Toowoomba - Dalby)
Oakey - Pittsworth Road
Jondaryan Shire

Your tender for the above works has been received but I have to advise that, on this occasion, your tender was unsuccessful.

The contract has been awarded to RTCS (Southern) Trading As RTCS (Toowoomba) for the sum of \$5,728,564.

Yours faithfully

(I S Smith)
PRINCIPAL MANAGER (CONTRACTS)

Technology and Environment Division
Contract Systems
2nd Floor Dickens Street Spring Hill
GPO Box 1412 Brisbane Qld 4001

Enquiries: Kylie McDermott
Telephone: (07) 3834 2677
Facsimile: (07) 3834 5966

Name of Organisation ASPHALT PAVEMENTS PTY LTD
 Contact Name / Position MIKE CHAMBERLAIN
 Postal Address 228 MUSGRAVE RD
 COOPERS RAINS 4108
 Phone Number 07 32778814 Fax Number 0732778814
 Email..... Mobile Number 0417774602

Infrastructure Reforms

Nominate details of activities that you believe provide Government enterprises with an advantage in competition with the Private Sector.

RTCS (QLD) NOT HAVING TO MORTGAGE HOME & BUSINESS
TO PROVIDE SECURITY FOR JOBS. IN FORM OF CASH OR
BANK GUARANTEES.
FUEL EXCISE FREE.
MACHINERY SALES TAX FREE.
USING GOVT BUILDINGS FOR OFFICES & AMENITIES.
DO NOT "STAND ALONE" AS A BUSINESS.
DO NOT SUFFER AS A RESULT OF LOSSES
ARE NOT ANSWERABLE TO PUBLIC IN
FORM OF JOB COSTS & AUDITS.

I am interested in taking part in an informal discussion. (please tick)

A suitable (Regional) Center would be MURRAY / BARRABEE

Please fax completed form to **Graham Dodd 07 3839 6572**

Name of Organisation MANTLE P/L T.A. COLEMAN DRAINAGE
 Contact Name / Position JOHN O'FOLE DIRECTOR / OWNER
 Postal Address 26 HITECH DVE
KUNDA PARK 4558
 Phone Number 07 54 76 8217 Fax Number 07 54 76 9217
 Email..... Mobile Number 0418 725030

Infrastructure Reforms

Nominate details of activities that you believe provide Government enterprises with an advantage in competition with the Private Sector.

RECENTLY, SINCLAIR KNIGHT CALLED FOR TENDERS TO
MAKE UP A SHORTLIST OF 4 CONTRACTORS TO
DO PREWORK FOR COUNCIL (PINE) IN REGARD
TO MANGO HILL PROJECT

B.C.C. MADE THAT SHORTLIST. YET WE CANNOT
DO WATERMAIN HOOK-INS / SEWER HOOK-INS IN
B.C.C. IT SEEMS COUNCIL WANTS TO DO OUR
WORK BUT NOT LET US DO THEIRS.

I am interested in taking part in an informal discussion. (please tick)

A suitable (Regional) Center would be BRISBANE

Please fax completed form to **Graham Dodd 07 3839 6572**

Name of Organisation BASIC CONSTRUCTION SERVICES
Contact Name / Position Mr. John Murg Director
Postal Address PO Box 231
..... Albion Q 4010
Phone Number 3252 1182 Fax Number 3 854 1518
Email Mobile Number 018 734 679

Infrastructure Reforms

Nominate details of activities that you believe provide Government enterprises with an advantage in competition with the Private Sector.

Oakey Bypass. The recently opened Oakey Bypass was constructed by RTCS Toowoomba being let to them November 1997 for
Alt B 5,728,564 Other tenders were
Beilby Alt A 6,629,631
..... 6,649,631
..... 6,429,631
BASIC 7,322,942
..... 7,088,722 & BMD/Her / Holland Bellmadar
Alt Camp Alt A 7,304,214
..... 7,010,128 Theres Henry + Walker
RTCS were \$700,000 below Beilby Construction
and \$1570,000 below the mid field (27).

The RTCS with their advantage of NO SECURITY & NO ACCOUNTABILITY again have an unfair advantage and the job should be opened to scrutiny & examination

I am interested in taking part in an Informal discussion. (please tick)

A suitable (Regional) Center would be Toowoomba / BRISBANE

Please fax completed form to **Graham Dodd 07 3839 6572**

G. Dodd

Warning

By SUSAN SCHWARTZ
local government reporter

LOCAL government councillors are more likely to become embolled in corruption than their state counterparts, a former Queensland parliamentarian has warned.

