Australian Labor government, ACTU line up behind media campaign over alleged construction union corruption

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With extraordinary speed, the federal Labor government and the Australian Council of Trade Unions (ACTU), the peak union body, have imposed sweeping anti-democratic measures against the Construction, Forestry and Maritime Employees Union (CFMEU).

On the basis of unsubstantiated media allegations of corruption, Labor has moved to place the CFMEU's national construction division under administration, while the ACTU has suspended its affiliation. Those actions, announced in tandem on Wednesday, effectively disenfranchise and threaten the basic rights of the CFMEU's 80,000 construction workers, who make up the majority of its 126,000 members nationwide.

On July 12, John Setka announced his immediate resignation as head of the union's Victorian construction division, citing an "ongoing and relentless" media campaign against him. The next morning, Nine Entertainment newspapers published the first in a series of feature articles, purporting to expose the inner workings of the union.

The Nine articles claimed that four CFMEU construction delegates in Victoria were former or current members of outlaw motorcycle clubs with ties to criminality. The union has dozens, if not hundreds of delegates in Victoria.

The articles asserted that Setka personally knew Mick Gatto, previously accused of being involved in the Melbourne "underworld." Gatto has since established himself as an industrial mediator in the building industry. That means that many people, including in construction companies and political parties, likewise have had dealings with Gatto, which is not a crime.

Nine has since published footage, which it says shows Darren Greenfield, head of the construction division in NSW, receiving a $5,000 kickback from a construction boss in 2020.

The most substantive assertion of the Nine exposures is that the construction division provided workplace enterprise agreements to select companies, with which it had cozy relations. These allegations are largely based upon the claims of Harry Korras, who has described himself as a "CFMEU fixer" but has provided little evidence for his claims.

That trade unions have sordid relations with employers is not a revelation. The 2015 Royal Commission into Trade Union Governance and Corruption detailed allegations of such ties involving almost every union in the country.

Far beyond the question of individual malfeasance, the entire union bureaucracy over the past forty years has functioned as a de facto police force of the corporations, enforcing cuts to workers' jobs, wages and conditions, while union officials make six-figure salaries.

Conservative and Labor governments, big business and the corporate media have participated in and assisted this transformation of the unions into pliant and thoroughly corporatised entities, of which corruption is an inevitable byproduct.

In this context, the Nine coverage is striking for its paucity. Thin and disconnected allegations have been thrown together after a protracted fishing operation that began sometime last year.

Then there is the issue of Nine's sources.

Some of the material appears to have been provided by police agencies, for instance the footage of Greenfield. But if the police have had that video for the past four years, and claim it is proof of an illegal act, why did they give it to the media and not a prosecutor? The answer is likely that they fear it would not stack up in court.

Other sources are supposedly dissident CFMEU officials. Some of these courageous fighters for union reform have not even put their names to their statements. Nor have they explained why, in their crusade for a more just union, they turned to the corporate press and not the membership. Such individuals are clearly advancing unstated factional agendas.

It is an axiom of capitalist politics that corruption scandals are brought forward to prosecute such unstated agendas that cannot be outlined openly, generally because they are directed against the interests of working people.

That this axiom holds for the CFMEU issue is demonstrated by the response.

Given their untested character, the appropriate response of the federal government and the union leadership would have been to decline to comment on specific accusations, instead leaving them to the police and the courts.

Instead, with the ink barely dry on Nine's first article, Labor Prime Minister Anthony Albanese told an interviewer it was "good" that Setka had resigned, and that he had "no legitimate place in the labour movement."

Albanese also stated that trade unions "don't exist to engage in

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the sort of conduct that John Setka has clearly been engaged with." Such comments from the prime minister, which Albanese didn't even bother to preface with "alleged," are clearly prejudicial.

Albanese's immediate intervention set the stage for a media and government "discussion" over whether all or part of the CFMEU would be deregistered. Such drastic action would strip the CFMEU or part of it of formal bargaining rights and would place a question mark over existing enterprise agreements it has struck.

