

PUBLIC ACCOUNTS COMMITTEE

INQUIRY INTO THE MANAGEMENT AND OVERSIGHT OF THE PERTH CHILDREN'S HOSPITAL PROJECT



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
FRIDAY, 13 OCTOBER 2017**

Members

**Dr A.D. Buti (Chair)
Mr D.C. Nalder (Deputy Chair)
Mr V.A. Catania
Mr S.A. Millman
Mr B. Urban**

Hearing commenced at 9.14 am**Mr LINDSAY ALBONICO****WA Regional Manager, John Holland, examined:**

The CHAIR: On behalf of the Public Accounts Committee, I would like to thank you for appearing today to provide evidence relating to the committee's inquiry into the management and oversight of the Perth Children's Hospital project. My name is Tony Buti, I am the committee Chair and the member for Armadale. To my left is Hon Dean Nalder, the committee's Deputy Chair, member for Bateman. To his left is fellow committee member, Mr Vince Catania, member for North West Central, and to my right is a fellow committee member, Mr Simon Millman, member for Mount Lawley, and to his right, another committee member, Mr Barry Urban, member for Darling Range. It is important that you understand that any deliberate misleading this committee may be regarded as contempt of Parliament. Your evidence is protected by parliamentary privilege. However, this privilege does not apply to anything you might say outside of today's proceedings.

Do you have any questions about your attendance here today?

Mr ALBONICO: No, I do not.

The CHAIR: You have indicated that you would like to make an opening 10-minute statement before we ask questions, but just to let you know also that the transcript from today's proceedings will go up on our website for public viewing. Obviously, anything that we talk about in closed session will not be published.

Mr ALBONICO: Understood.

The CHAIR: Would you like to commence with your opening statement?

Mr ALBONICO: Thank you, Mr Chairman, and to the other members of the committee for your invitation to give evidence today. John Holland's obligations under its contract with the state to build the Perth Children's Hospital has meant that much of the discussion and information available to the public has occurred without John Holland's input. As you know, every story has two sides and I welcome this opportunity to provide you with John Holland's perspective.

I want to start today by talking about the things we all agree on. We all want the hospital to open as soon as possible. It is a world-class facility and the sooner it is available for WA families, the better. The safety of everyone who works in, is admitted to and visits the hospital is paramount to John Holland. John Holland has always been committed to working cooperatively with the state to open the hospital as soon and as safely as possible, and that commitment continues. We have a proud history of delivering first-class infrastructure projects across Australia and in Western Australia and we have done everything possible to address issues that have arisen during the building and commissioning of the hospital. Some of these issues have been within our control and some have not. This project has faced many complex and, in some cases, highly unusual challenges. These challenges in addition to significant increases in our scope of work by the previous government have culminated in delays. I would like to touch on John Holland's position in relation to two of the most challenging issues: the elevated levels of lead in the potable water system and the discovery of asbestos.

Firstly, in relation to elevated levels of lead in the hospital's potable water system, our view remains at odds with the explanation provided by the state. We have commissioned independent reports

into this issue and our position remains that lead was introduced into the water at the hospital by a sediment that had built up and become dislodged in the ring main, including the dead leg. This lead then accumulated in sections of the hospital plumbing system. John Holland employed a number of strategies, including flushing and filtration, to remove the lead from the hospital to reach practical completion. The state holds a different view centred on the theory that contamination is the result of lead leeching from brass fittings; this is incorrect. Brass fittings used at the hospital have been tested and contain significantly less than the 4.5 per cent of lead permitted by Australian Standards. The destructive testing we have done shows the lead content in the alloy of between two and 2.3 per cent. These fittings were purchased from a major local supplier of plumbing products and includes specific components used in hospitals and similar buildings around Australia. It is well known that a small amount of lead leeches from brass fittings but the fittings cannot account for the magnitude of elevated lead levels recorded at various times in the hospital's water system. It also does not explain the fact that John Holland has consistently detected lead in the hospital's incoming water feed lines and holding tanks, which catch water prior to any contact with brass fittings. The water in the hospital is compliant with the Australian Drinking Water Guidelines and was so at practical completion. It is our view that the issue of lead in the water does not prevent the hospital from opening. The ADWG sets the maximum limit for lead in Australian potable water systems at 10 parts per billion or 0.01 milligrams per litre and includes three possible criteria for assessment. Based on an average testing methodology, the hospital meets the required safety guidelines. John Holland knows that the Chief Health Officer himself recognises in his report that the test results comply with the criteria adopted by John Holland under the ADWG. The state has elected to apply a higher standard on advice from the Chief Health Officer.

[9.20 am]

Secondly, in relation to components of the atrium roof panels that contained asbestos, the simple fact is they should never have made it onto the site. John Holland, like all major Australian contractors, relied on the accuracy of information and samples given to us by our subcontractors, in addition to our quality processes. I can assure the committee and the community that this incident prompted us, and indeed the wider industry, to review its procurement policy and introduce more safeguards to avoid this ever happening again. Going forward, we are applying greater scrutiny to our supply chain to ensure we continue to meet Australia's stringent safety standards. As soon as we discovered that asbestos was present, we acted immediately to investigate. John Holland isolated and restricted access to the affected area and deployed specialists and licensed asbestos remediation contractors. The manner and timing of our approach to ensure the safety of our workers, subcontractors and end users was subject to significant scrutiny by the WA Building Commissioner, the federal border protection agency and the federal workplace safety agency. The safety of the workforce and other people occupying the building was paramount throughout the isolation and remediation period.

I would like to now turn to the management of the project. In recent weeks the public narrative has developed attributing fault to John Holland for thousands of defects in the building of the hospital. Defects can range from a scuff on a wall to something more significant. John Holland has worked with the state to identify and resolve defects as soon as possible and before the opening of the hospital; this is part of a normal process on any project, particularly one of this size. Without a doubt, Perth Children's Hospital has been one of the most challenging projects recently undertaken in Australia and everyone involved from John Holland is extremely disappointed about the delays. It is important, however, to understand that the previous government's scope change were significant and contributed to delays. We were directed by the previous government to make a number of changes. We are in discussions with the current government to agree on the value of these changes.

Some examples of changes to scope included the short-stay surgical unit. After the design of the hospital had been completed and construction was well underway, the state required the addition of a 24-bed short-stay surgical unit to the hospital. This meant relocating departments to an area of the hospital that John Holland was not previously required to fit out, which significantly increased the scope of works that John Holland was to perform.

Furniture, fixtures and equipment: the state was responsible during the early phases of the hospital for advising John Holland of the FF&E that users of the hospital required to operate the hospital. John Holland was not responsible for selecting or supplying FF&E except for specific items agreed to in its contract. The failure of the state and the health department to coordinate their requirements and advise John Holland of their needs, subsequently required John Holland to change the design and construction of the hospital to accommodate thousands of additional fittings and items of equipment. John Holland has been required to add significantly more services to allow for additional FF&E, and the constant changes disrupted construction across the entire hospital and for the entire duration of the project. There was also a major redesign required to theatres and pharmacy.