Retired parliamentarian Clem Campbell said local politicians had more opportunities than state parliamentarians to have a direct influence on rezonings, contracts and tenders on a daily basis.

"State government members don't have the same level of power, influence and opportunity," he said.

Mr Campbell was inaugural chairman of the Parliamentary Ethics and Privileges Committee and is co-ordinating Queensland's first international government ethics conference at Parliament House on Friday.

He has called for codes of conduct and education programmes for politicians and public servants to ensure all deals are struck at "arm's length".

Queensland was "very lax" in disclosing pecuniary interest information because there were no audits into councillors' personal assets, he said.

In addition, National Competition Policy, which forced councils to compete with private businesses for provision of services, was likely to make local governments struggle with conflict of interest dilemmas.

"Councillors have got to ensure they do not give inside information to their mates or that they themselves are not doing work for the council because they have an inside running," Mr Campbell said.

Name of Organisation Queensland Bridge + Civil
 Contact Name / Position Kevin Lynagh M.D.
 Postal Address 4 Parnell St
Wooland 4305
 Phone Number 07 3 202 28 00 Fax Number 07 3 202 28 03
 Email _____ Mobile Number 0417 79 09 52

Infrastructure Reforms

Nominate details of activities that you believe provide Government enterprises with an advantage in competition with the Private Sector.

as per sheet

I am interested in taking part in an informal discussion. (please tick)

A suitable (Regional) Center would be Innisfail (Cairns)

Please fax completed form to **Graham Dodd 07 3839 6572**

Design and Construct - Johnstone Shire Council

1. Johnstone Shire Council called tenders for design and construct of 9 bridges in the shire.
2. Maddocks & Assoc (Local Consultants) and Queensland Bridge & Civil submitted a bid.
3. Tender results as per sheet. Cairns Earthmoving withdrew.
4. The Shire Engineer stated after the opening of tenders that the Dept of Transport would be awarded the contract.
5. Following pressure from Queensland Bridge & Civil the Shire Engineer released the comparisons of the tenders.
6. Major areas of differences were the piling and handrails. The Dept of Transport were given the opportunity to supply information after the tender closed which assisted them greatly.
7. The formula used to compare tenders was unusual and after 3 reviews, Queensland Bridge & Civil's position was progressively getting worse.
8. Following complaints, we were given the opportunity to address the Shire Engineer and the Committee Chairman at our own costs. We were greeted with the comment that "we had wasted our time and money flying to Innisfail as it had been decided"
9. The project was awarded that night at a council meeting.

Name of Organisation STOCKPORT (NQ) Pty Ltd
 Contact Name / Position TOM CASH Country/Safety Manager
 Postal Address 242 MULGRAVE ROAD CAULFIELD
 Phone Number 07) 40315120 Fax Number 07) 40315119
 Email _____ Mobile Number 0413 237314

Infrastructure Reforms

Nominate details of activities that you believe provide Government enterprises with an advantage in competition with the Private Sector.

CALLING FOR TENDERS FOR THE UPGRADING OF THE
CLONCURRY AIRPORT THEN AWARDED CONTRACT
TO 2ND HIGHEST BIDDER
EXPENDING AN AMOUNT OF \$5 million on
ROADWORKS IN THE CLONCURRY REGION VIA
1/2 TO 1 million sized packages so that
TENDERS DON'T HAVE TO BE CALLED EC (RTCS
UPGRADE OF THE CLONCURRY - MT ISA ROAD AND THE
BURKS DEVELOPMENT ROAD
RTCS, CLONCURRY AREA TENDERING AT LOW PRICES,
THEN WHEN IT APPEARS THAT THE COSTS WILL EXCEED THE
CONTRACT VALUE THE CONTRACT VALUE IS REVISED AND
INCREASED TO THE AMOUNT OF SECOND TENDER FIGURE.

I am interested in taking part in an informal discussion. (please tick)

A suitable (Regional) Center would be CAULFIELD OR
TOULSVILLE

Please fax completed form to **Graham Dodd 07 3839 6572**



Name of Organisation: Hobson Constructions (Qld) Pty Ltd
Contact Name/Position: Rick Hobson – Director
Postal Address: P.O. Box 6, Thuringowa Central Qld 4817
Phone Number: 4773 3333 **Fax Number:** 4773 3443
Email: **Mobile Number:** 0412 778 483

Infrastructure Reforms

Nominate details of activities that you believe provide Government enterprises with an advantage in competition with the Private Sector.

