



Australian Institute of Building Submission to the *Review of the National Pre-qualification System*

Introduction

The Australian Institute of Building (AIB) welcomes the opportunity to respond to the *Review of the National Pre-qualification System*. The AIB is keen to see an efficient and fair national pre-qualification system, and welcomes this review by the Infrastructure Working Group, chaired by the Federal Minister for Infrastructure and Transport.

Vision

The vision of the AIB in regards to this review is to ensure that:

- A national pre-qualification system exists which is fair, transparent and yet simple to apply for without the burden of excessive 'red-tape';
- The building industry is a viable and growing sector for the benefit of the country, consumers and builders; and
- Builders are informed, educated and provided with adequate legislative protection and support.

Nature of the Inquiry

The questions in the *Review of the National Pre-qualification System* discussion paper are:

- 1) Has the NPS been successful in terms of the number of businesses who were expected to have sought prequalification?
- 2) Are the NPS operating requirements being administered consistently across all jurisdictions?
- 3) Has the NPS reduced the barriers to entry for contractors wishing to tender for non-residential building and road and bridge construction across jurisdictions?
- 4) Having mutual recognition processes in place, has this reduced the time and costs to contractors of pre-qualifying across multiple jurisdictions?
- 5) Is there any difference in the requirements for maintaining pre-qualification status in both the state and NPS schemes for building contractors?

- 6) Improved information- sharing on contractor performance across participating authorities was a key benefit anticipated when the NPS was been developed. Have these benefits been realised across all jurisdictions?
- 7) Has the NPS provided robust, consistent, transparent, and objective processes?
- 8) Has the NPS led to benefits for Local Government or for other agencies beyond members of Austroads and APCC?
- 9) In administrating both the state and NPS Scheme, are jurisdictions realising any benefit from having two separate schemes?
- 10) Should consideration be given to combining the two separate schemes, and if so, what are the issues both positive and negative that would need to be considered?
With regard to the current \$50 million threshold for the non-residential building sector, and the potential to reduce it, for example to \$20 million, \$10 million or zero, or alternatively, leave it at \$50 million:
- 11) Is this threshold working satisfactorily or is it presenting any difficulties or concerns?
- 12) What are the benefits or negative impacts for contractors, governments and other stakeholders for reducing the threshold, for example to \$20 million, \$10 million or zero?
- 13) Would reducing the threshold require changes to the evaluation criteria to match the realistic capabilities of smaller contractors?
- 14) What implementation issues would arise, such as timelines, administrative issues, IT processes, if the threshold is revised?
- 15) Are there any other issues you would like to raise?

AIB Recommendations

AIB notes the above questions, but will not be attempting to answer them all. Many of the above questions are 'big-picture' over-arching questions which would be difficult for any of AIB's individual members to know the answers to, and thus provide useful feedback. The above questions seem framed for an internal Government working document, and for public servants to answer after they have received feedback on the National Pre-qualification System (NPS) from external stakeholders.

AIB makes the following recommendations or points in regard to this inquiry:

- As mentioned above, AIB would like to see a national pre-qualification system exists which is efficient, fair, transparent and yet simple to apply for without the burden of excessive 'red-tape';
- If the threshold were to be reduced from \$50 million, this would make the NPS more relevant to more construction firms, and thus should be considered;
- AIB understands that the process is not so much about the harmonisation of pre-qualification systems around the country, but more about recognition of pre-qualifications for a national system. While this is a good first step, the harmonisation of state systems should also be considered at some stage in the not-too-distant future as a means of creating more efficiencies for business;

- Prequalification of consultants has also been raised in regards to this inquiry, and AIB believes that this would be a positive development;
- AIB believes that standards for a national pre-qualification system should be the same nationally and for there to be portability between states. There should not be a myriad of state exceptions;
- The ease of access from new entrants from overseas construction firms is a difficult issue that the Government needs to address. While the Australian Government stands to benefit from more competition, AIB believes that the Federal Government should perhaps consider a points system, whereby Australian construction firms gain more points when applying for the NPS or tendering for Federal projects. It is a fact that some foreign construction firms leave their Australian clients in a very difficult situation when they go into administration, the reason being all or most of their funds are deposited in overseas bank accounts.

Appendix 1

About the AIB

Founded in 1951, the AIB is the peak body for building and construction professionals, acknowledged for its ability to bring individuals together who share a common interest in improving the standing of the building profession and their career within Australia and overseas.

The AIB is incorporated by Royal Charter and is the pre-eminent professional body for building professionals in Australia and the Asia-Pacific region.

Recognised as the accrediting body for building and construction degrees at educational institutions, the AIB has a long and proud history of supporting and servicing the building profession. For more than sixty years, the Institute has worked with the building and construction industry, government, universities and allied stakeholders to promote the building profession, support the development of university courses in building and construction whilst promoting the use of innovative building techniques and a best-practice regulatory environment.

AIB is proud of its role in promoting the exchange of information amongst individuals and accomplishes this through publications including the *Construct* magazine and the Australasian Journal of Construction Economics & Building (AJCEB).

The AIB also has an extensive continuing professional development program in Australia and overseas and facilitates the annual AIB Professional Excellence in Building Awards Program.

For further information please go to www.aib.org.au