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Mr Chris Mitchell
Editor-in-Chief
The Australian
2 Holt Street
Surry Hills NSW 2010

Dear Mr Mitchell

I refer to the three recent articles (by Ewin Hannan and Grace Collier) in today and yesterday's paper, in relation to Commissions paid to Unions.

Firstly, I would like to point out that even before the 2001 Cole Royal Commission, NECA has consistently held the view that funds such as "Protect" in Victoria should be independently managed to ensure optimum outcomes for beneficiaries. And this is a policy position that we will continue to advocate with Parliamentarians and Regulators.

"Protect" is an ATO-approved redundancy/severance fund. The construction industry has a number of such funds across all states and territory. They were initially set up in the late 1980s and almost all involve both unions and employer groups.

These funds have paid out hundreds of millions of dollars of redundancy benefits to workers who have lost their jobs, often when their employers have gone out of business, something which unfortunately happens all too frequently in the construction industry. Without these redundancy funds in place the taxpayer would indirectly carry these costs.

The issue of income protection insurance was considered at some length by the Cole Royal Commission, with no adverse findings in respect to NECA's position. What's more, throughout the term of the Howard government, NECA made numerous submissions recommending the removal of Enterprise Bargaining Agreements (EBAs) where the union itself is a direct beneficiary of the claim. However, no such reforms have been adopted.

Consequently, to read that Ms Collier asserts that a NECA-negotiated pattern EBA is adopted by all members of both organisations (the ETU and NECA) is simply incorrect. NECA only negotiates with the ETU on behalf of those NECA members that have nominated us as their bargaining agent. Only a minority of NECA members actually enter into EBAs with the ETU.

NECA also provides advice, support and assistance to the many NECA members that seek to negotiate EBAs directly with their employees, without any union involvement. Further, NECA would never advise its members that they should sign the union EBA. Plus NECA has never received income protection commissions.

Some 20 years ago NECA agreed to work with the ETU at the request of our Victorian members. When it comes time to negotiate EBAs, NECA's policy is to discuss and present options to members such that members can choose the best option for their own business model and in this regard pattern EBAs are one of several options presented to members.

What is also omitted in the coverage is commentary that highlights NECA is a 25% shareholder in the fund and therefore our ability to affect direction of the fund will always be bound to the majority vote. Also lacking is commentary highlighting the fact that "Protect" is a legitimate fund that manages almost \$250m on behalf of those within our sector. Given the size of the fund, and the work involved, it is only fair and equitable that director's fees are payable to NECA as the organisation representing employers' interests.

I would welcome the opportunity to contribute to an article that presents the full picture of this complex, and less than satisfactory situation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Manickam', with a horizontal line underneath it.

Suresh Manickam
Chief Executive Officer
National Electrical and Communications Association (NECA)