Total disregard for the code of conduct that should apply to any Government Sector.

Example: Low tender submissions for contracts in the first instance and then award themselves a contract that they have withdrawn from the tender list, as they have surplus men and equipment.

The ability to deny private sector companies being awarded contracts without a fair and just reason. These are actual events and I would be available to detail these events to the commission with a view to having a more responsible outlook and possibly auditing of these departments by independent professionals.

I am interested in taking part in an informal discussion (please tick).

A suitable (Regional) Center would be Townsville.

THE *F*FEDERATION:

THE CIVIL CONTRACTORS FEDERATION IS THE LEADING REPRESENTATIVE BODY FOR ALL CIVIL CONTRACTORS AND INDUSTRY RELATED SUPPLIERS.

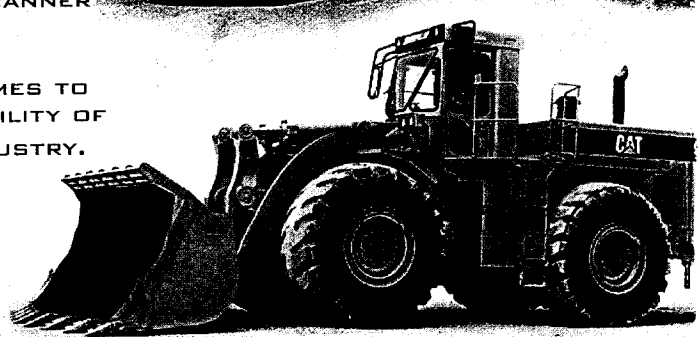
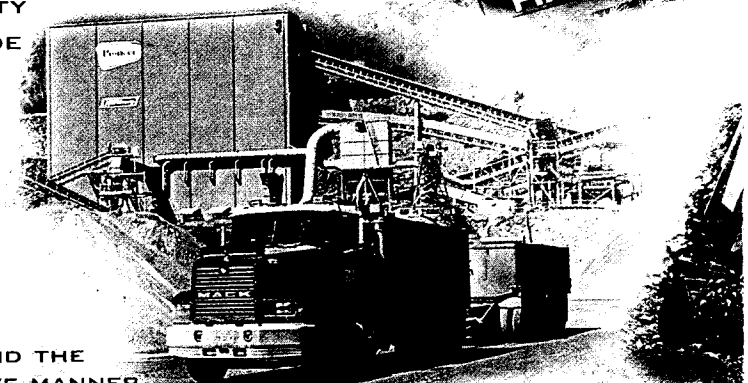
A NETWORK OF BRANCH AND REGIONAL OFFICES IN EVERY STATE & TERRITORY COMBINE WITH THE NATIONAL HEADQUARTERS TO PROFESSIONALLY ADDRESS ISSUES AFFECTING MEMBERS AT A FEDERAL, STATE & LOCAL LEVEL.

THE CIVIL CONTRACTORS FEDERATION IS THE RECOGNISED VOICE OF THE CIVIL CONTRACTING INDUSTRY, WITH A REPUTATION OF PROFESSIONALISM, VERSATILITY AND ABILITY TO PROVIDE DIRECTION ON A WIDE RANGE OF INDUSTRY ACTIVITIES.



*O*BJECTIVES:

- PROMOTE THE ORGANISATION, ITS MEMBERS AND THE CONTRACTING INDUSTRY IN THE MOST EFFECTIVE MANNER POSSIBLE.
- DELIVER VALUED SERVICES AND IMPROVED OUTCOMES TO ISSUES THAT WILL MAINTAIN OR IMPROVE THE VIABILITY OF ITS MEMBERS IN THIS INTENSELY COMPETITIVE INDUSTRY.
- SUPPORT THE DEVELOPMENT AND GAIN COMMITMENT TO POLICIES THAT PROVIDE SOUND AND ETHICAL PRACTICES INVOLVING THE ENVIRONMENT, CONTRACTUAL DEALINGS AND WORKPLACE RELATIONS.
- ENCOURAGE AND PROVIDE TRAINING TO DEVELOP A HIGHLY SKILLED AND SAFETY-CONSCIOUS WORKFORCE.
- PROVIDE THE SOCIAL FRAMEWORK TO ENHANCE INTERACTION OF ITS MEMBERS AND ASSOCIATES IN THE INDUSTRY IN A NON-ADVERSARIAL ENVIRONMENT.



“STRUCTURING” AN ORGANISATION THAT EFFECTIVELY REPRESENTS THE CIVIL CONTRACTING INDUSTRY.

