

PUBLIC

THE PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS MET AT AVOCA MEMORIAL HALL, 3 FALMOUTH STREET, AVOCA, ON MONDAY 29 JUNE 2015.

ESK MAIN ROAD: ST PAULS RIVER BRIDGE AND FINGAL RIVERLET CULVERT REPLACEMENT

Mr CRAIG TARBOTTON, PROJECT MANAGER, AND **Mr ANDREW HARGRAVE**, ASSET ENGINEER BRIDGES, TRANSPORT INFRASTRUCTURE SERVICES, DEPARTMENT OF STATE GROWTH, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR (Mr Brooks) - Welcome to the committee today. A committee hearing is a proceeding in parliament. This means it receives the protection of parliamentary privilege. It is an important legal protection that allows individuals giving evidence to a parliamentary committee to speak with complete freedom without the fear of being sued or questioned in any court or place out of parliament. It applies to ensure Parliament receives the best information when conducting its inquiries. It is important to be aware that this protection is not accorded to you if statements that may be defamatory are repeated or referred to by you outside the confines of the parliamentary proceedings. This is a public hearing, members of the public and journalists may be present and your evidence may be reported.

Mr TARBOTTON - The current project before you is for the replacement of two existing structures, as we have described. One is the St Paul River bridge and the second is a box culvert at Fingal, although technically it is still a bridge. We anticipate these projects will commence construction in approximately October this year, spanning through until the end of June 2016. Our internal estimates - our P50 estimates, meaning that 50 per cent probability we will get prices below this - is \$6.75 million, which is slightly different to the \$6.67 million mentioned earlier.

The St Pauls River bridge is called a 'super T bridge'. It is a very common design approach for structures of this nature. The new bridge will be approximately 8 metres longer than the current bridge. The final bridge, including abutments, will be 90 metres. I believe the current bridge as it stands now is around 82 metres. The St Pauls River bridge will require the acquisition of approximately 130 square metres of Heritage-listed land belonging to the Northern Midlands Council. The project has a permit-to-take issued by DPIPW for the removal of endangered flora. There is a number of small pockets of flora there and we have a permit to take that number of plants. There are two isolated Aboriginal artefacts that were identified on the site prior to our design phase. Those artefacts have been identified geographically and we will be placing an exclusion zone around those artefacts to prevent any disturbance by our contractor or by the general public.

Mrs TAYLOR - Why is it necessary to replace both of these, and what would happen if we did not do so now?

Mr TARBOTTON - As we have mentioned, both structures are under strength when we measure them against the latest strength standard AS5100. AS5100 has a design load

PUBLIC

within it which is essentially a future base load. It is a vehicle that currently does not exist but we are anticipating that a vehicle of this nature will come into existence. If such a vehicle was to come into existence or become operational, these bridges could not carry that design load. Additionally, the two current structures are under strength for heavy vehicles currently using the bridge.

Esk Main Road is classified as HPV - high productivity vehicle - and HML - higher mass limit. The government has identified Esk Main Road as a strategic corridor and freight route that allows access of freight transport from the centre of Tasmania to the east coast. At present there are a number of heavy vehicle transporters that wish to use this route to get to, say, St Marys or the east coast. They can do so under permit from Andrew's section. That section will evaluate the particular load. However, to ensure the transportation of freight can occur freely from the centre of Tasmania across to the east coast we need to upgrade these structures. There are also a number of others that will be upgraded in the future to allow transportation to occur freely and without the need to apply for permits prior to transporting goods or freight.

Mrs TAYLOR - How many more structures do you need to upgrade? What would be the time frame? You are saying it can't be classified as that kind of road until they are all done, is that right?

Mr HARGRAVE - It is currently classified as HML and HPV, so those vehicles are already allowed to use and do use the route. After these two structures are replaced it is my understanding there are three more we would be looking to replace as part of an upgrade of Esk Main Road. The vehicles Craig mentioned - the higher productivity vehicle and the high mass limit vehicle - currently use Esk Main Road, even though in theory there are a number of structures that have been highlighted through assessment as being unsuitable. Just because they are deemed as unsuitable doesn't necessarily mean we would move straightaway to prevent vehicles from accessing those routes. That has a knock-on effect to the economy and to business. Those vehicles for a number of bridges, including the two we have just mentioned, are under strength for the high productivity and high mass limit vehicle. This project is to move to a position where they are suitable for those vehicles, with a longer-term view of making all the structures on Esk Main Road suitable for high productivity and high mass limit vehicles.

