



21 July 2006

Mr John Carter,  
Secretary,  
Senate Employment, Workplace Relations  
and Education Legislation Committee,  
Parliament House,  
CANBERRA ACT 2600

Dear Mr Carter,

Please find attached a submission by the Master Plumbers' and Mechanical Services Association of Australia to the Inquiry into the provisions of the Independent Contractors Bill 2006 and the Workplace Relations Legislation Amendment (Independent Contractors) Bill 2006 which is being conducted by your Committee.

If you require any further information please do not hesitate to contact me.

Yours sincerely,

Ray Herbert FIE Aust CP Eng  
Secretary





# **MPMSAA Submission**

**To**

The Senate Employment, Workplace Relations and Education  
Legislation Committee

## **Inquiry into the provisions of the Independent Contractors Bill 2006 and the Workplace Relations Legislation Amendment (Independent Contractors) Bill 2006.**

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|----------------------|-----------------------------------------------------------------------------|
| <b>Submitter:</b>    | <b>Ray Herbert<br/>Secretary</b>                                            |
| <b>Organisation:</b> | <b>Master Plumbers and Mechanical Services<br/>Association of Australia</b> |
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1. The Master Plumbers and Mechanical Services Association of Australia (MPMSAA) is a member of the Australian Chamber of Commerce and Industry and we support the Submission made by ACCI to the Inquiry.
2. The MPMSAA is the only industrially registered national organisation representing the plumbing industry. We provide industrial and commercial services to over 5,000 businesses.
3. Up to 15 percent of our members at any one time maybe independent contractors. This represents a growing percentage of our membership.
4. It is increasingly a preferred method of work by many of our members.
5. As an Association we also run a large Group Training Scheme for plumbing apprentices in the country.
6. MPMSAA members operate in the Commercial Construction Industry, Housing Industry and the Services and Maintenance Sectors.
7. Independent contractors are active in all of these sectors.
8. The use of independent contractors offers the flexibility necessary to service these sectors of the economy with the fluctuations that can occur with in it.
9. Independent contracting is effective in offering cost effective service.
10. Use of independent contractors in the housing sector is an element in providing more accessible housing.
11. It is also a key component in the Commercial Construction Industry with its sometimes variable demands.
12. Independent contracting as mentioned above is increasingly popular as a method of work in the plumbing and associated industries.
13. Typically as an Industry Association that oversees the training of apprentices through to representing the interests of the largest plumbing industry employers in the country we see sole trading as an integral part of our industry.
14. A typical progression through our industry is as follows:
  - A young person enters our Group Training Scheme or is employed by a plumbing business and completes an apprenticeship.
  - That person then continues the employment relationship or becomes an employee either of a small business or one of the larger industry employers.



- After a period of time as an employee that person then chooses to become an independent contractor.
- After operating as an independent contractor that person may then choose to become an employer in his/her own right by often engaging an apprentice and/or then employing other plumbers.
- To further supplement their operations that employer from time to time may engage an independent contractor to supplement the growth of the business without the cost of taking on another full time employee for which there may not be the volume of work to cover the cost of that position.
- It is also common in the plumbing industry nowadays that people become independent contractors immediately on the completion of their apprenticeship as this offers them the flexibility and rewards available through independent contracting.

15. Independent contracting is an integral part of the plumbing industry.
16. What the MPMSAA sees in the plumbing industry is an increasing demand by individuals to have the freedom that independent contracting offers along with its attendant rewards and risks.
17. There is an undoubted demand from businesses and individuals for this type of arrangement.
18. Independent contracting is a legitimate alternative to traditional employment arrangements.
19. It is a method of work that provides positive outcomes for the economy.
20. As noted in the ACCI Submission: "The modern labour market needs to be flexible and competitive to allow businesses to respond to clients, consumers and competitors. Independent contracting may not be for every job or the preference of every worker, However it meets important economic and social goals."
21. It is the experience of MPMSAA members that the above statement is the case. It also reflects the experience of the plumbing industry across its many facets.
22. The MPMSAA believes the Bill is necessary to protect those that choose to enter into independent contracting arrangements as well as those seeking to employ independent contractors. MPMSAA also supports those amendments to the proposed legislation by ACCI in so far as they are relevant to the wider plumbing industry.