

Bill Shorten's AWU deal 'made thousands' on facilitator to 'stop trouble'

ANTHONY KLAN, The Australian, July 10, 2015

Bill Shorten personally brokered a highly unusual deal where a big chemical corporation paid AWU Victoria to fund an "outsourced" employee whose role allegedly included "stopping trouble" as a major factory was closed down. Under the deal, revealed by The Australian last month, a long-time employee of Huntsman Group continued in his role but effectively became an employee of AWU Victoria. Huntsman made payments to AWU Victoria, ostensibly to pay the employee.

The royal commission into union corruption yesterday heard AWU Victoria was overpaid by Huntsman Group tens of thousands of dollars under the arrangement, which the Opposition Leader helped negotiate in 2002.

The commission also heard the employee, Alan Bugg, had been with Huntsman since 1978 and was involved in redundancy negotiations in 2001, before the deal. Mr Shorten, who headed the union at the time of the deal, told the inquiry he had been aware of Mr Bugg's approaching redundancy, saying "Alan would have mentioned that to me". He said Mr Bugg's appointment had been to facilitate "education and training".

"I saw an opportunity for him to continue working with the union and the workers at Huntsman in a role of helping to develop education and training and best proactive and productivity," he said. Mr Shorten's description of Mr Bugg's role differs from accounts provided to The Australian by Huntsman's human resources manager Richard Musumeci.

When contacted last month, Mr Musumeci said Huntsman had been closing its styrene factory in Melbourne's West Footscray at the time of the deal and Mr Bugg's role encompassed keeping industrial peace, including "stopping trouble" and ensuring workers "didn't disrupt" operations.

The arrangement had been "a different way of doing things" but had been "very successful".

Following revelations of the deal, Huntsman released a statement on June 18 saying Mr Bugg had been a full-time "workplace change facilitator" since the mid-1990s. His role had been to "facilitate employee relations, balancing the needs of the unionised workforce and the company".

"From 2004 we paid the AWU for the facilitator's services and he continued to play an important role managing relations with the various unions, associates and contractors on the West Footscray (site)," the statement said.

Huntsman could not be reached yesterday. The company has said that at no stage did it make improper payments to the union.

Yesterday the inquiry heard AWU Victoria had recorded payments from Huntsman for Mr Bugg's wages as "education" and payments to Mr Bugg as "paid education".

Despite unions being required to disclose all payments from entities totalling more than \$10,000 in any year, AWU Victoria disclosed payments from Huntsman in only two of the seven years the deal was in place.

The commission heard there was no mention of the deal in any Huntsman enterprise bargaining agreement. It heard an agreement provided for payments to be capped at \$82,000 a year, although that was \$12,820 more than the amount paid to Mr Bugg. There was no agreement as to how that extra money was to be spent.

Mr Shorten was asked whether the money was cash the “AWU could use for itself as it saw fit”. “I am confident that anything that we raised in terms of paid education was always spent for education and training of members,” he responded.

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