Mrs TAYLOR - Do you have a time line for the other three? Is it in forward Estimates? Does State Growth know what it is planning?

Mr TARBOTTON - Yes. We do not have a definite time frame to upgrade the three remaining structures but we do have a future budget committed against Esk Main Road. It is not simply the bridges we need to upgrade; the entire length of Esk Main Road has to be addressed. At the moment we are widening portions of it. We have widened from Conara through to Avoca so we achieve three-metre lane width plus a one-metre sealed shoulder. We need that for vehicle safety as well as freight transport. At the moment the department has \$13 million in the future budget for Esk Main Road, which includes our road widening and these three bridges. That funding, that budget has been allocated against FY 2017-18. It's being discussed in determining whether we can bring that forward, however amongst that mix we also have St Marys Pass, which at the moment is causing issues for business. That \$13 million has been set aside in theory predominantly for St Marys Pass, however

PUBLIC

we do not expect the St Marys Pass project to require \$13 million. There will be a balance of funds available but not at the moment. It is allocated against FY 2017-18.

Mrs TAYLOR - Can I ask about St Marys Pass? It is not about this project.

CHAIR - No. Under the act it flows into current demand and whatever else.

Mr FARRELL - I was going to ask that too because that will be the block. It is no good having a road that is fit the purpose up to that point and then it stops.

CHAIR - A quick reminder that under the functions of the committee we can only approve or not approve. We cannot amend it. We are considering in regard to the stated purpose, the necessity or advisability of carrying it out and the present and prospective public value of the work. There is normally a fair range amongst the necessity or advisability of carrying it out and that is normal. In every other public works hearing we have looked at and discussed generally are the projects around priority of funding. Again, we can only recommend or not recommend. We cannot say that it should be spent here rather than there.

Mrs TAYLOR - No, but recommend or not recommend means that if this makes a difference to this but not to the whole road, you would consider maybe not recommending it.

CHAIR - If it is not within the stated purpose, then of course. That is what it is for.

Mrs TAYLOR - Can you talk about what you intend to do to St Marys Pass or what needs to happen to that to make it suitable?

Mr TARBOTTON - At the moment we have engaged Mineral Resources Tasmania, which is a division of the Department of State Growth. They are undertaking geotechnical analysis of the slopes adjacent to that pass. That is a separate project. They are only through the early analysis phase. MRT are considering the stability of the slope and the geology. When that information has been analysed and put forward, we will identify the scope of the project. There is a project, but until we understand the geology and the weakness of that surrounding land or area we will not know the scope.

Mrs TAYLOR - What community consultation have you done and what does the community say about both of these projects?

Mr TARBOTTON - We undertook to have a two-week public display. That public display was housed in the post office here in St Pauls in Avoca. That public display had A1 size photographs or images of the two bridges. We had the plan view, the two elevations and a cross-section, as well as a locality map to show where the bridge was. We provided forms for the public to make comment about what they thought of these public displays. That went for two weeks.

Prior to that we met with key town persons, and the names of these people were provided to us by the Northern Midlands Council. We originally met with Northern Midlands Council and their planning department to make sure there were no issues from council's perspective. They gave us the names of four persons to contact that were key to Avoca. I could not tell you their names off the top of my mind. One was Ms Mary Knowles. Mary

PUBLIC

Knowles is also a councillor for Northern Midlands Council. Mary Knowles was the primary point of contact with the township of Avoca. Mary was put forward by the Northern Midlands Council as the primary person to make contact with and Mary would know the other key stakeholders from the town. We met with those on two occasions on site. We explained the project, what the scope was about the new bridge and the one at Fingal.

From the public display, we received four written comments. The comments in general, to summarise them, asked us to consider a number of issues. One was speeding, which is not to do with our project, but they considered vehicle traffic through here is too high. When I say that is not to do with the this particular project, the department has considered the vehicle speed through here, and 12 months ago we did reduce the speed from 60 down to 50. You will notice as you come across the bridge it is 50. It is 50 through the township. The residents' concern is that people are still speeding. Our traffic engineering branch has considered that. They did so last year by reducing the 60 to 50 in the hope we would deter people from speeding. It obviously has not happened. Other than asking the police at Fingal to increase their surveillance and monitoring of the region -

Mrs TAYLOR - Or a permanent speed camera.

Mr TARBOTTON - Or a permanent speed camera perhaps, yes. That is hearsay at the moment. There is no evidence from our perspective. Perhaps a speed camera would be one way to support that claim. That was one of the concerns addressed by the residents.

