

CHAPTER 9

CONCLUSION

MAJOR THEMES IN THE HISTORY OF THE MASTER BUILDERS ASSOCIATION OF NSW

This objective of this thesis is to explain why the MBA/NSW was successfully established in 1873 after two previous attempts; and account for its subsequent survival and growth. A review of literature relating to employer associations revealed no single theory that could assist in this analysis. Further, it was found that the current models for analysing employer associations did not consider their dynamic complexity. It was concluded that the history of the MBA/NSW should be analysed through various conceptual models available within an overarching systems model using a contingency approach.

The Webbs saw the emergence of ‘capitalist builder’ (master builder) as fracturing the employment relationship between journeymen and their masters and signalling the creation of trade unions.¹ That event also had great implications for the emerging master builders or general contractors who had to finance the entire works and were subject to the rulings of architects in their relationships with their clients. General contractors formed the Builders and Contractors Association of NSW (BCA/NSW) in 1873, after two unsuccessful attempts in 1863 and 1869. Both of the previous attempts to form an association had focused on the need to obtain fairer conditions of contract and just methods of resolving disputes between the builder and the proprietor or architect. Those objectives were also the driving force behind the formation of the 1873 association that achieved the introduction of better conditions of contract and a compulsory arbitration clause. Whilst the formation of the BCA/NSW, an initiative against the power of the Architects, is an example of the *defensive* model of the formation of employers associations, there are also aspects of the *procedural-political* model² in that the builders sought to establish a unit

¹ Sidney and Beatrice Webb, *The History of Trade Unionism*, Longmans, Green & Co. Ltd., London, 1926 p.6

² P. Jackson and K. Sisson, “Management and Collective Bargaining - A Framework for an International Comparison of Employer Organisation”, *Working Paper*, Industrial Research Unit, University of Warwick, November 1975.

capable of bargaining with the Architects. This event was proactive and contrary to the model proposed by Plowman for the establishment of associations in Australia.

The success of leaders of the association is examined utilising leadership theory within a systems model. The achievement by the BCA/NSW of an arbitration clause to be inserted in building contracts helped its leadership achieve the status necessary to maintain its internal authority over its members and enforce the policy requiring members to enter only building contracts containing an arbitration clause. That the stability and status of its leaders contributed to the successful establishment and the survival and growth has been a theme central to this thesis.

While the fledgling association created a tight structure for disciplining its members, it did recognize there were divergent interests within the building industry. It approved the formation of a branch at Newcastle but, despite being accepted as members and subject to BCA/NSW rules, the branch operated autonomously. It is not clear why the BCA/NSW did not attempt to embrace the builders in Newcastle directly, It is possible that Windmuller's organizing principle: *territory*³ may have been a factor or it may have been the issue of *size* – at that time (1974) the BCA/NSW membership comprised only the significant builders of Sydney.

The election of the charismatic John Young as President, and of the respected John McLeod as his Deputy, helped achieve the successful foundation of the Association and set the scene for its permanent establishment. As noted in Hersey-Blanchard situational leadership theory,⁴ members of the new organization were willing to follow its leaders thus allowing the BCA/NSW to succeed when early attempts to form an association had failed. This situation also applied to the Presidents who succeeded John Young and John McLeod. The structure of the Association was simple with the President being supported by an Honorary Committee that had powers of policy making.

The BCA/NSW for most of its initial seventeen years was a trade association. Competition between general contractors from the mid-1880s led to an emphasis on labour costs and challenges to the union rules governing wages and conditions. These challenges

³ John P. Windmuller, 'Employer Associations in comparative perspective: organization, structure, administration', in John P Windmuller and Alan Gladstone (eds), *Employers Associations and Industrial Relations: A Comparative Study*, Clarendon Press, Oxford, 1984 p.7

resulted in industrial disputation and the BCA/NSW began to take an interest in industrial relations. By adopting both trade and industrial relations by the end of the 1880s, the BCA/NSW became an employer association as defined by Plowman and Windmuller. However, It experimented with a scheme of institutionalized conciliation and thus was an exception to the Plowman *reactive* model.

