

media release



MASTERS OF OUR INDUSTRY

Master Builders Association of Victoria
ABN: 38 004 255 654

15/07/2009

Commercial Builders Feel ‘Tender squeeze’

Too many tenderers, too short a period for tendering and poor quality documentation are the top three complaints of Victorian builders when tendering for projects, according to a new survey.

According to the latest Master Builders *Building Trends* survey, 18 per cent of Victorian builders identified the large number of tenderers as their biggest concern.

Master Builders Executive Director, Brian Welch, said this was a concern for the industry, creating the potential for big losses and corporate failures.

“Proper tendering procedures and limiting the number of building companies invited to submit prices provides the best environment for a project to succeed,” he said.

“Conversely, too little time to tender, poor documentation and more than around five tenderers leads to poor outcomes, possible litigation and - worst of all - the possible failure of the principal contractor.

“Even when overwhelmed, principal contractors are often too frightened to reject tendering opportunities for fear of being removed from future processes. Consequently, producing a tender is seen as the best means of preserving a company’s opportunities for another day.

“However, allowing too little time to tender can cause huge financial distress if key elements are left out of the quote.

“The present shortage of work has many builders scrambling for projects. Yet the avalanche of tendering work with the Government stimulus package for schools, has made an estimators job extremely difficult.

“The industry’s largest client - Government - ought to adhere to its own Tendering Guidelines or risk the consequences that can cause distress to themselves and the industry.

“Tendering is a skill that can enhance the building process or wreck it. While Master Builders supports the stimulus package and is grateful for the work offered to the industry, getting the tendering process right is essential.”

Survey summary:

The survey of Master Builders members found the three biggest challenges builder face within Victoria’s tendering environment were:

- Too many builders tendering for the same project (18.2 per cent)
- Poor quality of documentation provided (14.2 per cent)
- Tendering time is too short (9.7 per cent)

Inconsistencies between tendering processes (8 per cent), contract negotiation post tender (8 per cent), short project delivery times (6.8 per cent) and projects cancelled post tender without compensation (6.8 per cent) were also identified as challenges for Victorian builders.

Further information: Brian Welch, Executive Director, 0411 501 075

Media enquiries: Greg Haraldson, Media Adviser, 0438 427 766 ggharaldson@mbav.com.au