Another concern was the accessibility of the new structure to pedestrians. It was raised by those four that they would prefer to have pedestrian access across that new bridge. The existing bridge does not have pedestrian access. The intended new structure does not have pedestrian access. We have ensured that the new bridge design is capable of having a lightweight structure attached to that in the future if demand increases. At the moment there is no evidence there is demand for pedestrian access. When I say 'demand', there is anecdotal evidence that a person is crossing the bridge, not necessarily persons. The cost to provide pedestrian access would be in the order of \$400 000 to \$500 000. We feel as a department, given that it is anecdotal and only a single person is crossing the bridge, perhaps that \$500 000 is not value for money.

Mrs TAYLOR - What are you intending to do with the old bridge?

Mr TARBOTTON - The old bridge will be demolished.

Mrs TAYLOR - Why?

Mr TARBOTTON - There is no need for two bridges for vehicle traffic.

Mrs TAYLOR - That could be a pedestrian crossing.

Mr TARBOTTON - It most certainly could.

Mrs TAYLOR - If you grassed it, it could be a pedestrian crossing. It would also save you the cost of demolishing and taking away the bridge, would it not?

PUBLIC

Mr TARBOTTON - Yes, most certainly.

Mr HARGRAVE - It does. From an asset perspective we would prefer not to have an orphaned asset as well. Instead of having one bridge to maintain, inspect and rehabilitate in the future, we would then have two.

Mrs TAYLOR - If it is pedestrian access only, I would not think that would be a huge problem, seeing it is still supposed to have 60 years left in its life.

Mr HARGRAVE - From a load perspective that is right, yes.

Mrs TAYLOR - Yes. If you grassed it over, as you tell me you are going to do with the roadway -

Mr HARGRAVE - That is on the approaches, yes.

Mr TARBOTTON - You are right. The cost would not be exorbitant by any means. The stability of the existing structure is capable of pedestrian loads. It is capable of vehicle loads. It is just simply not capable of withstanding future loads. As Andrew has mentioned, currently heavy vehicles are stressing the bridge.

Mrs TAYLOR - I can understand why you want to replace it, but why do you have to take the old one away?

Mr TARBOTTON - We do not have to. We approached the Northern Midlands Council. When the residents raised the concern of pedestrian access, they did raise it verbally prior to the public display. I informed the members from the public who came that this department felt that investment of \$500 000 is not supported by the demand. However, we would be willing to consider transferring ownership of the existing bridge to Northern Midlands Council. We approached the Northern Midlands Council. I approached the general manager at my level and I raised the matter with them. I then asked our general manager to talk with the council. That discussion is ongoing. My understanding is that Northern Midlands Council are willing to discuss that. However, the residents of Avoca would prefer not to use the old bridge as a pedestrian crossing. They would prefer a new pedestrian crossing on the new bridge.

Mrs TAYLOR - There is only one, you said.

Mr TARBOTTON - Yes, correct.

Mrs TAYLOR - I am thinking about the cost for you to actually remove the structure. There has to be a cost involved there as well.

Mr TARBOTTON - You are right; it would be a cost saving to the department if we did not demolish it. Now, you cannot discount the cost of maintenance. Andrew is correct. Even though it is only pedestrian loads or traffic, there will still be maintenance. We will need hand rails to prevent falls. You will still need to make sure the drains are maintained, et cetera. The bridge will last for 60 years, so there is another 60 years of maintenance costs.

PUBLIC

Mrs TAYLOR - It will last a whole lot longer; it would last 60 years for vehicular traffic.

Mr TARBOTTON - Yes.

Mr HARGRAVE - The deterioration of the asset happens because of the environment it is in as well, not just from use, so it will continue to deteriorate and that is where you have to intervene at the appropriate time to maintain it. You are quite right; it will deteriorate at a faster rate when it is accommodating heavy vehicles, but it will still continue to deteriorate over time even if it is just left standing there. That has to be inspected and there has to be maintenance intervention while ever it is being used by the public to make sure that it is safe.

Mrs TAYLOR - If you were to spend half a million dollars to put a pedestrian bit on that new bridge, would that then be your responsibility rather than the council's?

Mr HARGRAVE - Yes.

Mr TARBOTTON - The department's preference, if a pedestrian crossing has to be provided, is for the existing bridge to be transferred to council. We have offered to provide some funds to the council for future maintenance, recognising that there would be cost savings for us, but at the same time there would be a cost penalty to the council to take over. We have offered that to them - not formally at the moment; I believe that is a discussion as opposed to official documents being transferred. The reluctance to adopt that particular approach might well be from the residents of Avoca themselves.