We understand that this project is like no other. The hospital is the place our children will come to for critical care, cancer treatment, broken bones, physical therapy and countless other challenges that families face. Notwithstanding the speculation and criticism that has been directed towards John Holland, we are doing everything we are being asked to do to comply with the state's requirements. We remain committed to do what is required to open this world-class hospital. In making this statement today, we accept there are areas we could have done better on with this project, and I wish to assure the community and the committee that we take that responsibility very seriously. John Holland has a proud history in WA. We have created and continue to create local jobs and invest in the local community, and let me repeat what I said earlier this year: we want to rebuild the confidence of the community and the government and we want to remain part of the fabric of WA for generations to come. Thank you.

The CHAIR: Thank you very much. You mentioned in the opening statement, and I just want to clarify it, at practical completion your view was that the water was safe enough to allow the hospital to be opened.

Mr ALBONICO: It was safe enough not to prevent the hospital from opening. There might be discussion about other things that might have prevented the hospital from opening, but in respect to "had we demonstrated that the hospital potable water system was ADWG compliant", we say we did.

The CHAIR: Are you saying that the Chief Health Officer is applying a more stringent standard than is required?

Mr ALBONICO: Yes, and he sets that out in his report to the committee.

The CHAIR: Is your view—I am just clarifying what you said in the opening statement—that the source of the lead was coming from outside the actual hospital?

Mr ALBONICO: Yes.

The CHAIR: And the dead leg has been part of that?

Mr ALBONICO: It is part of that, yes.

The CHAIR: I think from our understanding, the lead issue was first detected in May 2016.

Mr ALBONICO: Yes.

The CHAIR: When did you first notify the state representative, Mr John Hamilton?

Mr ALBONICO: Again, this is another thing that I am looking forward to clarifying today. John Holland did not detect lead in the water; it was the state that detected lead in the water. It was the state that advised us.

The CHAIR: When you say “the state”, who particularly?

Mr ALBONICO: Well, our contract is with the minister of works, with delegations to a state representative, so it was a state representative that notified me that they had collected a sample that showed elevated lead in the water.

The CHAIR: Was that John Hamilton?

Mr ALBONICO: Yes, that is right.

The CHAIR: When?

Mr ALBONICO: The exact date, it was April or May, I think May of 2016. It was early in 2016.

Mr V.A. CATANIA: What was the reasoning for collecting that sample, given that it seems like it was not past practice before? It is interesting why there was a sample collected.

Mr ALBONICO: You would have to ask the state’s rep for a precise answer. The industry does not routinely check for metals in potable drinking water. It routinely is required to check for pathogens and bacteria and microbes, but not heavy metals. Why the state representative elected to test for heavy metals, you would have to ask him that question.

The CHAIR: Once Mr Hamilton relayed that to you, what did John Holland then do?

Mr ALBONICO: Well, it triggered a whole process that continues to this day. We needed to look at what the state had collected and look at the water quality report that was given to us by the state, and then we immediately deployed a plan to actually go and either validate the data that the state had given to us—I mean, we needed to understand how they took the sample, what the chain of custody was of that sample, how often they had taken that sample, how regularly they had taken those samples and then move to check to see, ourselves, whether we would record elevated lead in the potable water system inside the hospital.

The CHAIR: Is it true that one of the recommended treatments that, I think, Strategic Projects asked you to do you refused to comply with?

Mr ALBONICO: I am not sure which specific one you are talking about.

Mr S.A. MILLMAN: Polyphosphate testing. Sorry, Mr Albonico, we have had evidence before the committee that the state requested John Holland to allow polyphosphate testing to be undertaken at the children’s hospital site and John Holland refused that request, and that was one of the motivating factors behind the state taking practical completion.

Mr ALBONICO: Yes, so I might contend that it is not a polyphosphate process. Orthophosphate is the process, if you are talking about a solution that the state offered to us or suggested to us about injecting orthophosphate into the potable water system to coat the inside of the brass fittings to reduce the rate at which lead leeches from brass.

Mr S.A. MILLMAN: No, no—two separate questions. First, the testing regime that is undertaken in order to determine what the lead levels are, and then, second, what remedial action can be undertaken. My question was in respect of part A. Your answer is pertaining to part B. Can I have an answer to part A, please?

[9.30 am]

Mr ALBONICO: Part A about the suggestion by the state to use an orthophosphate solution was much later in the process. In fact, if I take that on notice in terms of the specific date and the specific meetings we had, I think it was only earlier this year that suggestion by the state to use orthophosphate.

The CHAIR: But have you rejected that?

Mr ALBONICO: We did not agree with that. We said that our process involved a flushing regime, which, we say—and recorded and demonstrated that that—worked. We had greater concerns around the orthophosphate because there is not a lot of science available on orthophosphate. The injection quantities and the rate of injecting orthophosphate into potable water systems is not well understood, even on a global level. It is a use largely adopted in the US; it is something that they routinely use. We just did not have enough evidence to agree with the state that injecting and using a process that is not widely understood without a lot of science would not impact other components in the system.

The CHAIR: But the fact that you did undertake a treatment regime, you were, of course, doing that because you did believe, at least some stage during the process, that the potable lead levels were not at the required guidelines for the hospital to be opened. Is that correct?

Mr ALBONICO: That is correct.

The CHAIR: But by the time practical completion had taken place, that had been rectified?

Mr ALBONICO: Yes.

The CHAIR: Are you able to tell us—you may have to take this on notice if you cannot answer it today—an actual date when you decided that the potable water levels were at the standard that would comply with the Australian guidelines?

Mr ALBONICO: It was very close to the date of practical completion in April of this year. We call that date 13 April. I can give you some more precise dates on notice, but essentially it was within the month preceding practical completion, remembering that we are delivering to the state a lot of evidence and a lot of test results, all of which the state has and the CHO has, so it was in that order.

The CHAIR: Are you saying that your treatment regime corrected the problem?

Mr ALBONICO: Correct.

The CHAIR: In your eyes, the problem was what? Where was the source?

Mr ALBONICO: The issue, if you can let me explain it more broadly, is that perhaps the perception or the conception of the committee and others about lead in the potable water system inside the hospital, the commentary and the narrative has largely been confined to it being generated from within the hospital. We contend that that is not the case and that water that is supplied to us by the state contained elevated lead and other heavy metals, and that was introduced into the holding tanks in the basement of the facility. From those holding tanks, the water is distributed, under pressure, and reticulated throughout the hospital. The hospital was contaminated by lead in the water, we say, not from something that is generated from within the hospital.

Mr D.C. NALDER: Can I just ask a question on that because it has been suggested to this committee that the dead leg should be ruled out because there were, in addition to lead, other heavy metals that were detected in the dead leg? But there was never other heavy metals detected inside the hospital; there was only lead.

