

Australian construction union moves to shut down Grocon dispute

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The Construction Forestry Mining and Energy Union (CFMEU) has called off threatened work bans against the construction company Grocon after reaching a truce in a long-running dispute in the state of Victoria. The decision is a clear sign that the union is moving to stitch up a deal that will allow the Melbourne-based company, one of the largest construction firms in Australia, to make sweeping changes to working conditions.

Grocon's 600 workers voted overwhelmingly on January 17 to impose work bans by January 22 after one of the company's joint managing director Daniel Grollo rejected a previous union proposal. The truce, struck late on January 21, was reached after two days of intense closed-door discussions and just hours before the deadline for the bans to be implemented.

Under the truce, the union will drop all threats of industrial action and Grocon will adjourn 14 lawsuits against the CFMEU and a number of its officials, including a multimillion-dollar damage claim arising from so-called unauthorised work stoppages last year.

The dispute began last August when the company rejected an industry-wide agreement struck between the Master Builders Association and the CFMEU, which was accepted by all other major construction firms in Victoria.

Grocon demanded a separate deal providing greater flexibility, including control over starting and finishing times, overtime, rostered-days off and other forms of leave. Even though construction workers can be required to work up to 20 hours overtime a week under the industry-wide agreement, Grocon wants more.

When negotiations between Grocon and the CFMEU finally broke down last November, the company placed its demands in a non-union agreement and offered it directly to its workforce. It was rejected by 75 percent

of workers in a secret ballot on December 18.

Despite the overwhelming negative vote, the union has been seeking a way to accommodate itself to Grocon's demands. CFMEU Victorian state secretary Martin Kingham immediately invited Daniel Grollo to meet and "work out any lingering issues". He declared that the union was willing to "negotiate flexibilities," including on the state government's \$420 million Melbourne Cricket Ground (MCG) upgrade.

The company won the MCG contract last July with the union's help. The CFMEU joined Grocon in signing a memorandum guaranteeing the project would be completed within budget and on time for the 2006 Commonwealth Games. The union sits on a tripartite committee with government and company representatives to oversee the project and to prevent industrial problems. The company is now demanding greater flexibility on the project to make up for the 60-days of production lost each year during scheduled sporting events.

Under the terms of the latest truce, Grocon has agreed to negotiate with the union. But the company is also seeking to ratify its non-union agreement in the Australian Industrial Relations Commission and has not ruled out presenting its terms directly to the workforce again.

Grocon has previously worked very closely with the CFMEU. Last year, even as company and union officials were trading insults and recriminations, Grollo declared that he "always prefers the union to be a party" to any settlement. The company's decision to aggressively seek a separate agreement arises from its need for a competitive edge amid tougher conditions in the construction industry.

Approvals for residential construction have fallen—down 11.6 percent in November last year.

Investment specialist BIS Shrapnel has predicted that commercial building commencements could increase by 11 percent to \$14.5 billion in 2002/03. But amid growing indications of a broader economic downturn, this forecast might prove illusory.

Grocon has obviously decided that it needs to cut costs dramatically on its current contracts worth \$2 billion and to position itself to grab a larger share of the construction market from its rivals. Last year Grollo indicated the company's objectives when he stated that "construction costs in Melbourne were 20 to 30 percent higher than in Sydney" and "profit margins slimmer".

Even though the company may yet dispense with the services of the union, it has, to date, been reluctant for the federal government to directly intervene. Workplace Relations Minister Tony Abbott has been looking for an opportunity to mount a campaign to widen the use of non-union work contracts and other measures contained in federal industrial relations legislation.

During the Victorian election campaign last November, Abbott attempted to use the Grocon dispute to bolster the flagging fortunes of the Liberal Party by staging a press conference outside one of the company's major Melbourne sites. Grollo responded, however, by condemning Abbott for an "unwarranted attempt at politicising industrial relations". "We can handle our own IR without political interference," he declared, saying that the company's aim was to "reform unproductive work practices, not to undermine trade unionism".

Grollo's comments were no doubt music to the ears of the CFMEU leadership. The union's overriding aim in the dispute is to ensure that it retains the role of industrial enforcer for the company's program of workplace restructuring.



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