

# What the Royal Commission into Australia's trade unions revealed

## Part Five: The TWU and MUA “training funds” and the CFMEU’s “drug and alcohol committee”

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*Published below is the final 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 Four.*

### The Transport Workers Union’s “training” funds

*Citations in this section refer to Chapter 7.2 of the interim report of the Royal Commission, which is available [here](#).*

In 2000, the New South Wales state branch of the Transport Workers Union (TWU) established the Transport Industry Training Education and Industry Rights Fund (TEIR) (*point 6*). This fund is remarkable only for the fact that the TWU made not even a token effort to present it as anything other than a means for the union to receive direct donations from employers. It was even part of the TWU’s financial accounts! (*point 9*)

From 2000 to 2007, the TWU received \$1.434 million in payments directly from employers through TEIR (*point 14*). When the union closed the fund in 2007, amid media claims of an absence of financial oversight (*point 13*), it simply allocated this amount to the TWU “annual delegates conference.” (*point 23*)

Within two years, the TWU had established a new fund, called TEACHO, which was subsequently transferred to the control of the union’s national organisation (*point 26*).

The Commission report reveals an arrangement, in 2011, between the TWU and Toll, an \$8 billion Asia-Pacific logistics company, that provides an indication of the *quid pro quo* deals between the union and employers who donate to the fund.

As part of negotiations for a new labour agreement for Toll workers, which began in October 2010, the report reveals that the TWU made clear that any contract was “conditional on” Toll making a contribution to TEACHO (*point 39*).

Toll agreed to give \$150,000 to the fund every year (*point 41*). In its submission to the Royal Commission, dated 13 November 2014, the company made no bones about its motivations. It declared that the “primary motive in contributing to the TEACHO fund” was to “get the deal done” and “achieve industrial peace.” In other words, Toll was paying the union to suppress any strikes or other industrial action taken by its employees to achieve better conditions during contract negotiations (*point 4.8 of the submission*).

That is not, however, where the union’s end of the deal stopped. The

TWU was required to become a virtual Toll employee. As detailed in a side-deed to the agreement, which was not made public, one third of Toll’s payments were conditional upon the TWU meeting “key performance indicators” set by the company (*point 41*). These required, in part, that the union use “audit, wage inspections or other compliance measures” against Toll’s competitors in order to raise the competitors’ costs and give Toll a competitive advantage (*point 43i*). As the Royal Commission put it, “The intended corollary was that the transport competitor would start to incur compliance expenses. In raising the safety standards of its competitors, Toll’s competitive position would be improved.” (*point 45e*)

The side-deed stated that once the TWU had found a safety or other legal breach by one of Toll’s competitors, it had to “undertake appropriate enforcement actions.” Before deciding on what those actions would be, including legal prosecutions, the union would “have regard to any concerns raised by Toll as to practices in the industry.” The TWU “must prepare a report for Toll as to the progress and status of any prosecutions,” to be provided “to Toll at scheduled meetings.” (*point 43*) The side-deed even makes part of the payments conditional on the union making such reports.

In other words, the TWU, in exchange for Toll’s largesse, has become a company lackey, more specifically, its industrial spy and provocateur. In the highly unlikely event that the union ever publicly opposes an employer’s safety compliance record, workers should be aware that it is more than likely aimed at fulfilling “key performance indicators” set by a competing employer.

### The Maritime Union of Australia (MUA) “training” fund

*Citations here refer to Volume 2, Chapter 1 of the final report, available [here](#).*

The Commission Report explains that the MUA, together with unnamed employers in the maritime industry, established Maritime Education and Training Limited (METL) as a not-for-profit public company in 2008, ostensibly in order to provide training to new waterfront and boat workers (*point 24*). Its directors include MUA national secretary Paddy Crumlin and MUA officials Chris Cain and Rod Pickette (*point 30*).

In reality, major companies have directly paid METL millions of dollars for the MUA’s services. In just four cases documented by the Royal Commission, waterfront employers donated more than \$3 million to

METL (*point 1*).

One of these employers is Saipem, a large Italian company that owns some 50 vessels dealing with offshore construction and services activities, including oil drilling and pipe-laying. In August 2008, Saipem conducted negotiations with the MUA about using foreign workers to crew nine to twelve vessels on one of its major construction projects (*point 43*). At the time, it was 40 percent owned by the Italian giant ENI.