Mr ALBONICO: Yes; that is not true.

Mr D.C. NALDER: That is not true? So there were other heavy metals detected inside the hospital?

Mr ALBONICO: Yes, and we have provided those test results to the state.

The CHAIR: If your treatment worked, because, as you stated, at practical completion the water was at the required guideline level, you therefore are sure that your analysis of the source of the lead problem is correct.

Mr ALBONICO: Yes.

The CHAIR: So, just to get it into my mind, what treatment did you actually undertake to remove that source as the problem?

Mr ALBONICO: In terms of the flushing regime, the rate of improvement was not fast enough. It is a long process. It is very, very difficult to get rid of lead in a potable water system, as complex as the one at PCH, particularly in small bore pipe and small bore fittings. I will try to describe the way the system is reticulated. The water comes in at the basement, goes up, rises in many locations vertically and then it branches off those vertical rises onto the floors. That happens on two locations per floor; there is a redundancy provision to ensure that water is always available to that floor. We elected to install membrane filters—carbon-activated filters—off each of those branches to each of the floors as well as filters on the incoming water from the ring main between the ring main and the holding tanks in the basement. In addition to flushing the water to drain, we also filtered that water and changed those filters as the filters were accumulating and removing lead. We did that for a sustained time. Those filters on the floors have now been removed.

Mr S.A. MILLMAN: Mr Albónico, you said earlier that customarily, builders test for microbes and bacteria, so it is not customary to undertake this sort of analysis for heavy metal materials. Is that right?

Mr ALBONICO: Yes. I might like you to extend that to building owners more generally as well, not just builders. There is an onus on facilities management and building owners more generally, yes.

Mr S.A. MILLMAN: Presumably, like all members of this committee and people in the community, there is a greater understanding in John Holland about the presence of lead in water before the commissioning of projects such as this?

Mr ALBONICO: Now?

Mr S.A. MILLMAN: Yes.

Mr ALBONICO: It is certainly something that we do not want to visit again. We are changing our processes around that.

Mr S.A. MILLMAN: But it was never part of your original plan to check for heavy metals?

Mr ALBONICO: No.

The CHAIR: Before I hand over to the deputy chair, your communication with the state was through John Hamilton; is that correct?

Mr ALBONICO: That is correct.

The CHAIR: Anyone else? Richard Mann?

Mr ALBONICO: No.

The CHAIR: Just John Hamilton?

Mr ALBONICO: In terms of the purely contractual relationship, in addition to being the project director for PCH, I was also the contractor's representative. John Hamilton was the state representative, so the formal process was between the state's rep and the contractor's rep.

The CHAIR: Because of the controversy that has surrounded the various aspects of the project and you having that strong view on the source of the lead vis a vis the state, did you attempt or did you have any actual direct correspondence or communications with the minister or the state government?

Mr ALBONICO: Yes.

The CHAIR: May you tell us when and who?

Mr ALBONICO: The when, I can take on notice if you need some specific dates, but we met many times, not necessarily with the Treasurer—it was the Treasurer who would attend those meetings.

The CHAIR: It was the Treasurer or was not the Treasurer?

Mr ALBONICO: It was the Treasurer. If you are asking me beyond the state's representative who would I be discussing and trying to resolve this matter with, that would be Richard Mann, it would be Frank Daly, it would be Gervase Chaney, it would be Mike Nahan and some advisers to the minister.

The CHAIR: Are you able to provide us with any correspondence that you have had with those people whom you mentioned? Did you also have diary or meeting notes that you took from those meetings?

Mr ALBONICO: It was not a minuted meeting, chairman; it was actually more like an action list. We would have a conversation. We would be reporting the status of the progress that we were making from one week to the next. In the final months, that meeting was twice a week.

The CHAIR: On notice, would you be able to provide us with the dates and the people whom you met beyond Mr Hamilton, and if there was any correspondence or any documentation?

Mr ALBONICO: If I can take on notice and return that, yes.

Mr B. URBAN: I want to ask a question to clarify. Mr Albónico, you did mention the Chief Health Officer's report and you said that at the time of practical completion, the potable water in the Perth Children's Hospital was at a satisfactory level.

Mr ALBONICO: Yes.

Mr B. URBAN: I have the Chief Health Officer's report here, and that is quite contrary to what you say. I will read the executive summary, particularly on page 1, which states —

Lead was identified in the drinking water supply at levels above the Australian Drinking Water Guidelines ...

Despite a number of strategies (including flushing, filtration and phosphate treatments), a test of the drinking water outlets on 25 June 2017 —

Which was after practical completion —

using a methodology approved by the Chief Health Officer (CHO), showed an overall 74% compliance rate with the ADWG value for lead. This fell short of the minimum 95% ...

Therefore, in just the executive summary—I will go into this in a minute, and I know I am taking somebody else's time up—which has been backed up by evidence, the water was not at a satisfactory level at the time of practical completion, and it was not on 25 June 2017, which was after practical completion and by all accounts is it still not at 95 per cent now. That contradicts what you have just said.

[9.40 am]

Mr ALBONICO: No, I think we are actually in agreement. I do not have that report in front of me.

Mr B. URBAN: Could you provide that report?

Mr ALBONICO: But I have got possession, that I can, again, on notice return that to the committee and highlight that section that I am referring to.

Mr B. URBAN: I have got another question which was also part of the Chief Health Officer's report, and what he thinks it means. It is item 10 on page 21 which states —

... a striking lack of documentation about key parts of the construction process critical to the cause of the dezincification process, evidenced by a remarkable lack of clarity around chlorination of the water distribution system (how many times, when, for how long, at what dose, what levels achieved etc.); ...

In the hearings that we have had from various people, they have said that John Holland, your group, did a flushing system, but there is no documentation for that under the NATA guidelines or any other certification to go with it. Is there anything that John Holland did or record that they did in the water at that time to contradict what the Chief Health Officer has just said?

Mr ALBONICO: I see that commentary and I have heard that narrative and I have seen that reported like that. We have provided all the things that we have been required to provide with respect to your question, including the chlorination events, including when we introduced chlorine to the potable water system, and how we did that. That information we provided to the state and to the Building Commission.

The CHAIR: In documentation form?

Mr ALBONICO: Yes.

Mr V.A. CATANIA: Once the water was tested and found that there were elevated lead levels and that was brought to your attention, what were the discussions from then? Did that person who did the testing provide you with a way forward to work with you to do the flushing to get the elevated lead levels down? What was the process there? Was there any discussion between John Holland and the government on a process?

Mr ALBONICO: The way it practically worked was that we were handed an environmental water quality report by the state and were essentially told that it was our issue to resolve, our issue to fix—John Holland's issue to fix. This process and this particular contract means that before we do anything that requires an earnest remedy to that, we need to take the state through what we would recommend and what process we would use and how we would go about doing that, how often we would do that, the process, how we would test, how we would report those results. All of that happened. We had to be given that information by the state and we would go away, analyse that, come back with a management plan and then deploy that management plan once we reached agreement with the state.

