

Appendix 3

Correspondence received from Hon Craig Laundy MP, Assistant Minister for Industry, Innovation and Science

- Letter to the Chair from the Hon Craig Laundy MP, Assistant Minister for Industry, Innovation and Science dated 21 June 2017.
- Letter to the Chair from the Hon Craig Laundy MP, Assistant Minister for Industry, Innovation and Science dated 17 August 2017.

Letter to the Chair from the Hon Craig Laundry MP, Assistant Minister for Industry, Innovation and Science dated 21 June 2017.



The Hon Craig Laundry MP

Assistant Minister for Industry, Innovation and Science

MS17-001776

Senator Chris Ketter
Senate Standing Committees on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

21 JUN 2017

Dear Senator Ketter

I am writing in respect of the terms of reference to the Inquiry the Senate Economics References Committee (the Committee) is undertaking into non-conforming building products (the Inquiry).

Following the tragic loss of life at the Grenfell Tower in London, the Australian Government wishes to take all necessary steps to prevent a similar tragedy from occurring in Australia. As I am sure you appreciate, the implications of the non-compliant use of combustible wall cladding products are potentially devastating.

As the Chair of the Committee, I am aware you have indicated that you would like to use the Inquiry to hold a public hearing to specifically examine the use of non-compliant cladding material in Australia. On behalf of the government, I would like to express my support for such a hearing.

I believe the current terms of reference of the Inquiry would permit the Committee to consider the effectiveness of current regulator frameworks for ensuring building practitioners comply with the National Construction Code (NCC).

As the Chair of the Building Ministers' Forum (BMF) this is of significant importance, as the BMF has asked the Australian Building Codes Board to implement a number of measures through the NCC to improve fire safety in high-rise buildings, and help address the risks associated with the non-compliant use of external wall cladding.

I understand that the Committee has until 31 August 2017 to table the interim report on the illegal importation of asbestos containing products, and will release its final report by 31 October 2017.

However, I would like to request the Committee report on its findings as early as possible, to ensure we can protect and retain confidence in Australia's built environment and building and construction industries.

Yours sincerely

Craig Laundry

Letter to the Chair from the Hon Craig Laundry MP, Assistant Minister for Industry, Innovation and Science dated 17 August 2017.



The Hon Craig Laundry MP

Assistant Minister for Industry, Innovation and Science

MS17-002355

Senator Chris Ketter
Senate Standing Committee on Economics
Parliament House
CANBERRA ACT 2600

17 AUG 2017

Dear Senator

I am writing in respect of a number of serious allegations that have been made about the conduct of practitioners in the building and construction industry, during the Senate Economics References Committee's (the Committee) inquiry into non-conforming building products.

As the Chair of the Building Ministers' Forum (BMF) this is of significant importance to me, as the safety and effectiveness of Australia's built environment is being called into question.

I have taken the liberty to document a number of the allegations with respect to non-conformance and fraud that have been made throughout the public hearings (enclosed). I urge you to follow up these allegations to ensure that the appropriate regulator is notified of the issues and that your report is as accurate as possible.

Following the tragic loss of life at the Grenfell Tower in London, the Australian Government and the BMF wishes to reassure the Australian community that our buildings are among the safest in world, and that State and Territory regulatory systems are robust in addition to being continually improved.

I understand that the Committee has until 31 August 2017 to table the interim report on the illegal importation of asbestos containing products, and will table its final report by 31 October 2017.

I would again like to request the Committee report on its findings as early as possible, to ensure we can protect and retain confidence in Australia's built environment and building and construction industries.

I have also copied this letter to my colleague Senator Jane Hume, in her capacity as Deputy Chair of the Economics References Committee.

Yours sincerely

Craig Laundry

Encl. (1)