Mr FARRELL - I suppose everyone has to weigh up the cost of sending a taxi to pick up the lone walker as against the cost of maintaining a two-lane bridge.

Mr HARGRAVE - Or building the pedestrian crossing.

Mr FARRELL - The local governments are generally fairly reluctant to take on management of bridges.

Mr TARBOTTON - Definitely.

Mrs TAYLOR - It just seems a waste to demolish it when there is no need to.

CHAIR - What else?

Mr FARRELL - Can we go back down the road to Fingal?

CHAIR - Yes.

Mr FARRELL - While the culvert is being reconstructed, what is in plan for traffic management in that area?

Mr TARBOTTON - We have to construct what we call a sidetrack or a diversion - it is not really a detour. That will consist of a temporary sealed road - temporary, as in only a few months - to one side of the current culvert. That sidetrack will consist of an embankment with some bitumen overlay and some drain structures underneath because we are crossing

PUBLIC

over both a creek and an overflow. We cannot nominate a period; as I mentioned earlier, that is the contractor's program and they will develop that based on the submission at bid. However, we do require them to have that in place for the shortest possible period, recognising that Pedder Street, the local road, will be closed off due to that diversion.

Mr FARRELL - There are no other options to cross?

Mr TARBOTTON - Yes, there is. There is a possibility that we close off Esk Main Road so that allows us to remove the existing structure and simply reinstate a new culvert. Our estimates are that it would require 48 hours. That is about the quickest we can imagine a contractor could do that work. Approximately 1 200 vehicles per day use Esk and of that 12 per cent to 15 per cent are heavy vehicles. The cost for the diversion is approximately \$100 000 - that is our internal estimate. We felt that to prevent access to those 1 200 vehicles, with 15 per cent of those being heavy vehicles, for the sake of \$100 000 is not the best way to use that, but we did consider it.

Mr FARRELL - It is cheaper to do two culverts rather than have one span across the two gaps?

Mr HARGRAVE - Yes, it would be. The culvert over the creek is a relatively new structure as it is and has no requirement to be replaced. That is why we are targeting the little overflow culvert, or what we call bridge 3169, to replace it with a box culvert structure. That is a cheap but effective bridging solution for that size span.

Mrs TAYLOR - Are you planning to do the two at the same time?

Mr TARBOTTON - Yes. We try to anticipate how a contractor would undertake the works. We prefer not to stipulate how a contractor undertakes the works. That is their field of expertise. We do anticipate that a single civil contractor will run them concurrently. They will have two separate crews, one at St Pauls and one at Fingal ;but that is not necessarily a guarantee. It may well be that the contractor will undertake Fingal first, complete that and move back to St Pauls and do the larger structure. Or the vice versa - the reverse, of that. We would anticipate that a confident contractor would undertake both sites at the same time.

Mrs TAYLOR - It looks to me as though the two projects are quite different, obviously.

Mr TARBOTTON - Yes.

Mrs TAYLOR - And this one here at Avoca is not going to interrupt the current flow of traffic too much, but the other one is. It is only going to take a minimum of 48 hours to replace the culvert, but that is going to cut off access to that street while it is being built. It seems that it would make sense to ask them to do that one quickly rather than to keep both projects going for whatever the length of the project time is.

Mr TARBOTTON - We have not stipulated that they must do it quickly. We have not nominated a timeframe. What we have done within our tender documents is we have required our contractors to show how their program of work will complete Fingal in the shortest possible timeframe.

PUBLIC

Mrs TAYLOR - That will be part of the criteria you will judge the tender.

Mr HARGRAVE - Yes, it is part of the tender assessment.

Mrs TAYLOR - This 'permit to take plants' you talk about is interesting. What are you referring to? What do you do with the plants when you say 'permit to take plants'? Does that mean knock them off or does it mean replace them somewhere? Do you pick them up and put them somewhere else?

Mr TARBOTTON - It does mean a permit to take or remove.

Mrs TAYLOR - I do not mean knock it off, as in steal it. I mean kill it.

Mr TARBOTTON - Obviously with endangered flora, that is the responsibility of DPIPWE to manage. When we undertake road works we do a flora and fauna survey prior to our design phase, during our planning phase. We identify these, such as we have here. We then inform DPIPWE of this. They will instruct us about what we can or cannot do. If DPIPWE consider that we can remove them, then they will issue a permit to take, meaning that we can physically destroy the plants - but no more than the number they allow us to take. In this instance, there are a number of plants that DPIPWE have considered to be endangered, though not at such a significant level that we cannot remove them. A permit to take is simply a permit to remove and destroy.