Mr V.A. CATANIA: Did the state agree to that management plan?

Mr ALBONICO: The state these days, things like "approved" by the other side—in this case, the other part of the contract being the state. The state is very careful not to approve anything. What it actually offers is "no further comment".

Mr V.A. CATANIA: Which you take as?

Mr ALBONICO: Because essentially, they want to maintain the risk or the onus; they do not want any sort of confusion or transfer from one to the other. We essentially put something to them, they had their state's advisers review that, they reviewed that, and other independent advice. It is quite a comprehensive team on the state side to actually review all manner of things, but specifically in

answer to your question, the way that we would go about removing the lead in the water and also demonstrating why it was there.

Mr V.A. CATANIA: So there was no concern raised once you got the “no comment” back from the state? There was no issue raised by the state with your management plan?

Mr ALBONICO: No, but we obviously needed to demonstrate that the management plan was being deployed, so we had to report against that, meet with the state about that and have those discussions. The concerns that were raised was that it was not happening fast enough or the source of the lead was not being identified or they did not agree with the source of the lead from our point of view. It is quite an unusual occurrence and certainly at this level and at that magnitude. It was an evolving plan.

Mr V.A. CATANIA: But at any point in time, was John Holland told that your regime that you got, in your management plan of flushing, was not adequate?

Mr ALBONICO: I cannot say that. I can just say to you that it was not happening fast enough in terms of the rate of improvement. There were a number of discussions, there were suggestions by others—state and state’s advisers—about some other processes that might be adopted to maybe improve that rate or the rate of improvement. But essentially it was John Holland that needed to carry out the remedy.

Mr B. URBAN: Can you provide the correspondence, the documentation, to do with your flushing? Particularly who you forwarded those to, with the correspondence to the state person, adviser, whoever you sent it to, and on what date?

Mr ALBONICO: If I can take that on notice.

Mr B. URBAN: Yes, that would be great, thanks.

The CHAIR: I am definitely handing over to the Deputy Chair, but I am still confused because the improvements were not quick enough.

Mr ALBONICO: The rate of improvement.

The CHAIR: The rate of improvement was not quick enough. But, by the time of practical completion, everything was okay in your eyes. That is what I do not seem to understand.

Mr ALBONICO: I am not offering up my discretion or I use the discretion to say that the water was within ADWG guidelines. The ADWG guidelines are a very challenging document. It is very sophisticated and sitting here today there have obviously been people sitting here before me that interpret it in a different way. But we maintain, and we provided further information and further clarity around why we say what we say and have been saying for a long time. That comprehensive response to the CHO’s submission to this committee, we have responded to in detail and that is sitting with the Building Commissioner.

The CHAIR: But you still maintain though, as you have stated a number of times, that the potable water was at a quality that conformed to the Australian drinking standards.

Mr ALBONICO: Yes.

The CHAIR: At the time of practical completion.

Mr ALBONICO: Yes.

The CHAIR: And you also—I think you were taking on notice; I may have asked this—will provide the date when that determination was made by John Holland?

Mr ALBONICO: I think if I can maybe help that question a little bit as well. The date at which I would say that was accepted was the date of practical completion. In the lead-up to the date for practical completion there were a number of meetings, a number of discussions and a number of results submitted to the state. That ultimately led to, in part—I would assume, because I am not privy to the conversations around granting practical completion—practical completion being granted and we had provided the state evidence and all the test results showing and demonstrating why we say we were ADWG compliant.

The CHAIR: Just to pick up on that, though, I do not think you can say—I do not want to verbal you—I do not think it was accepted by the state that the water was at a level that was acceptable. They just decided they would take practical completion, otherwise why would we still be continuing to treat the water? The state has never accepted that the level was at a level that was within the guidelines —

Mr ALBONICO: I am not suggesting —

The CHAIR: —but John Holland maintains the view that it was at a standard.

Mr ALBONICO: I am not suggesting at all—just so it is clear for the record, I am not here representing the state, so I am not saying that at all. I am saying to you that from John Holland’s view, that is what we offer.

Mr S.A. MILLMAN: And to clarify, if I may, Mr Albonico, your confidence in making that submission is based on your interpretation of the ADWG?

Mr ALBONICO: Yes.

Mr S.A. MILLMAN: Thank you.

Mr ALBONICO: I am not an expert in that field but we have taken independent advice—independent of us—so I can help support that.

The CHAIR: And you can provide that to us?

Mr ALBONICO: Yes, I can.

Mr D.C. NALDER: I want to move towards the scope changes that you talked about and practical completion dates, and the first one that was around the additional work that required being the short-stay surgical unit and the 24 beds. What date were you awarded or were requested to undertake that scope change?

Mr ALBONICO: In terms of if you need an exact chronology, I will take that on notice and give that to you, but my recollection is that it was in the order of June 2013.

Mr D.C. NALDER: June 2013?

Mr ALBONICO: Yes. But I would need to clarify that for you, if you need a specific date.

Mr D.C. NALDER: That is okay. I am okay at this point for that. That was some two years before the anticipated practical completion date. Was there any correspondence from you in the lead-up to 30 June 2015, where you advised the state that there would need to be an extension due to this change in scope and works?

Mr ALBONICO: Yes.

Mr D.C. NALDER: Okay. What sort of change were you seeking?

Mr ALBONICO: An extension of time and cost.

Mr D.C. NALDER: How much time were you seeking?

Mr ALBONICO: That I would need to take on notice to give you specifically, but my recollection of that would be December 2015. For that specific element of change.

[9.50 am]

Mr D.C. NALDER: We looked at that scope of change, and it said that you would seek—from my understanding you sought about five months, which would be consistent with what you were just saying. But 30 June 2015 was the original change.

Mr ALBONICO: Sorry, that was the date of practical completion.

Mr D.C. NALDER: Sorry, the date of practical completion. The state then awarded you a revised practical completion because of this scope of change to 31 August 2015, on the basis that whilst you sought an extra five months, you never provided any evidence to justify the additional five months, given that the scope of change was from two years earlier.

Mr ALBONICO: I would say that that is what the state would say, yes.

Mr D.C. NALDER: Then in October 2015, John Holland forecast the practical completion date to be January 2016—already now beyond the scope of works that were required for this short-stay surgical unit. We are now into suggesting that in October, it would be through in January. Then in November you were awarded a \$53 million contract, is that right, to fit out the Telethon Kids Institute fit-out works?

Mr ALBONICO: Again, if you need me to confirm a specific date, I would need to take that on notice; but, yes.

Mr D.C. NALDER: With those sort of works, would that require a change of scope or a change of practical completion date?

Mr ALBONICO: Yes.

