



Roofing Tile Association of Australia Inc

**SUBMISSION TO
THE STANDING COMMITTEE ON EMPLOYMENT,
WORKPLACE RELATIONS AND WORKFORCE
PARTICIPATION
INQUIRY INTO INDEPENDENT CONTRACTORS
AND LABOUR HIRE ARRANGEMENTS**

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**Roofing Tile Association of Australia Inc Submission to
The Standing Committee on Employment, Workplace Relations and
Workforce Participation
Inquiry into Independent Contractors and Labour Hire
Arrangements**

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1 EXECUTIVE SUMMARY

- 1.1 The Roofing Tile Association of Australia Inc (RTAA) is a national association comprising of concrete and terracotta roofing tile manufacturers and persons with an interest in the roofing tile industry.
- 1.2 Given the way the industry operates, the RTAA supports independent contracting and labour hire arrangements as a legitimate, fair and efficient form of work.
- 1.3 The roofing tile industry contends that the residential construction industry requires flexible independent contractor arrangements as they enable the delivery of high quality, affordable housing to Australian families.
- 1.4 The RTAA believes that:
- (a) persons choosing to enter into independent contractor arrangements should be able to do so with confidence;
 - (b) the freedom of parties to enter into independent contractor arrangements should not only be protected, but further enhanced;
 - (c) it should not be necessary for a person to obtain a decision of a court or tribunal to know the true nature of their work relationship;
 - (d) certain state laws impose inconsistent standards and arrangements across a national industry by making some independent contractors “employees” for certain purposes;
 - (e) an effective organisation must be able to select the composition of its workforce suitable for its specific business needs;
 - (f) career development, fair treatment and safe systems of work are readily compatible with independent contractor arrangements; and
 - (g) a flexible and uniform national approach to agreed independent contractor arrangements is required in the roofing tile industry.
- 1.5 The potential for third party interference and uncertainty about the status of independent contractor arrangements could potentially have adverse impacts on small businesses, job creation, housing affordability and the broader Australian economy.

- 1.6 Small (often family run) businesses in particular should not be subject to an unacceptable risk of a government instrumentality, industrial tribunal or court finding that their independent contractor arrangement is something other than what was expressly agreed and intended. Such a finding has the potential to undermine business confidence and viability. It also creates unnecessary uncertainty around taxation, superannuation and workers compensation compliance issues.
- 1.7 The RTAA would appreciate the opportunity to comment upon any reform proposals. The RTAA would also be pleased to support any proposed new legislation consistent with the underlying principles contained within this submission.

2 INTRODUCTION

- 2.1 The Roofing Tile Association of Australia Inc (“**RTAA**”) welcomes the opportunity to make a submission to the Standing Committee on Employment, Workplace Relations and Workforce Participation in regards to its Inquiry into Independent Contractors and Labour Hire Arrangements.
- 2.2 The RTAA has a strong interest in these matters as the fixing of roofing tiles is mainly conducted by independent contractors.
- 2.3 The RTAA is an incorporated association comprising of concrete or terracotta roofing tile manufacturers and persons with an interest in the roofing tile industry.
- 2.4 The RTAA was formed through the amalgamation of previously established state based associations and now represents in excess of 90 per cent of roofing tile manufacturing and installation activities across all of Australia.
- 2.5 A key purpose of the RTAA is to encourage, foster and promote the interests of the concrete and terracotta roofing tile industry.

3 ABOUT THE ROOFING TILE INDUSTRY

- 3.1 For over a century roofing tiles have set the standard for Australian housing. On a national basis, over 60 per cent of new homes have tiled roofs.
- 3.2 The industry is unique in that the supply of roof tiles is almost always linked to their installation, a system known as “supply and fix.” The RTAA manufacturing member companies are responsible for the installation of about 60 per cent of the tiled roofs in Australia. Of the remaining 40 per cent, the vast majority are supplied and installed by RTAA associate members.
- 3.3 Therefore, collectively the RTAA membership is responsible for nearly all the installation of roofing tiles in Australia.

4 INDEPENDENT CONTRACTORS IN THE ROOFING TILE INDUSTRY

- 4.1 Fixing of roofing tiles is mainly conducted by independent contractors working directly for roofing tile manufacturers or builders. These independent contractors are usually small businesses and are often family based enterprises.
- 4.2 In 1998, the Australian Bureau of Statistics 'Business Register' recorded a total of 2351 establishments operating within the Australian roofing tile industry, with total employment of 7080 persons.
- 4.3 The cyclical nature of the building industry sees significant turnover in employment and peaks in activity invariably cause increases in employment and establishment of new businesses, both of which largely disappear in downturns. Apart from the dramatic increase in demand due to the 1999 Sydney hailstorm, there has been sufficient capacity in the industry to prevent any major delays through the cycle in the last decade.
- 4.4 Roofing tilers working for manufacturers often operate as independent "Pty Limited" businesses and generally get the majority of their work from one manufacturer. Manufacturers allocate work among their contractors such that, where possible, the key fixers receive some continuity of work. Each job is a separate contract with payment being based upon the roof area and other specific items, such as metres of ridge capping, that are calculated from the builder's plans.
- 4.5 In NSW and the ACT there are several hundred, mainly small, roofing tile installation and repair businesses. Very few of these businesses have shop front premises or organised tile displays, most simply operating from their "kitchen table" and doing business by phone and fax. Most of the work done by these businesses is for small builders (less than 10 houses per year) and repair and renovation work.
- 4.6 In Victoria there is a strong distribution network that was established during the 1970s. Unlike the independent NSW fixers, these businesses have their own premises and quite often storage yards for products other than roofing tiles that are supplied by local manufacturers.

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- 4.7 In other states and territories the majority of roofing tile installation is undertaken by the manufacturers.
- 4.8 These structures have assisted in preserving direct relationships absent from third party intervention in the residential construction industry, thereby consistently delivering high quality affordable housing to Australian families.

5 SOME INDUSTRY CHALLENGES AND DEVELOPMENTS

- 5.1 Independent contractors in the industry negotiate terms individually with builders and manufacturers. Certain provisions in the *Trade Practices Act 1974* Cth directed at achieving competitive markets operate to prevent independent contractors from collectively negotiating, for example, rates. This is an established, workable and accepted feature of the industry that should be maintained.
- 5.2 Attempts by third parties to collectively organise independent contractors or treat independent contractors as employees would erode the efficiency of the industry and substantially challenge its ongoing viability.
- 5.3 Recent union industrial campaigns, including in Western Australia, have resulted in significant increased labour costs for small business employers in the industry. Labour cost increases not linked to productivity improvements challenge the viability of the roofing tile industry and the availability of affordable quality housing.
- 5.4 Industry stakeholders have, however, successfully progressed occupational health and safety and training issues relating to roof tilers. This cooperative approach resulted in the completion of codes of practice for working at heights and also in the establishment of a roof tiling apprenticeship scheme in New South Wales.
- 5.5 These developments support RTAA's view that career development, fair treatment and safe systems of work are readily compatible with independent contractor arrangements.

6 CONCLUSION

- 6.1 The RTAA contends that flexible independent contractor arrangements are an efficient method for providing affordable housing, assisting small businesses and creating new employment opportunities.
- 6.2 The RTAA looks forward to the opportunity to continue working with government and industry stakeholders towards flexible, fair and efficient industry regulations that recognise independent contracting as an essential and valid working arrangement.
- 6.3 The RTAA would appreciate the opportunity to comment upon reform proposals.
- 6.4 The RTAA would support any proposed new legislation consistent with the underlying principles contained within this submission.
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