



28 January 2014

Committee Secretary  
Senate Education and Employment Committees  
PO Box 6100  
Canberra ACT 2600

### **Submission**

#### **Governments approach to re-establishing the Australian Building and Construction Commission**

The Plumbing Trades Employee's Union (PTEU) is pleased to make the following submission to the aforementioned inquiry. In our view, the premise that the re-introduction of the ABCC will improve productivity is a falsehood and the ABCC holds powers that resemble those of an anti-terror agency, is discriminatory and violates basic human rights.

Below are detailed responses to the terms of reference.

#### **About the PTEU**

The PTEU represents some 30,000 plumbers nationally, representing them industrially and acting as a guardian for the trade. We have a history of more than 100 years of activism and making a real and practical difference to our member's lives.

We are particularly proud of our efforts in helping those who society has failed. Since 2004, there have been 30 young Indigenous men and women who have studied and worked for their apprenticeship through the Indigenous Apprenticeship Scheme. In 2009 the first group graduated as fully qualified plumbers. The non-completion rate for apprentices, at less than 20%, is far less than the industry standard and all who have completed the program are now in employment. Many of these apprentices go back to work in the remote communities from which they are recruited, improving sanitation and health outcomes in those communities, where access to skilled trades is limited.

The union also is a major stakeholder in the Plumbing Industry Climate Action Centre (PICAC), a unique industry led training facility in Brunswick, Melbourne. The centre is a 5 Star Green Star rated building and is a working example of innovative design and sustainable plumbing. Through providing access to a training resource without peer, our industry is taking up the challenges of new technology, new risks and new approaches.

PICAC's facilities are pre-eminent amongst training providers and include the Fire Protection Centre of Excellence, the Occupational Health and Safety Centre of Excellence, a demonstration Green Plumbing House, world class reticulated water systems, the newest technology in water and energy efficiency. By showcasing the world's very best, leading edge technology we are training the plumbers of tomorrow, today.

PICAC is an industry partnership supported by the Plumbing Trades Employees Union, Master Plumbers and Mechanical Services Association of Australia, National Fire Industry Association, Air Conditioning and Mechanical Contractors Association, United Association and Plumbing Joint Training Fund.

The PTEU is a force for good in modern Australian society. We are transparent and condemn corruption. Our union has subjected itself to forensic audit and has implemented a range of measures to ensure we function with the upmost probity. We have nothing to fear from the re-establishment of the ABCC, but oppose it as it represents bad and discriminatory public policy.

### **Impacts on productivity**

There seems to be a reliance on looking at legislative solutions to driving productivity in Australia. One of the key barriers to improving productivity in Australia is a lack of skilled labour. This is an area where we as a union, have been active through PICAC.

Australia's slowing performance in productivity growth is not a stand out, it is a trend which is common to many of the OECD, and in fact is approximately average<sup>1</sup>. Some economists attribute this to the slowing pace of technological change – and likewise attribute the rapid growth experienced in the 1990s to information and communications technology. Australia's ranking in the

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<sup>1</sup> OECD. Multi-factor productivity. <http://stats.oecd.org/Index.aspx?DatasetCode=MFP>

take up of new technologies also has slid from the 1990s – from just behind the Nordic countries and the US in the second half of the 1990s to between 15<sup>th</sup> and 22<sup>nd</sup>.<sup>2</sup>

Some people argue that the unprecedented 21 consecutive years of economic growth in Australia has made the nation lazy at improving productivity. We clearly do need to act but the idea that a piece of legislation alone will drive productivity growth, is in a word, fanciful.

Whilst both technological change and micro-economic reform may both have been key contributors to the productivity gains of the 1990s, the growth in the amount of time which people spent at work during that period may also have been a key contributor.

Initiatives such as the Building Information Modelling Initiative, which found that accelerated adoption of BIM could drive productivity improvements of up 9% in the “Building Network”, with increased adoption from those involved in the built form producing an economic benefit of equivalent to \$5b to Australia’s GDP<sup>3</sup>.