Mr D.C. NALDER: What sort of time frame would that add?

Mr ALBONICO: I would need to take that on notice for you and I am happy to make a written submission to the committee to lay that chronology out.

Mr D.C. NALDER: Okay. Because I would like to understand that additional time required.

Mr ALBONICO: I think if you are looking for that certainty, the written correspondence would probably be something that we could all agree to.

Mr D.C. NALDER: But again, that contract was then removed in April 2016, through mutual agreement?

Mr ALBONICO: Yes.

Mr D.C. NALDER: Because you were not going to be able to deliver on time, or whatever other issues came about.

Mr ALBONICO: Yes.

Mr D.C. NALDER: But on 19 January 2016, John Holland forecast the practical completion date to be June 2016. Again, it is slipping out again. Are you able to provide any reasons why, given that we have dealt with the two things that you talked about as far as fit-out and short stay, as to why we are now starting to breach practical completion dates?

Mr ALBONICO: What I can say to that is that John Holland, under the contract, cannot vary the practical completion date, only the state can. We have made a number of submissions around changing the practical completion date. The state has elected not to change that.

Mr D.C. NALDER: Yes, but if I take your dates into consideration—John Holland sought a five-month extension from the original practical completion date of 30 June, which would take you through to November. You were then awarded another contract, which we mutually agreed was removed, which should not then change it. Then in January 2016, it is John Holland that forecasted the practical completion to be June 2016, not the state. John Holland forecasted it to be in June 2016, but you never met that, yet the two things around scope changes that you presented to this committee have now passed, so why are these dates not being met? What has happened?

Mr ALBONICO: I mean, I would like to take that to private session then, if you need me to engage with you on that.

Mr D.C. NALDER: Because then there were other dates, as well, where you changed your forecast moving forward—I will not go through them now; we will take it in private—several times. I would like to understand why there were so many dates that John Holland was putting forward as practical completion dates, that were not then being met.

Mr ALBONICO: In private session, I would be happy to have that conversation.

The CHAIR: There were 16 dates—forecast completion dates—that were not met—allegedly.

Mr ALBONICO: All I can say to that is that is the number I saw in the DG of health's evidence.

Mr S.A. MILLMAN: Just to put it differently, this is the evidence that the committee has at the moment.

Mr ALBONICO: Correct, yes.

Mr S.A. MILLMAN: If we can discuss that in private session, that would be great.

Mr D.C. NALDER: Just moving on, one of the things that interests this committee is about the governance structure that oversaw how it interacted. As a bit of background, our understanding is that John Holland was responsible for the expansion of the Joondalup Health Campus and was also involved in the Albany hospital. I am trying to just understand, was the work in those two projects completed within the time frame?

Mr ALBONICO: Yes.

Mr D.C. NALDER: In what way was the contractual arrangement any different between those projects and what we are seeing with the Perth Children's Hospital?

Mr ALBONICO: I either was not employed by John Holland at the time of one of those projects, and I certainly was not involved with the other in my time after I joined John Holland. In terms of the particular contract type, I could take that on notice and give you that information in detail. But, essentially, what I can say today is that the contract for Perth Children's Hospital was a two-stage managing contractor guaranteed construction sum, as a contract. That was not the contract that was used for Joondalup and it was not a contract that was used for Albany.

Mr D.C. NALDER: Okay, can you explain what was used for the other two?

Mr ALBONICO: No, I would need to—I would have to —

Mr D.C. NALDER: You are happy to provide that detail?

Mr ALBONICO: Yes.

Mr D.C. NALDER: All right, and is there a view from John Holland as to whether that has some impact on things that have happened and occurred through the process of the Perth Children's Hospital?

Mr ALBONICO: Again, I think I would be able to help with that question in the private session, because it is related to the dates that you were talking about earlier.

Mr D.C. NALDER: Okay.

Mr S.A. MILLMAN: Mr Albonico, I have just a couple of questions coming off the back of that. I wonder if I can just start—you are WA regional manager for John Holland?

Mr ALBONICO: That is correct.

Mr S.A. MILLMAN: And how long have you been in that position?

Mr ALBONICO: Since March of this year.

Mr S.A. MILLMAN: And before that, you were the project director for the Perth Children's Hospital?

Mr ALBONICO: Yes, I was.

Mr S.A. MILLMAN: Up until March this year?

Mr ALBONICO: Yes.

Mr S.A. MILLMAN: And then, when did you start as the project director for John Holland?

Mr ALBONICO: It is a little bit of a lengthy answer.

Mr S.A. MILLMAN: No, that is fine. In providing your answer, the next couple of questions are, in terms of when John Holland was owned by Leighton, and when it was sold to CCCC, so feel free to address those as well in your answer if you like.

Mr ALBONICO: My introduction to the project was in December 2012, but my actual appointment as project director and contractor's representative was in August 2013.

Mr S.A. MILLMAN: With John Holland?

Mr ALBONICO: With John Holland.

Mr S.A. MILLMAN: I am sorry, when did you start with John Holland?

Mr ALBONICO: August 2011.

Mr S.A. MILLMAN: You mentioned before—sorry, Mr Nalder ask you questions about the Joondalup Health Campus and the Albany Health Campus, and you said that you were not involved in those two projects. Is that correct?

Mr ALBONICO: That is correct.

Mr S.A. MILLMAN: Who were the project managers for John Holland for those two projects?

Mr ALBONICO: I would have to take that on notice.

Mr S.A. MILLMAN: Okay, and were either of those project managers for John Holland employed to work on the Perth Children's Hospital?

Mr ALBONICO: Not as project managers, no.

Mr S.A. MILLMAN: What was the value of the Joondalup Health Campus project?

Mr ALBONICO: I would have to take that on notice.

Mr S.A. MILLMAN: What was the value of the Albany Health Campus project?

Mr ALBONICO: I will take that on notice as well.

Mr S.A. MILLMAN: Has John Holland had any contracts in Western Australia of greater than \$200 million before the Perth Children's Hospital project?

Mr ALBONICO: I am happy to answer that, but if I could answer that on notice —

Mr S.A. MILLMAN: I am sorry, I should have said, Mr Albonico, if any of the questions that I am asking cause you any concern, and you want to answer them in private session, please just let me know.

Mr ALBONICO: Yes, sure.

Mr S.A. MILLMAN: You gave evidence before a Senate inquiry in March this year; is that correct?

Mr ALBONICO: If I recall correctly, it is, yes.

Mr S.A. MILLMAN: I will ask the question. On 9 March 2017 You were giving evidence before the Economics References Committee, chaired by Senator Sterle?

Mr ALBONICO: Correct.

Mr S.A. MILLMAN: You were giving evidence with Mr Brooks, who was the health, safety, environment and quality manager?

Mr ALBONICO: Yes.

Mr S.A. MILLMAN: You made an opening statement, and that was to do with the unitised roof panels that contained asbestos?

