



Electrical Trades Union of Australia

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SUBMISSION

Senate Economics References Committee

Inquiry into Non-confirming Building Products

July 2015



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Executive Summary

The Electrical Trades Union (ETU) is the Electrical, Energy and Services Division of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU). The ETU represents approximately 65,000 workers electrical and electronics workers around the country and the CEPU as a whole represents approximately 100,000 workers nationally, making us one of the largest trade unions in Australia.

The ETU welcomes the opportunity to submit to the Committee in relation to the inquiry into non-conforming building products. In our view this inquiry is significantly overdue. The scope of the Committee's inquiry (Appendix 1) is to examine the impact of non-conforming building products on the Australian industries and consumers.

We are also of the view that it is paramount that this inquiry takes into consideration the impact that the China-Australia Free Trade Agreement will have upon the building products that will flood the building and construction industry.

The ETU have major concerns regarding the non-conforming building products that will fall short of the Australian Standards and pose significant safety risks upon workers in the building construction industry and also consumers within the residential and commercial sector.

It would be in the public interest for the inquiry to investigate what appropriate checking frameworks fall short to protecting workers and consumers of Australia. Additionally, that the inquiry also investigate and ensure that the increase in imported manufactured building material and goods do not reflect an increase in non-conforming building construction material.

The importance of standards and their enforcement cannot be overstated when it comes to ensuring firstly the safety of workers and the public, and secondly quality products that represent fair value for the consumer.



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The construction and electrical industries are inherently dangerous, high risk industries that carry the potential for terrible consequences for workers, consumers and the public when things go wrong. That's why Australia has good product safety requirements and standards that have been developed over a long period of time. Our standards and safety regime is one of the best in the world, and it is a simple fact that other countries, many in the Asian region, do not manufacture goods that meet our standards, yet these goods are imported into Australia and sold or used.

This occurs mainly due to the fact that our standards are not rigorously enforced and checked, and that in turn is due to a lack of resourcing and policy priority.

Dodgy imported products represent a risk for workers where issues can lie dormant for years before becoming apparent when regulators must go through significant time and expense of a costly product recall. Dodgy imports also give overseas manufacturers an unfair advantage over Australian manufacturers who comply with our standards and the extra cost that that may involve.

Overall it is much cheaper and safer to ensure that Australian standards are checked and enforced as products are imported into our country.



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Recommendations

We submit the following recommendations to the Committee:

Recommendation 1

All products used in regulated building work are assessed against Australian Standards (or equivalent), to be undertaken by customs or similar, ensuring that any non-conforming items are kept from being distributed prior to their acquisition by suppliers.

Recommendation 2

All products found to meet the standard are marked in a clear and concise way.

Product assessments are verified and are audited by independent regulators on a minimum annual basis and the results be publically available.

Recommendation 3

Ideally, the system is monitored and enforced by a single government agency that is working in concert with other agencies as required.

Recommendation 4

Penalties for importers and vendors who fail assessments ultimately allows for criminal prosecutions.

Recommendation 5

Consideration be given to the establishment of an industry-wide levy to provide a stable funding base for standards enforcement regulatory activities.



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Infinity Cables

The case of the Infinity Cables clearly demonstrates the risks associated with not enforcing Australian standards are met.

More than 40,000 homes and businesses nationwide have had more than 4000km of installed electrical cable from China that does not meet the applicable Australian manufacturing standard, and are now subject to a national recall¹.

Anyone who bought a house, renovated or had work done between 2010 and 2013 is potentially at risk. Safety risks will begin as early as next year in some states as the cables degrade.

The Australian Competition and Consumer Commission (ACCC) launched an awareness campaign over the Infinity brand electrical cable. This Chinese manufactured cable had been installed in an estimated 40,000 commercial and residential buildings nationally in Australia. On 27 August 2014 there were eighteen electrical retailers and wholesalers who had to recall the Infinity electrical cables. The cables were supplied in NSW (2010-13); ACT (2011-13); in Victoria, Queensland, South Australia and Western Australia (all 2012-13) and in Tasmania in 2013.

Attention was brought initially by the Australian Cablemakers Association (ACA) who had tested the cables under a program and was then reported to the relevant Government Authorities. This program was established because no such testing or monitoring of product safety and compliance was being carried out by the Government Authority.

The Infinity Cable debacle clearly demonstrates the associated risks with not enforcing Australian standards. Electrical contractors, wholesalers, retailers and consumers pay

¹ <http://www.accc.gov.au/update/infinity-cable-recall-act-now-before-its-too-late>



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the price for non-compliant products fiscally. Additionally, the building and construction industry, particularly when foreign entities work on infrastructure here in Australia, should know the cheapest price on building products has many hidden costs attached.

Recall of Faulty Isolators in the Solar Industry

In 2014 it was identified that imported Avanco and PV Power (Appendix 2) branded DC isolators in solar panels caused faulty fires. Approximately, forty fires were caused because of the faulty solar panel parts and caused significant concerns for consumers and our members.

The product was sold through electrical wholesalers or direct to solar contractors and installers in the states of Queensland, New South Wales, Victoria, South Australia and Western Australia. One family owned a solar panel installation business that was operating for 30 years, The Solar Guys.² It went into liquidation as a result of the Queensland government recalled thousands of faulty solar power circuit breakers like many other businesses that sold this faulty product.