CC. Senator Jane Hume

CC. Senate Economics Committee Secretariat

ATTACHMENT A

ALLEGATIONS & STATEMENTS MADE BY WITNESSES

Hearing Date	Witness	Allegation
13 Nov 2015 (Original Committee)	CSIRO Mr Mark Burgess Dr Marcus Zipper	<ul style="list-style-type: none"> Mr Burgess advised the Committee that in the past two years CSIRO has identified two specific cases of people fraudulently falsifying CSIRO test reports (to purport the products conform to Australian Standards). In one example, the product manufacturer was found to be innocent of any wrongdoing. The installer had altered the certificate in order to use the product outside of where it should be used. The installer was untraceable (small-scale installer). Action was taken in both circumstances. CSIRO wrote to a number of industry parties including ABCB to circulate the existence of the report and the manufacturer of the product. The CSIRO also then alerted the ACCC.
	Australian Industry Group (AIG) Dr Peter Burn Mr James Thomson	<ul style="list-style-type: none"> Mr Thomson discussed an example of a member [unnamed] who had discovered that there were counterfeit versions of their members companies power points, after noticing a sudden increase in returns because they were faulty. AIG needed to inform customers that the products were not its members despite being branded as such.
15 Feb 2016 (Original Committee)	Attended in Private Capacity Dr Nathan Munz	<ul style="list-style-type: none"> Dr Munz alleged an Australian based company (unnamed), that certified many local and overseas suppliers of safety glass, had issued a certificate for transportation safety glass to a non-existent entity at a false Australian address. A copy of the fraudulent certificate was submitted to the Senate Committee. Further action taken in this matter was not mentioned. Dr Munz stated glass with the conformance symbol and license number on the certificate is installed in trains operating in Perth, Adelaide and Melbourne. [It is unknown if Dr Munz was referring to the Australian Window Association conformity mark].
	Asbestos Safety and Eradication Agency Mr Peter Tighe	<ul style="list-style-type: none"> Mr Tighe submitted that there may have been forged certificates of compliance in the importation of products containing asbestos. A particular example was not provided. [In Mr Tighe's oral submission he stated that specific incidents were identified in ASEA's written submission; however, the written submission does not contain any examples].
30 Jan 2017 (Re-established Committee)	CFMEU Mr Bradley Parker	<ul style="list-style-type: none"> Mr Parker alleged there is an international pro-asbestos movement that is linked to the Russian mafia. He submitted that the mafia engages in intimidating and corrupt behaviour, particularly in South-East Asia. He noted that there were rumours of money crossing hands with international politicians and that there was a (then) recent international spying scandal involving a spy named Rob Moore infiltrating the anti-asbestos movement.

		<ul style="list-style-type: none"> • Mr Parker further stated that Rob Moore was subject to a UK court case and was employed by K2 Intelligence. • Mr Parker also recounted an incident in Vienna where he attended a 'global union federation on asbestos' which was disrupted by the Russian mob. He said that he was intimidated in the bar of the conference by the Russian mob and mentioned that another international attendee at the conference was 'roughed up' a couple of years before.
9 March 2017 (Re-established Committee)	CFMEU Mr Mick Buchan Mr Robert Anthony Benkesser	<ul style="list-style-type: none"> • Mr Buchan: made an allegation that counterfeit/fraudulent/forged documentation was being provided for illegal importation of asbestos. He alleged that the documentation said that the product itself contains no asbestos. • An example of documentation was not provided to the committee; however, Mr Buchan offered to provide the Committee with scaffold products that had come from offshore with forged documentation that CFMEU had seen.
	Coffey Mr Frederick Easton Mr Daniel Morgan	<ul style="list-style-type: none"> • Mr Morgan and Mr Easton stated they found falsified vessel clearance certificates where 'limpet' asbestos was found on board. • Mr Morgan and Mr Easton stated machinery from high risk nations (such as China, Vietnam, Malaysia and some European countries who receive their machinery from China) is frequently contaminated with asbestos, and the asbestos contamination is then transferred to the building products. • Coffey generally receive requests from Border Force to assess products, such as crayons, and therefore do not need to refer on for further action.
14 Jul 2017 (Re-established Committee)	CFMEU Mr Travis Wacey	<ul style="list-style-type: none"> • Mr Wacey alleged that there is widespread fraudulence of certificates occurring. He suggested the CFMEU are aware of product suppliers who were producing false paperwork and certificates as evidence the product conformed to Australian Standards. He stated the third-party certifier computer systems had been hacked and the certificate template stolen and used it to falsify certificates. • He suggested the CFMEU had made an enquiry with that testing authority [not named] but they stated it hadn't been hacked and had never heard of the distributor or manufacturer. • The CFMEU stated they would provide the Committee with evidence at a later date. • The CFMEU stated they were not aware of any prosecutions. However, they were aware of examples that had been raised with the ACCC but claimed that ACCC may not have prosecuted due to list of priorities. • Mr Wacey stated the CFMEU had raised concerns with regulatory authorities [unnamed]. • The CFMEU noted that there is an issue of commercial retribution in the industry, and people are not making complaints because of that threat. The CFMEU raised this matter with the ACCC and were told that it did not meet its list of 'priorities'.