Mrs TAYLOR - You do not replant them somewhere else.

Mr TARBOTTON - No, we don't.

Mrs TAYLOR - Can we talk about the Aboriginal artefacts as well?

Mr TARBOTTON - Again, during our planning phase we conduct both a Aboriginal and European heritage survey to ensure that there are no artefacts of significance. Two were identified. I honestly cannot tell you what they are. I have read the report.

Mr HARGRAVE - It is a deposit. Some artefact deposits, I think.

Mrs TAYLOR - You are not talking about a midden, obviously?

Mr TARBOTTON - No. One is called a 'scatter' which is several multiple individual items. Often they are just flakes of stone. Of the two, we had a scatter and an individual item, an artefact. That individual artefact was a piece of stone. We engaged the Aboriginal heritage officer to relocate that back within the centre of the scatter area, out of harm's reach from our contractor. That individual artefact would have been directly in the path of our construction works. We either modify our design to avoid that or we request permission to remove it. What we prefer to do as a choice is to ensure that those items remain as is. In the event that it can't, then we need to apply for a permit to remove. We approached the appropriate authorities; they removed the artefact for us and relocated it to within the scatter.

Mrs TAYLOR - And the scatter is not effected by the roadworks?

PUBLIC

Mr TARBOTTON - No. The scatter is away from our construction works. To ensure that wandering contracting staff do not enter that we will put an exclusion zone up. It is simply a barrier fence around it. The sign says 'Exclusion Zone - Do Not Enter'.

Mrs TAYLOR - The Aboriginal heritage people are happy with this solution?

Mr TARBOTTON - Yes.

Mrs TAYLOR - Have you consulted the elected members for this area? Council you say you have. In our own House, Tania Rattray, for instance, is very closely linked to all these communities. Who would be the elected member in the lower House?

CHAIR - You have Rene Hidding, the minister, who would be doing this project. I would say he would know about it, also Mark Shelton and Guy Barnett. I note that this program was from the previous government from 2012 as part of your bridge project. From the lower House, most would be aware of this work, I would think.

Mrs TAYLOR - The Government members generally do too because it would be going through. Speaking for upper House members, we are often a bit left off the radar. I know that Tania Rattray is very close to almost every community.

CHAIR - This would have been announced in a budget somewhere.

Mr HARGRAVE - Yes, and because it is 50 per cent federally funded, it was announced by the federal minister in conjunction with the state minister, Mr Hidding.

Mr FARRELL - Big news in the area, I would imagine. It would be the talk of the takeaway there.

Mrs TAYLOR - I was thinking more in terms of when you did the community consultation. It is too late now, but in future you might let that person know that community consultation is on. Whoever the elected people are, they would know people in the town they thought might be interested. I am asking, in future, would you put the upper House member on the list of contacts? Is that all right?

CHAIR - That is a good point.

Mrs TAYLOR - Consultation you did in Fingal?

Mr HARGRAVE - No. With Fingal, there are two council jurisdictions. The Fingal culvert is under Break O'Day, the St Pauls River Bridge is under the Northern Midlands Council. The Fingal culvert does not require a development planning permit because the nature of the works is considered a minor upgrade or a minor change to the existing structure. The St Pauls River Bridge is significantly larger than that, which does require a DA. With the Break O'Day Council we made contact via the council. We informed the council of the works. We have forwarded to them the images you are currently looking at. Break O'Day Council have informed us that they will make contact with the local residents prior to project starting. They will be informing the residents.

PUBLIC

Mrs TAYLOR - Informing is different from consulting. I am not saying it is necessarily your responsibility; I am thinking that because that road is going to be closed, the people who are on that road are going to be -

Mr HARGRAVE - In Pedder Street?

Mrs TAYLOR - Yes. They are going to be affected, aren't they? You would hope they would have been informed about it before it happened.

Mr FARRELL - There was a bit of encouragement yelled from a passing ute this morning of 'Get on with it; don't talk about it'.

Mr HARGRAVE - Via our consultants, we have made contact with the immediate properties around Pedder Street to inform them that there will be a closing of the road. We have passed onto the council all this information and have now mailed that out. There are two more steps and it is not consultation but it is informing them. Prior to the start of the project, the department will do a mail-out to all the residents informing them the project will start on a certain date and is expected to be completed by a certain date. When the contractor has a contract and they are about to start works, they will also contact the residents. That is simply to inform them of the start of the works.

