BUILDING UNIONS AND GOVERNMENT 'REFORM': THE CHALLENGE FOR UNIONS

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The Howard-led Coalition Government has executed a systematic attack on workers' rights, wages and conditions, simultaneously hitting those at the lower end of the scale and strongly organised workers in key sectors of the economy. Unfair dismissals changes, for example, will impact on young workers in retail and hospitality, but also target the building industry where around 85% work for firms with less than 20 employees\(^1\) (ACTU 2003).

It is clear that those less well organised are to be hit hardest. The government's *WorkChoices* booklet gives the example of young unemployed workers like 'Billy' who will have to trade off all except five basic conditions just to get a foot in the door (Commonwealth of Australia 2005). At the same time the Coalition has specifically targeted the most militant and unionised members of the workforce, initially focussing on four sectors. These are two major export industries (meat and coal), the key export/import interface (the waterfront), and construction which is now the 'priority industry for reform' (O'Neill 2003).

What drives the government's concerns across all these sectors is capital's never-ending hunger for profit and the pressures of competition. John Howard himself says it is a treadmill that no capitalist ever gets off, that 'the job is never done' (Howard 2005). The Government's agenda to drive up the rate of profit incorporates a combined strategy of low

\(^{1}\) 93.67% of building 'firms' are small, employing fewer than five employees, 5.71% employ between 5 and 20, accounting for about 85% of all construction workers. A small number of larger firms account for 13.63% of employees (ACTU 2003).
wages/high productivity, depending on the sector. Enshrining only four basic working conditions, coupled with control over minimum wages (also youth, trainee and apprenticeship rates), this agenda looks to push down labour costs for the labour intensive hospitality and retail sectors and at the entry levels for the rest of the workforce, including construction. For other sectors John Howard repeats relentlessly, 'Australia must take this step [to reform IR] if we are to sustain our prosperity. To give us a new burst...of productivity growth to secure our future productivity...'' (ABC TV Four Corners, 2005).

The key, according to Howard, is signing up more workers onto Australian Workplace Agreements: '[M]y central philosophy is that the greater the spread of workplace agreements, the greater will be the productivity gains.... That is the biggest single productivity boost that comes out of these [industrial relations] changes.' Quizzed on exactly why this would occur, Howard's response was breathtakingly simplistic (and wrong, as David Peetz demonstrated minutes later on the same program): 'Well, it must automatically. If you run your firm more efficiently, then productivity is lifted. And higher wages result because if you make higher profits and you want to maintain that higher efficiency, you'll pay your workers more so they'll contribute more....' (ABC TV Four Corners, 2005).

It is no wonder that the building and construction industry, one of the motors of the Australian economy, is a 'priority industry for reform' for the Howard Government.

The Building and Construction Industry Improvement Act

'At the core of the Royal Commission's findings about the building and construction industry', claimed then Workplace Relations Minister Tony Abbott, 'is an entrenched culture of lawlessness, coupled with widespread inappropriate practices that act against choice, productivity and safety' (Prince and Varghese, 2004).
Presented to parliament in November 2003, a new Building and Construction Industry Improvement Bill (BCIIB) was to be 'a key plank in the most significant reform of the building and construction industry ever attempted' (Prince and Varghese 2004). However, the Bill was the culmination, rather than the beginning, of the Coalition's targeting of this industry. A range of provisions within the 1996 Workplace Relations Act (WRA) was clearly directed at militant unions, such as the Construction, Forestry, Mining and Energy Union (CFMEU). As reinforcement of the WRA, in May 1997, with State Governments' compliance, then Federal Minister, Peter Reith, issued a National Code of Industry Practice, tying Commonwealth funding to required industrial practice on building sites. Two months later Reith established a department-based Workplace Reform Group, singling out the waterfront, meat processing, coal mining and building and construction industries. The Parliamentary Bills Digest describes how 'The new provisions of the WR Act, as well as existing provisions of the Trade Practices Act 1974, were to provide the legal weaponry to deliver reform. In essence, this meant re-asserting managerial prerogative within these industries, a point which Minister Reith made clear in a number of speeches throughout 1997' (Prince and Varghese 2004).

