



SUMMARY OF INTERIM REPORT

Perth Children's Hospital asbestos

September 2016



The Building Commission is carrying out an independent audit of the Perth Children's Hospital and other Western Australian buildings containing products supplied by Yuanda Australia Pty Ltd. The audit follows the discovery of asbestos in unitised roof panels the company supplied to the principal contractor John Holland Pty Ltd during the construction of the Perth Children's Hospital in July 2016. The Building Commissioner has released an interim report on the audit's findings, which are summarised below.

What is the purpose of the audit?

The audit is to assess whether the new Perth Children's Hospital (PCH) has been completed in accordance with the plans and specifications; whether the building laws have been complied with; and how the building standards have been applied. This will allow the Building Commissioner to determine if he is satisfied that the hospital is safe to occupy and that any risks to public safety have been managed.

What has been audited?

The audit has examined the management of the asbestos event at the PCH; John Holland's procurement procedures; and the proposed remediation plan. The audit is also addressing other products at the PCH where concerns have been raised about their compliance and conformity. Additionally, a separate audit is assessing all Yuanda-supplied products and materials installed in other WA buildings.

What are the interim report's findings?

The interim report concentrates on the management of, and response to, the confirmation of asbestos at the PCH; the procurement processes that allowed the unitised roof panels (URPs) containing asbestos to arrive onsite and be installed; and the remedial action planned and taken to ensure the PCH will ultimately be safe and suitable for use.

The part of the audit covered by this interim report found that:

- the principal contractor John Holland Pty Ltd appropriately managed the response after asbestos was confirmed, but the task risk assessment and work to create the openings should have more clearly and effectively addressed the dust hazard;
- the procurement processes used by John Holland were comprehensive and consistent with industry practice;
- the manufacturing process used by Yuanda allowed non-specified and non-conforming products to enter the supply chain; and
- the remediation plan proposed by John Holland includes safe and suitable processes to replace affected components within the URPs and verification that they will be fit-for-purpose.

Download the interim audit report at
www.commerce.wa.gov.au/building-commission/audit-yuanda-building-products.

How was the asbestos containing material discovered?

In July 2016, work was undertaken at the PCH to fit an additional mechanical smoke exhaust system into the north atrium roof made from URPs supplied by Yuanda. After creating an opening, workers raised concerns about the fibre cement sheets within the URPs. John Holland arranged for a fragment to be tested by a National Association of Testing Authorities accredited testing facility which confirmed the presence of asbestos in the fragment.

How did the asbestos containing material come to be in the PCH?

John Holland was the main contractor to the WA Government for the PCH with responsibility for design and construction of the building.

John Holland contracted Yuanda Australia to supply the materials for the façade works, including the URPs. John Holland’s contractual requirements in relation to the façade works explicitly drew the contractor’s attention to the laws prohibiting the use of asbestos containing materials and required that the contractor comply with these laws.

The URPs were supplied by Yuanda Australia, and imported from its parent company in China. Yuanda Australia specified quality management processes for façade design, installation and materials for the PCH project in accordance with the relevant international standard. This included that the product supplied be asbestos-free.

Yuanda China sourced the URP components from various suppliers for assembly in its factory. Yuanda China used an agent, Shenyang Dingyisheng Business Trading Co Ltd (SDBT), to source asbestos-free fibre cement sheets from Zhejiang Headerboard Building Materials Co Ltd (Headerboard). However, it is not clear where the sheets that contained asbestos came from.

The agent may have sourced the asbestos containing cement sheet from either:

- Headerboard, and been supplied asbestos containing materials despite Headerboard’s advertising as an asbestos-free manufacturer; or
- an alternative supplier, contrary to its contract with Yuanda China.

The report concludes that the presence of asbestos containing material in the PCH was the result of factors including:

- the URPs were a non-standard product for the subcontractor Yuanda Australia;
- the product was sourced through a complex supply chain, in an international market, with differing legislative requirements in relation to asbestos;
- awareness of the risk of inadvertent procurement of asbestos containing building materials within this supply chain appears to be low;
- all stakeholders relied on country-of-origin documentation without further testing in Australia;
- none of the organisations in the supply chain for the URPs had a system to require asbestos testing for components and materials that do or may contain fibrous materials; and
- the Department of Immigration and Border Protection does not test every batch of imported building material for the presence of asbestos.

What is being done to address issues around non-complying and non-conforming building products?

Through the national Building Ministers’ Forum (BMF), Building Ministers including the WA Minister for Commerce, the Hon Michael Mischin MLC, are working cooperatively to address safety issues associated with non-conforming and non-complying building products. A Senior Officers’ Group (SOG) consisting of representatives from all jurisdictions has been established to report on ways to minimise the risks to consumers, businesses and the community. Requirements for formal testing are among the options being considered. In recommending actions to be taken by industry and government, the SOG is considering submissions made as part of the recent Senate Inquiry into Non-Conforming Building Products. While the BMF and government-industry bodies are addressing this issue, specifiers, builders and suppliers must ensure procurement processes are robust and include effective testing and verification of products used in buildings.

What next for the audit?

The Building Commission will continue its audit. A separate report or reports will cover other Yuanda-supplied products at the PCH as well as other products where previous industry concerns have been raised in relation to them being potentially non-compliant or non-conforming.