

# Hypocrisy all round as Australian Labor leader testifies at royal commission

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Australian Labor Party leader Bill Shorten yesterday completed an extraordinary two-day appearance before the Abbott government's Royal Commission into Trade Union Governance and Corruption, where he brazenly defended secret deals with employers that were struck by the Australian Workers Union (AWU) under his leadership between 1998 and 2007.

Hypocrisy surrounded Shorten's testimony, with all sides claiming to have the best interests of workers at heart. In reality, each of the parties involved—the Labor Party, the trade union bureaucracy and Prime Minister Tony Abbott's Liberal-National government—agree fundamentally on the political and economic program underpinning the pacts that the AWU made, behind the backs of its members, to sacrifice the jobs, pay and entitlements of workers in order to boost corporate profits.

The royal commission itself is a vehicle for ramping up the corporate elite's drive to slash the wages and conditions of the working class, to bring them into line with those imposed on workers across Europe and the United States since the 2008 global financial crisis. This agenda includes introducing massive fines for industrial action, giving police powers to break up picket lines, and fully reinstating the Australian Building and Construction Commissioner, an industrial police force with the power to interrogate and prosecute construction workers.

In the witness box, Shorten repeatedly denied any "conflict of interest" whatsoever in his union receiving hundreds of thousands of dollars from companies. These clandestine payments were bound up with "enterprise bargaining agreements" (EBAs) that robbed the union's members of millions of dollars in basic entitlements, such as wage penalty rates.

Almost invariably, the deals involved some of the country's lowest-paid and most-exploited workers. In one case, in 2003, the AWU instigated a contract to sack 200

casual mushroom pickers and install labour hire employees at Chiquita Mushrooms, saving the parent company, the Costa Group, \$3.5 million a year via lower wages and tax liabilities. In return, the company enlisted the employees as union members, and collected their AWU dues. It also paid the AWU \$4,000 a month, supposedly for union-supplied "health and safety training" that was not mentioned in the EBA.

On the back of such deals, many of which falsely inflated AWU membership figures, Shorten became a factional heavyweight in the trade union movement and the Labor Party. He became the AWU's Victorian state secretary in 1998, then national secretary in 2001, before gaining Labor Party pre-selection for a federal parliamentary seat in 2007.

Another labour-hire company that signed an EBA with the AWU, Unibuilt, paid the wages of Shorten's campaign director in his 2007 bid to enter parliament. Shorten belatedly declared this "political donation" to the Australian Electoral Commission this week, on the eve of his royal commission testimony.

These arrangements were relatively minor compared to those with some of Australia's largest corporations. Among the AWU agreements defended by Shorten were a 2005 deal with Thiess John Holland, a construction conglomerate, for Melbourne's \$2.5 billion EastLink tollway that saved the company up to \$100 million. In return for reducing conditions relating to rostering and extreme weather—and preventing any strikes—the union received more than \$200,000 in subsequent years.

Other payments included about \$480,000 from glassmaker ACI, almost \$200,000 from cardboard manufacturer Visy Industries, nearly \$100,000 from aluminium giant Alcoa, and \$300,000 from chemical company Huntsman. Huntsman paid for an AWU shop steward to be a "workplace change facilitator" whilst it closed all its plants in Melbourne.

In one instance, Shorten conceded that workers would have been “vastly better off” on legal award wages and conditions. In 1998, the AWU and Cleanevent entered a deal that meant the cleaning company was no longer required to pay penalty wage rates for night-shift, holiday or weekend work. By some calculations, that arrangement cost about 5,000 poorly-paid cleaners more than \$400 million in lost wages over a decade.

Shorten only made that admission because the current leadership of the AWU, after knowingly benefitting from the arrangement for years, recently scurried to the Fair Work industrial tribunal to terminate the now-notorious agreement. The AWU bureaucrats’ sole concern is to try to hoodwink their remaining members into believing that the union has now changed its colours, so that the AWU can continue servicing the needs of employers.

Despite his confession on Cleanevent, the Labor Party leader declared there was no evidence of any conflict of interest. He insisted: “Every day I was a union rep, I was standing up for our members and, of course, where we could, we would cooperate with employers for the best interests of our workers.”

This theme epitomises the modern role of trade unions, in Australia and internationally. Since their inception, unions have accepted the framework of wage labour and have sought to prevent the struggles of workers from challenging capitalist rule. In the past, however, the union bureaucrats performed that function by pressuring employers to make limited concessions on wages and conditions.

Today, because of the globalisation of production, the unions act on behalf of business to dismantle past gains, in order to assist “their” capitalist class compete on world markets. That mission was encapsulated in *Australia Reconstructed*, the program adopted by the Australian Council of Trade Unions (ACTU) congress in 1987 to make the unions the central mechanism for boosting profits by suppressing opposition in the working class to the demands of the international financial markets.

Far from being an exceptional “bad apple,” as depicted by some pseudo-left groups, Shorten was speaking on behalf of the entire Labor and union leadership. His testimony was prepared with the help of Greg Combet, a former ACTU secretary and Labor government cabinet minister, who arose out of the Maritime Union of Australia. Those publicly springing to Shorten’s defence included not only his Labor Party colleagues but also Dean Mighell, an ex-electrical trade union leader who has been touted as a “progressive” and “militant” unionist.

Significantly, Abbott’s response to Shorten’s testimony was muted. He dropped his previous demands for Shorten to “come clean” on “sweetheart deals” and refused to say whether Shorten should resign as Labor leader. “The important thing is to ensure that we have the best and cleanest union movement,” Abbott said.

A similar line was taken by today’s editorial in Murdoch’s *Australian*. It played down the damage to Shorten’s credibility, instead calling for a shake-up of the “workplace relations regime.”

For months, the Murdoch media has pushed the royal commission allegations as a means of demanding that the Labor Party reduce or break its ties to the unions, in order to weaken the influence of power-brokers like Shorten and make Labor an even more pliable instrument of capitalist rule.

At the same time, there is now real nervousness in ruling circles about the potential of the royal commission revelations to fuel the general hostility that already exists among working people toward the entire political establishment. Both Abbott and Shorten already have record low opinion poll ratings, raising concerns in the financial elite about their capacity to impose even deeper austerity measures under conditions of worsening economic slump.

Factional differences also exist within the corporate elite. Many large companies, such as Theiss, ACI, Visy and Alcoa, have highly valued the work of the unions as an industrial police force over their workforces. Others no longer see any need to rely on the services of the unions, whose long record of imposing attacks on workers have left them discredited, decimated their ranks and made them reliant on employers to inflate their revenues and membership lists.



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