

## Estimates B – July 1, 2008

### Fire truck replacement

**Mr PEDERICK:** I refer to Budget Paper 4, Volume 1, page 4.193, sub-program 1.2: Preparedness Services. Have the fire trucks, which were built in Queensland and New South Wales, been delivered on time, on budget, and up to appropriate standards? It has been reported to me that, in the case of two recently delivered fire trucks, it was recommended that their entire bodies be replaced and that they are beyond repair.

**Mr FERGUSON:** Of the 2007-08 build—and four different contractors were allocated parts of that build—a company called Mills-Tui was contracted to build 10 34P-type appliances—3,000 litre, four-wheel-drive, pumping-type appliances. After delivery and after they were put in service, significant structural issues developed in the appliances. These were design issues. The CFS has had appliances manufactured by Mills-Tui previously, with no significant problems.

For your information, these appliances were allocated to Ceduna, Jamestown, Yankalilla, Karoonda, Woomera, Meningie, Cape Jervis, Port Lincoln, Tea Tree Gully and Oakbank/Balhannah. The first appliance that displayed some structural problems was at Ceduna. The initial assessment from Mills-Tui was that the appliances could remain in service, that it was not significant. The sorts of problems which were initially identified included minor cracking at the corner of some of the lockers; so it is that level of structural problem as distinct from cracked chassis and things like that.

The CFS then conducted an inspection of appliances at Mills-Tui's premises in Brisbane and found that they were acceptable. The remainder of the build was then accepted and delivered to its brigades. However, after putting the product in service, a number of the quality issues continued to merge with this build. We sought independent advice on the build, which indicated that the product was under-engineered. As part of the contracting out of the build of these appliances, the CFS does not go down to an engineering specification because we are not an engineering organisation

Historically, we have specified our appliances on a performance basis, and the companies who have a lot of experience in building these appliances have always built an appliance which meets our performance specification rather than an engineering specification. As an aside, we do not have engineers who could work to that engineering specification, so it would be a substantial increase in our cost of procedure to do so. We have engaged with Mills-Tui, and it has accepted liability for the problem. At this stage, SAFECOM, with which the CFS manages contractual liabilities, is now managing this matter.

I will update you on some further information which I received late last week. First, I reinforce that Mills-Tui is a quality endorsed company under AS9001, which covers design and construction. Part of that Australian standard requires that Mills-Tui is independently audited. There is already a vehicle through which the company's design and construction processes are audited. In fact, one of the requirements of the CFS build contracts is that they are quality endorsed under AS9001. However, we recognise that the situation has occurred, and Mills-Tui is undertaking a rectification of all the appliances based in Adelaide. We are continuing to negotiate the time frame; obviously, we see this as urgent.

It is probably relevant to say that we have reviewed our processes because this has occurred, and we do not want a repeat of it. Our staff, in conjunction with SAFECOM contact management staff, have designed a new vehicle inspection process for both the prototype stage and the vehicle inspection stage. That new process increases the number of officers who are involved in the vehicle inspection process (particularly the prototype) from two up to five.

Yesterday, I met with senior volunteers from across the state, and we discussed this issue. I have also invited a representative from the Country Fire Service Volunteers Association to be part of that process. The new inspection process has 528 inspection points, and I simply do not think that we could have a more detailed inspection process. The new procedure also means that, if we or the contractor want to vary the build during the construction process, any variations need to be documented in writing and approved by five

parties before they are put into place. As a final comment, it needs to be reinforced that the quality issues are a result of the design not the actual construction process. It was a poor design in that it was under-engineered. I also need to reinforce that what has arisen has not been as a result of a budget shortfall or cost cutting. In fact, we place quality and the design of our vehicles, particularly the safe design, at a premium. Over the years the cost of our vehicles has generally increased because we have taken on board a lot of new safety features in particular.

This was an unfortunate under designing by Mills-Tui, but it has happened. Mills-Tui has accepted liability and is going about fixing those appliances. We are putting in place a revised acceptance inspection process to ensure that the possibility of this occurring again is minimised.

