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E&OE

Opening

Thank you to the National Press Club for this opportunity. And today, on Remembrance Day, I would also like to acknowledge our current and former service men and women.

Every builder starts with a simple question: what are we building on? We look at the ground beneath us, because the footings must be right for those conditions. Get them wrong, and sooner or later, cracks will appear. It might take a year. It might take a decade. But they will appear. And for decades, this industry, when it comes to industrial relations, has rested on faulty footings.

Why do we say this? Let's first turn back the clock 40 years.

This year marks forty years since governments deregistered the Builders Labourers Federation.

The BLF's leader, Norm Gallagher, told us then that the union would look after itself, and that we should "just wait and see". We waited. We saw. Former BLF officials re-emerged in the unions that became the CFMEU, and the behaviours came with them. Deregistration removed a name. It did not remove a culture.

Fundamentally, the faulty structure remained, enabling a reemergence of unlawful conduct, arguably with greater consequences.

So, our argument today is simple. Administration of the CFMEU in 2024 by the Albanese Government and backed in by the Coalition, was necessary, it was courageous, and Master Builders supported it from the first day. But it is the first step, not the only step.

Australia has before it, at this very moment, a narrow window of opportunity, to deliver lasting reform once and for all.

And why do we need reform, let me say what is at stake.

This is an industry of nearly 1.4 million people, about one in every eleven Australian workers. It trains more than 105,000 apprentices and trainees every year. It is more than 470,000 businesses, almost 98 per cent of them small and family firms. It delivers over 350 billion dollars of work a year and contributes more than 12 per cent of GDP. Our country

is totality dependent on this industry for its built environment. So, our community and our economy deserve better than relying on our cracked footings.

We also need to put this unacceptable behaviour into perspective. Yes, we need reform to remove bad actors from the industry, but it has been the actions of a minority of those 1.4 million people that work in the building and construction industry that give us a bad name. Much of the industry, from head contractors, sub-contractors, their employees, and industry leaders all want the same thing. An industry that we can be proud of, an industry that attracts the best, and an industry that is building lawfully, safely, and productively.

Why Administration is not enough

We say that Administration is not enough. Let me start with why.

Construction invites pressure, and it matters to understand how, because it shapes the cure.

A major project is a massive amount of money on one site, with a hard deadline.

Every day of delay costs a fortune in finance, idle machinery, penalty clauses and wages.

The Cole Royal Commission spelled out the consequence. Head contractors and subcontractors face severe penalties for late completion, so a stoppage creates immediate loss, and that loss puts intense pressure on them to give in.

The union, Cole observed, suffers no loss from unlawful action. The result, in his words, is that "industrial power, not right or entitlement, determines outcomes".

That is an almost perfect environment for extortion. And criminals know it.

In recent weeks, the Queensland Commission of Inquiry heard from Ronald Goldstock, the former Director of the New York State Organized Crime Task Force. His evidence was that anybody who can slow down the process is a potential extortionist, because delay costs so much. New York learnt the hard way that organised crime can work its way through influence, intimidation, coercion, and control over commercial relationships.

Professor Goldstock added something that Governments in this country should heed. The New York response included powerful laws designed to dismantle criminal enterprises and the establishment of a specialist regulator. Together, these measures helped identify and remove problems quickly, keeping extortion in construction to a minimum and allowing building work to proceed.

So industrial relations is the enabler of unlawful conduct. It opens the door to criminal and corrupt elements. In the wrong hands, industrial relations tools stop being used for good and become instruments of control.

In this context, we have a problem, as the CFMEU Administration deals with just one organisation and is time limited. It does not deal with the incentives, the structures, the lack of sufficient laws to hold broader criminal and anti-competitive behaviour to account, and the insufficient control by our law enforcement agencies and regulators who don't have the specialist skills or funds required to keep bad actors out of our industry.

