

# *From the archives: What was the “victory” on the Australian waterfront?*

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*We are republishing today an article originally published on April 13, 1999, one year after Patrick Terminals threw out its entire workforce and replaced it with scab labour. The bitter dispute that followed was a seminal experience for maritime workers and the working class as a whole.*

*Despite the efforts of the Australian Council of Trade Unions (ACTU) and Maritime Union of Australia (MUA) bureaucracies to isolate the struggle, forbidding union members from participating, thousands of workers and students joined picket lines to protest the sacking, and the broader assault on the working class it represented.*

*The ACTU and the MUA diverted the struggle into the courts and then forced workers to accept the dictates of the company and the government. The legacy of this monumental sell-out has been the destruction of thousands of waterfront jobs and the ongoing destruction of hard-won conditions in one enterprise agreement after another.*

*The betrayal of this dispute by the unions was a marker of their transformation from organisations capable of extracting minor concessions from employers into the thoroughly corporatised enforcers of the demands of corporations, governments and finance capital.*

*The 1998 waterfront dispute takes on a particular significance now, as Australia’s largest tugboat operator, Svitzer, is threatening to lock out its entire workforce, effectively shutting down the country’s ports. This is a calculated manoeuvre designed to force the Fair Work Commission to intervene, shut down all industrial action and impose cuts to wages and conditions through arbitration.*

*Just as they were in 1998, the unions are completely on board with this operation and stand ready to enforce whatever the company, the industrial courts and the government demand.*

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This week marks 12 months since Patrick Stevedoring, Australia’s second largest stevedoring company, sacked its entire 1,427 strong workforce and replaced it with scab labour recruited by the National Farmers Federation.

In the middle of the night of April 7, 1998, an army of black-hooded security guards, armed and accompanied by attack dogs, swept through Patrick’s terminals across the country, herding waterfront workers from the premises.

The multimillion-dollar operation, backed by major sections of big business and the banks, and organised at the highest levels of the Howard government, sparked a bitter month-long dispute on the Australian waterfront.

The outcome of the dispute and the formal agreement that ultimately emerged were claimed by the union movement’s peak body, the Australian Council of Trade Unions (ACTU), the Maritime Union of Australia (MUA) and the Labor Party, as a decisive victory for waterfront workers and the working class.

These claims were supported by all the various middle-class radical organisations, which, from the very beginning, insisted that it was

impermissible to make the slightest criticism of the union leadership. They greeted the outcome with cheers of “MUA here to stay”—parroting the union’s official slogan.

Reflecting the level of confusion existing in broad sections of the working class, workers and other supporters on the picket lines cheered ACTU president Jennie George and MUA national secretary John Coombs when they announced the “victory.”

However, by any objective criteria the settlement stitched up by the MUA with Patrick’s and the government was a monumental betrayal of the interests of the maritime workers and the entire working class.

It saw 625 permanent jobs destroyed—almost half the workforce—100 working conditions eliminated and nearly 200 non-core maintenance, cleaning and security jobs, previously performed by MUA members, outsourced.

A new annualised and performance-based salary system scrapped overtime and other penalty payments, reducing take-home-pay by between \$10,000 and \$20,000 a year.

Under new work rosters workers can be forced to work periodic blocks of irregular shifts—a mix of midnight, day and evening shifts. Some are working up to 14 midnight shifts straight, increasing stress levels, undermining workers’ health and driving many to take redundancy.

A growing number of casual workers can be called in at the company’s convenience to supplement the permanent workforce and to do work once performed as overtime. Conditions not seen since the “bull” labour system of the 1930s are returning. One casual worker interviewed in the media said that he and others were often obliged to work three 12-hour days in a row after working the previous four days, including the weekend.

According to the company, crane rates at its terminals “are at or near” the benchmark of 25 containers an hour set by the Howard government. At Patrick’s Melbourne docks, the average is 26 per hour. Some workers say the rate reaches 40 an hour at times. Work crews have been slashed from eleven to six.

Patrick’s chief executive, Chris Corrigan, who directed last year’s onslaught, claims that the new levels of productivity will save the company well over \$40 million a year. It is little wonder that the deal received the enthusiastic backing of the financial markets and major investors. Share values in Lang Corporation, Patrick’s holding company, had plunged to \$1.17 in January 1998, but more than tripled to \$5.30 last month and closed at \$4.97 last week.

The deal struck at Patrick’s has already had far-reaching implications for all maritime workers. This was confirmed last week by the announcement that P& O Ports, Patrick’s major rival, is about to conclude its own agreement with the MUA.

While still under wraps, the agreement’s contents are an open secret. Months ago the company announced that it was looking to eliminate 520 jobs from its 1,300-strong national workforce. According to union officials the job cuts at the company’s Botany terminal, the second biggest in the country, will far exceed 40 percent of the workforce.

The deal will see increased weekend and shift work and new pay arrangements that could reduce take-home-pay by up to 20 percent. P & O's managing director Richard Hein told the *Australian Financial Review* this week that the "the company is happy" with the agreement and "importantly the union is happy with it too." Speaking for the MUA, Coombs said the agreement would offer P & O even greater benefits than those obtained by Patrick's.