In a spectacular demonstration of the government's agenda, on 17 April 1998 the nation witnessed jubilant backslapping between Reith and Howard on the floor of Parliament, as Maritime Union of Australia (MUA) members were sacked in every port, to be replaced by scabs guarded by balaclava-wearing security guards and dogs. The government's strategy collapsed in the face of a determined union fight back and the MUA remains a force on the waterfront (Bramble 1998). However, the Coalition and its corporate backers learnt from the failures on the docks. A different plan of attack was drawn up, one that would rely much more on legislation, ongoing regulation and policing, than on direct confrontation. In response to 'concerns' about the building and construction industry, the Office of Employment Advocate reported to a new Workplace Relations Minister, Tony Abbott, presenting a 10-page outline alleging an industry rife with rorts, crime, intimidation and violence, an industry in need of 'cleaning up'. This provided the pretext for a Royal Commission, announced on 26 July 2001 just two months before the federal election. Headed by Justice Terence Cole, and at a
cost of $66 million, the Commission swept around the country gathering hearsay 'evidence' and employer allegations of union infamy.

The investigation and subsequent report of the Royal Commission into the Building and Construction Industry was not just an attempt to paint a picture of rampant unionism and an industry 'out of control'. While ideological anti-unionism was a factor, the fundamental drive was economic - the need to protect and increase profits in an industry described by Access Economics as the 'central locomotive force' in the Australian economy (*The Age* 24.1.04). With spending in the industry ranging between $50 billion and $76 billion *per annum* over the past four years, building and construction consistently accounts for around seven percent of the nation's GDP and between five and seven percent of the workforce \(^2\) (*AFR* 12.1.05). It is also claimed that building employment has helped to deliver the current relatively low level of unemployment, both because of workers directly employed, and from a flow-on effect in retail (eg. purchases of furnishing and fittings) (*AFR* 26.5.05).

The Royal Commission undertook a massive collection of data and new research on issues such as productivity, training needs, industrial action and occupational health and safety, for the future economic benefit of the industry. Importantly, the information pinpointed where industry could make the most gains. The findings on productivity confirmed earlier research that the Australian building and construction industry was one of the world's most efficient and productive \(^3\) (Dabscheck 2003, ACTU 2003). Clearly, there are only limited profit gains to be made on this front. Equally with industrial action. Dabscheck has estimated that, between 1981 and 2002, building workers only 'spent 0.0024 of their total working time available to them in industrial disputes. Or alternatively, 0.9976 of total working time was devoted to activities other than industrial disputes' (Dabscheck 2003).

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2 Current estimates put it at 10% of the economy. A record $22 billion was reported for the June 2005 quarter, with $31.7 billion in the pipeline (*The Age*/AFR 25.8.2005).

3 Though the government frequently quotes from an Econtech study which claims that if labour productivity in commercial construction matched the home building standard, it would result in a '1% decrease in CPI, a 1% increase in GDP and $2.3 billion in benefits to consumers, workers and taxpayers every year' (Andrews 2005).
So why was the unions' industrial role a major focus for the Commission? What is at issue here is not so much current industrial unrest, but what power organised workers can wield under more favourable conditions, such as at a time of skills shortage (widely predicted for the industry). A strong union maintaining high wages and conditions, as well as increased apprentice intake at higher than base level rates, poses a real threat to future profitability, not to mention the flow-on effect through the rest of the economy.

To date, as Jesse Maddison, one of the legal team in the CFMEU (Victoria) explains, building unions have found ways to work around, if not openly defy, the Coalition's first waves of industrial reform, including the National Code of Practice. So, he adds, 'The Cole Commission's purpose was to conduct a detailed investigation into how building unions operated within the industry, to provide the detail the government needed to design legislation to permanently restrict union power' (Personal communication).

