



CCA

Construction Contractors Association of Western Australia Inc



Chamber of Commerce
and Industry WA

Wednesday, 7 June 2017

Mr Peter Woronzow

Managing Director (Acting), Main Roads Western Australia
Don Aitken Centre
Waterloo Crescent
EAST PERTH WA 6004

Dear Peter,

Following on from the very productive Industry Bidding Practices Workshop held on the 30th Mar 2017, we write seeking your support and commitment to assist in putting a stop to the submission, consideration of and acceptance by Main Roads of 'unusually low bids'.¹

It is the collective view of industry associations represented on WARCMIAG that such a practice not only detracts the department by increasing financial and delivery risk on major projects, but we also believe it undermines the industry's broader long term sustainability if allowed to continue. In addition, there are often longer term risks to the community of Western Australia with respect to delivered project outcomes, from a maintenance and reliability perspective, when unusually low bids are involved.

As such we collectively write to you requesting that Main Roads further investigate and implement an 'Unusually Low Bids Policy' and subsequent mechanisms that:

1. Discourage unusually low bids being submitted from the outset; and
2. Allows the department to identify and reasonably reject any such bid throughout the tender process.

With regards to certain policies and mechanisms which Main Roads may like to consider, much information relating to systems employed elsewhere has already been provided by our respective organisations to the Department for consideration, but we are more than happy to provide further information if required. In the meantime, through the Industry Bidding Practices Workshop, we have collectively agreed on an action plan to progress this issue and as such we are seek your endorsement of the Workshop outcomes and future objectives so that suitable policies and mechanisms are implemented in a timely manner.

As always, we wish to thank you and your staff for the continued consultative and constructive approach taken during this workshop and others, and we appreciate your consideration of what is believed to be a key issue of mutual concern.

Sincerely

Steven Coghlan
State Manager WA
Consult Australia

Deidre Willmott
Chief Executive Officer
Chamber of Commerce and Industry WA

Jeff Miller
Chief Executive Officer
Civil Contractors Federation WA

Robert Wallwork
President
Construction Contractors Association WA

¹ During the Industry Bidding Practices Workshop on 30 Mar 2017 it was agreed that an 'unusually low bid' was defined as 'a bid determined by some quantitative and/or qualitative measure as likely to be below cost'. The definition was made clear and distinct from what was otherwise defined as simply a 'low bid', or 'a bid being submitted at cost', which was considered acceptable by industry.