Mr ALBONICO: I do not think that was the specific terms of reference; it was more about international procurement.

Mr S.A. MILLMAN: Yes, but the subject matter of that inquiry—the subject matter of the evidence at the hearing dealt extensively with unitised roof panels and the —

Mr ALBONICO: Yes, the committee elected to ask a series of questions around that particular element.

Mr S.A. MILLMAN: In the course of giving your evidence to that committee you said—just quoting from *Hansard* here—you were asked questions by Senator Xenophon about the chronology, about the sequence of events, and you mentioned that you have a document that is a chronology by date and time on that date. He said it was many pages, but it talks about the date and the hour of the day, and was acknowledged all the way through this process.

Mr ALBONICO: Yes.

Mr S.A. MILLMAN: Can you get a copy of that, please.

Mr ALBONICO: Yes.

[10.00 am]

Mr S.A. MILLMAN: Thank you very much. You made an opening statement in the course of your evidence. You were talking about Yuanda. You said that John Holland had worked with the facade contractor Yuanda Australia, as a recognised global facade supplier. In December 2012 the contract was awarded and acknowledged that the panels would be manufactured in China, using components sourced from various suppliers.

Mr ALBONICO: I am sorry, are you still talking about —

Mr S.A. MILLMAN: The evidence given to the Senate inquiry, yes. I am just quoting from what is in the *Hansard*. I have got a couple of questions that arise from that. You may recall that, during the course of being asked questions by Senators Xenophon and Sterle, you were asked about what “non-asbestos” meant with respect to products from China and the certification for non-asbestos products. Do you remember being asked those questions?

Mr ALBONICO: I vaguely recall that. I would have to be helped with that and the answer, but yes.

Mr S.A. MILLMAN: And as part of that discussion with that Senate committee, it was suggested that the definition of “non-asbestos” as far as Chinese certification was concerned, had to do with weight rather than completely no asbestos-containing materials within the building products. So the Chinese methods of determining whether a material was asbestos-containing or “non-asbestos” was not as stringent as the Australian standards.

Mr ALBONICO: What I would say to that is that my recollection was that Senator Xenophon had either conducted some research or had some information provided to him as part of research about what “non-asbestos” meant in the Chinese context, and I think, if I recall correctly, he was challenging me about John Holland’s understanding of that definition or understanding, and I think I offered back to Senator Xenophon that our understanding of non-asbestos was no asbestos or asbestos-free. He contended that he had information that said it was otherwise.

Mr S.A. MILLMAN: When you say that that was your understanding, where did that understanding come from? How did you have that understanding?

Mr ALBONICO: The product certificate; the testing certificate for the product.

Mr S.A. MILLMAN: So John Holland—this is not a criticism—relied on the certificate that you received. Amongst other things John Holland relied on the certificate. You also relied on some inspections that were undertaken of the Yuanda facilities in China. Is that right? You had taken six trips over there—not you, but John Holland?

Mr ALBONICO: Again, if you need that exact number, I would need to take it on notice, but I am happy to provide it. But those inspections were not necessarily for testing product regimes. They were more about the manufacturing process and demonstrations of how the facade would work.

Mr S.A. MILLMAN: I am just quoting from the statement that you made to the committee. You said —

Between January 2013 and April 2014 —

A period of 16 months —

a mix of representatives from John Holland, Aurecon, the client and the client’s —

That is, the state of Western Australia —

technical advisers made six visits to the Yuanda China factory to view and assess the panel production and the quality management processes.

If that was a statement you made to the Senate committee, you would stand by that, presumably?

Mr ALBONICO: Yes, providing that is the *Hansard* and that is what you are reading from, yes.

Mr S.A. MILLMAN: Absolutely, it is the *Hansard* and it is what I am reading from. Were you involved personally in making any of those visits?

Mr ALBONICO: No. I have visited the facility, but not for those purposes.

Mr S.A. MILLMAN: In terms of Yuanda, your statement also said —

The contract was awarded with the knowledge the panels would be manufactured in China, by Yuanda China, using components sourced from various suppliers.

Mr Albonico, I am just at page 22. The numbers of the *Hansard* on the odd numbered pages are obscured by a black circle with a black square in it, but at the bottom of the page you will see it is number 22, and then it says “Mr Albonico” and that is the statement. At the end of the first paragraph, the second last sentence of the first paragraph states —

The contract was awarded with the knowledge the panels would be manufactured in China, by Yuanda China, using components sourced from various suppliers.

If you look at the first paragraph of your statement, it commences, “Thank you for the opportunity”. That paragraph finishes —

It was a contract requirement for these panels to be free of asbestos-containing materials.

Mr ALBONICO: Yes.

Mr S.A. MILLMAN: Thank you, Mr Albonico; can I direct your attention to the sentence immediately before that one?

Mr ALBONICO: Yes.

Mr S.A. MILLMAN: I think that the evidence before the committee is that, in fact, the Yuanda process might have been fine, but one of the suppliers that supplied the composite panel insert—its name escapes me right now—were responsible for production of the asbestos-containing material which was then inserted into the Yuanda composite panel.

Mr ALBONICO: I do not think it is right to say that they were responsible for providing a product with asbestos in it, but, essentially, it was a supply chain, and in the case of the unitised roof panels that we are specifically talking about in this conversation, there were two autoclaves—high-density sheets—that were installed in that unitised roof panel, and they were supplied by a separate vendor, other than Yuanda, to Yuanda.

Mr D.C. NALDER: Can I just ask something quickly? In your opening statement, you said that the lead panels should never have made it onsite. From a state perspective, we see John Holland as the lead contractor, and we therefore see John Holland as being the responsible party. Who do you see as the responsible party for these panels making it onsite?

Mr ALBONICO: I would like to answer that question, because, yes, the state does have an expectation that John Holland is responsible for that event, and we have never said that we were not. It is a subcontract that John Holland entered into with Yuanda Australia, and Yuanda Australia was supplied products from Yuanda China Holdings, and those products were manufactured in China, sea freighted to Fremantle, and transported through the normal process of inspection regimes and then they were delivered to site and installed. In that process, in the evolution of that, the Yuanda selection was done during stage 1 of the managing contractor process, not in stage 2. Why I am saying that is that the state needed to have an intimate involvement with John Holland in the evolution of that phase of the contract, and the facade system was in that phase. It was not essentially just a procurement activity of a design and a price; we had to take the specific elements, down to the specific elements that make up a composite panel, and have samples provided to the state and test certificates provided with those samples, and then those samples would then be photographed and tagged, and held in a secure sample room.

Mr D.C. NALDER: Is it fair to say that the asbestos findings on these panels was by accident?

Mr ALBONICO: Yes.

Mr D.C. NALDER: What confidence can we have that this has not occurred in other construction sites that John Holland has been involved in?