As CFMEU research showed, 90.33% of Commission hearing time was 'devoted to allegations adverse to unions. Just 3.3%...adverse to employers.' In the first round of hearings in Sydney 'not a single statement against an employer obtained by investigators was dealt with in public hearings, except where they were accused of having colluded with the CFMEU' (ACTU 2003). Coupled with the research detailing areas of possible profit gain, the Commission's extensive examination of union strategies and tactics was to provide the guidelines for the government's 'reform' plans.

Commissioner Cole's first report (August 2002) initiated the next step, the formation of an industry policing body. The Interim Building Industry Taskforce (IBIT), headed by ex-NCA police investigator Nigel

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4 I am indebted to Jesse Maddison for this crucial insight.
5 This specific role of the Royal Commission also helps explain the relatively low key involvement of enthusiastic supporters of the government's agenda such as the Master Builders Association (MBA) and major corporations (Grocon, John Hollands). Leaving public comment to the broader Business Council of Australia and the largely non-union housing sector body, the Housing Industry Association (HIA), the other industry players were also 'protected' from the risks of union retaliation or court action. As late as September 2005, giant builder Multiplex claimed that 'like everybody else...we are too scared to have a fight' (AFR 15.9.2005).
Hadgkiss and having a budget of over $9 million, not only extended the reach of the Commission’s investigation, but also had powers to prosecute. Timed to coincide with the CFMEU’s 2002-3 enterprise bargaining campaign, Abbott claimed the IBIT would be used to stop an ‘outbreak of illegal practices associated with…enterprise bargaining’.

Later, after eighteen months of operation, though little in the way of results, the Taskforce was made permanent (now BIT) with sweeping new ACCC-type powers, including search, interview and phone intercept. Justifying the amending legislation, new Workplace Relations Minister Kevin Andrews insisted the Taskforce’s results showed that ‘things have not got better and this industry cannot fix itself’. Known as the Codifying Bill, it became law in November 2004 (The Australian 29.4.2004).

The Commission’s final report and collected papers were tabled in Parliament on 26 March 2003, except the still confidential Volume 23 which contains names recommended for prosecution and ‘options’ for dealing with unions. Change, Cole determined in his report, was necessary in four key areas: recognition of ‘rule of law’, freedom of association, employer control of worksites and serious attention to occupational health and safety.

Crucial to effecting such change would be an industry specific Act and a permanent compliance body - the Australian Building and Construction Commission. Within the week the government confirmed it would adopt the Commission’s 212 recommendations; and just over six months later, on 6 November 2003, the Building and Construction Industry Improvement Bill 2003 (BCIIIB 2003) was introduced into the House of Representatives.

Essentially a legal rewriting of the Cole Commission recommendations, the Bill was never passed. The Democrats and Labor combined to force a Senate Inquiry on the government, with the Democrats concluding the Bill could not be ‘saved’ by amendment. Unions were jubilant, saying the anti-union legislation had been consigned to ‘the dustbin of history’ 6

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6 But the Democrats supported the Codifying Contempt Offences Bill 2003 (Codifying Bill) which gave the IBIT Commissioner increased powers to jail and fine. Democrats Senator Andrew Murray said the Codifying Bill addressed the concern over a lack of
(The Australian 8.7.2004). And this may have remained its fate if not for the 2004 election which delivered control of both Houses of Parliament to the Coalition.

Returned for a fourth term of office, the Howard-led government lost little time in re-introducing a revamped Bill. One day into the first parliamentary session with majority power, the new BCII Bill 2005 was passed, coming into law five days later on 12 September 2005 (some sections retrospectively dated to the date of introduction, 9 March 2005). The BCII Act 2005, accompanied by the National Code of Practice and the raft of changes mooted in the WorkChoices Bill, is designed to take on one of the country's strongest unions and break it financially and industrially. Enterprise agreements, even in the restricted form allowed by the National Code, the WRA (and now the BCIIA), are not safe from government probing. When the CFMEU won agreement to a new Enterprise Bargaining Agreement (EBA) in 2005 in an attempt to pre-empt the BCIIA, the government promptly added 13 new criteria necessary for code compliance, rendering every EBA negotiated no longer compliant (Workplace Express 30.8.05).