The company responsible for the Avanco solar devices, Advancetech Pty Ltd, when under liquidation and the liquidators were not able to assist with the replacement of the devices. The liquidators stated:

“Unfortunately we are not able to directly assist customers of the company or the end users of the products recalled.”³

This had an impact on electrical contractors particularly who had to bear the burden of the cost implications of replacing the recalled devices for free. Furthermore, this

² Smart Company, Andrew Sadauska “ Family owned solar panel business collapses as a recent recall casts long shadow over industry” 18 June 2014 <<http://www.smartcompany.com.au/growth/42435-family-owned-solar-panel-business-collapses-as-recent-recall-casts-long-shadow-over-industry.html#>>

³ <http://www.svpartners.com.au/advancetech-liquidation>



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placed significant burden upon the electrical contractors to follow up those costs from the liquidator.

It was a similar scenario for PV Power SC isolators in solar panels which was imported by DKSH Australia Pty Ltd. However, DKSH Australia Pty Ltd held an insurance policy against recalls where Advancetech Pty Ltd did not. DKSH voluntarily recalled the product and agreed to organise and pay for a replacement isolator.

Asbestos

A recent paper released by the Master Builders Association⁴ has highlighted a worrying trend in the non-conformity of building products imported from China. The Master Builders stated in February 2015:

“The Abbott government has conceded it is unable to guarantee Chinese imports are free of asbestos, amid mounting evidence of its use in the car, mining and building industries, with unscrupulous importers and exporters failing to guarantee the safety of goods.

As the government deals with the fallout from the contaminated Chinese berries scandal, Australian Customs and Border Protection Service officials told The Australian that, despite the best efforts of the organisation, it was unable to guarantee the safety of imported Chinese goods.

It said that while existing legislation made illegal the introduction of asbestos products to Australia without official permission, its efforts were “proportionate to the level of risk”. “ACBPS is not able to guarantee that all imported goods will be free of

⁴ <http://www.mbansw.asn.au/Media/Industry-News/MADE-IN-CHINA-%28WITH-ASBESTOS%29/>



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asbestos. Importers are responsible for ensuring the goods they import are free from asbestos and must declare this on import documentation,” the department said.

In strong parallels with the drugs trade, Customs officials are hampered by a lack of resources, large and porous borders and the sheer weight of numbers of Chinese-sourced goods that have been pouring into Australia.

Unions are alarmed at the potential harm to consumers and workers, with examples of asbestos recently found in cheap plasterboard from China — a recipe for disaster for plasterers — gaskets, trains, mining equipment and other vehicles.

While virtually all the Western world has shunned asbestos in recent years, China and Russia have failed to act meaningfully against the product, which is linked with long and painful respiratory diseases believed to have killed hundreds of thousands of people.”

Recently imported building products have been found to contain asbestos, which poses further need for regulation on importing before another wave of asbestos-related disease and death. The products under suspicion are imported steel and glass products as well as electrical cables with many other building products have also been found to contain asbestos, such as plasterboard.

Unfortunately there is no single system in place which identifies products as being ‘safe’ and ‘fit for purpose’.

Australian border and protection services have said that they are proactive in trying to curb asbestos entering our country, with penalties of up to \$170,000 for individuals, \$850,000 for companies or three times the value of the goods (whichever



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is the greater) in place should prosecution be made against importers. However, the government has conceded that it is unable to guarantee Chinese imports are free of asbestos.

As these faulty supplies are made public to consumers, suppliers are not checking for compliance of items and builders are not seeking the 'certificate of conformity' or 'product certification' prior to installation of these items.



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Appendix 1 – Committee 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:

- the economic impact of non-conforming building products on the Australian building and construction industry;
- the impact of non-conforming building products on:
 - industry supply chains, including importers, manufacturers and fabricators,
 - workplace safety and any associated risks,
 - costs passed on to customers, including any insurance and compliance costs; and
- the overall quality of Australian buildings;
- possible improvements to the current regulatory frameworks for ensuring that building products conform to Australian standards, with particular reference to the effectiveness of:
 - policing and enforcement of existing regulations,
 - independent verification and assessment systems,
 - surveillance and screening of imported building products, and
 - restrictions and penalties imposed on non-conforming building products; and
- any other related matters.



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Appendix Two – Avanco Isolator Recall Notice

ELECTRICAL SAFETY RECALL

DC Solar Isolator

"PVPower" branded XPDCISO1000V32A DC Isolator



PVPower
brand mark

"PVPower" branded DC Isolator, part number XPDCISO1000V32A.

Sold through electrical wholesalers or direct to solar contractors/installers between August 2012 to August 2013.

DEFECT: Product internal fault, where a high resistant connection may form

HAZARD: RISK OF FIRE

There is a risk that the DC isolator may overheat and, in some cases, cause fire.

WHAT TO DO:

Electrical Contractors/Installers

Shut down the PV system. The DC Isolators are required to be replaced.

For a replacement program contact DKSH by phoning 1800 006 137 (during business hours), visiting <http://www.dksh.com.au/recall> or emailing recall.au@dksh.com.

Wholesalers/Resellers

Cease supplying PV Power DC Isolators and arrange returns by contacting 1800 006 137 or emailing recall.au@dksh.com. Visit <http://www.dksh.com.au/recall> for further details.

For further information

Please direct all calls and any queries concerning this recall to DKSH by phoning 1800 006 137 (during business hours), emailing recall.au@dksh.com or visiting <http://www.dksh.com.au/recall>.

See www.recalls.gov.au for
Australian product recall information