



## **WORKSHOP ON UNFAIR COMPETITION IN DEMOLITION WORKS**

During the European Demolition Association conference in Nice, France (June 2009), the EDA hosted a roundtable discussion on the pressing issue of unfair competition in the demolition industry. The following report is a summary of the findings.

### **1. Causes of Unfair Competition**

#### **Disparity of requirement in the use of demolition machinery**

It was generally agreed that there often **IS** a disparity of requirement in the use of demolition machinery although this is more often encountered within private contracts for non-Governmental organisations and clients. In some regions (Spain and Italy being good examples) the Government and its departments dictate what equipment is used by use of a certification scheme (In Italy, this is the SOA; in Spain, it is the C1). However, it is clear that the same rules are not applied by many private clients and main contractors.

#### **Disparity of educational requirements in the demolition field**

The roundtable discussions highlighted that not only is there a huge disparity between the educational requirements of reputable and disreputable contractors, there is an even bigger disparity between EU member countries. Italy, for example, has no specific demolition qualification, although it does have one that covers first aid, fire and security. In Spain, the requirement is 20 hours, of which 14 hours are general in nature while the remaining six hours are dedicated to demolition matters. In the UK, meanwhile, new entrants to the demolition industry must undergo a full week of industry-specific training before they're even allowed on site. The roundtable discussions highlighted that, at a national level, some countries still operate what is effectively a voluntary educational system that can be avoided easily by disreputable companies seeking to reduce their operating costs.

#### **Disparity of Insurance Requirements**

Due to the highly variable nature of the insurance business, it has been virtually impossible to compare insurance premiums on a "cross-border" basis. However, what is clear from the findings of the roundtable discussions is that, once again, there is a disparity between the requirements of Governmental departments and those of private contractors and clients. In the UK, for example, up-to-date and detailed insurance documentation is required as part of the legally-required Pre-Qualification Questionnaire (PQQ) scheme and is a prerequisite of membership of the National Federation of Demolition Contractors. This system is mirrored in other countries including France, Italy and Spain although, interestingly, Italy operates a

“cover-all” insurance scheme while Spain and the UK have a specific civil responsibility/public liability scheme. As a result, in some instances it is possible for disreputable companies to operate with inadequate or even no insurance cover, once again reducing their operating costs and allowing them to undercut their more reputable competitors.

### **Disparity of requirements in the handling of hazardous materials**

It is clear that this is yet another area in which disreputable companies can make cost savings by handling or disposing of hazardous materials in an unauthorised manner while reputable companies are required to follow specific and often costly rules and regulations. It seems that most EU member states have strict controls in place to cover the handling and disposal of truly high-risk materials such as asbestos and nuclear waste but possibly less control over items such as CFCs, HCFCs, PCBs and waste oils. Furthermore, even those countries with exceptionally stringent legislative controls over the movement and disposal of these materials cannot totally outlaw fly-tipping and illegal dumping, even though this might be a major public health issue.

## **2. Effects of Unfair Competition**

### **For the Fair Companies**

Unfair competition is never a good thing but, in the midst of an unprecedented economic slowdown, the effects can be disastrous for companies that, rightly, choose to work in a professional manner. Regardless of geographic location, the demolition industry is currently suffering the effects of a reduction in workload and a narrowing of profit margins and, more worryingly, a client base that is ever more willing to buy purely on tender price. Unfortunately, this means that those companies that choose to use good quality equipment, train their staff properly and ensure their welfare whilst on site, insure the contract to help protect the client and the public, and to ensure that all hazardous materials are handled and disposed of in a correct manner are all too readily undercut by disreputable companies that flout the law. Although the roundtables were unable to offer any specific examples, it seems highly likely that this practice of undercutting will ultimately drive some reputable and professional companies out of business.

### **For the Market**

The demolition industry across Europe has made huge strides in the past 20+ years in terms of health and safety, operative training, waste minimisation and environmental controls. As a result, the industry today is safer, better educated and more environmentally-friendly than at any time in its history. However, with the current economic situation forcing many clients and main contractors to base their purchasing decisions purely upon tender price, there is a very real danger that the entire demolition market may take a step backwards as clients

become more willing to accept less safe, less well-insured and less well-trained demolition company standards as the norm.

#### **For clients**

The main effect of unfair competition for clients is, of course, the ability to buy demolition expertise cheaper by dealing with disreputable and unprofessional demolition contractors. However, it was universally agreed that this is a very short-term benefit. Although legislation varies considerably between EU member countries, the client or main contractor is (generally) responsible for any contract. In the event of an incident or accident or a shortfall in insurance cover, it is the client that will, ultimately, pay. It is vital, therefore, that reputable demolition companies like those within the EDA make this **VERY** clear to their clients when they are tendering for work.

#### **Others**

It is clear that another group that is likely to suffer the effects of unfair competition is the general public. At the very least, they are likely to see some of their public/tax money spent with disreputable and unprofessional companies that might undermine their countries environmental standards. At worst, the health and safety of the public will be put at risk by the use of unprofessional, unqualified, disreputable and inexperienced demolition companies.

### **3. What Can Be Done About It?**

#### **At National level with National Associations**

It is not surprising that the general consensus is that National Associations should endeavour to lobby for legislation that requires demolition companies to achieve a specific standard in order to be allowed to perform demolition duties. An example of this can already be seen with Veras' work in directing Governmental thinking on the subject of dust reduction in the Netherlands. Another approach, one that has been adopted in the UK, is to work closely with the country's major/main contractors (in the UK, this is the UK Contractor's Group or UKCG of which the National Federation of Demolition Contractors is now a member). This approach allows the national association to continually educate its contractor customers of the benefits of using a reputable demolition subcontractor whilst highlighting the potential pitfalls of working with an unprofessional demolition company.

#### **At National level when no National Association is in place**

It was widely agreed that this would be a major challenge as main contractors, Government and other legislative bodies are less likely to listen to a single "stand-alone" contractor than they are to a National Association. However, while it was also agreed that the EDA can play a role by helping these countries by sharing information and experience from other EU

member countries, it seems likely that the best course of action for these “stand-alone” companies is to work as closely as possible with local health and safety and environmental agencies.

#### **At European level with the EDA**

It was generally agreed that the EDA’s primary role was to continue to share information and experience between countries, and to support new National Associations as they emerge. At the present stage, lobby actions towards the European Parliament to help steer cross-border commonality of legislation is estimated to be still quite expensive and time-consuming. Interestingly, several tables also suggested that the EDA (and the demolition industry in general) should publish details of bad practice, particularly where it has resulted in an accident or loss of life.

#### **4. Conclusion**

Judging by the level of discussion during the EDA Conference, and the forms submitted immediately afterwards, it is clear that the subject of this roundtable was both thought-provoking and extremely timely. What is equally clear is that unfair competition is a challenge shared by all EU member countries, and one that is causing particular problems in today’s economic climate. While the roundtable discussions highlighted many fascinating points, it is not still possible to achieve a single solution that would help overcome this challenge across the whole of Europe. However, the common message was this: EDA and National Association members **MUST** continue to promote best practice, invest in training, worker safety and welfare, good quality equipment, insurance, and sound environmental practices to protect the professionalism of the demolition industry and to differentiate themselves from unprofessional contractors.

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