Defining just what constitutes building work has sweeping implications too. Almost every aspect of construction, temporary or permanent, and including landscaping, refurbishment and fitting out, along with offsite manufacture of building needs (window frames, etc.), is covered, as well as workers who may do some of this work as only part of their job (s.5). This attention to detail is repeated in identifying every possible form that industrial action may take and then prohibiting and penalising it.

Virtually all industrial action is prohibited. Building workers are prevented from taking industrial action over a new EBA before the old one expires, and they will also be prohibited from backing any other

enforcement of the existing law. 'The Cole Report into the building industry] properly drew attention to unacceptable industrial practices that challenge the intent of the Workplace Relations Act and adversely affect productivity, efficiency and competition’ (AFR 23.6.04). He claimed that the Democrats had protected civil liberties by insisting on amendments that ensured ‘the powers must not be used for minor or petty investigations.’ The unions reacted angrily to the Democrats action (The Australian 8.7.2004).
claims on the employer during the life of an EBA (s.79, s.80). The CFMEU, a union that encourages members to sort out issues on the job, will now become liable for its members' activity (s.247). The creation of a new category of 'unlawful industrial action' (s.73-75) is unprecedented, with some provisions that would be laughable if they were not so serious. For example, workers' industrial action is not 'unlawful' if they have prior permission - in writing - from their employer! In essence this section outlaws any action that is not proscribed elsewhere in the BClIA or the WorkChoices Bill. 7

With breaches attracting tens of thousands of dollars in fines (up to $22,000 for individuals and $110,000 for organisations), uncapped compensation and the ability to sequester assets, bankrupting the union is a real possibility. 8 West Australian Master Builders Association director, Michael McLean envisages the CFMEU's assets will be 'eaten up by legal costs and fines over the next few years' (West Australian 9.8.2005).

Unlike any other industry, the building industry has its own policing body, with the Australian Building and Construction Commission (ABCC) replacing and extending the powers of the BIT. 9 Evidence can be recorded and witnesses may be asked to give evidence under oath, with investigators having the right to question people for up to 4.5 hours a day. Although there is the right to have a lawyer, it is only one agreed to by an ABCC Commissioner, and there is no right to silence (Workers Online 11.11.05). No other accused person is denied this right. Mandatory six month jail terms for refusing or failing to answer ABCC

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7 The BClIA also details prohibitions on union action over choice of superannuation fund. (s.175) This is a somewhat surprising inclusion, unless the history of union wins on industry superannuation is taken into account. Superannuation funds such as the industry C+BUS are jointly controlled by unions. Howard's earlier 'freeing up' of superannuation fund choice and the BClIA provisions will allow employers to divert funds away from C+BUS.

8 Receiving strike pay can incur a $33,000 fine for individuals and paying it a $110,000 fine (s.227, s.136). Multiple fines against a person for conduct 'that is substantially the same' as their initial breach are not allowed (s.228). However this provision is clearly open to interpretation and any offender is still liable to criminal prosecution. The Act allows the ABCC or anyone affected by industrial action to seek uncapped compensation (s.227).

9 The ABCC has a budget of around $124 million. The BIT's initial budget was $9 million, but estimates put its final expenditure at $13 million.
questioning could deprive the unions of their most effective militants, shop stewards, organisers and officials, not just for the six months but also excluding them from office for five years, as provided by other legislation.