Unitised Building too, as an emerging Australian construction technique, has the potential to compliment the existing traditional methods of construction and drive productivity growth.

One of the key drivers of productivity growth is the uptake of new technology. The mobile phone and the computer must rank as the greatest productivity tools of our time. However, from being early adopters, “Australia’s ranking in the take up of new technologies also has slid from the 1990s – from just behind the Nordic countries and the US in the second half of the 1990s to between 15<sup>th</sup> and 22<sup>nd</sup>”<sup>4</sup>.

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<sup>2</sup> Professionals Australia. Speech to AWP Conference “Breaking down the barriers to workforce productivity”. February, 2013.

<sup>3</sup> Built Environment Industry Innovation Council. “Increasing the Productivity of the Buildings Network by adopting Building Information Modelling”. December, 2010.

<sup>4</sup> Professionals Australia. Speech to AWP Conference “Breaking down the barriers to workforce productivity”. February, 2013.

An overall decline in productivity occurred in Australia during the 2000s, with productivity growth at 1.3 per cent per annum, below both the weighted and unweighted OECD average, slipping to 17<sup>th</sup> from 11<sup>th</sup> in order of growth from the 1990s until the 2000s<sup>5</sup>.

The Econtech analysis which the government relies on to justify the re-establishment of the ABCC has been widely discredited. We would strongly suggest that the Committee commissions its own, independent economic analysis so that it can make its own judgements on the impact of the ABCC on productivity.

There is no correlation between industrial relations reforms, the ABCC, the Cole Royal Commission and productivity improvements. If the government is serious about improving productivity, a narrow focus on wages in the construction sector will achieve little. The government must:

- Focus on innovation in the construction industry;
- Invest in skilled trades training;
- Not establish another unwieldy bureaucracy;
- Work with unions and employers to improve productivity, as was the case during our 'productivity boom' of the 1990s. We would welcome the opportunity to participate in a summit.

### **No evidence of corruption**

The Cole Royal Commission – a massive, unwieldy and expensive exercise – was ultimately a flop. It resulted in two prosecutions following 392 findings of unlawful conduct in the public report<sup>6</sup>. What it represented was a very expensive exercise in futility, driven by an ideological belief that workers in the construction industry are not entitled healthy wages and conditions.

### **Coercive powers**

Recent years have seen a range of challenges to human rights. Terrorism presents a unique set of challenges which has seen governments adopt legislative approaches which impinge on the human right of its citizens, such as the right to privacy and freedom from torture. As a society, we need to respect human rights and limit the encroachment on them. As the recently appointed Human Rights Commissioner has said "human rights are designed to stop the abuse of government power over the

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<sup>5</sup> Ibid.

<sup>6</sup> AMWU. "Submission to Senate Standing Committee on Education and Employment", November 2013.

individual”<sup>7</sup>. The coercive powers proposed to be granted the ABCC infringe on the human rights of a section of society – they are inherently discriminatory and would be in breach of international covenants to which we are not only signatories, but champions of. The ABCC reduces construction workers and their union to the status of terrorists, with their rights diluted in a discriminatory environment.

### **The consequences**

The re-establishment of the ABCC will destroy collegiality in the construction industry. The focus of the ABCC on industrial actions and union right of entry. These are hardly matters which should render unions the same status as terrorists. We will see a deterioration of relationships and an atmosphere of fear returning to sites.

### **Conclusion**

We oppose the re-introduction of the ABCC wholly. We stand ready to work with government on improving productivity in the construction industry in a collegiate and cooperative manner.

Please feel free to contact me with any further queries.

Yours sincerely

**Earl Setches**

**Secretary, PTEU**

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<sup>7</sup> Tim Wilson. “Narrow focus confuses intent”. <http://www.theaustralian.com.au/opinion/narrow-focus-confuses-intent/story-e6frg6zo-1226807917451>