MASTER BUILDERS AUSTRALIA

BUILT TO LAST

Next steps to a permanently lawful, productive and sustainable building and construction industry



Why this matters to Australia

Australia has a narrow window of opportunity to deliver lasting reform and build a lawful, productive and sustainable building and construction industry.

The stakes could not be higher.

The cost of building a new home has increased by 53 per cent in just six years, pushing home ownership further out of reach for Australians.

Commercial and non-residential construction costs have risen by 33 per cent, discouraging private investment and making it harder for businesses to grow.

Heavy and civil construction costs have increased by 31 per cent over the same period, with roads and bridges now costing 33 per cent more to deliver.

These rising costs have consequences for every Australian, whether buying a home, running a business or paying taxes.

Building and construction accounts for 12 per cent of Australia's GDP. What happens in this industry matters to the entire economy.

But this is about more than economics. It is about the kind of country we want Australia to be.

We cannot continue to tolerate criminality, corruption and intimidation in an industry so fundamental to our national prosperity.

Allowing lawlessness to persist undermines fair competition, erodes confidence in our institutions and risks spreading criminal influence into other industries and the broader community.

Australia has an opportunity to draw a line under this behaviour and restore integrity, accountability and the rule of law. We cannot afford to waste it.

The policy settings and recommendations in this document provides an important opportunity to restore confidence, improve governance and support a more productive and sustainable construction industry.

What does success look like?

Master Builders supports a lawful, productive and sustainable industry in which employers control projects, bargaining is flexible and free from coercion, government is impartial, and unions act lawfully, with a focus on improving safety, efficiency and productivity.

Key measures of success

- A lawful and well-governed Industry free from intimidation and criminal influence.
- Employers regain operational control over project and site operations.
- Enterprise bargaining supports productivity and genuine workplace-level agreement, not union leverage.
- Increased productivity and industry efficiency for project delivery, flexibility and performance.
- Government and regulators act as impartial referees rather than shaping industrial outcomes.
- Constructive workplace relations and representation, clearly defined and focused on legitimate representation, safety and industry-wide cooperation.

Regulatory Reform

A dedicated building and construction regulator is essential to a lawful, productive and sustainable industry.

The Construction Industry Compliance & Corruption Agency (CICCA) would operate as an independent statutory agency.

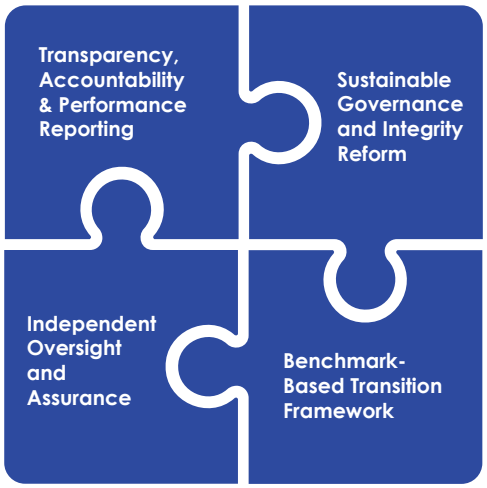
Regulator design and powers

- Strong investigation and enforcement powers, including compulsory information gathering, financial investigations and increased penalties.
- Broad jurisdiction covering onsite construction, preparatory offsite work and transport of goods to construction sites.
- Statutory referral and information-sharing arrangements with federal, state and territory regulators, integrity and law-enforcement agencies, enabling joint investigations and avoiding duplication.
- Dedicated national police unit investigating organised crime, corruption and construction-related criminal activity.
- "Follow-the-money" powers, modelled on US RICO laws, targeting criminal enterprises, unlawful financial arrangements and proceeds of crime.
- Governance and financial oversight of worker entitlement funds, training entities and industry organisations.
- Expanded banning and disqualification powers targeting criminals, repeat offenders and individuals failing fit-and-proper-person requirements.