Amongst the ABCC's powers of prosecution is the ability 'to seek injunctions and launch damages claims in disputes, independently of employers and regardless of any settlement. While the defunct BIT proved singularly ineffective in prosecuting (mostly union) 'offenders'; with case after case thrown out of court or awarded minimal fines, it was still financially costly for the CFMEU branches defending members and officials.10 (Workers Online 23.9.2005).

After the legislation was passed Minister Andrews told the Master Plumbers National Conference that the government had delivered what was necessary to take on the unions and now it was the employers' turn to act (Andrews 2005). However, if employers prove reluctant to act against the unions, the government has provisions to 'stiffen' their resolve. Builders and developers face fines for not enforcing the Act and a loss of government funded jobs if they do not comply with the National Code.11 But, as the following cases show, the cost to business could be slight and unions still hit hard.

When two workers were seriously injured on a Sydney job, rather than pursue the employer for breaches of OH&S provisions, the BIT sought removal of the union organisers' right of entry permits (Workers Online 7.10.2005). In a second case, building giant Multiplex was charged with paying unionists strike pay for a 'deaths in industry' shutdown. The company pleaded guilty, saved itself substantial legal fees and received a minor fine of $4000. The union, which has pleaded not guilty, will now

10 The BIT pulled three 'coercion' prosecutions midway through hearings in the Federal Court, which meant that the CFMEU could not apply for costs. The cases, relating to incidents in 2003, had been in court for months as the BIT amended the allegations seven times (Workers Online 23.9.2005).
11 The National Guidelines will be phased out once the BCIIA and WorkChoices are fully implemented. 'Contractors will either be in compliance with the law or they won't, irrespective of whether or not they are engaged in Australian Government funded projects' (Andrews 2005).
have to go through the expense of the trial with a certain penalty at the end\textsuperscript{12} \textit{(AFR 12.10.2005)}.

\textbf{The Challenge for Unions}

While governments may have the laws, the courts and policing bodies to enforce their legislation, what cannot be scripted is the response of rank and file workers. The current government, with all its legislative arsenal, was supremely confident of a win in the MUA dispute, only to be beaten by hundreds of thousands of workers around the country rallying to the wharfies' - and in the end their own - cause. In its current promotion of industrial relations reform the government has been caught flat-footed by hundreds of thousands of unionists on the streets, backed up by ACTU advertisements that 'crystallized what people were already experiencing in their workplaces' (Michael Crosby, \textit{Workers Online} 7.10.2005).

Historical examples show the potential power of labour. For example, industrial relations changes in Victoria that were introduced by the Kennett-led Coalition government in the 1990s remain, but the laws were rendered unworkable by the statewide protests, as well as union moves that shifted awards to federal jurisdiction. Much earlier, penal provisions that threatened to bankrupt unions were made a dead letter when the country was brought to a standstill by over a million striking workers: that was in 1969 after the jailing of Tramways Union leader Clarrie O'Shea for refusing to pay fines exacted by the courts. Each time, unionists broke the law to defend their rights.

Are the building unions in a position to repeat these earlier victories? The picture is mixed. The union movement as a whole is weaker, but in terms of its social weight and the strategic position of some unions, the labour movement can still 'pack a punch'. The CFMEU, for example, has maintained a high level of coverage in the pace-setting CBD, giving

\textsuperscript{12} This was a tactic used against BLF union leader Norm Gallagher during his trials in the 1980s. The employers were fined, but had no conviction recorded, while Gallagher was convicted, fined and went to jail (Ross 2004 pp.95-8). The more complex issues involved within the union and the whole issue of deregistration are covered in \textit{Dare to Struggle, Dare to Win!}, which also discusses alternative analyses (Ross, 2004).
it a strength few other unions possess. Building unions, particularly in Victoria and Western Australia, have been defiant in the face of the government's onslaught. Royal Commission hearings were greeted with spirited rallies sporting a huge plastic 'Kangaroo Cole'. The CFMEU's 36-hour campaign in Victoria was launched - and won - midway through the Commission schedule; and in 2005 construction unions signed up several thousand employers to new industry EBAs before the new Act came into effect. And they are prepared to keep fighting, as the CFMEU's Dave Noonan told a Victorian construction workers' mass meeting in May 2005: 'We won't let Howard put us out of business... The union will continue to fight for its members on the job. We will continue to stand up for social justice in our country and around the world. We will support those singled out for attack by the federal Government or the employers in the courts. We won't be silenced, we won't be beaten, and together, however long it takes, however hard it gets, we will defeat these laws. With hard work, discipline and militant struggle we will see the back of this government and when they're long gone, the CFMEU will still be standing strong' (Noonan 2005).

