



Inquiry into non- confirming building products

Senate Economics References Committee

Submission of Unions NSW

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Submission by:

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Unions NSW Submission to the Senate Economics Reference Committee

1. Unions NSW is the peak body for trade unions and union members in NSW with over 65 affiliated trade unions and Trades and Labour Councils, representing approximately 600,000 workers across New South Wales. Affiliated trade unions cover the spectrum of the workforce in both the public and private sector.
2. Unions NSW notes the following terms of reference:

Terms of reference

On 23 June 2015, the Senate referred an inquiry into non-conforming building products to the Senate Economics References Committee for inquiry, with particular reference to:

- a. the economic impact of non-conforming building products on the Australian building and construction industry;*
 - b. the impact of non-conforming building products on:*
 - i. industry supply chains, including importers, manufacturers and fabricators,*
 - ii. workplace safety and any associated risks,*
 - iii. costs passed on to customers, including any insurance and compliance costs; and*
 - iv. the overall quality of Australian buildings;*
 - c. possible improvements to the current regulatory frameworks for ensuring that building products conform to Australian standards, with particular reference to the effectiveness of:*
 - i. policing and enforcement of existing regulations,*
 - ii. independent verification and assessment systems,*
 - iii. surveillance and screening of imported building products, and*
 - iv. restrictions and penalties imposed on non-conforming building products; and*
 - d. any other related matters.*
3. Unions NSW are not in a position to describe in detail a number of the terms of reference. We have focussed on points (a), (b) (i) and (ii) briefly.
 4. There appears to be a lack of information about non-conforming building products in the Australian building and construction industry.
 5. In meetings with government agencies responsible for monitoring these materials, there has been minimal proactive monitoring or awareness of the saturation of non-complying building products by those state and federal agencies.

Economic and Safety Context

6. Unions NSW states that as a country we should increase our focus into this area of monitoring industrial and finished product material safety. This is due to the change supply chains that go into manufacturing and construction materials.

7. The last thirty years has seen a shift in focus from where our manufactured building products are made and imported from.
8. Items that were entirely manufactured in Australia, are now entirely manufactured overseas including by Australian owned companies.
9. Examples of where this has occurred, include products such as electrical fittings where the electrical fittings are now wholly manufactured overseas allegedly complying with Australian Standards.
10. Examples of the products available include those available from local hardware stores such as the following, to those that are available in commercial quantities direct from wholesalers.



11. Whilst a majority of these products are safe to Australian Standards, there are growing reports of more products being let into industry that are not to this standard.
12. Several examples in recent times may indicate that building products supplied in commercial quantities direct from import, may not get the same level of monitoring as retail products. Retail quantity products tend to get monitored by both customs and also state based consumer affairs agencies such as Fair Trading in NSW. Large commercial quantities may once cleared through customs be transported directly to site, without further monitoring. Examples of the possible threat of reduced monitoring are provided below.

Existing Laws

13. Perhaps the most effective laws against faulty building products are at a state level. The consumer protection laws, and the workplace safety laws both provide protections against distribution and importation of unsafe building products.

14. Unfortunately, these laws are often ineffective as a protection when imported faulty products can be ordered online and delivered in large quantities to the worksite. In effect the only party who may be held responsible is the employer/builder (Person Conducting the Business or Undertaking: PCBU) for not ensuring that the product supplied is without risks to health and safety of the workers or the end user.
15. Most trades people however, expect when they buy a product in Australia for building that it meets Australian standards, so products will often go unchecked by the end user.

Changing Origin of Construction Materials

16. To understand why we believe there are substandard materials entering our industry, Australia needs to take a greater interest in the culture, rules and regulations of the countries that much of the products are being imported from.
17. Australia is currently embarking on dramatic shifts of our trade patterns as we sign new free trade agreements with a number of developing countries in our region.
18. Unions NSW has identified that a number of countries in our region, including those that we are now negotiating free trade agreements with, do not recognise our safety standards or health and toxicology advice.

