

The great Labor-union con job exposed

Editorial, SMH, December 30, 2015

No amount of criticism of Justice Dyson Heydon's personal views can overcome the mountain of evidence against the labour movement.

Opposition Leader Bill Shorten needs to ditch the party's rhetoric that this royal commission was only a political witch-hunt. Photo: Alex Ellinghausen

The Royal Commission into Trade Union Governance and Corruption began hearings 20 months ago when the Herald, like so many others, felt angry and cheated by unions and their Labor Party mates. The royal commission's damning final report released on Wednesday will only inflame that anger and entrench a sense that the broader community has been conned.

The con has been committed not just by what federal Opposition Leader Bill Shorten calls "a small number" of union leaders. It has been part of what commissioner Dyson Heydon calls "an enormous iceberg" of misconduct in a movement which allows room for "louts, thugs, bullies, thieves, perjurers, those who threaten violence, errant fiduciaries and organisers of boycotts".

The con has been perpetrated, too, by those in the Labor Party who tolerate and benefit career-wise from a party structure that accepts, even supports, union misbehaviour. The justification for Labor – that unions are essential to protecting workers, social equity and the safety net – cannot justify criminal actions and breaches of basic accountability, especially when only 11 per cent of non-government workers are union members and when a more democratic political party structure could achieve the aim even more efficiently.

It is clearer than ever that the union-linked Labor Party of 2015 can never argue for fairness and good governance while the union sore festers.

The royal commission on Wednesday predictably recommended consideration of criminal charges and administrative action against scores of unions and unionists, foremost among them the construction union, Kathy Jackson from the Health Services Union and Victorian MP Cesar Melhem, who was state head of Mr Shorten's Australian Workers Union.

The report makes no legal recommendations about Mr Shorten, although it outlines he was in charge of the AWU when 13 false invoices were recorded, and that he instituted talks for an agreement that eventually paid a big company for industrial peace. He also played a part in recruitment of workers whose membership was never properly recorded. He benefited from a research officer paid for by a company. The AWU has been referred to Victoria prosecutors and the Fair Work Commission for possible legal action, too.

Labor has committed to supporting legal action against those named adversely in the report. That is the bare minimum. The party has blocked legislation on union governance and increasing independence of union-linked industry superannuation funds. It is seeking government co-operation in adjusting the legislation, and asks Prime Minister Malcolm Turnbull not to make the union issue the focus of the next election.

How union corruption figures in the next election depends solely on Mr Shorten. To win voter trust and survive as Labor leader, he needs to ditch the party's rhetoric that this royal commission was only a political witch-hunt. True, the conflict of interest revealed by Justice Heydon in agreeing to give a Liberal-linked speech has forever diminished the standing of his findings. And the commissioner's language at the start of the final report is remarkably strong for an otherwise reserved former High Court judge: "You can look at any area of Australia. You can look at any unionised industry ... These

aberrations cannot be regarded as isolated. They are not the work of a few rogue unions, or a few rogue officials. The misconduct exhibits great variety. It is widespread. It is deep-seated."

But no amount of criticism of Justice Heydon's personal views can overcome the mountain of evidence against the labour movement. Mr Shorten or his successor must work with the government and crossbenchers to implement the workable parts of the commissioner's law reform recommendations. These include a single independent and powerful regulator for unions and employer bodies. Indeed, the report made adverse recommendations about numerous executives from large commercial organisations. The report also suggests bigger fines for criminal and administrative breaches; new laws to prevent the sort of deals the AWU struck with businesses; separation of election funds from members' money; and greater liability for union officials – salaried and volunteers – who tolerate shonky union practices.

Most of all, Labor must reform party-union links, by democratising preselections and policy making, to remove the skewed, disproportionate influence of unions. Should Labor shirk those challenges, the Turnbull government will fight the forthcoming election on the same grounds that Liberal leader Barry O'Farrell fought the 2011 NSW election – and won in a landslide. Only Mr Shorten can avoid a repeat of that outcome federally next year.