

CFMEU empire crumbles as union agrees to pay Grocon \$3.5m over Emporium blockade

Stephen Drill, Herald Sun, June 22, 2015

The CFMEU has been forced to pay for the illegal blockade of Melbourne's Emporium shopping centre site in 2012, agreeing to hand builder Grocon \$3.55 million out of its members' pockets.

Outraged CFMEU members are calling for Mr Setka to change the union's tactics or resign. "If you're going to smash them, there were so many other ways to do it," a rank-and-file CFMEU member said. "It should have been death by a thousand cuts. This was stupid, it was all about ego,"

The union levied members an extra \$40 this year to pay its legal bills.

Mr Setka said that he was not in charge of the union when the Grocon protest happened, despite being on the frontline of the dispute. "I wasn't in charge, I wasn't running the union, I was an assistant secretary," he said. "I wasn't in charge, I wasn't calling all the shots."

He said that the \$3.55 million payout to Grocon was a practical decision.

Some CFMEU members have urged state secretary John Setka to change tactics or stand down. "We had to make a decision on what was the cheapest outcome," he said. "It is union members' money and it hurts to hand it over."

Mr Setka said there was some regrets over the protest that shut down the city in 2012. "There's always regrets, I mean, things could have maybe done a bit differently, it's the circumstances," he said on 3AW.

But he refused to change tactics.

The CFMEU - Australia's biggest construction union - is under siege amid the record payout, a push for deregistration and an expected flood of further damaging allegations at the royal commission into union corruption.

The \$3.55 million payout could be dwarfed by a \$28 million compensation fee being sought by Boral, while the ACCC also has its sights on the union over claims of restrictive work practices.

The union was fined \$545,000 in a Federal Court case on Friday, which has heaped further pressure on its crumbling empire, with a warning it could face deregulation for blockading a housing project for the homeless.

The royal commission into union corruption has already recommended criminal charges against Mr Setka and assistant secretary Shaun Reardon over the boycott of concrete company Boral, which was punished because it continues to supply Grocon against the union's wishes.

Grocon executive chairman Daniel Grollo welcomed the settlement. The admission from the CFMEU closes a chapter on an event that disrupted the city and caused significant delays and costs to a major construction project," he said.

Premier Daniel Andrews said he had always said it was wrong for the CFMEU to ignore court orders relating to the Grocon dispute.

"At the time, I said it was wrong that anyone should thumb their nose at the federal court, or any court," he said today.

He would not comment directly on whether Mr Setka should step down as secretary of the union, which is affiliated with the same Socialist Left faction of Labor as Mr Andrews.

Mr Setka is elected by his members and he will be accountable to his members,” he said. But Mr Andrews suggested Mr Setka was wrong to stand by the way the Emporium dispute was handled. “I’ve got a very different view about the Emporium issue, and certainly I’ve been very clear about the fact that anyone against whom a judgment is made by a court of law, they should comply by that judgment.”

Mr Andrews would not comment on whether the CFMEU should be deregistered as a union, saying the Royal Commission would decide on those matters.

Mr Setka today denied that he had a hotline to Mr Andrews, but said that he did have conversations with government advisers. We are in the Labor Party. I don’t see any reason to get out of the Labor Party at the moment,” he said. “To be quite honest, regardless of all the media speculation I’ve never ever met the bloke”. “Not myself, not directly, sometimes the discussions happen with advisers, sometimes you don’t really know who you are talking to.”

The heat on Mr Setka comes as Federal Opposition Leader Bill Shorten faces questions about his time as head of the Australian Workers Union. Mr Shorten said yesterday it was possible that employers had paid their workers’ union dues while he was in charge of the AWU. But Mr Setka said that he would be surprised if that had happened under Mr Shorten’s watch. “They are an enemy union, they are the competition to us. We’ve always found him a pretty sort of honest sort of person, he says something and he sticks to it,” he said.

“He’s never broke his promise. A lot of other people who have dealt with him have found him a pretty honourable sort of a person.”

Mr Setka declined to comment on former AWU secretary Cesar Melhem, who stood down from his role as State Government Whip after claims that he signed a deal that short changed cleaners while his union received payments from an employer.

The 2012 dispute with Grocon centred on a CFMEU demand for its own shop steward. Grocon agreed to hire a union appointee but refused when the appointee demanded more money than his qualifications warranted, insiders say. The CFMEU responded by blocking the site in central Melbourne, as well as Grocon jobs at the Victorian Comprehensive Cancer Centre, an apartment development in Footscray and Westpac’s new headquarters in Collins St. The Federal Court fined the CFMEU \$545,000 for blocking a Grocon site in Brisbane for charity HomeGround.

The union had already been fined \$1.25 million for contempt of court over the Myer Emporium dispute.

The CFMEU said in a statement yesterday the dispute had been about the safety of workers and the public.

UPDATE: CFMEU secretary John Setka says he won’t resign despite the union paying a \$3.55 million legal bill to Grocon, but says there are “some regrets”.

When asked by Neil Mitchell on 3AW if he would resign, Mr Setka said: “No I won’t Neil.”