

# Australian government launches anti-union royal commission

Terry Cook  
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After three months of delay, Australian Prime Minister John Howard formally announced a royal commission into the construction industry on July 26, issuing terms of reference designed to conjure up images of an industry beset by trade union anarchy and mayhem, crying out for government intervention.

Former New South Wales Supreme Court judge Terry Cole will be empowered to investigate “fraud, corruption, collusion or anti-competitive behavior, coercion, violence or inappropriate payments, receipts or benefits” within the industry. For good measure, he will probe the operations of the building unions’ \$3.5 billion superannuation fund, C+BUS.

Howard claimed that the inquiry was “essential” to look into allegations of “thuggery and misbehavior, stand-over tactics and intimidation” by the building unions. His announcement’s timing, however, just a few months before a federal election, left little doubt about the government’s motivations.

Editorials and commentary throughout the media labelled the inquiry an electoral stunt. The government is hoping that allegations of violence by trade union members and officials will discredit the Labor Party and distract attention from the government’s own electoral and political reversals this year.

After Workplace Relations Minister Tony Abbott first flagged the possibility of a royal commission in May, the government felt obliged to delay any announcement because it was resisting calls for a royal commission into the largest corporate failure in Australian history—the \$4 billion collapse of HIH insurance. Howard was anxious to avoid accusations that his government was reluctant to act on matters concerning big business interests, but had no such reservations about witchhunting the unions.

Howard evidently hopes that allegations against

unions will help deflect anti-government sentiment, particularly among voters in rural and regional areas who have grown increasingly hostile over cuts to services, rising communications costs, bank branch closures and job losses.

The plan may fall flat on its face, however. Two decades ago, when the Fraser government initiated a royal commission into the Federated Ship Painters and Dockers Union, the Liberals could point to militant struggles by waterfront, construction, mining and manufacturing workers, in order to whip up anti-union hysteria among small business people, farmers and middle class professionals. The same hardly applies today.

Under conditions where the unions have routinely cooperated with employers to cut jobs and slash working conditions since their 1983 accord with the Labor government, the spectre of unbridled union militancy is hardly taken seriously by anyone.

Despite some talk of “stand over tactics” and “union extremists,” the government found it impossible to produce anything of real consequence to justify the royal commission. It relied on vague and unsubstantiated allegations first aired last May in a 10-page construction industry report compiled by the government’s Employment Advocate John Hamberger, acting on a directive from Abbott.

More recently, Abbott added a grab bag of unrelated incidents to embellish the government’s claim that the inquiry was imperative. These included a demonstration by workers outside the NSW parliament over cuts to compensation rights and a protest by a handful of unionists at a Newcastle shipyard, where a car carrying Defence Minister Peter Reith was slightly damaged.

It is doubtful that the government would have felt

able to launch the inquiry without the direct assistance of the Construction Forestry Mining and Energy Union (CFMEU), the union that covers most building workers.

Earlier this year, the CFMEU construction division national secretary John Sutton called for a National Crime Authority (NCA) investigation into supposed illegal activities by union officials in the construction industry. His request was made in the course of a bitter faction fight between the CFMEU national leadership and its opponents in the union's Western Australian and Victorian branches.

Last week Sutton made it clear that the national leadership, while preferring a NCA investigation, would collaborate with the royal commission. Sutton assured the government that the union would adopt a "constructive approach" if the commission made a genuine attempt to "investigate the crooks in the building industry".

Given the ongoing factional conflict, his offer simply means that the national leadership will be more than willing to act as informers and finger men, provided that the royal commission is directed against its enemies within the union.

The reaction of big business has been decidedly cool. One concern is that Howard, driven purely by electoral considerations, has ignored a cardinal rule in ruling circles—governments should not call royal commissions unless they already know the outcome. There are worries that the inquiry, lacking a clear objective, could get out of control and touch on issues that may negatively impact on corporate interests.

While endorsing the royal commission, an editorial in the *Australian* —owned by media mogul Rupert Murdoch—called it a "political stunt". The newspaper's national affairs editor Mike Steketee warned about the outcome of the Fraser government's Ship Painters and Dockers inquiry. "It found more than blue collar corruption; it uncovered large-scale white collar fraud, including companies being consigned to the 'bottom of the harbour' to avoid their tax liabilities."

Some major construction companies have particular concerns about the inquiry. In Victoria, firms such as Grocon, Multiplex and Walter Constructions enjoy lucrative business relations with the CFMEU officials, who invest millions of dollars from the union's C+BUS super fund into building projects. These mutual

business interests give the unions an added reason to enforce industrial peace on building sites. Grocon owner Bruno Grollo dismissed the royal commission as "a waste of time," saying "the industry has not worked so well" for many years.

Concerns that the royal commission might drift into uncharted waters were heightened when the Labor Party's employment spokesman Arch Bevis said a Labor government might extend the inquiry to cover "instances of coercion and intimidation by employers," including the Howard government's 1998 operation to help Patrick Stevedoring de-unionise the waterfront workforce.

The *Australian* editorial condemned Bevis and added: "Kim Beazley (Labor Party leader) is already on dangerous ground by leaving his workplace policies unclear. Employment spokesman Arch Bevis did little yesterday to allay fears that Labor plans to water down important workplace reforms."

The editorial declared that a future Labor government must implement further "workplace reforms" to drive up output and profits. It warned: "These battles for greater productivity and reasonable union behaviour (on the waterfront) have been won. Those in the building industry have not."

The government has set the inquiry into motion quickly—apparently desperate to highlight allegations against union officials before the election. In a similar vein, Abbott and Treasurer Peter Costello have accused automotive industry workers of "economic treason" for striking to demand guaranteed payments of their retrenchment and other legal entitlements in cases of corporate bankruptcies.

Preoccupied with short-term survival, the government seems to have given little thought as to where the inquiry might lead after the election. It is plain, however, that whether the government remains or is replaced by a Labor administration, the royal commission will continue for many months, providing a ready-made vehicle in the future for further attacks on working conditions and the basic rights of workers.



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