Analysis through the contingency systems model has enabled this thesis to identify the significant changes in the structure and internal government of the MBA/NSW. Internal equilibrium was achieved in 1890 by the transfer of its non-builder members to its Builders Exchange Branch. The model also enabled an analysis of the changes effected by the appointment of a full-time secretary in 1905. The analysis also identified the fact that prior to 1905 the committee system had defined MBA/NSW structure and its operations, and its part-time secretary had been essentially a servant of the committees rather than a participant. The president performed the role of manager and advocate. The appointment of Phelps-Richards as full-time secretary signalled the end to that situation and the role of the President altered to one of policy-maker.

During the 1890s three events influenced governmental legislative and policy initiatives which were to have major implications during the early part of the twentieth century for the building industry and for the BCA/NSW:

First, there was the move towards federation of the colonial States which the BCAs in NSW, Victoria, Queensland and South Australia reflected by their formation of the FMBA. Federation of Australia was to create a new level of government that was to have implications particularly for industrial relations.

Second, unemployment resulting from the severe depression in the early 1890s had a direct impact on the building industry. In its attempt to resolve the unemployment problem, the NSW Government Labour Bureau, in 1892 encouraged both municipal and the colonial governments to engage the unemployed as day labour in lieu of putting works out to tender. The day-labour policies also had an impact on the tendering process as many tenders called failed to provide any work for the tenderer with the lowest bid. In January 1901, the association now renamed the Master Builders Association of NSW (MBA/NSW)

⁴ Stephen P. Robbins, Rolf Bergman, Ian Stagg and Mary Coulter, *Management*, 3rd ed., Prentice Hall, Sydney, 2002, p. 489.

formed a Political Advisory Committee and conducted a publicity and political campaign. An attempt, in 1902, to conduct a comparison between day-labour was abandoned due to the unfair conditions placed on contractors by the Public Works Department. In 1904 it was a change in government that led to the day labour policies being moderated.

Third, the seriousness of strikes in the shearing sheds and on the waterfront in the early 1890s led those charged with drafting the constitution for the proposed federation of the colonies into the States of Australia, to consider the need for a mechanism through which conflict between capital and labour could be resolved. In NSW, the Government unsuccessfully experimented with voluntary schemes of conciliation and arbitration. During this period there was a conflict in ideology between some BCA/NSW members over the value of arbitration. After federation, the new Commonwealth Government and the State Governments each implemented laws for the settlement of industrial disputes.

While initially suspicious of the NSW *Industrial Arbitration Act* 1901, the MBA/NSW eventually accepted the new system of industrial regulation. The MBA/NSW displayed a passion for state-rights, a passion shared by all other MBAs. Whilst its *laissez-faire* ideology was somewhat tempered by its ultimate acceptance of the state-based compulsory arbitration system introduced by the NSW State Government, the MBA/NSW was uncompromising in its ideology concerning states-rights. That phenomenon highlights the fact that ideology is not static and can develop and change over time.

By 1911, a building boom had created a shortage of labour, and representatives of the MBA/NSW participated in a Royal Commission into that shortage and, whilst the Royal Commissioner recommended the regulation of imported skilled labour through the immigration, the MBA/NSW sent an agent to England to foster such immigration due to the inaction of the State Government. The MBA movement, despite its support for the training of apprentices became an advocate of immigration as a quick response to labour shortages. The MBA/NSW had long lobbied the NSW Government over trade training for apprentices and in 1912 it received nomination rights to an Advisory Committee in connection with Building Trades Classes at the Technical College.

The growth of legislative intervention after 1890 and before World War I had a major impact on the functions that the MBA performed as an employers' association. While trade issues remained important, a major function of the MBA/NSW became the

protection of its membership against legislative bodies and judicial and administrative agencies.⁵

During the period from 1914 to 1929, the structure of the MBA/NSW became more complex with the formation of autonomous branches by builders involved in home construction in suburban Sydney. The analysis of this event marks an important stage in the development of the State of NSW and also draws attention to the unusual manner in which the MBA/NSW membership was developed. The suburban branches were affiliates rather than part of the MBA/NSW membership – they were however, publicly acknowledged as Branches of the MBA/NSW. This was a marked shift from the character of the Newcastle Branch whose members were direct members of the MBA/NSW. There is no evidence to explain that shift and it is concluded that the *cottage-builder* character of the suburban builder would have caused too dramatic a change to the complexion of the MBA/NSW membership. These events provide a unique insight into the operations of an employer association.