	Trade Union of Australia Mr David Aylward Mr Steven Diston Mr David Mier	<ul style="list-style-type: none"> • Mr Mier asserted that companies can easily get documentation from China to say that a material does not contain asbestos. Either the importing company can request a fraudulent certificate or the manufacturer will claim that the product does not contain asbestos without checking or will be aware and will provide the certificate anyway. • Mr Meir gave an example of works carried out on electrical tram substations built in Melbourne and Monarto in South Australia. • Mr Meir alleged Robin Johnson Engineering and Australian Portable Camps provided sheeting containing asbestos • <i>[Robin Johnson Engineering was subsequently invited to appear at the Adelaide Public Hearing on 31 July 2017].</i>
19 Jul 2017 (Re established Committee)	Building Products Innovation Council (BPIC) Mr Rodger Hills	<ul style="list-style-type: none"> • Mr Hills stated BPIC has a lot of qualitative data about fraudulent certificates. • Mr Hills asserted the Australian Window Association, has 'literally thousands of documents that are fraudulent'. • This has been brought to the attention of ACCC and police. Mr Hills stated that a large part of the problem is from imported products. Further claims that there has been fraudulent NATA certificates and forging of industry code certificates. • <i>[The Committee suggested they may seek to write to the Australian Window Association to ask for evidence of fraudulent documentation.]</i> • Mr Hills stated there were issues reporting such allegations to the ACCC and the police, claiming each will say that they do not have jurisdiction. • Mr Hills stated to his knowledge there has not been a criminal prosecution of fraud. • Mr Hills alleged there is corruption across a number of fields in Australia (became aware in his position as CEO of the Association of Building Sustainability Assessors). • He was unaware of bribery but there may be secret commissions (fraudulent documentation is produced to reduce or speed up the process). • Mr Hills stated he had reported this to the state regulator <i>[unnamed]</i>, however, the state regulator said that they did not have jurisdiction.
	Australasian Fire and Emergency Service Authorities Council (AFAC) Ms Amanda Leck Mr Robert Llewellyn	<ul style="list-style-type: none"> • Mr Llewellyn was asked by the Committee about counterfeit sprinklers. • Mr Llewellyn responded that the defect was a worldwide issue and involved the glass bulb not meeting specifications for it to correctly operate despite having an approval. • Mr Llewellyn stated that documentation was in the public domain and would be provided to the committee.
	CertMark International Miss Talissa Ireland Mr John Charles Thorpe	<ul style="list-style-type: none"> • Mr Thorpe referred to the example of ModakBoard which was certified based on an extremely high-quality magnesium oxide board that was tested and certified in Australia by the CSIRO. • The consumer then went to China and was told that they had been supplied with a similar looking board to the

		<p>product that had been tested however the board in their possession was not fireproof.</p> <ul style="list-style-type: none"> • The consumer alleged the supplier fraudulently put the CodeMark stamp on the substituted product. • Mr Thorpe also claimed that it was possible that the ALDI taps had fraudulent certificates.
	<p>Australian Institute of Building Mr Paul Heather Mr Norman Faifer</p>	<ul style="list-style-type: none"> • Mr Faifer asserted that he had witnessed fraudulent product certification. Stated that non-conformity is caused in part by language barriers. In some cases, false compliance certificates may not be picked up by the builder as they may not have the relevant experience to identify a fraudulent document. They would in good faith accept the expert's document. • Mr Heather is not aware of any prosecutions for the presentation of fraudulent documentation or certificates. • Mr Faifer also noted that issues may arise from using substituted material as the certification may or may not be genuine.
<p>31 Jul 2017 (Re-established Committee)</p>	<p>Robin Johnson Engineering (RJE) Mr Robin Johnson</p>	<ul style="list-style-type: none"> • <i>[RJE was invited to attend by the Committee, following the verbal submission from the Trade Union of Australia on 14 July 2017.]</i> • Mr Johnson provided an oral submission regarding his company's involvement in installing flooring into Siemens substations that was (later) found to contain asbestos. • Mr Johnson stated that his company relied on a certificate of compliance that indicated that the product did not contain asbestos. In this situation the composite material in the product was also identified in the documentation and did not list asbestos. • Mr Johnson stated RJE had engaged a NATA accredited testing laboratory, SGS, to test products prior to shipment. • Mr Johnson reported the certificates to the various state regulators and starting legal action <i>[unclear if this action is being pursued in Australia or China]</i> against the supplier, Feicheng Lutai.
	<p>Private Capacity Mr Wilczynski</p>	<ul style="list-style-type: none"> • Mr Wilczynski purchased double-glazed windows and doors and engaged builders to install them. Alleged the doors fell apart as they were not suitable for the Australian climate and the windows caused damage to the house due to the weight of the windows (cracks in walls, house is breaking at the veneer). • Certificates of compliance were not initially supplied, however, at a later stage some certificates were supplied for some of the products installed but not all. • Mr Wilczynski alleged that the certificates supplied were fraudulent. The products were manufactured by a Polish company named Drutex which claimed that it was not responsible. • A business partnership named Varmhus installed the products. However, after the partnership split Varmhus was wound up and one partner set up a new business named Oknalux.

		<ul style="list-style-type: none"> • Mr Wilczynski advised he started [or considered] a civil action against the partnership Varmhus. He also tried to report the conduct to the police who he said they would not investigate. • Mr Wilczynski then contacted the Premier (presumably of South Australia) who redirected the matter to the police who then redirected the matter to the Attorney-General's Department.
	University of Adelaide Professor Andrew Lowe	<ul style="list-style-type: none"> • Prof Lowe stated that falsification occurs in timber supply chains. He estimated that in the supply chains the University tests (routine DNA testing), they generally find between 30 to 50 per cent of timber is incorrectly identified in terms of the species that is being claimed.