Notwithstanding the slogan of "MUA here to stay," the outcome has helped reduce the union to a rump organisation on the verge of extinction. Once the P & O cuts go through, the union's membership will have plummeted from 10,000 in the early 1980s to just under 1,500. Coombs has foreshadowed dissolving the union into the Construction, Forestry Mining and Energy Union.

### Howard government saved

Not only did the agreement between Patrick's and the MUA lead to the devastation of jobs and working conditions, it enabled the Howard government to extricate itself from a growing political crisis, which had been accentuated by its bungled waterfront operation.

Throughout 1997 the government had been under fire from key sections of big business, including the media barons, because its economic restructuring agenda began to grind to a standstill. The May 1997 Budget failed to deepen the spending cuts of a year earlier and Howard had backed off from cutting tariffs in the highly protected motor vehicle and textile industries. The government's much-vaunted "waterfront reform" had failed to materialise.

In late 1997, the media owners used a corruption scandal, involving parliamentary travel allowance irregularities, to whip the government into line. Several government ministers were removed, including Transport Minister John Sharp, who had been responsible for the waterfront. The revamped government unveiled an entire corporate agenda, including a consumption tax, "work for the dole," cuts to health and aged care and "labour market reform," starting with the waterfront.

After months of high-level preparations, the operation launched on April 7 was a bid to inflict a swift defeat on the waterfront workers, then call a double dissolution election and proceed with a full-scale offensive against other sections of the working class. Workplace Relations Minister Peter Reith proudly announced the assault in parliament as Patrick's thugs moved into the terminals.

The government and the employers calculated that the Labor Party and trade union leaders would prevent widespread industrial action. The labour leadership did everything it could to fulfil this expectation. On April 3, the ACTU forbade its affiliates to take any action in the event of mass waterfront sackings, thus giving the green light for Patrick's to proceed. The MUA itself continually worked to isolate the sacked workers, ordering its members at other ports to continue to work.

However wide layers of workers, students and professional people were deeply disturbed by the methods used and recognised the broader implications of the government's political offensive. Thousands began to join picket lines at Patrick's terminals, seriously disrupting movement at most ports.

Then the dispute became further bogged down in legal actions, because the mass sackings had breached the government's own Workplace Relations Act. The MUA sued Patrick's and the government for organising an "illegal conspiracy." Sections of business, especially those most affected by the disruption of trade, began to demand an end to the impasse. Reflecting these interests, the Federal Court and finally the High Court sought to clear up the mess by ordering Patrick's to reinstate the

sacked workers and begin negotiations with the MUA.

The central thrust of the court rulings was to rely upon the union leaders to deliver the dictates of the money markets. The High Court made this explicit by ordering the union to collaborate with financial administrators to make Patrick's labour hire companies—purposely bankrupted by the company to facilitate the sackings—financially viable. The MUA willingly accepted this task, even to the extent of instructing its members to work without pay for weeks.

In order to consummate the partnership, the MUA dropped its legal action against Patrick's and the government. During the dispute, the MUA had told workers it would drag Reith and Corrigan "screaming through the courts." The final settlement demonstrated that the union's court case was always a ploy with two purposes: to stem calls for wider industrial action and to use as a bargaining chip with the government.

So what was the MUA's claim of victory really all about? The union bureaucracy was celebrating the fact that the High Court and sections of the employers had reaffirmed that the unions remained the most effective mechanism for imposing "waterfront reform."

The MUA leadership had a further reason for satisfaction. The downsizing of the workforce has allowed the union bureaucracy to tighten its stranglehold over the ranks and to remove workers who were becoming increasingly critical of its role.

Over the past few months the MUA's Sydney branch, led by "left" official Jim Donovan, has attempted to distance itself from the Patrick's betrayal. The truth is Donovan was central in beating down opposition and ensuring workers in the Sydney ports accepted the agreement.

Despite the infighting Donovan has made it clear he is not presenting any serious challenge to the Coombs leadership or its policies. At the beginning of the year he withdrew from contesting the national secretary's position, allowing Coombs to be returned unopposed.

Together with all sections of the MUA leadership, the Sydney branch continues to police the agreement and impose industrial peace on the waterfront. Two weeks ago Patrick's sacked the remaining six workers in the port of Newcastle after they refused to unload a ship docked at the Toll Holdings facility.

The MUA has been involved in an ongoing dispute with Toll after the company awarded work normally done by MUA members to the Transport Workers Union.

Even though the MUA members in Newcastle were acting on a union directive when they blackbanned the ship, neither Donovan nor any other Sydney union official has called for industrial action to back up the sacked workers.

The inaction of the Sydney leadership on the sackings provoked an astute comment by Alan Wood, a leading columnist for the *Australian* newspaper.

"If this had happened 18 months ago, there would have been strikes up and down the east coast waterfront. That the MUA has not responded to the sackings is regarded by many observers as evidence that the Patrick dispute is transforming the stevedoring industry."



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