

# Australian union to pay compensation to resources giant for strike

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Without so much as a murmur of protest, an Australian trade union—the Construction Forestry Mining and Energy Union (CFMEU)—has indicated it will comply with a Federal Court order to pay around \$A2 million in compensation to the corporate resources giant Woodside *Petroleum* for “illegal” stoppages by a group of workers in 2009-10.

The large compensation payment is another pledge by the CFMEU, and the unions as a whole, to ensure that workers do not challenge the Gillard Labor government’s draconian Fair Work Australia (FWA) industrial legislation. Not only did the CFMEU do everything in its power to suppress the industrial action at the \$12 billion Pluto gas project in north-western Australia, but it is now meekly paying damages to Woodside Petroleum.

The Federal Court ordered the CFMEU on August 22 to pay \$1.5 million in compensation to Woodside and up to \$500,000 to meet any costs that might result from claims by contractors for losses. The union was also instructed to pay a further \$71,000 penalty to Woodside. The CFMEU’s Western Australian assistant state secretary Joe McDonald will have to pay an additional \$14,000.

On top of these penalties—among the largest ever handed down against a union—the Federal Court imposed a permanent restraint on the CFMEU from engaging in any “illegal” industrial action on the Pluto site, or any other resources projects in the North West Shelf and the Browse Basin.

The Federal Court’s ruling was not primarily aimed at the CFMEU but seeks to intimidate workers across

the resources sector, where corporations are making huge profits out of the current export boom to China and Asia.

The CFMEU’s response was a craven capitulation to all aspects of the court ruling. It not only admitted liability, accepted its wrongdoing and agreed to pay the compensation. It also guaranteed to “provide an indemnity in respect of its future conduct, which will ensure many years of industrial peace on a major project of significant national interest.”

Justifying the “pragmatic decision,” CFMEU state secretary Kevin Reynolds said the union had decided not to challenge the outcome so as to avoid much larger costs and fines. In fact, the union’s slavish acceptance of the Federal Court’s terms was completely in line with its role throughout the dispute and will only open the door for harsher penalties against unions in the future.

The initial two-day walk-out in December 2009—followed by an eight-day strike in January 2010—was in response to Woodside’s decision to impose a new accommodation system known as “motelling” on its fly-in, fly-out workforce in the remote area. Workers are employed for five weeks, then have a week’s leave.

Previously, workers had been assigned their own small demountable unit for the duration of their contract, enabling them to personalise their accommodation in what is an alienating work environment. Under the new system, workers were assigned a new room each time they flew back from leave, enabling the company to expand its workforce

without extra accommodation costs.

Workers rebelled against the cost-cutting arrangement, but under the FWA legislation all industrial action is banned outside negotiations for a new enterprise agreement. Even during the narrow negotiating period, a secret ballot is required to authorise strike action and many other restrictions apply. The union bureaucracy fully supported the introduction of the legislation and has routinely used it to suppress industrial action.

Under the FWA laws, the strikes by Pluto workers were deemed “illegal” even though the company provoked the dispute by ripping up longstanding working conditions. When the workers defied the FWA tribunal’s return to work orders, they faced Federal Court injunctions and threats by then Workplace Relations Minister Julia Gillard to use “the full force” of the law against the strikers.

The unions stepped in to end the industrial action. The CFMEU, Australian Manufacturing Workers Union (AMWU) and Communications Electrical and Plumbers Union (CEPU) used the threat of punitive court action and individual fines against workers to pressure them into calling off their strike. At the same time, they worked behind the scenes to broker a deal along the lines dictated by the company.

The workers eventually ended the industrial action after the unions led them to believe the strikes had forced the employers to accept negotiations that would genuinely address their grievances.

On the eve of the meeting to discuss a return to work, the top union body—the Australian Council of Trade Unions (ACTU)—added to the pressure by joining Gillard in declaring the strike “illegal” and insisting the workers comply with the Federal Court order to end all industrial action.

The outcome of the union-company negotiations that followed was a sell-out deal allowing the establishment of motelling at the company’s main Gap Ridge housing village in Karratha—the proposal originally rejected by the workers. The only “concession” was that workers

hired before December 2009 could move to permanent rooms at another camp some 30 kilometres away. Of course, as new workers replaced existing employees, motelling would over time be implemented across the board.

From the beginning, the CFMEU operated as the industrial policeman for the company and the Labor government. The workers were employed under a former non-union agreement and the dispute erupted independently of the CFMEU. Once the action was underway, the CFMEU stepped in to try to persuade the company that it needed the union’s services to police its workforce.

The court decision serves as a sharp reminder to the unions that they must ensure industrial peace at all times and remove any impediments to driving up productivity and profits.

The unions clearly understand this message.

In May, ACTU Secretary Jeff Lawrence called on the Australian Mines and Metals Association (AMMA) to join in the formation of a “tripartite planning body” comprised of the unions, employers and government to oversee “outcomes” across the resources sector.

Explaining what he had in mind, Lawrence said the new body would be modelled on the Automotive Industry Innovation Council (AIIC) that is overseeing the slashing of jobs and conditions to ensure that Australian auto companies remain “competitive.”



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