Some commentaries in the official press warned that as much as they may dislike the CFMEU, deregistration could result in something worse, including strikes, which the union suppresses, and unchecked militancy.

It was in this context that Labor's Workplace Relations Minister Tony Burke announced on Wednesday that the government would "support" the imposition of an administrator on the CFMEU's construction division by the Federal Court, on the basis of an application by the Fair Work Commission, the pro-business industrial tribunal defended by Labor and the union bureaucracy.

In response to concerns that such a move may not be possible under existing legislation, and may thus be opposed by the CFMEU, Burke declared that Labor would simply change the law.

Once appointed, an administrator would have sweeping powers. These would include overseeing the organisation's day-to-day business, as well as scrutinising financial records and existing enterprise agreements. They would have the ability to sack union employees and delegates. It is possible that the Federal Court would also order that elected union officials vacate their positions.

An administrator would inevitably be a member of the state establishment, likely a senior lawyer or a judge. It is obvious that the installation of such a figure as de facto leader of a union would not be aimed at rooting out corruption, or improving workers' pay and conditions, but more directly imposing the dictates of the state and the financial elite.

That motivation behind the media campaign has come into sharper focus. Commentaries in the financial press over recent days have complained that the CFMEU is corrupt *and* that the pay rises it has negotiated in recent enterprise agreements have been too high, blowing out costs in the construction industry.

In reality, the union's recent wage deals on major projects in Victoria and NSW have been for annual increases of around five percent, barely in line with inflation. But even that figure is higher than in many other sectors and clashes with a drive by the ruling elite to impose a sweeping reversal of workers' living standards. This push is being intensified by signs of a possible slowdown in construction, some areas of which, such as residential, have registered their lowest growth rates in a decade.

A particular focus of the Nine publications is the role of the CFMEU in large state government infrastructure projects. These are a major component of the state budgets, under conditions of ballooning deficits in NSW and especially Victoria. The Melbourne *Age* in particular has run its stories on union corruption alongside articles bemoaning the infrastructure projects as a drain on resources. The none too subtle message is they need to be cut as part of a broader austerity agenda.

These motives underscore the reactionary role of the ACTU and its secretary Sally McManus. Functioning as an open agent of the big business Labor government, she held a press conference shortly after Burke, demanding that the CFMEU accept the appointment of an administrator and suspending its ACTU affiliation.

McManus, of course, had no idea about the alleged corruption, like the Labor politicians whose party has accepted millions of dollars in donations from the CFMEU every year. Some may be skeptical.

Regardless, McManus personifies the transformation of the unions. Over her decades-long career, she has never led a genuine workers' struggle, but has signed off on or overseen continuous attacks on pay and conditions, including wage freezes affecting millions of workers during the initial stages of the pandemic.

Such activities, directly aiding corporations at the expense of workers, are not designated as corruption, but are simply standard operating procedure for the union bureaucracy as a whole.

Despite many contenders, perhaps the most rotten role in the saga thus far has been played by the CFMEU itself. Setka, falsely described as a "militant" by himself and his adversaries in the media, waved the white flag and scurried off into retirement before the first story had even been published.

Under conditions of an assault on their own bureaucratic prerogatives, not a single CFMEU official has suggested the possibility of strike action. That, more than anything, underlines the commitment of the union officialdom to the entire framework of the Fair Work Act industrial laws, the Labor governments and the suppression of the class struggle.

To halt the developing assault on their pay and conditions, and to defend their basic rights, including to union organisation, construction workers have to take matters into their own hands. Rank-and-file committees should be formed at all construction sites, to fight the dictates of the administrator and the corporations for stepped-up exploitation, more onerous conditions and pay cuts.

Such committees can only wage a struggle if they are independent of the CFMEU, whose leadership has shown it will accede to and collaborate with the government attacks. They should reach out to non-CFMEU workers in the construction industry and throughout the working class for a joint industrial and political struggle against the assault on living conditions and the subordination of society to the demands of the banks and the property developers.

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