

# Australian Labor leader under fire over “sweetheart” deals with employers

Mike Head  
17 June 2015

Prime Minister Tony Abbott last week seized on revelations from his government’s ongoing royal commission on union corruption to denounce opposition Labor leader Bill Shorten for doing “sweetheart” deals with employers while a trade union leader.

With extraordinary hypocrisy, both Abbott and Shorten postured as defenders of low-paid workers.

Abbott highlighted evidence of Shorten’s involvement, as the former national secretary of the Australian Workers Union (AWU), in agreements with companies for them to pay the union dues for its members. This was “a very serious revelation about how the unions are betraying their members,” Abbott declared.

Among the AWU deals was a secret 2010 Memorandum of Understanding with Cleanevent, a cleaning contractor, that saved the company an estimated \$6 million in wages over three years. The MOU extended earlier enterprise agreements, signed under Shorten’s leadership in 2004 and 2006, that eliminated penalty rates for weekend, public holiday and night shifts for casual cleaners.

Abbott’s claim to oppose unions enforcing the removal of penalty rates is blatantly duplicitous. His government is intent on meeting the demands of the corporate elite, which include not just scrapping the penalty rates on which many workers depend to survive, but the wholesale driving down of wages and dismantling of working conditions.

Just six months ago, Abbott, whose government is under intense pressure from big business to slash labour costs, as well as impose outstanding budget cuts to social spending, declared his support for the abolition of penalty rates.

He welcomed proposals by the Australian

Productivity Commission for systemic wage-cutting to match the levels already imposed on the working class in the US, Europe and elsewhere. In a government-convened review of the country’s workplace relations system, the commission openly canvassed abolishing penalty wage rates and scrapping the minimum wage.

Abbott claimed that “lots of people, particularly young people, particularly students would love to work on the weekend.” In reality, scrapping penalty rates would force millions of workers, particularly the young, to work at any hour of the day or week on low rates of pay, which would be further undermined by the abolition of the minimum wage.

Shorten has been just as two-faced. He has refused to either confirm or deny his involvement in the AWU’s deals, even though he signed the 2004 agreement. After days of evasion, he announced that he would testify before the royal commission, probably in August, and then declared that he could not make any statements, pending his testimony.

Nevertheless, Shorten feigned outrage at the allegations against him, saying that he spent 21 years as a union official and “always put the interests of my members first every time—every time.” Other Labor leaders sprang to his defence. Shadow immigration spokesman Richard Marles accused Abbott of running a campaign to “smear the reputation” of the opposition leader.

As the public record shows, Shorten’s claim to have defended the interests of workers is a fraud. Only three months ago, he hailed as a “win-win” an agreement signed by the union covering retail workers, the Shop Distributive and Allied Employees Association, to drastically reduce weekend and evening penalty rates for 40,000 low-paid shop assistants working in South Australian small businesses.

Under the 2004 and 2006 deals that the AWU, led by Shorten, signed with Cleanevent, the company could impose on full-time cleaners low yearly salaries (starting at \$33,854) that excluded all shift, weekend and public holiday penalties, included up to seven hours of unpaid overtime a week, and permitted shifts of up to 12 hours.

Shorten was the Victorian state secretary of the AWU from 1998 to 2006, and the union's national secretary from 2001 to 2007. During that period, documents tendered at the royal commission show that the union signed enterprise agreements with major companies for them to pay union dues for their entire workforces.

Winslow Constructions founder Dino Strano testified that his firm had an association with the AWU over several decades. Strano named Shorten, who signed a 2004 enterprise bargaining agreement with Winslow, as one of the union officials with whom he dealt, in order to provide his company with "a certain degree of stability."

Former AWU official Peter Smoljko, now Winslow's industrial relations manager, told the commission that the AWU issued more than \$225,000 of sham invoices, charging the company for "OH&S [Occupational Health & Safety] training," when in fact the charges were for union membership fees.

As well as securing fee revenue for the union apparatus, Shorten and other union and Labor factional powerbrokers benefited politically from these deals because they inflated the union's membership numbers, given its officials greater voting rights in union and Labor Party conferences.

Abbott accused Shorten and other union leaders of "letting down the workers in order to promote their position inside the Labor party." The comments reflect longstanding demands from sections of the media and corporate elite for the Labor party to sever its ties with the trade unions.

A barrage of editorials in Murdoch's *Australian* over the past two weeks has demanded that Shorten "come clean" on the union deals and insisted that the Labor Party break or reduce its ties to affiliated unions. A June 12 editorial insisted: "Ahead of Labor's national conference in July, the party should be revisiting the relevance of its link with unions. Mr Shorten should be leading this debate."

Despite all the services that the Labor Party has

performed for big business in attacking the social position of the working class, sections of the ruling class are demanding an even more malleable political instrument, uninhibited by the sectional interests of the trade union apparatuses.

A similar push is underway to either further discipline the trade unions or dispense with their services altogether. Many elements within the corporate elite, like Cleanevent and Winslow, have valued the skills and experience of union bureaucrats in suppressing the wages, conditions and discontent of their employees. Others, having squeezed decades of treachery out of the unions, and seen their memberships shrivel as a result, no longer see any need to utilise their services.

As for the union leaders, they are desperately trying to maintain the illusion that their organisations serve workers' interests. The current AWU leaders, who imposed the deal with Cleanevent on their members for more than a decade, rushed into the Fair Work Commission (FWC) industrial tribunal last Thursday to end the 2006 agreement, admitting its only purpose was to deny employees access to weekend and public holiday penalty rates.

Claims by the AWU bureaucrats to have suddenly discovered this, only after it was exposed publicly, have no credibility whatsoever. Two Sydney Cleanevent workers, interviewed by the WSWS last week, stated that they had been stripped of penalty rates as a result of AWU agreements since 2002, when they began working for the company.

The AWU's deals epitomise the role of the entire Labor and union movement in functioning as the instruments of big business in driving down wages and conditions, and dismantling the past gains of the working class, such as penalty rates, in order to boost the "international competitiveness" of Australian corporations.



To contact the WSWS and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**