The MUA has waged a longstanding, nationalist campaign against foreign workers. Its opposition to the use of cheap maritime labour, however, has absolutely nothing to do with any principled defence of workers' conditions. On the contrary, it is directly aimed against any fight by Australian workers to unify with their class brothers and sisters in other countries in order to wage a common struggle to defend and advance the conditions of all workers, regardless of nationality. Such a struggle would require a socialist and internationalist perspective, which is anathema to the MUA bureaucrats, several of whom remain members of the Stalinist Communist Party of Australia. The MUA's campaign is, instead, aimed at whipping up nationalism and xenophobia among Australian workers and dividing them from their counterparts around the world.

Nevertheless, minutes of a meeting between the MUA and Saipem on August 28, 2008, which are cited in the report (*point 59*), make clear that the union agreed not to carry out any industrial action against foreign-crewed boats—so long as Saipem/ENI made a \$1 million donation to METL (*point 46*).

While the MUA and Saipem were negotiating this payment, the employees of Saipem/ENI on board the *Castoro Otto* ship were “demanding a ‘hard-lying’ allowance because of a lack of air-conditioning on the vessel.” (*point 67*)

Once the agreement for Saipem to pay \$1 million to the union was finalised, the MUA's Chris Cain made a trip to the *Castoro Otto*, accompanied by his corporate partner, Saipem's manager Antoine Legrand. Cain told the workers to “stop the bullshit” and “work hard to deliver [the] project on time.”

In his proposal to ENI for the Italian giant to make the million-dollar payment to METL, Legrand emphasised that the benefit would be “ensuring the supply” for the project and “reducing the hard-lying claim from \$200 to \$30 per employee.” (*point 111*)

In his testimony to the Commission, Cain gloated about his role in blocking the workers' demands and his record as a reliable company man. “I've had to calm members down,” he said. “I went out to the *Castoro Otto*. Actually, I thought I'd done a good job for both sides in respect of getting that project on time. We don't always argue. We've never stopped a job. We've never had any industrial disputes...” (*point 82*)

#### *Van Oord*

Van Oord specialises in dredging, marine engineering and offshore energy projects. It operates globally, in more than fifty countries. In 2011, the MUA struck an agreement with Van Nord in which the company agreed to deduct one percent of workers' wages and pay it to METL. As at September 2014, these payments had reached \$1.2 million (*points 189-190*). Van Nord also agreed to make a \$30,000 donation to the MUA's state conference.

#### *The Sapurakencana Gordon Gas Project*

In 2012, Sapurakencana, a global oil and gas company with around 13,000 employees operating in 20 countries, was, like Saipem/ENI, seeking to use foreign personnel to crew its tugging boats. Sapurakencana calculated that using Australian workers would cost an extra \$2 million over the duration of its project (*point 135*). As in the Saipem case, an agreement was struck in May 2012, under which Sapurakencana would pay \$308,000 to METL. In exchange the MUA would accept the company's cost-cutting measures. The company also presented the MUA with a \$50,000 donation to “sponsor” the union's upcoming conference but declined, understandably, to have its logo displayed in the conference

hall, among those of the other sponsors (*point 139*).

#### *Dredging International*

Dredging International is a dredging specialist in the large DEME group of companies. It specialises in the construction of harbours, artificial islands etc., operating some 90 vessels on every continent.

As part of a 2012 enterprise bargaining agreement, the MUA and Dredging International conspired to deduct one percent of the workers' salaries, rising to four percent by the final year of the project, to be donated to METL. This deduction is still being made. In just the first two years, the payments amounted to \$247,552, straight from workers' pockets into the MUA's funds. In addition, the company has paid \$80,000 from its own coffers to METL (*points 155-158*).

On May 9, 2012, the day after the MUA's agreement with Dredging International was approved by the Gillard Labor government's industrial relations body, Fair Work Australia, the MUA's Chris Cain wrote an email to Patrick Vermeulen, then human resources manager of Dredging International, thanking him for the company's agreement to sponsor the union's conference. Dredging International paid the union \$200,000, supposedly to “sponsor” MUA Western Australian conferences from 2012-2015 (*points 159-160*).

In addition, Dredging International has made three separate payments to the union's “OH&S Fund” and “Training Fund,” comprising a total of \$676,000 (*point 166*). The report notes that, on March 13, 2014, “one day after the Commission's Letters Patent were issued and 33 days after the decision to set up the Royal Commission was announced, the Training Fund was closed.” (*point 4*)

### **The CFMEU's “drug and alcohol” training committee**

*Citations here refer to Volume 3, Chapter 7.4 of the report, available here.*

In 1989, the Building Workers Industry Union, predecessor of the Construction Forestry, Mining and Energy Union (CFMEU), established the Building Trades Group Drug & Alcohol Training Committee (BTG D&A). It is now controlled by the CFMEU.