CHAIR - How much is the culvert upgrade and how much is the bridge, out of the \$6.75 million, roughly?

Mr TARBOTTOM - That is the project cost, the \$6.75 million. It is not construction cost. I could not quote you the figures; it is broken down there. It is approximately \$500 000 for the Fingal culvert. The bridgeworks - that is both structures - is approximately \$5 million and \$4.5 for St Paul's.

CHAIR - Technically, if this was not approved, you could do that culvert anyway because it is under the scope of public works.

Mr TARBOTTOM - I am not familiar with those restrictions.

CHAIR - Turning over \$5 million, that has come to this committee; so if it a project under that -

Mrs TAYLOR - I am not sure we should tell them that because the other three might make sure they come in under \$5million.

Mr TARBOTTOM - Right.

CHAIR - Or it can be referred to by the House. Legally, if it is over \$5 million it has to come here, or the House can determine that it does not, or put a bill through, or say it is only \$2 million project so it should go to public works. I see in your contract that you are applying to be exempt from the disaggregation?

Mr TARBOTTOM - Yes, correct.

PUBLIC

CHAIR - I would take that as fairly self-explanatory. It would be a higher cost, you would think, if you had two crews bringing in two separate bits of equipment. Most contractors with the type of equipment required for these projects would be not in Avoca, I would guess. It would add significantly to the cost of construction.

Mr TARBOTTON - Yes.

Mrs TAYLOR - Not even the culvert one where you are looking at \$500 000 maximum. You would think maybe the Break O'Day Council would have the capacity to do that?

Mr TARBOTTON - I doubt if the council would do the works themselves. They would have their contractors who would have the capacity to undertake that work. We would not engage Break O'Day as our contractor. There is always a cost increase when we start to break projects down into smaller elements. We have always approached this project as a single contract with a single contractor. They might well subcontract the culvert works to other smaller contractors and they are entitled to do that with our permission. If they wish to do that, they have to nominate that and we have to approve those subcontractors. However, we look at it as a single contract with a single contractor. That means there is only one point of contact from the department to the contractor and there is less cost. There are also the technical benefits in that it is simpler to manage a single contract than multiple contracts. It might only be two contracts, but it is still two lots of discussions, two contract administration procedures, et cetera. It may well happen that the contractor does subcontract out the Break O'Day or the Fingal culvert.

Mrs TAYLOR - Would you be expecting it to be a Tasmanian contractor who gets the works?

Mr TARBOTTON - We hope it will be. We are limited in the number of contractors who have the pre-qualifications required to undertake this work. We have certain criteria that they must satisfy.

CHAIR - Is that because of the bridge?

Mr TARBOTTON - Yes, and the financial limits.

Mr HARGRAVE - It is two things. It is the financial capability of the organisation undertaking the works and then the technical capability of the organisation undertaking the works. There is a (B) pre-qualification and an (F) pre-qualification.

CHAIR - Obviously, you don't want Bob's Bobcat from wherever saying, 'Oh yeah, I can do that'.

Mr TARBOTTON - Yes.

Mrs TAYLOR - We have a number of contractors in Tassie that could do the work.

Mr TARBOTTON - Not a number; we have a few.

Mr HARGRAVE - There are a couple.

Mr TARBOTTON - In fact, there are only two.

PUBLIC

Mrs TAYLOR - Two?

CHAIR - Is that because of bridge certification or because of the pre-qualification.

Mr TARBOTTON - It is the pre-qualification; but as Andrew has said, there are two aspects - the financial ability and then the technical. The bridge itself goes into a bridge category called B3. We have from B1 to B5. The nature of this bridge design or construction is that it requires B3. You have to have that experience now. It is essentially post-tensioning. We only have three contractors in the state that satisfy the (B) category. The financial aspect of the work takes it into the (F) category and we only have two contractors who have both the B3 and the financial ability to sustain this cost over a 12-month period.

CHAIR - They aren't paid up-front, I understand, so they have to cover the contractors and their employees.

Mr TARBOTTON - Yes.

Mrs TAYLOR - I understand that, too.

CHAIR - The local benefit test will apply.

