

Australia: The issues behind the clash between Grocon and the construction unions

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A week after the Construction Forestry Mining and Energy Union (CFMEU) lifted its blockade of a construction site in Melbourne, additional details have emerged to shed light on the issues behind the unusual industrial dispute between the union and the Grocon construction company.

On August 17, the CFMEU organised a one-day protest outside a Grocon site in the western Melbourne suburb of Footscray, blocking management and workers from entering. A week later, a CFMEU blockade was established outside the Melbourne Myer Emporium site in the city's central business district. On August 28, more than 200 riot police assaulted several hundred construction workers with horse charges and capsicum spray. The workers repelled the police attempt to open up the site.

Despite the provocative and violent police operation, the union made no attempt to clarify for construction workers, and the working class as a whole, what was involved in the dispute. The CFMEU never explained why the action targeting the Grocon sites did not involve any of the Grocon workers themselves. This was not a strike, nor a picket, but a CFMEU blockade, manned primarily by union officials and organisers. The only wider involvement of workers took place during and after the police attack, when builders and electricians on other construction sites in the city were mobilised to reinforce the blockade.

The union and company are now negotiating behind closed doors to resolve the dispute. The central issue at stake is the appointment of site safety representatives. Grocon chief executive Daniel Grollo has insisted that these representatives must be elected by the workers on his construction sites. The CFMEU insists that it has the right to appoint its organisers to the positions. An enterprise bargaining agreement negotiated between the CFMEU and Grocon in June did not detail any mechanism for selecting site representatives, but John Setka, union state assistant secretary, told the *Age* there had been an "understanding" between the union and Grocon that "mutually acceptable people, good for the business" would be appointed. Setka complained that the company had since reneged on the deal.

The CFMEU's account of the dispute raised many questions. Why was the union not able to win any support for its position among the Grocon workforce? The CFMEU never responded to an

open letter that Grocon had advertised in the *Australian Financial Review*, purportedly written by a group of workers on the Myer Emporium site, which declared: "We have been unfairly singled out for abuse, threats and intimidation by the very organisation we pay our union fees to, in an argument which is not of our doing."

Why was the union so adamantly opposed to having safety representatives elected by the Grocon workforce, to the point of organising a protracted shutdown of a major building site in defiance of Supreme Court edicts obtained by the company? The CFMEU is facing contempt of court charges and is liable for millions of dollars in damages being sought by the company for lost earnings and by the state Liberal government for its police wages bill. Union officials are also under investigation by the federal Labor government's Fair Work Australia construction watchdog, the successor body to the Australian Building and Construction Commission (ABCC).

An examination of the issues involved makes clear that the union did not risk these penalties over any concern for the safety and well-being of the workers on Grocon's sites. The real priority of the CFMEU officials was to maintain their role as quasi-labour relations managers on Melbourne's major construction sites. The fact that the CFMEU had no confidence that its nominees would be elected as safety representatives points to the deep-going alienation of building workers that has developed since the mid-1980s as the union has collaborated with management, suppressed rank-and-file activity and ridden roughshod over the basic democratic rights of its members.

The union's ability to appoint full-time safety representatives, who are paid by the construction companies, effectively establishes an additional layer of privileged union bureaucrats. These personnel play an important role in helping supervise work at major building sites, monitoring the fulfilment of construction deadlines and clamping down on any wildcat industrial action by workers. They can also instigate industrial action in the event of a dispute between management and the union—under Labor's draconian Fair Work industrial legislation, safety issues provide the only legal grounds for striking outside enterprise agreement negotiating periods.

Major companies went along with this arrangement in recent

years. A booming construction market and “cost plus” government infrastructure contracts allowed companies to absorb the additional wages bill. In return, the union pledged to ensure that projects were completed on schedule. Resentment among employers has been building for several years, however. The system of union-appointed representatives was blamed for contributing to alleged cost blowouts and industrial disputes on two major projects in Victoria, the Melbourne West Gate Bridge site and the Wonthaggi desalination plant.

A sharp economic downturn and construction slump over the past year, now aggravated by the unravelling of Australia’s mining boom, has triggered a shift in the industry.

Construction companies are under greater financial pressure than they have been for more than a decade. They are mounting a campaign to slash construction workers’ wages, assisted by the corporate media, which has sought to whip up a campaign over building workers being “overpaid”. At the same time, the construction companies are being compelled to cut back on what they now regard as unaffordable concessions to the CFMEU. Grocon’s Daniel Grollo declared that allowing union-appointed safety representatives “would amount to paying millions to people whose lines of control are external to Grocon and whose productivity would be open to question.”

Big business, especially in the mining sector, has demanded that construction costs be lowered. In response, the federal Labor government of Prime Minister Julia Gillard is working with state Labor and Liberal administrations alike to orchestrate a restructuring of the building industry.

The Victoria Liberal government of Premier Ted Baillieu is playing an aggressive role. In a speech delivered to Infrastructure Partnership Australia on September 7, just after the Grocon blockade was lifted, Baillieu said his government planned to spend \$18 billion in the next four years on pro-business infrastructure projects, all tendered out to private construction companies.

“The escalating cost of construction is pricing us out of critical infrastructure of the future,” Baillieu declared. He denounced “illegal and thuggish and threatening behaviour” at Grocon, warning of the difficulties in attracting the necessary capital from the global financial markets. “There is an international eye on this issue and we would be foolish to ignore it,” he stated.

Baillieu stressed the mounting difficulties he confronted amid a worsening world economic crisis, including budgetary pressures caused by plunging tax intakes. “To give you an idea of that, this has been a bigger hit to Victoria’s revenue than what occurred during the global financial crisis in 2008,” he explained. “Only this time, there’s no bucket of money from the Commonwealth [federal government] to make up.”

As part of the drive to lower construction costs, the state government released a new draft “construction code” last October,

which took effect on July 1. The code imposes a long series of conditions with which construction companies must comply if they want to tender for government infrastructure projects. One condition is not to permit trade unions to appoint safety representatives.

The Grocon dispute developed in this context as an important test case. Would the CFMEU be able to pressure Grocon and other construction companies to circumvent the government’s new code, maintaining the existing on-site relationships, including the union appointment of safety delegates? Or would the Grocon executives successfully use the opportunity provided by Baillieu to remove some of the overhead costs involved in permitting the CFMEU to continue to function as a sort of labour management group on its construction sites?

There are significant financial interests at stake. Within the industry, the CFMEU functions as a significant corporate player in its own right.

CFMEU members have their retirement investment payments automatically funnelled into the CBUS superannuation fund, currently worth \$16 billion. CFMEU national secretary Dave Noonan, as well as Australian Council of Trade Unions president Ged Kearney, sit on the CBUS board of directors, alongside executives from the Master Builders Association and various construction companies. Among the fund’s major investments are construction projects underway in Melbourne, including the new headquarters for mining giant BHP Billiton. The CBUS Property web site boasts that its links to the construction unions provide a “unique relationship with the men and women working on our development projects and managed investments.”

The trade unions, in Australia and internationally, long ago abandoned their previous role of seeking to extract limited concessions for their members from employers and governments. They have sought to maintain their position by acting on behalf of the corporations, regulating and managing the industrial relations system against the interests of workers. This means that construction workers can take forward their struggle against the ruling elite’s drive to cut wages and undermine conditions only through a fight against the CFMEU bureaucracy, as well as the federal Labor and state Liberal governments.



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