In building parlance, the CFMEU Administration is like the scaffolding around a building. It does not fix those faulty footings, but it gives us access to that building's structural problem. It allows us to inspect the foundations. It lets us remove defective material. It enables remediation. It allows us to rebuild.

Judicial Review

Fortunately, we do not have to guess about how to rebuild. The starting point has been written down, by judges. Whether through the four previous royal commissions, the multitude of court cases involving the CFMEU and more to come with the Qld Commission of Inquiry and the Victorian Royal Commission.

Four past royal commissions. The Winneke Royal Commission in 1982, which uncovered the secret commissions that sent Norm Gallagher to jail. The Gyles Royal Commission in New South Wales in the early 1990s, called after cost overruns from union disputes. The Cole Royal Commission in 2003. And the Heydon Royal Commission in 2015.

The Heydon Royal Commission, uncovered a litany of unlawful conduct, including financial misconduct, abuse of right-of-entry powers, blackmail, extortion, death threats, false records, misuse of union funds and arrangements designed to secure so-called industrial peace. It also identified conduct that raised serious concerns about governance, accountability and compliance with the law.

The Royal Commission into the Building and Construction Industry, led by Terence Cole, reached many of the same conclusions.

The Federal Government, during the High Court Challenge on the Administration Legislation, told the High Court that, from 2003 up to that point, there had been:

- more than 1,500 contraventions of federal workplace laws by the CFMEU as an organisation;

- a further 1,100+ contraventions by CFMEU officeholders, employees, delegates and members;
- arising from approximately 213 proceedings;
- with at least $24 million in penalties against the CFMEU; and
- at least another $4 million in penalties against individual union officials.

The recent history

Recent history has shown exactly what happens when alleged unlawful conduct is allowed to flourish. Australians have seen the cases of Setka, Greenfield and Ravbar, each exposing allegations of intimidation, coercion, criminal associations and conduct that has no place in a modern workplace.

Geoffrey Watson said of his investigation into the Victorian CFMEU that it had been a challenging experience.

He said, and I quote:

> *"As a lifelong believer in trade unions, it was shocking to see so much crime, so much corruption, such a perversion of values. The CFMEU was no longer on the right side of civil society, it was proudly on the wrong side. The Union was no longer the champion of the working class – the Setka era CFMEU turned to looking after gangsters, standover men, bikies, heroin traffickers, and even killers. By the end of this investigation, I have been left with the empty feeling that the Setka-led Victorian branch of the CFMEU was no longer a trade union, it was a crime syndicate."*

Watson's review described an industry operating under a "shadow of fear", where there was often "no realistic practical response open to contractors apart from capitulation".

When Mr Watson investigated Queensland, he interviewed only 55 people over three months, because so many of those he approached were afraid.

Some held back because the legal challenge to the Administration was undecided, and they feared that if the former leaders were reinstated, they would pay a price for having spoken.

Industry has told us for years that participants have heard officials say they "will never forget", that they know where people live and where their kids go to school. Evidence shows that these standover tactics went beyond bad actors in the union as criminal

elements were allowed to flourish in parts of the industry. But remember industrial relations was the enabler, a culture of silence does not happen by accident.

Think about that. In our country with our strong commitment to the rule of law, people were afraid to tell the truth about their workplace because they were afraid for the wellbeing of themselves and their families.

What it costs

Let me turn to what this costs every Australian.

It has no doubt cost construction productivity, which has fallen 21.5 per cent over the last decade. This decline has slowed down the delivery of new homes, infrastructure and buildings, and makes the projects that do get built much more expensive.

For over 10 years, Master Builders has said that unlawful conduct and the cost-inflating provisions that go with it add up to 30 per cent to the cost of a project.

We said it to ministers and to journalists, and we were ridiculed for it. We were told the number was made up. We were told it was self-interest. Our warnings were dismissed.

