

CEOs are the next corruption target

By Robert Gottlieb, The Australian, 22 January 2016

Australia is now set to have an unprecedented debate about industrial relations — a debate based on ‘industrial corruption’ rather than working conditions. For the first time in the nation’s history, the front line of the attack will be the chief executives and board members of some of Australia’s largest companies who, unless they change the way they do business, will face criminal prosecution.

There will be limited corporate fines, just long jail sentences for those directors or executives who continue with their current practice of paying bribes to unions.

The appalling practices of large and small companies

While the Heydon Royal Commission detailed many very bad union practices, most were known. What was not as widely known were the appalling practices of large and small companies. Heydon proposed that both company and union officials should be given jail sentences.

While the government will now claim that they always intended to attack rogue members of the Business Council of Australia and the Australian Industry Group, in fact, when the Heydon report came out, hardly a word was mentioned against employers — the government attacks were on unions.

Malcolm Turnbull said he would take the fight against the unions to the next election and he did not rule out a double dissolution on the issue.

Coalition members’ mates

No mention was made of Heydon’s revelations about companies — the traditional Coalition supporter base. Many coalition members are mates with people who could face jail under the Heydon recommendations.

It is not easy for a Coalition government to pass legislation that may jail members of the Business Council and Australian industry Group. Of course, Opposition Leader Bill Shorten has the same problem on the union side.

But a series of events have changed the mind of many in the Coalition and, I suspect, my commentary earlier this week — which highlighted that the top management and boards of at least five large Australian companies face long jail sentences if the government follows the Heydon Royal Commission recommendations to stamp out corruption in the building industry — was the clincher.

Last night, the news swept Canberra that the Minister for Employment, Senator Michaelia Cash, would prepare legislation to adopt the Heydon recommendations on employer bribery of unions. Directors and executives of companies paying money to unions will be charged with criminal offences (except in rare approved circumstances). No more training scheme rackets and other bribery methods that transferred tens of millions to building and other unions.

Side benefits from employers

And also under the gun will be commissions and the side benefits unions might (and currently do) receive from employers.

If the government does this properly, then the thrust of the legislation will be corruption in industrial relations with company directors and executives just as vulnerable as union officials — and possibly more so.

When Malcolm Turnbull cherry picked Heydon's recommendations and attacked unions, the crossbenchers, quite rightly, told him to jump in the lake.

That mistake by the Prime Minister will require the government to go out of its way to make sure the legislation is even handed. And if it is even handed — perhaps even tougher on companies than unions — then even Opposition Leader Bill Shorten will need to think how he should tackle it.

The union-approved tender list

The widespread current practice of companies paying bribes to unions to be on the union-approved tender list for large projects will be blackballed. And that simple process — nothing to do with conditions — will slash Australian commercial building costs.

Many company and union officials regard fines as part of the cost of doing business. Losing their liberty is a very different matter.

I emphasise that some of the union thuggery we have seen in recent years is among the worst in the world. And I am in no way suggesting that unions should be allowed to continue these practices.

Union thuggery AND employer thuggery

On the other hand union thuggery would not have been possible but for employer thuggery and both the Business Council of Australia and the Australian Industry Group turned a blind eye to it.

The Boral and Grocon situations showed everyone what was going on. Suddenly the debate swings from shift allowances and penalty rates to some of the worst corruption we have seen in Australia.

If the government does the right thing, I suspect the Senate crossbenchers will back them and we will be able to build a lot more hospitals, schools and roads for the same amount of money.