Mr ALBONICO: I think that is probably unfair. If the question was more about what confidence can you or the committee have about whether that could occur under the current regime about international procurement, I could probably say that there is a risk that that could happen again. Is it a risk that was invented by John Holland? No.

Mr D.C. NALDER: That was not my intent. What I am worried about is these large contracts—these projects that occur. It seems like there is a breakdown in the compliance process somewhere, and therefore I am trying to understand, when you said it should never have made it onsite, who is responsible for that.

Mr ALBONICO: In a pure contractual sense, the state will say that it is John Holland, because we are contracted, but if you are talking about a process—I can talk to you about a process if you like.

Mr D.C. NALDER: Yes.

Mr ALBONICO: That process has sort of evolved over the last 50 years as an industry, where previously if you were dealing with a product, particularly if it was an international product, then you would deploy competent, capable resources, as in inspectors, to inspect the process. That is a relatively expensive thing to do. This is not something that John Holland invented; it is something that has become an industry practice, largely around what the Australian standards talk about as well in terms of a process, and it moved to third party accreditation, or third party certification as something that contractors and others could rely upon as being compliant. We relied on that process, and that process failed us.

Mr S.A. MILLMAN: Would it not be quicker, cheaper and easier to do destructive testing when the first shipment arrived on site? Did you do destructive testing?

Mr ALBONICO: No.

Mr S.A. MILLMAN: Would it not be cheaper, quicker and easier to do destructive testing?

[10.10 am]

Mr ALBONICO: Can I help with that question as well? One of the issues around the unitised—if we are talking specifically about the unitised roof panels, I do not know how they have been described to you in the past, but I will attempt to describe them to you now. They actually are delivered to the site as a unitised system, so they essentially come out as a metal box that is sealed, and they are then set into a sub-frame. In terms of our ability to destruction test, we would have to destroy one of those roof panels and move to a representative testing regime, or some other regime, other than what we did. In respect to that, again, the industry relies upon the integrity of the third party certification. In this particular instance, and perhaps in others, but in this particular instance, because that is what I am here to do today, that did not reveal to us the existence of chrysotile.

Mr S.A. MILLMAN: But we are having more problems with nonconforming building products coming in from international markets, in the industry. You would have to accept that the industry is experiencing a spate of circumstances where we have got these nonconforming building products.

Mr ALBONICO: This is my first involvement in a matter like this, but certainly from a media reporting cycle in terms of other projects, other contractors, even if it is not for a contracting opportunity but simply an importing opportunity, it appears that things like asbestos do make their way into Australia.

The CHAIR: We were just wondering whether you would like to have a five or 10-minute break to have a cup of tea or coffee.

Mr ALBONICO: Thank you.

The CHAIR: We will adjourn for 10 minutes.

Proceedings suspended from 10.11 to 10.22 am

The CHAIR: Thank you very much. We will have some more questions in open session, and then we will move into closed session. Mr Millman was addressing the transcript in regard to your appearing

before the Senate on 9 March 2017. I refer to page 24, at the bottom, and then page 25. Basically, this is about the issue with the discovery of asbestos at the Perth Children's Hospital. There was a series of questions put to you from the acting chair, who I believe was Senator Sterle, about the CFMEU communicating to—we do not have their evidence. The acting chair said, on page 25 —

Let's clear that up. The CFMEU said that on the *Hansard* today very clearly. This is where the story differs from what we have heard today.

You then agreed that it does differ. The acting chair went on to state —

The Brisbane fiasco came out on the 11th. Workers on the site through social media or whatever picked that up, rang the CFMEU and said, 'We believe we have a problem'. The sample was taken and sent to Coffey on 12 July. Coffey, who told us very clearly what they do and how they did it, came straight back within a matter of hours to say, 'Yes, this is asbestos.' Then the CFMEU—I am going to wait for a nod from the back of the room if I have this wrong—contacted Holland on the 12th.

You then say that the CFMEU never contacted John Holland. Mr Brooks then said, "That is incorrect." Was he saying that you were incorrect or that the acting chair was incorrect?

Mr ALBONICO: I can say to you that Andrew Brooks and I are aligned and agreed on what we say happened. I can only take from that that he is not agreeing with the chair.

The CHAIR: The acting chair then said, "They contacted Comcare?", to which you said, "You would have to ask them." You maintained the line that they did not contact you. But at the bottom of that page, you said —

What I can say to that is that we were not alerted by the CFMEU or anyone else about —

You went on to say that you were alerted by a Google alert. Is that correct?

Mr ALBONICO: I think it is probably important that the whole page is read in respect to that question. I was asked, if I recollect in this space—I have a Google alert for a number of things. One of them is Yuanda Australia. A Google alert arrived about an asbestos identification, I think at 1 William Street in Brisbane, around some gaskets that had been found to have asbestos. That came to me and, if you read on, there was a process after that.

The CHAIR: But it was Google alerts that you were notified through?

Mr ALBONICO: Me personally, yes.

The CHAIR: The union never alerted John Holland, as far as you are aware?

Mr ALBONICO: No. I have never spoken to the CFMEU about this matter.

The CHAIR: Just one final question on this matter. In evidence that was presented to us by the CFMEU, and in one of their written submissions to us, too, they mentioned that after the identification of the asbestos, when some of their members sought to speak to WorkSafe officers, you had at least one of your people always with them. Is that correct?

Mr ALBONICO: No, that is not correct.

The CHAIR: They were able to freely communicate without having one of your representatives over their shoulders or in their presence?

Mr ALBONICO: I guess I am having a conversation with you about specifically what you are saying right now. It is a nonsense to suggest that anybody that was working within the PCH site boundary, when they left through the turnstiles to go home, that we were preventing them from talking to anyone.

The CHAIR: What about on site, though?

Mr ALBONICO: On site, there would be a right of entry that would be requested and/or denied. That was not about isolating workers from anybody. That is a completely different process.

The CHAIR: But if the right of entry was granted, did you allow the—was the right of entry granted?

Mr ALBONICO: It depends what right of entry you are talking about.

The CHAIR: As far as you are aware, was there any right of entry granted for union officials to come on site after the discovery of asbestos?

Mr ALBONICO: Again, sorry to labour the point, but there are different types of right of entry. If you are talking about a right of entry which is a general right of entry to come and communicate, talk with, engage with the workforce in prescribed meal breaks, that is one type of right of entry. The other right of entry is around suspected safety contraventions.

The CHAIR: In regards to the second one, then.

Mr ALBONICO: In terms of did they make a right of entry request for a suspected safety contravention and did we deny that? Yes.

The CHAIR: Why did you deny that?

Mr ALBONICO: We said that it did not fall within the scope of why they could demand their right of entry, which we did not agree on, and they sought an independent assessment of our position.

Mr V.A. CATANIA: When the request was made by the union, for safety reasons, to come in, how long after the discovery of asbestos was that?