Asbestos

19. A prime example of this problem of standard recognition is China, that does not recognise Chrysotile Asbestos as a form of asbestos. This allows manufacturers in China to declare honestly, or with government guidance that their products do not contain asbestos due to the type of asbestos.
20. Similar recognition issues exist for the purposes of countries including Indonesia, Vietnam, India, Laos and several others in the region, however, international union work has achieved greater advances in this region on asbestos recognition in recent times.
21. Additionally on asbestos, Unions NSW has been informed that the United States has a customs rule whereby if a product contains 1% or less asbestos content that they do not recognise the product as an asbestos product.
22. The United States standard if true, creates a double threat for Australian workers.
23. The first aspect that this causes concerns is that if a product contains asbestos made for the US market, it will be unlikely to be modified for the minor Australian market to remove any asbestos components. As there is no requirement or recognition of the asbestos content, it is unlikely to be declared.

24. The second aspect is that there is a risk, such as with the Asian countries listed above, that the asbestos product is included into transformed manufactured products from asbestos containing components. This is highly relevant in the United States for various equipment and machinery with components made in China.
25. A number of countries have not banned asbestos use or trade, and as a result Unions NSW states that we need to increase our vigilance against the importation of asbestos. In Europe a number of corporately responsible companies will send inspection regimes to source countries to ensure that their manufactured product is without risks to safety and reputation.
26. More bulky and complex products are now being imported causing greater risk of safety breaches and failure to meet Australian Standards. This includes products such as pre fabricated walls to whole buildings.
27. A recent example in ACT saw the ACT WorkSafe identify imported plasterboard sheeting that included asbestos content. Due to the bulk nature of the product it is unlikely that the product safety inspectors would have had the opportunity to view the product before it left port to the worksite.

Electrical Safety

28. Electrical Safety is another serious concern.
29. After years of standards development there have been great improvements to the supply of quality electrical products to Australian industry, and greater reductions in electrical safety incidents. This includes products that are safer for workers and the end users.
30. Unfortunately now with greater reliance on imported electrical products we are identifying products being imported where they do not meet Australian Standards.
31. An example of inadequate standards was the report that up to 4km of poorly insulated electrical cabling was imported. This posed a risk of fire and death from electrocution.
32. It is unclear how much of the wire was utilised, however, to remove and replace 4km of wiring would be a highly expensive outcome, only dwarfed by the cost if someone dies from electrocution or fire.
33. Unions NSW is flagging that with greater trade with a number of the countries in our region through trade agreements that we should prepare ourselves with more interventionist approaches to the sourcing and manufacture of our building products.

34. Unions NSW affiliates have identified a number of identified incidents of imported products causing severe safety, economic, industrial and public relations concerns.

35. Examples of these incidents are included at Attachment A from the ACTU.

Economic Cost

36. The untold cost is the cost to people's health and safety from the risks born by faulty building products.

37. A number of the identified issues in attachment A were followed by legal industrial action by workers when the asbestos was identified.

38. The costs of asbestos exposure are in the billions of dollars per year with over 1000 recorded asbestos related exposure deaths per year.

39. The economic cost of potentially unsafe premises built with substandard products is immense with the risk of fire, collapse etc, going into the millions per incident.

40. The economic cost of retrospectively removing unsafe products such as asbestos or faulty wiring are immense, and it is prudent to ensure the quality before construction.

Recommendations

Unions NSW makes the following recommendations:

- The government establish a cross border team with employer and union representation that is tasked with identifying non-conforming building products and new approaches to identify and prevent their importation.
- The government establishes an investigation into the incidence and nature of the importation of asbestos into Australia;
- Law reform which leads to the prosecution of people and businesses breaching the importation ban;
- The issuing of a Ministerial directive to the Australian Customs and Border Protection Service which makes clear that the agency should do all it can to prevent the importation of asbestos into Australia;
- The adequate resourcing of the Australian Customs and Border Protection Services to comply with the ministerial directive; and

- That Australian Government looks to collaborate with Organisations of a similar nature based in Europe that undertake an inspection regime of high risk products at place of manufacture to undertake supply chain verification of quality and safety of the products being manufactured.

Appendix A

Asbestos containing imports:

1. Wall tiles containing tremolite asbestos
(http://cdn.justice.act.gov.au/resources/uploads/Worksafe/Publications/Safety_Alerts/HA50-WallTilesTremoliteAsbestos.pdf)
 2. Please see Attachment A from a delegation to Canberra which lists examples of a series of imported asbestos.
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