Bickering over over-award rates during the periods of labour shortage following World War I highlighted that there was a growing potential for internal conflict and distrust as the MBA/NSW sought to accommodate more interest groups within its overall structure. Fortunately for the MBA/NSW strong leadership and close co-operation between the officers of the suburban branches and the NSW/MBA prevented a breakdown in internal equilibrium in the association. Further, the political influence of the MBA/NSW was assisted by its members and those of the suburban branches winning seats in the NSW Parliament and in Municipal Councils.

The refusal of architects to provide bills of quantities aggravated their relationship with builders. It was not until early 1908 that the NSW/RAIA and the MBA/NSW arrived at an agreement over the supply of quantities, and in 1909 the Association achieved an agreement with the NSW Government and with the Sydney City Council. Post-World War I agreements foundered and when no agreement could be reached, the parties agreed that builders would not tender for work where no quantities were supplied.

⁵ Alan Gladstone, 'Employer Associations in Comparative Perspective: Functions and Activities', in John P. Windmuller and Allan Gladstone (eds.), *Op Cit*, pp. 24-43.

The MBA/NSW vigorously enforced the ‘no quantities–no tender’ rule and two members were each fined in 1928 for tendering for the Grace Bros Broadway project in Sydney without the provision of quantities. The policy was not administered consistently as six other members escaped any punishment on the basis that their previous refusal to tender under such conditions had merely allowed non-members to win the work. This event draws attention to the complex, and at time unfair, processes that exist within an employer association.

The MBA/NSW during the 1920s sought to create a united front among employers in dealing with industrial disputes in the building industry. A strike by carpenters in 1927 saw the MBA/NSW form alliances with other employer associations in the establishment of a Strike Committee with sweeping powers, events that were analysed through the *functions* aspect of the middle level theory adopted. While industrial relations issues were important in the period 1914-1929, the MBA/NSW continued its traditional function of ensuring fair contracts and tendering processes for its members. The day-labour practices of government bodies and local instrumentalities continued to dog the MBA/NSW membership. The MBA/NSW regarded the overlapping awards created by the federal and the NSW industrial jurisdictions as an important issue. The unsuccessful attempt of the Bruce conservative federal Government in 1926 to centralise Australia’s industrial relations systems created an ideological dilemma for the organisation. The tendency of the MBA/NSW to support conservative government clashed with its longstanding support for states rights in regard to industrial relations issues. The Bruce government’s later attempts to rationalize the system ultimately led to it losing office at the end of 1929.

In a classic example of the market (or economic) model, the association in the post World War I period tried to control the prices of bricks, timber and other building materials through, for example, encouraging the importation of timber. Further, the MBA/NSW had a policy which required its members to purchase supplies from members of its Builders Exchange branch. This created tendering difficulties due to non-members purchasing their supplies from state-owned enterprises and other cheaper sources. The MBA/NSW also developed close ties with a number of specialist contractor associations, such as the Master Painters’ Association of NSW and the Electrical Employers’ Association of NSW.

During the 1930s depression the MBA/NSW suffered financial and membership losses. Its attempt to force members of suburban branches to close their branches and to be absorbed directly into the Association was in direct conflict to Windmuller's principle of 'discreet solicitation'⁶ Despite those pressures; the MBA/NSW maintained its internal equilibrium. Major builders such as W. A. Grant, F. T. Eastment, James Wall, Frederick Wilson and David Girvan, who were highly respected in the industry, led the MBA/NSW throughout the depression and the lead up to the Second World War. However, during the immediate post-war period, the internal equilibrium of the MBA was challenged by its newly diversified membership affecting its traditional dynamics. The traditional leadership of the general contractor began to break down. The post-war housing encouraged the growth of small and medium sized building firms that specialized in housing construction in the growing Sydney suburbs. Many of these builders became involved in the MBA/NSW, with the presidency of C. G. E. Paynter being the most dramatic example. The MBA/NSW met this challenge by tightening its structure and absorbing its suburban associations in 1957.