Mr ALBONICO: I think I was asked earlier about did I have a detailed chronology of the entire process from start to finish. Once I deliver that to you—I think it is about 114 chronologies by date and by specific times, and by specifically who was spoken to—that lays all of these types of questions out. It addresses all of that. That is a submission that we have made to regulators and also to the federal Economic Reference Committee, and I will be providing it to you as well.

The CHAIR: Thank you very much.

Mr B. URBAN: I want to go back to the Chief Health Officer's report. I want to read from page 19. The title is, "What we found from other sources". I want to read paragraph 6, which is about halfway through it. It states —

Documentation on chlorination events was not available to the authors of the Jacobs Report and were also requested by the State, on 7 February 2017, at the PCH Commissioning and Transition Taskforce meeting; SPAS —

Which is Strategic Projects and Asset Sales —

— reported that a response was received from John Holland Pty Ltd ... but lacked sufficient "actual data". It was noted that chlorination had taken place as part of —

Dezincification —

... of the system. No confirmation was provided that chlorination fell within manufacturers' recommendations ...

My question to you is: has John Holland provided all required documentation on the water supply commissioning, including the chlorination requested by the task force and the Chief Health Officer? If it was, and the Chief Health Officer has said it was lacking in actual data; why was that?

Mr ALBONICO: There is a part that you have just read out. I am not sure whether or not it was a misread, but we did not introduce chlorine into the system to create dezincification.

[10.30 am]

Mr B. URBAN: No, I read it right—paragraph 6. I will read it again. It states —

It was noted that chlorination had taken place as part of —

Dezincification —

... of the system.

That is what is actually written here on the page.

Mr ALBONICO: That is just wrong.

Mr B. URBAN: That is wrong?

Mr ALBONICO: Yes.

Mr B. URBAN: Did you produce all the data?

Mr ALBONICO: I have never been interviewed by the CHO in the preparation of his report. John Holland has had no interaction with the CHO in the preparation of the report that I think you are referring to. The Building Commission requested that information in terms of chlorination events and we have provided information to the Building Commissioner and to the state.

Mr B. URBAN: I have heard various things on—what are your thoughts are on dezincification particularly? Or John Holland's views of that? I just want to ask that.

Mr ALBONICO: I am not quite sure what the question is.

Mr B. URBAN: What is your thoughts of dezincification or using that process to flush pipes out? You quite happily said that this was not true.

Mr ALBONICO: I just said that it is not accurate. I think the way you were characterising the question is that dezincification is a process that is used to do something. It is not a process; it is a reaction. The dezincification is a reaction.

Mr B. URBAN: Of chlorination.

Mr ALBONICO: No. That has only been more recently introduced by the state in trying to connect chlorine events with the dezincification. Dezincification is a term for an event—a chemical reaction. You do not carry out the dezincification process.

Mr B. URBAN: So what causes dezincification in water pipes particularly?

Mr ALBONICO: I am not an expert in that, but there are a number of reasons it can occur.

Mr V.A. CATANIA: Are you able to elaborate on those number of reasons?

Mr ALBONICO: I am happy to give you that on notice but where the conversation has been quite narrow in the state around the topic is that there has been an attempt to connect a chlorination event to the dezincification of brass, resulting in an accelerated leaching of lead from brass fittings. That is currently how it is characterised in the community. Other things around water quality can also cause dezincification of brass but at the moment, for the great majority of people, it is a chlorine event that was the trigger. We do not agree with that.

Mr V.A. CATANIA: John Holland put chlorine through the pipes as a flushing method?

Mr ALBONICO: Again, it is not a process that was invented by John Holland. Our hydraulic subcontractors—and it is not unique to PCH. In healthcare facilities under the WA facilities health

guidelines, you are not permitted use chlorine as an agent to kill microbes and pathogens and bacteria. But in the initial filling of a potable water system, you do use chlorine and then you flush it out. There is a whole lot of commentary around what the process looks like, stagnation, flow rates, flushing regimes et cetera. But chlorination is not a continuing event. It is just part of the process of commissioning a potable water system. In hospitals it is not permitted to be an ongoing management practice.

Mr D.C. NALDER: Can I move on to another issue—the fire doors. There was a number of those that required replacing. For the benefit of this committee, could you explain what happened, how many, and what was wrong?

Mr ALBONICO: I would have to be general. If you need some specific numbers, this is the subject of many, many reports to the state that quantifies the whole process. If I can answer it in more general terms, the state specified a relatively unique doorframe and door system in its functional and technical brief. We were not able to procure that product in Australia so we procured it from the United Kingdom. Essentially, they manufactured that product in India. The shorter version—I am happy to elaborate—is that we are talking about fire doors and fire door frames as specifically distinct from what I call normal doors. Once we commenced the installation of those—we have inspection and test plans for that and many other things where we go through and assess compliance. Do they look like what was on the drawings? Does it look like what is on the certificate? We picked up after we had installed—I am not sure after the exact quantity, but it was more than 100—that the spacings of the fixing points in the doorframes did not meet the Australian standard for fire door frames. They were installed in the walls. We removed those frames from the walls as well as the other doorframes. There is something like 900 of this particular type of doorframe. We had to remedy and remediate and put the openings for the fixings in the doorframes at the prescribed centres of the Australian standard. What that means is that to fix that you have to weld a bracket so you can introduce a new hole but you cannot face fix the frame. There is a bracket that gets welded inside the door frame. That is actually where the tension is taken up. When you do that, you blister the finish on the doorframe. Not only did we have to remediate and rectify it by making the spacings compliant, we then had to go back and paint them and reinstall them. That is the process. The drawing and the certification that we were supplied ahead of the delivery of the product demonstrated a compliance. What was actually delivered was different to the drawing.

Mr S.A. MILLMAN: When you say “we”, you are talking about your subcontractor, presumably. John Holland would have contracted with a subcontractor to install the fire doors.

Mr ALBONICO: We contracted with a supplier to supply the doorframes.

Mr S.A. MILLMAN: Who was the supplier?

Mr ALBONICO: The company was called Leaderflush Shapland, in the UK.

Mr S.A. MILLMAN: Fantastic. Then you contracted with a carpenter or an installer to install them?

Mr ALBONICO: Yes. Not just one. There were several providers of labour to install those doors.

Mr S.A. MILLMAN: Who were they?

Mr ALBONICO: I can take that on notice. I will give you a list of those names.

Mr S.A. MILLMAN: In terms of the remediation work, did you use the same subcontractors to do the remediation work?

Mr ALBONICO: We used a number of companies to do the remediation. The work was the same but because of the number of them—we could not rely on a carpenter, for example, to do the paint finish. We could not rely on a carpenter to weld the bracket. There was a contractor that carried out

the welding, a contractor that carried out the repainting, and a contractor that installed the doorframes.

The CHAIR: The committee has resolved to conduct the rest of this hearing in closed session. Could I please ask for people seated in the public gallery to leave the room.

[The committee took evidence in closed session]