

Bill Shorten confronts problems of his own making

Dennis Shanahan, political editor, The Australian

June 20, 2015



Opposition Leader Bill Shorten during question time in parliament this week. Picture: Kym Smith Source: News Corp Australia

No matter what problems Bill Shorten has, and he has a lot, they are his own problems.

The voting public is reminded on a weekly basis on the ABC of the bitter recriminations and betrayals within the Labor government over the removal of Kevin Rudd and Julia Gillard, but the Opposition Leader has not been subjected to the same treatment.

One of the main problems Shorten has right now is the fact that he was involved in the downfall of both Labor prime ministers and is considered disloyal and untrustworthy, but criticism of his leadership decisions is muted.

There is concern about his leadership style and policy direction as well as Labor's standing in the polls, but the frustration is not finding a damaging voice through the media.

After Tony Abbott's implosion as a result of the 2014 budget, Shorten had a dream run fighting a political campaign on "fairness" against a prime minister who was floundering. Labor has been in front on a two-party preferred basis since Joe Hockey's first budget and Shorten has been the preferred prime minister over Abbott for most of that time.

But in the weeks since the 2015 budget the political climate has changed: Abbott's leadership is recovering, the budget has been popular, there has been overwhelming support for the Coalition's national security stance, various ground-level government decisions have won public approval and the Senate has approved key budget measures.

During the same period, all of Shorten's problems have emerged and his lack of preparedness makes him look as if he has been coasting. Shorten is being confronted with a politically damaging heritage from his days as state and national secretary of the AWU, he has damaged his economic credibility by deciding to oppose reasonable pension reforms, he stepped on a landmine over an attack on the Coalition for "payments to people-smugglers", and has been concentrating on the 24-hour news cycle to the detriment of strategy and policy.

In the past week Shorten has been subjected to intense and increasing scrutiny about his days at AWU and disclosures at the trade union royal commission in Melbourne. Deals done years ago are haunting Shorten now with the appearance of his having surrendered the rights and pay of lower-paid workers to enhance his union's strength and his own factional and political power.

The Liberals' attack dog in the House of Representatives, Christopher Pyne, has been hitting Shorten hard. Yesterday he encapsulated the political argument, saying: "There's one business after another that Bill Shorten was involved with as the AWU secretary where the claim is that workers' rights were sold down the river in exchange for payments for the AWU, some of which were disguised as safety training, and as I said in Parliament yesterday, if they were legitimate payments, why were they concealed under the guise of safety training?"

Pyne's opposite number in parliamentary tactics, Tony Burke, defended his leader with the justification that such deals allow "flexibility" and there were distortions in the arguments being made against Shorten.

But the niceties of industrial negotiations were being lost, and Shorten had no choice but to try to stem the political damage by asking to appear before the royal commission in two weeks. His standard line that he would not provide a "running commentary on the royal commission evidence" was no longer tenable.

Shorten has no such simple answer in trying to stem the flow of political misjudgments. Labor started the work with an all-out attack on the government over allegations the Australian Secret Intelligence Service paid people smugglers to turn back boats to Indonesia but ran into a brick wall when it was disclosed Labor has set aside at least \$21 million for such "disruption" payments during the Rudd and Gillard governments.

Shorten was reduced to a hairsplitting argument that Labor may have paid money to people smugglers on land but hadn't done so to turn back a boat. He looked ridiculous and beat a retreat.

The bigger issue for questioning Shorten's judgment this week was his decision to oppose the \$2.4 billion pension savings from the 2015 budget. After back-peddalling on cuts in the previous budget, the Coalition came up with sensible cuts to part-pension payments for those with assets of \$1m over and above the family home.

Labor's opposition cost it economic credibility and an ability to be able to claw back some of the \$41bn in savings it has to find. That the Greens did a deal within hours of Labor's announcement only doubled the pain for Labor.

But still there was no damaging outbreak of leaks from Labor. The simple fact is that Labor doesn't want the leadership to change, it wants the leader to change.

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Glass maker Owens-Illinois paid AWU for fees

PIA AKERMAN, ALICIA BARKER, The Australian, June 20, 2015



Cesar Melhem, a former AWU Victorian secretary, now state Labor MP. Picture: Nicole Garmston Source: News Corp Australia

A major international glass manufacturer paid thousands of dollars to the Australian Workers' Union for membership fees or "paid education leave" that was not part of its workplace agreement.

Documents tendered to the royal commission investigating union corruption show the AWU's Victorian branch, under Bill Shorten's successor Cesar Melhem, invoiced Owens-Illinois for \$21,600 between 2010 and 2013. The four payments of \$5400 were described as payments required for 12 membership fees.

The payments stopped last year when employee relations manager Mario Minniti told the union O-I would no longer pay, "effective immediately". The AWU's financial controller asked the organiser responsible for O-I why the company would no longer pay, and asked him to try to get it to pay.

Four days after the financial controller's inquiry last year, AWU Victoria secretary Ben Davis instructed her to leave the company alone. "Please stop chasing the O-I invoice," he wrote. Questioned by counsel assisting the royal commission earlier this month, Mr Davis said he had asked organiser John-Paul Blandthorn, who is now an adviser to Victorian Premier Daniel Andrews, to explain the payments.

"They were paying paid education leave," Mr Davis said. "What triggered my thinking on it was I couldn't find a clause in the agreement. So why, then, was paid education leave being paid when it wasn't in the enterprise agreement? I discovered that ... there were a handful of workplaces ... where paid education leave was paid outside an enterprise agreement clause. Unusual. Not something I'm going to do anything else about. We haven't chased paid education leave for years and I'm not about to start doing that again."

Mr Minniti, who handled O-I's repeated payments to the AWU, referred The Weekend Australian to the company's communications manager, who declined to comment. O-I showed other support for the AWU by pouring thousands of dollars into a slush fund run by Mr Melhem, Industry 2020.