However, as in any crisis, Howard's threat to union survival is severely testing the politics and strategies of the current union leaderships and exposing and exacerbating some long-standing rifts within the union movement. As the differences are debated out, the necessary unity of action has not always been evident, when unions and even branches within unions (including the CFMEU), take up different strategies that range from defiance to a more cautious approach of trying to work around the laws. While the main danger is the Coalition's plan to put the unions 'out of business', some warn that union division or a weak union response could lead to the workers' organisations putting themselves out of business. If discipline became a brake on militancy or the focus turned to Parliament rather than action on the jobs, unions could well see

13 Union membership varies widely within the industry, with CBD sites often maintaining 100% unionisation and the housing sector almost zero (though workers do shift between sectors, retaining union membership while working on non-unionised jobs). There are also differences between states for historical reasons or reflecting differences in leadership politics and strategies. Actual membership figures are hard to obtain, though Victoria maintains the highest coverage and the highest actual numbers, 30,000 to NSW's 25,000 (approximate figures only).
their demise. Although it is early days, there is a worrying shift in some CFMEU publications away from the defiance of Noonan's speech and the Cole Commission protests. A recent national CFMEU Construction Division leaflet argues 'We can campaign against these laws and get them overturned by voting Howard out at the next election' (CFMEU 2005).

Former BLF official Norm Wallace still looks to rank and file based strategies and tactics, rather than the parliamentary road. He believes that, because the laws allow 'no way out for the working class', working around them is not an option, while the ALP has not been a reliable ally. He, and many of the militants, argue that acting 'illegally' will be unavoidable for any union wanting to defend its rights and that it will take the kind of consistent, long-term rank and file campaigning the unions engaged in during the build up to the Clarrie O'Shea confrontation to win this round too (Personal communication). Whatever their preferred strategy, no-one within the CFMEU has any illusions that this will be an easy or quick battle. Although much of the government's penalty-based building industry legislation relies heavily on the courts - a time consuming and uncertain tool for such a volatile industry - the combined impact of all the industrial laws is a major threat to construction unions and may well lead to some initial setbacks, particularly for the CFMEU.

To defeat such a concerted attack on union rights and rebuild union strength will take, not only rank and file militancy, but also a determined political leadership (See Bramble's paper in this issue of JAPE). In Australian union history, two unions have stood out as industrial and political leaders of the labour movement - the Waterside Workers Federation (now MUA) and the Builders Labourers Federation (now CFMEU). Though in the end limited by the failures of Stalinism, it was Communist Party involvement that transformed both unions into working class leaders. In the case of the Builders Labourers Federation (BLF), Communist Party members were the 'heart' of the BLF Rank and File group during the 1950s and 1960s, turning it from a corruptly-led, moribund union into the 'toast of the workers' movement'. Through the ebbs and flows of the rank and file work, it was the politicising influence of the Communists that was crucial to their success (True 1996).
Building a 'political core' at the centre of our union movement, developing a layer of activists like BLF organiser Harry Karslake who 'hoped to change the world...to convince people how', is as pressing a need for the workers' movement as defeating the current round of anti-worker legislation (Ross 2004; 287).

Liz Ross is author of the book 'Dare to Struggle, Dare to Win! Builders Labourers Fight Deregistration', 1981-94.

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