A boom in the construction of multi-storey buildings commenced in the latter part of the 1950s following the removal of height restrictions and restrictions imposed by the *National Security (Fair Rents) Regulation*. That boom was exacerbated by the demand for parking stations. The events that followed, and the effect that it had on the membership of the MBA/NSW, and on the structure of the building industry, has been analysed through the systems model. The tight labour market underpinned a major push by unions for the control of the recruitment of building labour and improvements in wages and conditions. Led by a new Communist leadership, The NSW/BWIU, became more aggressive and barely escaped deregistration on two occasions. During the various industrial campaigns that occurred in the 1950s, the MBA/NSW tried to minimise overaward payments and tighten its control of industrial disputes through the establishment of an Industrial Advisory Committee and by a policy prohibiting its membership from collective bargaining. This thesis concludes that this initiative designed to ensure that members held the collective association line was not an example of reactivity but of proactivity.

⁶ Windmuller, 'Employer associations in comparative perspective'. Pp.20-21

The benchmark of what constituted a major contractor was suddenly raised by the enormous costs involved in constructing the tall buildings that were sought by investors and proprietors. The large corporations that were formed to carry out such construction introduced a new type of major contractor to the MBA/NSW membership. They could also challenge the authority of the association, as Civil and Civic successfully did in 1958 in regard to the MBA/NSW industrial relations policy prohibiting members from entering into collective bargaining with unions.

There were also external challenges. The growth of civil construction projects such as the Snowy Mountains Scheme and power stations in NSW led to the formation of an association of civil contractors that was to prove a serious opponent to the MBA/NSW. Material shortages in Victoria led a number of small builders to form an association to assist them obtain a fairer share of building supplies. This organization nationally became the Housing Industry Association (HIA), which became an opponent and competitor of the MBA/NSW. The functions of the MBA/NSW in regard to contracts and industrial relations continued. There were post-war labour shortages which were addressed by the Federal Government immigration scheme. There were also post-war material shortages. Housing builders faced unfair competition for building materials from the Housing Commission of NSW, which briefly resuscitated the issue of day labour.

The MBA/NSW sponsored a building degree course and continued to fight for the registration of builders during the period 1961 to 1975 - a period of social and industrial upheaval. The NSW branch of the ABLF (NSW/ABLF) was led by a charismatic communist who established a social movement through his alliance with various protest groups at a time when the punitive powers of the federal industrial system had been successfully challenged. The 1960s saw enormous growth in building expenditure and in the height and size of the buildings constructed. The policies and practices of the MBA/NSW designed to protect the tendering and contractual interests of its membership came under challenge in the 1970s from various Trade Practices Acts that regarded tender meetings as collusive.

Despite these challenges, the MBA/NSW was able to regain a degree of internal equilibrium. The MBA/NSW leadership was drawn from medium sized building firms. However, through the committee system, the large major builders were able to exercise

influence and make decisions related to industrial relations during the turbulent years between 1970 and 1975. The MBA/NSW was able to maintain a common front amongst its members against union demands. Where divisions arose, they were with MBAs in other states and national contractors, particularly over the NSW/ABLF deregistration, which sought to exercise worker control policies during the early 1970s. Other MBAs, and national contractors who suffered interstate bans and limitations over the issue, opposed the MBA/NSW deregistration efforts. These divisions are analysed and provide further insight into the relationship between employer associations and sections of their membership and with interstate associations in the same industry. The MBA/NSW also encountered hostile responses from a number of Ministers in the Labor Government over its dispute with the NSW/ABLF and its strategy of seeking the cancellation of the registration of the ABLF.

The division between the MBAs hindered national decision making within the MBA movement. This resulted in the MBA movement, at federal level, being forced to share decision-making with the AFCC through a joint body, the National Industrial Executive. By 1975, therefore, the MBA/NSW and other state-based MBAs forfeited their exclusive decision-making position in the industrial relations arena of the building industry. That event and other major themes developed in the first hundred years of the MBA/NSW shaped the character and style of its future operations.