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The controversial CFMEU has made Australians poorer, a leading panel of building industry experts has claimed, inflating construction costs on everything from housing to large-scale public works projects while entrenching a culture of fear and exploitation that continues to distort the country's building sector.

Housing Industry Association managing director Jocelyn Martin made the disturbing claims alongside Master Builders Australia representative Shaun Schmitke at a Friday Senate hearing into the country's cost-of-living crisis, with both warning the union needed to be put into administration in a first step to larger "cultural change".

Ms Martin said the union had undermined confidence in the sector, acted as a disincentive for companies to enter the industry and so degraded competition, which would ordinarily keep a check on prices, and jeopardised taxpayer dollars by risking cost blowouts on infrastructure projects.

There was "no doubt", she said, the union had "driven up the cost of construction".

The Federal Government has presented a Bill to Parliament to force the union into administration, but Mr Schmitke warned the CFMEU was not cowed by the move and had not altered its behaviour on the ground.

"They are becoming



Council of Small Business Organisations Australia director Adele Sutton.

worse and it's worsening by the day," he said. "They are not backing off."

Earlier in the hearing, the committee heard nearly 1.25 million small businesses were at risk of shutting down as cost-of-living pressures hammered profit margins.

Council of Small Business Organisations Australia director Adele Sutton made the claim on Friday morning at the hearing chaired by Liberal Senator Jane Hume, warning that 49 per cent of 2.5 million small businesses were not "breaking even or making a profit".

"When a small business isn't breaking even, the last person to get paid is the owner themselves," she said.

Ms Sutton credited the unpredictability of energy costs, excessive red tape and complex changes to industrial relations for the bleak

picture. She said wage increases had not matched productivity improvements.

The hearing, heard from Australian Restaurant and Cafe Association chief executive Wes Lambert, Restaurant and Catering Australia chief executive Suresh Manickam and Ms Sutton in the morning session.

Mr Manickam said the cost-of-living crisis was rooted in four factors: rising energy prices, interest rates, cost of labour and productivity.

He said cafe and restaurant owners were suffering from "IR fatigue" following the Government's complex changes to industrial relations laws. "It (the changes) is having a fundamental and deleterious impact," he said.

He also called for energy stability and assistance from the Government to ensure a sustainable energy system.