**Mr PEDERICK:** Are there any issues also with the Varley build in New South Wales, with time limits of delivery, etc.? Are they similar issues?

**The CHAIR:** Order!

**Mr PEDERICK:** I did ask it in the initial question, Mr Chair.

**The CHAIR:** I am not fussed. It is up to the minister who answers the question. You cannot ask the advisers a direct question. That has been a standing order of this house for a long time, and it is for the protection of everyone.

**The Hon. CARMEL ZOLLO:** I am pleased that Mr Ferguson has placed on record that these design issues that have arisen are not as a result of limitations to budget or cost cutting, and I will ask Mr Ferguson to continue if he wishes to respond.

**Mr FERGUSON:** There are a number of the contract builds which are running behind schedule. This was identified well before the end of the financial year. The CFS does have flexibility in the management of its capital works budget in that, through SAFECOM, we initiated the procurement process for the purchase of the cab chassis for the 2008 line, that is, this new financial year. We initiated the procurement process for that very early, and that went through the State Procurement Board, so that we have approval for that procurement. We also have approval for the 2008-09 appliance build.

So, the fact that the build has slipped in timing somewhat has not caused a problem with our budget expenditure in that we have brought forward the purchase of cab chassis for the 2008-09 financial year. In fact, they arrived in Australia late last week. I do not have the exact date of the completion of all of the 2007-08 build, but I am assured that, by 1 November (which is the notional start of the fire danger season in South Australia), all of the 2007-08 build would have been completed and delivered, and also that the rectification work by Mills-Tui would have been completed well before that date.

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**Mr PEDERICK:** I refer to Budget Paper 4, Volume 1, page 4.194, Sub-program: 1.2, Preparedness Services. In regard to the delivery of fire trucks in the 2007-08 and 2008-09 build, is there room in the budget for any and all faults that may arise in these trucks as they are delivered to be rectified, or will there be a budget blow-out?

**The Hon. CARMEL ZOLLO:** Did you say MFS?

**Mr PEDERICK:** No; in the CFS. I did not stipulate.

**The Hon. CARMEL ZOLLO:** I thought that Mr Euan Ferguson had comprehensively responded to that question, but perhaps again the honourable member did not hear what he had to say, so, I invite him to continue.

**Mr FERGUSON:** The answer is yes.

**Mr PEDERICK:** That there will be a blow-out?

**Mr FERGUSON:** No. I understood the question to be: is any rectification work within the budget? The answer is yes.

**Mr PEDERICK:** I refer to Budget Paper 4, Volume 1, page 4.194, sub-program 1.2: Preparedness Services. Has there been an itemised costing of the 2007-08 and 2008-09 billed CFS truck rectifications and has the delay in delivery of these trucks caused specific unbudgeted costings, as well?

**The Hon. CARMEL ZOLLO:** My advice is no. Mills-Tui has accepted liability. I thought we had done it twice now, but there you are. Of course, there is no budgeted amount or budget line because Mills-Tui is paying for it.

**Mr PEDERICK:** Has the delay caused some specific unbudgeted costings? This could relate to older trucks being kept in service and perhaps maintenance costings not being budgeted for. That is sort of the line I am taking with this, because a lot of these trucks are months out and they have been a long time from being delivered on time.

**The Hon. CARMEL ZOLLO:** I invite the Chief Officer of the Country Fire Service to respond to that question.

**Mr FERGUSON:** The direct cost has been in the transfer of the affected vehicles back to Adelaide for inspection and repair. That includes the cost of both staff and volunteer time and, obviously, the cost of fuel. We are still discussing with Mills-Tui whether the cost of its reparation will cover that.

In relation to other vehicles standing in, in any annual replacement program there will also be a disposal program. The disposal program sometimes follows up to 12 months in terms of recovering the vehicles. We always have a pool of vehicles which can be pressed back into service. In fact, in the last fire season we put an additional complement of vehicles on Kangaroo Island, so the vehicles are over there; we do not have to move them over. Those vehicles are still operational. Many of these appliances have gone out to multiple appliance brigades, so taking away one vehicle for a relatively short time has not been an impost on them. It has been a short-term impost.