



**ENGINEERS AUSTRALIA**  
**Queensland Division**

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20 October 2004

Tim Grimway  
 General Manager  
 Dedication Branch  
 Australian Competition & Consumer Commission  
 GPO Box 1199  
 DIXON ACT 2602

FILE No:
MARS/PRISM:

Dear Mr Grimway,

**Re: ACCC Review of Authorisation A58 for the RAIA**

Evidence of a continuing decline in the quality of project documentation in the building and construction industry has been documented by a number of authors over the past 10 years, seemingly following the elimination of recommended scales of fees for consultants.

The scale of the problem is so significant that poor quality design documentation is contributing 12% to project costs. This equates to some seven billion dollars that is lost to unproductive activities in the Australian building and construction industry each year.

The savings to the industry by competitive bidding of engineering / architects design services is of the order of \$1 Billion compared to the cost of poor documentation of \$7 billion. It appears that the application of competition policy to engineering / architect fees has had a negative cost benefit of around 600% – 700%.

Engineers Australia Qld Division has taken the initiative to address the problem collaboratively with a number of industry stakeholders. These being:

- The Association of Consulting Engineers Australia Qld division
- Australian Institute of Building Qld Division
- Australian Institute of Quantity Surveyors Qld Chapter
- Australian Steel Institute Qld Northern Territory
- City Design Brisbane City Council
- Civil Contractors Federation
- Department of Main Roads Qld
- Department of Public Works Qld
- Qld Major Contractors Association
- Qld Master Builders Association
- Royal Australian Institute of Architects Qld Chapter
- Air-conditioning & Mechanical Contractors Association of Qld Limited

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The Task Group has found that causes of the problem lie in all phases of project delivery from concept and project initiation through development design and document stages to tendering and construction activities. However, it is considered by the Task Group that the major ongoing cause of increasingly poor quality of design documentation evolves from the fee structures that are expected in the market place by clients. With respect to the ACCC Review A58 for the RAI, it is this Task Group's submission that support is given to that submission made by the Australian Institute of Quantity Surveyors dated 27 September 2004.

It is further considered by the Task Group that consultation with ACCC in the future will form part of this Task Group's review of documentation in the industry and the overall impact that fee structures has had on the whole of the industry.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Peter Jorss', written in a cursive style.

Peter Jorss  
President of Engineers Australia (Queensland Division)  
Chair of the Design and Documentation Task Group