Australian unions amass wealth as membership plummets

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Data compiled from the Australian government's official register of trade unions has provided a glimpse of the transformation of these entities into corporate operations over the past four decades, even as their memberships have fallen to historic lows because of their role in helping destroy the jobs and conditions of their members.

According to the statistics, the annual revenue of the country's 15 largest unions has grown by more than 40 percent, after inflation, in the past 14 years and their wealth in assets has trebled to nearly $1.6 billion, equalling the worth of major companies.

At the same time, union membership dropped to 14.5 percent of the workforce by 2016, down from 37.5 percent in 1993, and a peak of 64.9 percent in 1948. The biggest declines have been in manufacturing, construction, transport and telecommunications—industries ravaged by closures and privatisation.

Less than one in ten private sector workers are now union members, and the collapse is worst among young workers. Unions now cover just 7 percent of workers aged 20–24 and 4 percent of those aged 15–19.

These figures have been brought together in a report, "Unions Inc: From industrial strength to financial muscle" produced by a right-wing think tank, the Menzies Research Centre. The report's thrust is clearly reactionary and anti-working class. It urges the Liberal-National Coalition government, headed by recently-installed Prime Minister Scott Morrison, to ramp up the offensive against the jobs, pay and basic conditions of workers.

Nevertheless, the data appears to be accurate. It is derived from union membership reports published by the Australian Bureau of Statistics and union financial disclosures posted on the government's Registered Organisation Commission website.

Far from representing the interests of workers, the bureaucratic apparatus of the trade unions has a direct material interest in boosting the profits and share prices of Australian corporations, at the expense of the working class.

Some of the unions' income boost has come from charging their dwindling membership ever-higher dues. But by far the most has been derived from profit-making sources, making the unions significant participants in the financial elite. The unions' vast "sundry income" includes share dividends, profits from insurance schemes, rents and investments, training course fees, superannuation and other board fees, grants and commissions.

Between 2002–03 and 2016–17, the 15 largest unions increased their combined yearly revenue from approximately $394,036,400 to $748,379,900, equating to a rise of 89 percent, before inflation. Over the same period, the total asset wealth of the 15 unions nearly trebled, from $572.57 million to $1.55 billion.

These unions are among the most profitable corporations operating in Australia. Their combined revenue is greater than that of the Ray White Group, a national real estate network, or J.J. Richards & Sons, a large garbage collection company. Their combined assets is greater than the market capitalisation of Bega Cheese Limited, a major dairy products firm, or Seven West Media Limited, one of the country's media conglomerates. Nine of the 15 unions outpaced the ASX All Ords share index in wealth growth.

One of the biggest financial entities is falsely depicted in the media as a "militant" union—the Construction, Forestry, Mining, Maritime and Energy Union (CFMMEU). Its 2017 income, prior to the CFMEU merging with the Maritime Union of Australia, was greater than Greyhound Australia or Fuji Xerox Asia Pacific.

Like all the unions, the CFMMEU suppresses the resistance of its members to the attacks of governments and the employers. Some of the greatest cuts to jobs and wages have occurred in mining and on the waterfront. In the construction industry, mutually lucrative enterprise agreements (EAs) are struck with companies to enforce their production schedules while the union bureaucrats draw considerable benefits personally, in terms of salaries and boardroom fees, as well as for the union's financial empire.

For example, Incolink, an entity part-owned by unions, including the CFMMEU and the Australian Workers Union, earns commissions on the redundancy and income protection insurance that employers are required to take out under the terms of union-negotiated EAs. Many EAs include blatant kickbacks, such as employers agreeing to pay unions millions of dollars to conduct training courses.

Barely mentioned in the Menzies Research Centre report is that even greater sums are involved in the industry superannuation funds, such as the joint CFMMEU-construction employers' Cbus. It now controls members' funds worth $27 billion, making it one of the biggest investors in the property market and building industry. Union bureaucrats sit on the boards of such funds, in partnership with employer executives, rewarded with generous fees.

The origins of these corporatist arrangements lie in the "Accords" struck between the unions and the Hawke and Keating Labor governments of 1983 to 1996, which unleashed a pro-market onslaught on workers. Thousands of jobs were eliminated and hard-won conditions were destroyed, in the name of enabling companies to compete on globalised markets. Social inequality began to soar.

These processes accelerated—as did the decline in union membership—from 1993, when the Keating government and the Australian Council of Trade Unions (ACTU) introduced enterprise bargaining and compulsory superannuation, providing unions with new revenue streams.

Another once-large union, the Australian Manufacturing Workers Union (AMWU), has experienced a severe drop off in membership, from 141,544 in 2003 to 68,008 by 2017—a decline of 52 percent. Nonetheless, the AMWU's asset wealth has increased by 187 percent to around $130 million.

The transformation of the unions into corporate operations cannot be explained as a matter of individual corruption on the part of certain officials and it is not unique to Australia.

Internationally, the globalisation of production shattered the previous ability of unions to extract concessions from employers on the basis of nationally regulated economies. Unions were always based on maintaining the system of wage labour, while bargaining over the price and terms for the exploitation of worker's labour power. Today, amid intensifying global rivalry, the logic of that relationship means directly collaborating with the corporate elite to continually drive down the conditions of the working class to maintain the "international competitiveness" of Australian capitalism.

With typical contempt for their members, the unions responded to the right-wing think tank's report by flatly defending their enrichment. An ACTU spokesman told the *Australian Financial Review* : "Generations of union leaders have made prudent financial decisions in the long-term interests of working people, precisely because our movement is not infected by the greed-driven mania for short-term profit that characterises the world of big business."

The rapid growth of union assets proves the opposite. Generations of union leaders have become instrumental in facilitating and policing the profit-driven "mania," sacrificing the historic interests of the working class. The ACTU's latest "Change the Rules" campaign is a continuation of this process. It is an attempt to channel workers behind supporting the return of another big business Labor government, which will support the unions and their lucrative operations.

Workers, whether unionised or not, must break free from the influence of the corporatised trade unions and build new independent organisations in every workplace. A socialist and international perspective, aimed at expropriating the banks and major companies into public ownership and democratic control, must guide the struggles of the working class.