The Commission report describes how the BTG D&A committee fund has been used by the CFMEU to amass millions of dollars in donations directly from employers. In 1994, the BTG D&A Committee established a “charity”—the Construction Industry Drug & Alcohol Foundation (CIDAF). The Royal Commission report explains that CIDAF was set up because “some employers were not comfortable donating to the union movement directly.” (*point 13*)

Under a “pattern agreement,” upon which the CFMEU based its agreements with employers, the union included a clause requiring that companies pay \$1 per week per employee to the BTG D&A Committee (*point 203*). In 2005, this amount was raised to \$2 per week, and in 2012, the clause was changed to require that companies pay \$3 per week per employee to CIDAF (*point 205*).

In the year to August 2005, the fund raised \$505,634 from such “EBA levy contributions,” of which half went straight to the union. From then until January 2012, the total payments, straight from employers to the fund, totalled \$2,173,013, of which around \$970,000 was deposited into the CFMEU's general accounts (*point 210*).

The report details the case of one particular donation made by Thiess John Holland, a consortium involved in the construction of an underground rail link in New South Wales, to the BTG D&A Committee in 2006.

On April 13, 2006, Thiess John Holland transferred \$100,000 to the BTG D&A Committee. In a series of round-robin bank payments over the

following years, 80 percent of this money ended up in the general “fighting fund” of the CFMEU (*point 175*). The report explains what the purpose of this payment was.

In July 2005, a subcontractor died while working on the underground rail link construction site. His body was found in a sedimentation pond, hours after suffering a heart attack.

Thiess John Holland was fearful that the death would trigger an eruption, and hired a new industrial director to take control of the site, describing the situation there as a “strained industrial climate” (*point 26*).

Both the CFMEU and Thiess John Holland denied to the Royal Commission that the \$100,000 was a pay-off made by the company to the union for suppressing the seething anger of workers at the appalling safety conditions on the site. Instead, they claimed it was paid in exchange for the union providing drug and alcohol safety training. The Royal Commission report demolishes this claim, however, noting that the union’s own figures for the “training” services it provided amounted to just 24 hours work, meaning an hourly rate of \$4,167 (*point 130*).

## Conclusion

The facts contained in this series demonstrate that the trade unions are not defensive organisations of the working class, but labour management businesses, whose role is to destroy workers’ conditions on behalf of employers. For millions of workers in Australia and around the world, these revelations only confirm the lessons they have drawn from their own bitter experiences: being lied to, betrayed and sold out over decades.

It is now necessary that workers draw lessons from these facts and experiences, and begin to draw the necessary political conclusions.

The trade unions cannot be “reformed,” because their treachery is not the result of individual corruption. It is the result of the unions’ nationalist program and perspective and their ongoing support for the capitalist profit system, which means, under conditions of globalised production, pitting workers in every country against each another in a global race to the bottom.

As workers around the world now enter a renewed upsurge of open class struggle, new organisations are needed in order to organise and lead their fight. These must be democratically elected and controlled by rank-and-file workers in factories and workplaces and turn out to other sections of the working class both nationally and internationally to coordinate their struggles.

The closest allies of Australian workers are their counterparts in Asia, America, Europe and around the world. In opposition to the unions’ bankrupt nationalism, the working class must consciously base itself on an international strategy and unite with its class brothers and sisters around the world.

Above all, what is needed is a thoroughly worked-out political strategy. The defence of the most elemental social rights of the working class today requires a frontal assault on the political power wielded by a tiny financial aristocracy over public life. This means a fight against capitalism and all of its political defenders in the political establishment—including Labor, Liberal, Greens, and their pseudo-left supporters such as Socialist Alternative and Socialist Alliance.

The pseudo-left groups, based on affluent layers of the upper middle class, fervently defend the trade unions against the working class, not in spite, but because of their anti-working class character. Hostile to any movement of the working class from below, these parties seek to channel the growing opposition of workers and young people to the entire official set-up back behind parliament. They seek only a redistribution of wealth within the upper echelons of society.

The alternative to capitalism is socialism. This means the fight for workers’ governments, which will nationalise the major banks and corporations, place them under public ownership, and under the conscious and democratic control of the working class itself, in Australia and around the world.

The Socialist Equality Party is campaigning in the 2016 federal elections to build support for this program in the working class. If you agree, make this fight your fight. Share our election statements widely among your friends, colleagues, and family. Donate to our party. Organise meetings in your local area or workplace and invite our candidates to speak. Above all, **contact us** to find out how you can join the SEP and fight to build it as the revolutionary leadership of the working class.

Concluded

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