Mr TARBOTTON - Of course, it does. The contract is federally funded - 50 per cent. We will advertise this locally in Tasmania. We will not advertise it interstate. However, interstate contractors are eligible to bid provided they satisfy our pre-qualifications. No matter where the contractor comes from, they have to submit their plan as to how their works will benefit the Tasmanian economy. It is our expectation that regardless of where the contractor comes from, they will source a lot of their materials here. The labour will most likely be here. Certain key staff may not be if they are interstate, but the material will be sourced locally. We have the pre-casting yards capable of forming up the beams that we need, so we anticipate they would be fabricated here. All of the traffic management and associated works will come from Tasmania regardless if it does go to an interstate contractor.

Mrs TAYLOR - Can I ask about quality control afterwards because one of the issues that has been raised a number of times, certainly in the Parliament over the last year or two, is that when roadworks are done, and The Sideling is one that has been named a couple of times, the bitumen put down seems to break up very quickly afterwards. I know there is weather and all that sort of stuff but what are you putting in place to make sure the work is completed satisfactorily and then afterwards that it stays? Obviously the bridge is not going to fall down but the road surface and stuff might be an issue.

Mr TARBOTTON - Most civil contracts have a defects period - a liability period. That is simply a warranty period. It is 12 months, so by the time the contractor reaches completion of the physical works they will enter into that 12-month period. During that period they are responsible to remedy any defects we identify. Obviously we prefer there are no defects, but defects do occur. During the construction phase the department engages our design consultant to provide contract administration. That is essentially our quality control, our monitoring of the works. For this particular work we have engaged Pitt & Sherry to act. They are both our designers and our contract administrators. They will have

PUBLIC

two staff. One staff will be on site at least three days per week. It is not a requirement but we have nominated in our contract of engagement that we expect them to be on site three days per week. The second member of that team will be essentially handling the contractual relationships with the contractor and obviously the construction relationship. We anticipate that this contract administration team will monitor the works to assure we achieve an outcome. Then, of course, there is the defects period.

Mrs TAYLOR - I am aware of the defects period and the contractor is obliged to remedy any defects, but there does not seem to be a penalty if they don't, or is there a financial penalty?

Mr TARBOTTON - It is not a true penalty in a sense. We do not fine our contractors. We retain security funds. They are obliged to remedy a defect at their cost if it is a defect of their work. We have contractual clauses that allow us to instruct them to undertake that work. If they do not undertake the works we can, if need be, do the works ourselves and charge that cost back to them. If they fail to comply with our instructions then we do have recourse back to their securities.

CHAIR - That would also reflect on their future work given you would ask for references on past performance.

Mr TARBOTTON - Yes.

Mr HARGRAVE - There is a process of contractor performance reporting, and any poor performance should be picked up in that.

CHAIR - On that process, then, let us say you have got a fairly competitive bid, and I understand this project may be a little different because part of the project tender requirements will be timeliness for the culvert, not necessarily just price-based, but what we have seen previously is that some companies bid what would be deemed probably an under market price, and they go to their subcontractors and say, give us a quote for the fencing for the park over there. The contractor says it is \$5 000, hypothetically. They put in a bid and in their bid they might slice 10 per cent or 20 per cent off for our costs and put it in at 20 per cent under the market rate. They then go back to the contractor and say, drop your price by 20 per cent or we will go up the road where someone else will do it. Do you have any way of managing or identifying that? The example I am given consistently is that larger companies buy the contracts and then squeeze the subcontractor until it is not worth their while, but a bit of something is better than nothing.

Mr TARBOTTON - We don't have a mechanism that allows us to intervene. That is a relationship between our contractor and their subcontractor. We are not privy to the pricing the subcontractor provides to the contractor at the time of bidding, or even through variations we are not privy to that. During the contract we can request, if need be, for our contractor to provide evidence of a subcontractor's rates if we feel the contractor's rates are unreasonable.

CHAIR - Either way unreasonable?

Mr TARBOTTON - No, ordinarily when they are too high; very rarely is the price too low from our contractor. Often we feel it might be too high and we can ask for justification of that, which might be the submission of a subcontractor's quote. During tender we have no

PUBLIC

mechanism to audit or monitor that. What you have described, I don't have experience with that. I am sure it happens, and I have heard it has happened, but how we would do that as a department, we probably couldn't.

CHAIR - One way of doing it is requiring a commitment from the tenderer during the tender that they won't behave in that way. It may be impossible to stop it but suggestions from the Civil Contractors Association and road base contractors were that you require all tenderers to provide a commitment that they will not partake in that sort of behaviour. If they then do, that is put towards future conduct. I know legally you can't enforce it or say you have to do it for a certain price, because the market may determine it, but it makes it a lot fairer. It is more about protecting the smaller guys who provide goods and services to the bigger contractors who then squeeze them. The only reason they're squeezing them is because they bought the job in the first place.

