

What the Royal Commission into Australia's trade unions revealed

Part Four: The CFMEU's "training organisations" and "charities"

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Published below is the fourth part of a five-part series on the report of the 21-month Royal Commission into the trade unions in Australia. *See* Part One, Part Two, Part Three *and* Part Five.

The CFMEU's "not-for-profit" and "charity" companies

Citations in this section refer to Volume Three, Chapter 6.6 of the report, available [here](#).

Of all the schemes revealed in the Royal Commission's report, the crown for the most egregious must go to the trail of public, "not-for-profit" and "charity" companies set up by the Construction, Forestry, Mining and Energy Union (CFMEU) based in the Australian Capital Territory (ACT).

In 2010, Construction, Employment, Training and Welfare Limited (CETW) was registered as a public company, with initial members and directors, Dean Hall, Jason O'Mara and Jason Jennings, respectively the CFMEU secretary, assistant secretary and president (*point 8*). The current CFMEU secretary appoints all CETW directors (*point 13*).

CETW is the trustee of the so-called "Creative Safety Initiatives" trust, and obtains its revenue from the trust. In both 2013 and 2014, the years covered by the Commission's investigation into this particular company, the entirety of the CSI trust's profits went to the union (*point 12*). The Commission report states: "for all practical purposes CETW as trustee of the CSI Trust is controlled by and operated solely for the

benefit of the CFMEU ACT. Any and all profits generated by the CSI Trust flow directly to the CFMEU ACT."

The total annual revenue of the CETW trust was \$1,853,151 in 2013. Most of this was spent on "wages, superannuation, provision for annual and long service leave, travel costs and fringe benefits expenses" (*point 45*). The remaining profit of \$790,840 went straight to the union accounts.

This income derives from many sources.

As trustee of CSI, CETW operates as a training company on construction sites. Dean Hall, current Canberra CFMEU secretary, openly admitted to the Commission that the name "Creative Safety Initiatives" was chosen because it had no obvious connection with the union. "We didn't want the company to [be] unfairly tarnished by some people who might not use it if it's a union training company," he said, according to the ABC. (He also said, "CSI is catchy because of the television shows. I actually came up with the name!")

In 2014, revenue from these operations was \$794,431. The Commission report estimates that around one fifth of this income comes from companies that are mandated, by enterprise agreements with the CFMEU, to use CETW (*point 39*). Unless a worker trawls through every clause and "standard definition" in their enterprise bargaining agreement, they would have no way of knowing that the "approved training authority" in these agreements is CETW (*point 36*). That is, through the relations it has established with its members' employers, the union has established for itself a monopoly over lucrative training contracts.

CETW also receives hundreds of thousands of dollars a year in rebates from a local government body, the

Canberra Building and Construction Industry Training Authority. These amounted to \$452,595 in 2014 alone (*point 41*).

Undoubtedly the most “creative” element of the CFMEU’s money-making set-up, however, is Charitable Construction Works (CCW), which the CFMEU established in 2008 as a “registered charity.” One of the three directors of CCW is the CFMEU’s secretary, Dean Hall.

Who donates to this “charity?” The answer is: the CFMEU’s members. Whether the members know they are making these donations or not remains an unanswered question. The union has inserted a clause into its enterprise agreements to the effect that the workers “agree to donate \$1.00 per week from the Companies ACIRT” (the Australian Construction Industry Redundancy Trust, which holds the workers’ redundancy savings) to this “charity” (*point 47 c*).

For the tiny minority of workers who may actually get to read this clause, and who wonder what worthy cause their money is being donated to, the agreement helpfully informs them that CCW is a “construction charity set up to provide welfare services which is determined to improve the lives of building workers and their families during a time of need” (*point 47 c*). Yet in both 2013 and 2014, the so-called “charity” gave more than 80 percent of its revenue to CETW, which then deposited these funds into the union’s bank accounts (*point 50*).

Having extracted thousands of dollars from CFMEU members through this “charity,” the CCW takes in a further \$30,000–\$40,000 every year in profits—in the form of payments made by the same workers for snacks and drinks while at work—due to its ownership of vending machines.

Not satisfied with this, however, the CFMEU also receives money from two tradesmen’s clubs: the Woden Tradesmen’s Union Club and the Canberra Tradesmen’s Union Club, located in Canberra. Dean Hall, Jason O’Mara and Jason Jennings—the secretary, assistant-secretary and president of the CFMEU—as well as other union officials, are the directors of both clubs (*points 19 and 20*).

The clubs hold machine gaming licenses and, in addition to selling beer, obtain income from gambling machines, preying on the social insecurities and family crises that dominate the lives of millions of ordinary

working families, and that drive many workers towards gambling and alcohol.

Thanks to the generosity of the clubs’ directors, union members receive automatic club membership (*point 18*), likely aimed at encouraging them to make regular and frequent visits.

In order to obtain a gaming license, such clubs are required by law to donate 8 percent of net gaming revenue to so-called “community contributions” (*point 18*). Luckily, the CFMEU officials happened to know of a charity that would meet this requirement: CCW! In 2013 and 2014, the clubs donated \$437,500 and \$275,000 to CCW and declared these as its “community contributions” (*points 153–154*). The clubs donated another \$718,320, in 2013, and \$555,000, in 2014, directly to the CFMEU (*point 33 diagrams*).

The Commission report states: “there is a substantial possibility that the payments made by CTUC and WTUC were not genuine contributions to a charitable organisation but disguised contributions to the CFMEU ACT” (*point 157*). Moreover, it declares, “having regard to its actual activities, CCW is not a ‘charity’ within the meaning of s 5 of the Charities Act 2013 (Cth) [Commonwealth government] since its purposes are not solely charitable (or purposes incidental to charitable purposes). Nor is it a ‘not-for-profit entity’ within the meaning of the Australian Charities and Not-for-Profits Commission Act 2012 (Cth) [Commonwealth government].”

To be continued

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