

Gold Coast stadium: a medal-worthy industrial farce

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If the Turnbull government was looking for a narrative to sell its stalled industrial relations reforms, the chaos that has plagued the site of the Gold Coast Commonwealth Games stadium offers a near perfect working example.

The stand-off which saw the CFMEU use twice daily "union meetings" to bring work on the \$126 million development to a near standstill for weeks highlights every major deficiency of the construction sector's existing regulatory framework.

During Federal Court proceedings against the embattled construction union last week, Justice Reeves remarked that – "If [head contractor Hansen Yuncken] want to protect themselves, they shouldn't enter into agreements with those clauses." His observation goes to the heart of the problem.

If building firms operated in a truly competitive market, contractors agreeing to restrictive union terms – for instance, rights granting four hours of discretionary union meetings a day – would soon find themselves uncompetitive and, before long, out of work. Yet the reality is that CFMEU enterprise agreements replete with stifling and unproductive work practices enjoy a virtual monopoly over the work sites of major public infrastructure projects.

This eliminates any serious price competition between contractors who bid for major government projects. Building firms sign onto these eye-watering wage agreements to buy peace with militant construction unions. However, the real cost is shouldered by taxpayers who fund these rorts through more expensive infrastructure, and, consequently, reduced public services. The current Gold Coast stadium legal controversy centres on whether the more than 20 days of non-stop union meetings – most of which was spent barbecuing, playing sport and taking naps – was "unconscionable and illegitimate – or pressure the CFMEU was 'entitled to apply'".

There is a compelling legal case that holding non-stop sham meetings to drag productivity down to barely two hours a day was an impermissible and therefore, illegal use of the clause. But a courtroom win months after the delays and disruptions first occurred would be a hollow victory. Rather, the solution would be implementing the government's often overlooked 2014 Building Code, stamping out these burdensome employment terms on public building sites at the source. The code prohibits a range of union-favoured clauses on publicly funded projects that have long been responsible for jacking up costs and thwarting productivity. Some of the banned terms include "jump up clauses" forcing all subcontractors to sign onto union approved wage agreements, restrictions on site productivity management, the employment of non-working union shop stewards and limits on freedom of association.

The image of employees spending the better part of a working day taking naps while pocketing a six-figure pay packet on the public purse should make the politics of reform straightforward. Is there any other industry, public or private, where employment agreements empower unions to halt work for weeks as leverage for securing a pay rise that will net even unskilled labourers nearly \$150,000 a year?

Root out the rot

If the CFMEU's sham meetings are found to be unlawful, the union and implicated officials will face maximum penalties of just \$51,000 and \$10,200 each; chump change compared to the \$700,000 the stoppages cost contractor Hansen Yuncken. If the CFMEU secures its preferred pay deal of 27.4 per

cent worth of pay rises over four years – delivering salaries of more than double those of a school teacher or paramedic – these fines start to look like a minor business expense.

Under the government's reforms, the CFMEU would be facing a maximum penalty of \$170,000 and office bearers \$34,000 each. Perhaps most critically, unions and their affiliates would be banned from providing guilty officials any assistance to pay the penalties, creating a powerful deterrent for any official tempted to unjustly incite industrial chaos.

Finally, the ABCC and Registered Organisations Bills give courts the power to disqualify officials guilty of serious offenders from holding future union offices. With 100 CFMEU officials and delegates now facing prosecution, this change has the potential to root out the rot of union lawlessness at its source.

If the botched construction of Rio de Janeiro's Olympic Village is any indicator, the rushed completion of the Commonwealth Games precinct because of union mischief would be a bruising humiliation for Australia. However, the overall cost of a construction industry beset by unproductive work practices, union militancy and extravagant wages runs far deeper than embarrassment on the world stage.

Construction accounts for 8.8 per cent of Australia's economy, supporting 1.05 million jobs and 330,000 businesses. With the national infrastructure deficit now sitting at an estimated \$300 billion, it's clear that a construction sector capable of delivering major public projects efficiently and reliably is critical to Australia's national interest.

Having won a double dissolution expressly called to secure the passage of its union and construction reform bills, the time for debating the government's mandate has come and gone. If Malcolm Turnbull's "three years of strong economic leadership" is to amount to more than an empty platitude, using his much-vaunted communication skills to convince the Senate crossbench to pass the government's building reform bills is a worthy place to start.

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