In 2022 we commissioned EY to model what would happen to the economy if the ABCC were abolished. They found it could cost around 47.5 billion dollars of economic activity by 2030, as productivity fell and costs rose. The report was dismissed. The CFMEU called it worthless. Academics were asked to tear it apart.

Now look at what has happened since.

Geoffrey Watson SC investigated Victoria for the Administrator. He spoke to the people who used to lead the big civil contracts, before the CFMEU took control of those projects. Time after time, he told the Queensland inquiry, they said costs went up by 30 per cent. Others said 20. Some said 15. Hardly anyone said less than 10.

Mr Watson then did something deliberately cautious. He applied 15 per cent, half of what most sources told him, to the roughly 100 billion dollars of the Big Build. That gave around 15 billion dollars just for the Big Build in Victoria alone, which he said was a rough estimate and no doubt conservative.

The Victorian Government disputes that figure. It is an estimate built on industry evidence, not an audit. That is why we need a body whose job is to measure this and act on it.

Beyond Administration

The CFMEU Administration has begun the difficult process of change, but reform must be broader and permanent because we cannot continue to tolerate criminality, corruption and intimidation in an industry so fundamental to our national prosperity.

Forty years ago, governments concluded the sector had a lawlessness problem.

Twenty-three years ago, the Cole Royal Commission reached much the same conclusion.

And eleven years ago, so did the Heydon Royal Commission.

This year Geoffrey Watson, the Queensland Inquiry, the Victorian Royal Commission and a string of investigations are again pointing to the same issues.

Different decades, different governments, different commissioners, the same problem.

So, what do we do? What needs to be done to ensure the next 40 years do not look like the last 40?

We can paint a pretty clear and I think reasonable picture of what success would look like.

An industry:

- That is lawful and well-governed, free from intimidation and criminal influence.
- Where employers regain operational control over project and site operations.
- Where enterprise bargaining supports productivity and genuine workplace-level agreement, not union leverage.
- With increased productivity and industry efficiency for project delivery, flexibility and performance.
- Where governments act as impartial referees rather than shaping industrial outcomes.
- Where workplace relations are constructive and representation is clearly defined and focused on legitimate representation, safety and industry-wide cooperation.
- And where everyone in building and construction recognises the important role that lawful unions play in workplaces. They are an integral part of the industrial relations system and workers deserve to be represented by organisations and

individuals that focus on looking after their workplace needs and acting in their best interests.

So what guardrails are required to enable us to achieve that success?

Our plan that we release today is called *Built to Last*, because the point is permanence.

It draws on those four royal commissions, the hundreds of Federal Court judgments, the lessons of the BLF and our more recent history.

Our reforms can be distilled down to 3 key limbs:

One regulator

There needs to be a new regulator. Construction is a national industry, but enforcement is split between industrial regulators, police, safety agencies, and the competition regulator, at a federal level and across state borders.
Criminals love fragmentation.

We propose a Construction Industry Compliance and Corruption Agency, an independent statutory body. One with power to investigate corruption, to follow the money, to work alongside law enforcement agencies and one that can remove bad actors from the industry permanently.

It will require not just the establishment of the agency but amendments to the Fair Work Act and the Competition and Consumer Act.

This is not an anti-union agenda. Taking out the bad actors from the entire industry protects the good ones. And the time to build the regulator is now, not after Administration ends. It must be in place, with the knowledge and systems, before the Administrator leaves the building.

Administration must finish the job

The Administration of the CFMEU must not become an exercise in simply waiting for the clock to run down. The public deserves to know whether reform is working. Everyone deserves confidence that governance failures have been addressed.

Administration should end only when reform has been demonstrated, not merely declared.

It takes a full cycle of new leaders, new expectations and new behaviours.

Mr Irving did a great deal of work, and Mr Crosby now leads the next important phase. We commend both for their leadership in stepping up to this critical role. We continue to support the work of the Administrator to ensure that the job can be successfully completed.