  Master Builders recommends amendments to the Fair Work (Registered Organisations) Act to give effect to the following:

  - Automatic disqualification for prescribed serious offences punishable by five years' imprisonment or more.
  - Fit and proper person test: Federal Court powers to disqualify officials deemed unfit to hold office.
  - Breaches of industrial and other laws: Disqualification for contraventions of specified legislation.
  - Contempt of court: Disqualification following findings of contempt.
  - Failure to prevent unlawful conduct: Disqualification for repeatedly failing to take reasonable preventive steps.
  - Continued influence by disqualified persons: New offence prohibiting disqualified individuals from acting as officials or influencing organisations.
- Administer and enforce modernised whistleblower protections.
- Dedicated competition unit targeting cartels, secondary boycotts and anti-competitive enterprise agreements, supported by amendments to the Competition and Consumer Act.
- Consolidated workplace and safety regulation, covering union entry permits, enterprise bargaining, construction-specific WHS and safety accreditation.
- Stronger procurement compliance, linking government contracts to regulatory compliance and excluding serious offenders from federally funded projects.

Union Administration Reform



Master Builders has consistently supported administration, but the hope that it would result in lasting change is waning.

Members continue to experience unacceptable behaviour on site by the CFMEU leading industry to continue to question the timeliness of action, the soundness and robustness of decision making, and the overall willingness to implement fundamental change. For example, the Administrator's decision to appoint or to elevate officials of the CFMEU into senior roles despite histories of unlawful or otherwise concerning conduct raises concerns for industry participants regarding the effectiveness of the current arrangements in achieving lasting cultural and organisational reform.

This inevitably leads industry to question the effectiveness of the current arrangements and raises questions about whether the Administrator is fulfilling its foundational responsibilities - further undermining confidence. There is a genuine concern that once the Administration is lifted historical behaviours will reemerge, as has occurred following previous reform efforts.

Without objective measures of success, it becomes difficult to determine when administration should end, what reforms must be sustained, and whether governance risks have been sufficiently mitigated.

The Scheme of Administration is currently lacking, and requires, a consolidated and transparent framework to demonstrate outcomes, test whether reforms are durable and determine when the organisation is ready to have administration lifted.

Transparency, Accountability and Performance Reporting

Establish a comprehensive public reporting framework that measures and reports progress against administration objectives, including investigations, disciplinary outcomes, regulatory referrals, governance reforms and transition benchmarks.

The framework should include clear performance indicators, annual reform objectives and publicly reported milestones for evidence-based decisions on election readiness and the restoration of democratic governance.

Sustainable Governance and Integrity Reform

Embed long-term integrity reforms by incorporating governance standards into organisational rules, mandating governance and fiduciary training for officeholders, strengthening conflict-of-interest controls, improving records management and implementing ongoing compliance reviews, governance audits and post-administration evaluations.

Independent Oversight and Assurance

Establish an independent Administration and Transition Board comprising governance, regulatory and integrity experts to oversee reform implementation, monitor governance risks, assess progress against agreed benchmarks, provide public assurance on the sustainability of reforms and advise on election readiness and transition planning.

Benchmark-Based Transition Framework

Implement a legislative and governance transition framework that links the end of administration and restoration of democratic control to demonstrated reform outcomes rather than fixed timeframes. The framework should allow for the extension of administration where necessary, provide for ongoing oversight during transition, and strengthen fit-and-proper-person requirements to permanently exclude individuals involved in serious misconduct from holding office.

> Conducting this investigation has been a challenging experience for me. 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.
>
> - GEOFFREY WATSON SC

Example

Industry questions decisions by the Administrator to appoint or to elevate officials of the CFMEU into senior roles despite histories of unlawful or otherwise concerning conduct that may call into question their suitability for those positions.

Further, decisions to offer redundancies to avoid protracted legal proceedings may, in ordinary circumstances, be appropriate. However, in the current context, such decisions can have much broader consequences.

Specifically, those individuals are not subject to the restrictions that apply to removed persons, including prohibitions on holding office, being employed or engaged by a registered organisation, or acting as a bargaining representative without first obtaining approval from the Fair Work Commission. This has raised concerns among industry participants regarding the effectiveness of the current arrangements in achieving lasting cultural and organisational reform.

Reforming Individual Accountability

Fit & Proper Person Test

Unions possess special rights and privileges beyond other organisations. The CFMEU's conduct justifies applying a fit and proper person test to union representatives. Drawing on best practice in banking, financial services and gaming, the test would assess the following criteria.

Integrity and Character

- Require disclosure of criminal convictions, misconduct, corruption, dishonesty, violence, coercion, regulatory breaches and organised crime associations.
- Consider seriousness, time elapsed, rehabilitation and relevance to the role.

