



LONG SERVICE LEAVE
478 Albert Street
East Melbourne, Victoria 3002

T + 61 3 9664 7602
T 1300 COINVEST
F + 61 3 9663 7390
info@coinvest.com.au

GPO Box 4368
Melbourne, Victoria 3001

www.coinvest.com.au

23 March 2015

Workplace Relations Framework
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Dear Sir/Madam

Victorian Construction Industry Long Service Leave Scheme

I am writing on behalf of the Board of CoINVEST Limited to respond to claims made in respect of its administration of the Victorian Construction Industry Portable Long Service Leave Fund in section 10 of the submission to this inquiry by the Australian Industry Group (AiGroup) relating to long service leave.

I would like to comment on four assertions made in the submission as they apply to CoINVEST. I do not speak for the other seven interstate and Territory schemes.

1. **'The coverage of these schemes is extremely vague and problematic (e.g. the Victorian Construction Industry Portable Long Service Leave Scheme administered by CoINVEST)'**

Coverage is not 'vague and problematic'. A worker either performs work that is covered by the scheme or is not covered by the scheme. It is true that coverage is broader than what the ordinary person would term the 'construction industry' but that is historical and recognises the use of construction trades in other industries on contract and by casual or labour hire.

I note that the AiGroup has not provided evidence to support this assertion.

2. **'The coverage typically creeps wider over time through changes to coverage rules...'**

Once again the AiGroup has not provided evidence to support this assertion.

The Act requires that any change to coverage be approved by the Governor in Council before it can be brought into effect by the Trustee. Prior to 1997, any change to coverage required a change in legislation. In practice there have been few changes to coverage since 1997. For the Commission's information a schedule of these extensions is attached.

Each change to coverage has been initiated by the industry with both employers and unions acting together. No change has been made without extensive consultation with the industry and consideration of legal advice. This consultation has not only been undertaken by CoINVEST at the request of the industry but subsequently by the Government before Governor in Council approval is given.

Every extension of coverage has had the full support of the industry. In fact, when there has been no agreement, as in the instance of the request to cover glazing, the extension has not proceeded.

3. '...and through unreasonably expansive interpretations of existing coverage rules adopted by bodies like CoINVEST ...'

Once again no evidence is provided to support this assertion.

In fact CoINVEST's 'interpretation' has been supported unequivocally by the Courts and in Arbitration in cases where employers have unsuccessfully challenged that interpretation. Many of these employers have been advised by and/or supported by the AiGroup. A schedule of these cases can be provided if required.

4. '...over which unions have a great influence given composition of their boards.'

CoINVEST Limited is an unlisted public company limited by guarantee. The Directors of CoINVEST Limited are also the Members of the company. There are eleven directors, four of whom are nominated for election by employee organisations who meet certain criteria and four of whom are nominated for election by employer organisations who meet certain criteria. The remaining three directors are 'independent' directors appointed by the industry representative directors following an independent search and assessment process established by the Memorandum and Articles of the company. Independent directors must have specified skills not obtained from working in the construction industry. The Board Chairman is appointed from the three independent directors.

The scheme Trust Deed and Rules may only be amended by a special resolution of the Board requiring agreement of 7 out of 8 'industry' directors and 2 out of 3 'independent' directors.

The Board has a strong governance framework, with governance having been the subject of internal audit reviews by its internal auditors on three occasions in the last decade as well as risk workshops. The Board conducts regular external and internal performance reviews, the most recent of which assessed the Board as a 'high performing Board'. It has a code of conduct and charter. It also has a director training policy.

I can categorically say that neither unions nor employer associations have undue influence over CoINVEST's decision making.

I would be available to expand on these comments if required.

Yours sincerely

John Hartley
Chief Executive Officer

Att.

ATTACHMENT

Coverage changes since 1997

| Year | Details | Sponsor | Supported By |
|------|---|-------------------------------------|-------------------------------|
| 1998 | Electrical Services- Extended to cover the electrical contracting industry in its entirety | NECA | ETU |
| 1999 | Concrete Testing (new group) | VTHC | Whole Industry |
| 1999 | Construction Yardmen (new group). | VTHC | Whole Industry |
| 2003 | Parquetry Floorlaying - Commercial and Industrial (new group) | CFMEU | Whole Industry |
| 2004 | Landscape gardening - Commercial and Industrial (new group) | Landscape Services Association | Whole Industry |
| 2004 | Floor coverings – Commercial and Industrial (new group) | VTHC | Floor Covering Association |
| 2004 | Machinery maintenance (new group). | AMWU and Labour Hire Association | AiGroup |
| 2004 | Non Destructive Testing (new group). | AMWU | AiGroup |
| 2005 | Watering System Services (work is normally carried out by plumbers). | PTEU | MPMSAA |
| 2006 | Platform Service Officers and Responsible Officers working off-shore (new group) | AMWU | AiGroup |

In addition to these approvals, a request by the CFMEU to include Glaziers¹ in 2005/06 was not approved owing to lack of support from the relevant Employer's Association.