Mr TARBOTTON - We certainly do not have those clauses built into our current contracts. We currently incorporate a requirement for our contractors, when they are bidding, to identify these major subcontractors, and they have to put that price down and the name, so we could always refer back to that, but that is only the larger subcontractors. You are talking about the much smaller monetary value subcontracts and there could be many of them. Under contract law there are other mechanisms by which a subcontractor might have recourse against their contractor. It is not for me to say how they could do that but there are. It is worthwhile considering whether we put in that requirement that they do not act unconscionably.

CHAIR - Part of our agenda is to make it as fair as possible and to engage as many businesses as possible in tendering. Probably it happens more in building construction tender projects than in these ones.

Mr TARBOTTON - There is unconscionable conduct under common law but you have to have a contract in place. A lot of these arrangements will occur without a contract in place. The subcontractor will submit a quote, they might get engaged and be pressed to lower their fees. If the smaller contractors required a contract to be put in place, then under common law they have recourse.

CHAIR - It is the challenge when you have a multinational or a major company and you are dealing with a local paint supplier, carpet layer or bobcat driver. He is not going to sue them. He does not have the resources. He can't. I am interested, as part of this process, to understand how it works so that we can formulate better policy in the future to add this protection, while still being reasonable, of course.

Mr TARBOTTON - It is reasonable in our contract that we insert a clause stating that our contractor will not act unconscionably towards subcontractors. We would have to build in a method by which the subcontractor can inform us; it would be a difficult matter to resolve. It is simply one person making a statement and potentially another person saying the contrary.

CHAIR - One way of resolving that is to send a signal to the market and the major contractors that we know this goes on and we are not going to allow it to be either continued or at least tolerated, to a point. If it is justified in price adjustments, then it is justified, but we all know they get a quote, they underbid, and then they do not wear the risk of the underbid.

PUBLIC

They then squeeze all of the subbies and say, 'This is the price I am offering. You take it or I will go to the three others up the road that haven't got any work. Make your choice.' I do not think that is in the best interests of anyone.

Mrs TAYLOR - It is not in the best interest of our economy either because it is small businesses then that suffer.

Mr HARGRAVE - During a tender assessment, the price component of the tender assessment is only 40 per cent.

Mr TARBOTTON - It can be as low as 40 per cent . I think we have it at 50 per cent.

CHAIR - I understand bridge and road building is a little different. If you look at a shed or some other project, the price is heavily weighted on price. The cheapest wins.

Mr HARGRAVE - Yes, that is right.

CHAIR - Tendering goes out in July.

Mr TARBOTTON - Yes.

CHAIR - It has not been tendered yet?

Mr TARBOTTON - Not yet.

CHAIR - Expected construction is September through to May.

Mr HARGRAVE - Correct, though late September, so we would say October through to the end of June.

CHAIR - How long will the tender be released for?

Mr TARBOTTON - A month.

CHAIR - I think you indicated there are only three or two Tasmanians qualified.

Mr TARBOTTON - Yes, but we are hopeful that interstate contractors will bid. We do not want to be in a position where the two local suppliers tend to submit excessive bids that we have to then accept or deny.

CHAIR - Yes, I understand completely. For some of the other ones where there are a lot more pre-qualified businesses, sometimes governments will release four or five tenders within a two-week period where they have to pick one. I would rather see them tender for all of them. To do that we need to make it as simple as possible, but also time it so that it fits within their ability to provide those tenders. That is my little project.

Mr FARRELL - Risk assessment.

PUBLIC

CHAIR - It is a fairly significant bridge price-wise compared to most of the projects this committee sat on. You would think the tendering process will be fairly heavily based around quality, safety, management -

Mr TARBOTTON - Yes, we cannot exclude the monetary aspect. We have a range we are allowed to lower that down to; 40 per cent is the lowest we can go to. I believe at the moment we are discussing what percentage of the total that will be. It will be either 40 or 50 percent. The balance is that we have to allocate 10 per cent for the Tasmanian economy - the plan - how it will benefit the economy. At least 40 per cent we then distribute across how they expect to undertake the works - timeliness. The quality - we evaluate the contractor's performance. They provide us with the quality of the company. That is provided to the evaluation committee. We do not determine that ourselves. The other aspect of the bid that we can evaluate is their program - how long it will take. From that we might be able to determine how many crews they are operating et cetera.

CHAIR - Thanks a lot for your time.

THE WITNESSES WITHDREW.