Character and Conduct

- Assess the risk of misusing statutory powers.
- Consider public interest, industry reputation and good fame and character.

Competence and Capability

- Demonstrate knowledge of industrial relations, governance and legal obligations.
- Possess relevant skills, experience and judgement, understand fiduciary duties and commit to lawful representation.

Financial Probity

- Consider bankruptcy, insolvency, financial misconduct, fraud and misuse of funds.
- Assess suitability to manage finances and governance responsibilities.

Governance and Leadership Conduct

- Demonstrate honesty, good faith and respect for governance processes.
- Commit to compliance, accountability and ethical leadership.

Automatic Disqualification – 'Not a Fit and Proper Person'

- Conviction for serious offences involving violence, corruption, dishonesty, extortion, bribery or organised crime.
- Subject to an office-holder disqualification order or continuing to exert influence after being deemed unfit.
- Serious or repeated breaches of workplace, governance or safety laws; knowingly facilitating unlawful conduct; or suspension or cancellation of right-of-entry permits.

Ongoing Requirements

- Disclose conflicts of interest, cooperate with reviews and report significant adverse matters, including criminal charges, regulatory investigations or bankruptcy.

Permanent Disqualification

- Permanent exclusion may apply for serious criminal, corrupt, violent or dishonest conduct, or sustained serious legal or governance breaches.

Example

Nigel Hadgkiss, the former Australian Building and Construction Commissioner, gave evidence that the CFMEU had breached industrial laws in Queensland at least 25 times over 14 years, resulting, according to his evidence, in $4.57 million in penalties against the CFMEU and $1.48 million against individuals. He advocated the reintroduction of a construction code and a specialist enforcement body.

Importantly, Hadgkiss identified the integrity of statutory right-of-entry arrangements as something a construction code should protect. He alleged the CFMEU had repeatedly entered sites with "flagrant disregard" for statutory requirements, causing disruption and safety risks.

One example was the Cross River Rail project in 2023, where he said senior officials Michael Ravbar and Andrew Blakely entered the Woolloongabba and Roma Street construction sites, refused to complete site induction, entered despite the occupier's objection, refused directions to leave and conducted a union barbecue during working hours.

Whistleblower Protection

The whistleblower framework requires modernisation to prioritise information disclosed over the discloser's organisational relationship, ensuring misconduct can be reported regardless of who uncovers it.

The Fair Work (Registered Organisations) Act 2009 provides strong protections but limits eligibility through a narrow, relationship-based approach, excluding individuals with valuable information who lack formal organisational connections.

Broaden whistleblower eligibility to former employees, officers, contractors, consultants, advisers, suppliers, subcontractors and third parties. Adopt an information-based test prioritising knowledge of wrongdoing over organisational status.

Expand reportable conduct to include corruption, coercion, abuse of power, improper influence, unethical conduct, serious mismanagement and third-party misconduct. Protect disclosures relevant to fitness to hold office, even without a legal breach.

Improve reporting pathways through a "mistaken recipient" provision protecting good-faith disclosures to incorrect agencies. Establish statutory referral mechanisms between regulators that preserve confidentiality and whistleblower protections.

Strengthen protections against reprisals by recognising blacklisting, lost work, commercial disadvantage, reputational harm and project exclusion as detriment. Extend protections to former employees, contractors and officeholders. Enable compensation for future losses, protective orders and penalties for facilitating retaliation. Introduce a rebuttable presumption that adverse action following disclosure is retaliatory.

Example

The Operation Kingfisher investigation by the ACT Integrity Commission, released on 23 July 2026, found that the procurement of the $18.2 million Campbell Primary School Modernisation Project was improperly influenced and that senior ACT officials undermined the procurement process. The Commission concluded that officials had, in effect, "cheated Manteena to the advantage of the CFMEU and, as it happened, Lendlease at a substantial cost to the Territory."

Its central finding was that the procurement system's requirements of independence, transparency and impartiality were deliberately undermined. In particular, the Commission concluded that the interests of the CFMEU influenced the process despite those interests having no legitimate role in determining the successful tenderer outside the published procurement criteria.

The ACT Integrity Commission found that senior officials deliberately compromised an ostensibly independent procurement process so that the outcome aligned with the CFMEU's interests, resulting in the recommended bidder, Manteena, losing the contract and the Territory incurring substantial additional cost. Two senior officials were found to have engaged in serious corrupt conduct.



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