Individual accountability and protection

Individuals need to be held accountable and those in the system willing to call out unlawful behaviour need better protection.

We need a genuine fit-and-proper-person test for union officials. Individuals with serious histories involving corruption, violence, extortion, organised crime, dishonesty or repeated breaches of the law should not be entrusted with special statutory powers entrusted to union officials and delegates. We apply similar standards in banking, financial services and gaming, there is no reason union officials should be treated differently.

This test must work alongside our proposed regulator for the entire industry—one with the powers and resources to set clear standards, educate industry participants about their obligations, monitor compliance and take enforcement action when those obligations are breached. Together, these measures should, as in New York, severely curtail criminal and anti-competitive behaviour—whoever is responsible.

We also need stronger whistleblower protections. If people are afraid to speak, nothing else works. We need strong legal protection for companies and individuals who give evidence, and criminal penalties for anyone who takes reprisal or "payback" against them. They need one place to report, with the power to protect them.

Thank you to those who stuck their heads up

Let's take some time to reflect on how we have got here. Reform does not just happen by itself. It happens because people take risks.

Over the decades, there have been builders who refused to pay for peace and paid for it with their businesses. Workers who said no to something they knew was wrong and found themselves unemployable. Union members and officials who raised their hands inside their own organisations and were shut down. Regulators and investigators who took on powerful interests with limited resources. And my own colleagues, the Master Builders IR people around the country, who spent years collecting evidence, writing submissions, giving evidence, and being called liars for their trouble.

To every one of you: thank you. You were right. Many of you paid a price for being right. This country owes you a debt.

And to anyone who is afraid to come forward right now: your evidence matters, and we will keep fighting for the protections you need.

Thank you to the journalists

We owe thanks to the role journalists have played. I would be remiss not to say this in a room full of journalists.

Industry spent decades raising these concerns, with governments, regulators and royal commissions. At various points the answer was that the evidence was contested, or it was not a priority.

What finally changed it was journalism. Nick McKenzie, Ben Schneiders and David Marin-Guzman, with the Nine team, worked for months with whistleblowers who took enormous risks to put the evidence in front of the Australian public in a way nobody could ignore. The Walkley judges called it a story journalists had been trying to tell for decades. They finally told it.
Within weeks, the country's largest construction union was in Administration. That is what journalistic integrity and perseverance looks like. Thank you.

Closing

Let me finish where I started, with the footings.

In August 2024, the Federal Parliament did something rare. The Government introduced legislation to put the CFMEU into Administration. The Opposition, after negotiation, supported it. It passed in days. Master Builders backed it, because it was right and the industry could not wait.

That bipartisan spirit is what made Administration possible. It is what the next phase needs.

We have actively engaged in the goodwill that Administration has provided through many forums, directly with the Administrator and at a tripartite level with government. However, we are of the view that goodwill on its own is not enough.

We recognise that the Federal Government is seeking to introduce our asks on fit and proper and whistleblowers through the proposed procurement Standards which is a great start, but we are of the view that our plan needs to be entrenched in legislation.

We are asking both sides of politics today to extend the spirit of August 2024 to complete the project, so when the scaffold of Administration comes down, we have a strong industry supported by a regulator backed in with stronger laws and sufficient resources. And we need enough time to finish – no rushed completion dates.

This cannot be a political football. It matters for all those apprentices just finishing school and starting their apprenticeships next week. It matters for the family waiting for a home that costs less to build. It matters for the 470,000 businesses who want to compete on the quality of their work and not on who they know or who they are paying. And it matters for a country that has asked this industry to deliver homes, hospitals, and schools.

Forty years ago, we removed an organisation and trusted that the problem would go away with it. It did not. This time we have the evidence, the experience, and the chance to build something that lasts.

Let us make sure that when someone looks back at this moment in forty years, they do not say we waited, and we saw, and we did nothing. Let them say we built it to last.

Thank you. I look forward to your questions.

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