23. The Influence of Unions and Business in the 2010 Federal Election: Claims of ‘slash and burn’ and ‘still no response and no answers’

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In its own inimical way, the Australian Council of Trade Unions (ACTU) announced midway into the federal election campaign that Tony Abbott’s ‘slash and burn approach to the economy would jeopardise the recovery and jobs’ (ACTU 2010a). Resorting to inflamed rhetoric, it accused Abbott of an ‘obsession with cutting’, of hatching ‘dangerous plans...to bring back the worst aspects of *WorkChoices*’, and being intent on slashing a ‘further \$1 billion from public spending [that] would send the economy in a dangerous direction and threaten thousands of jobs’. Not to be outdone, the Association of Mining and Exploration Companies (AMEC), which was locked in a dispute with the Labor Government over the mining-tax fiasco, declared that the new Prime Minister, Julia Gillard, had talked of ‘throwing open the Government’s door to the mining industry’ but had then rebuffed the majority of industry players. AMEC declared that it had ‘still [had] no response and no answers’ to its questions and approaches to the Prime Minister to discuss the issues, and that accordingly it would ‘relaunch its anti-mining tax media campaign’ (AMEC 2010a, 2010b). AMEC was at the time fighting to be taken seriously in the taxation policy debate in the aftermath of the concessions given to the three multinational mining companies in the so-called ‘secret deal’.

Despite a predictable level of hyperbole, the actual influence of unions and business on the 2010 federal election campaign was far more subdued and nuanced than it had been in the campaign of 2007, which had resulted in a change of government after 11 years. The voices of these powerful sectional interests were largely restrained and muted compared with the more aggressive campaigns they had run to coincide with earlier elections. The reasons for the subdued influence in 2010 were manifold. With Gillard opportunistically opting to call an early election (some three to four months early), both business and unions seemed taken by surprise at the sudden onset of the campaign. It was not clear which side of politics would win the election so many business groups remained neutral or did not commit to endorsing one side over the other. Business was still more than a little perplexed over the brutal execution

of Kevin Rudd that happened just three weeks before Gillard raced to the polls. They were also unsure as to what exactly would be Gillard's new agenda as she put the government back on track. This did not necessarily translate into antagonism to her political priorities but uncertainty over what she would choose to change now that she was Prime Minister. She indicated her priorities were to take some action on climate change, to renegotiate the mining tax and to reduce the number of boats carrying asylum-seekers. In contrast, many in the union movement now considered they had achieved their ultimate ambition in deposing Rudd and were basking in the immediate afterglow, satisfied caucus had removed him (see Howes 2010).

There were some major differences between the federal elections of 2010 and 2007. First, in 2010 there was no highly orchestrated multimedia campaign run by the ACTU costing more than \$20 million and extending over a two-year time frame (the 'Your Rights at Work' campaign, which ran from 2005 to 2007, supported by special levies on union members). This was an integrated campaign against WorkChoices involving mainstream TV and radio advertisements, new-media campaigns, union posters, stickers and buttons, and concerted advertorial coverage in Labor Party and union newsletters and web sites.

The 2010 federal election was not a referendum on WorkChoices as some believed was the case in the 2007 election (but see Wanna 2010), and overall there was far less attention given to industrial relations matters. Tony Abbott immediately attempted to defuse any potentially damaging industrial relations issues by claiming WorkChoices was 'dead, buried and cremated' and that the Coalition had no plans to reintroduce such radical measures. Labor meanwhile tried desperately to mount a scare campaign, claiming Abbott had an unfinished agenda and that he would undermine workers' rights after he was elected to govern (but this largely fell on deaf ears).

Arguably, the 2010 election was not really about policy differences or different ideological directions. There were few new policy announcements to swing undecided voters (except perhaps the different policies towards broadband, and Labor's 18-week minimum-wage parental-leave scheme worth \$9800 to mothers versus the Coalition's policy based on the mother's average earnings over the past year up to \$150 000, but far less generous to low-paid women or those not in the labour force). More importantly, there was no money available to fund new promises, without increasing government debt. So, both parties hitched their fortunes to uninspiring campaign messages, which uniformly failed to capture the electorate's attention. Labor's mundane slogan 'Moving forward' or 'Let's move Australia forward' excited no interest whatsoever, and was soon dispensed with after being widely lampooned. The Coalition's 'We will do

the right thing...end wasteful spending, pay back Labor's debt, stop Labor's new taxes and stop the boats' was totally negative in tone if more stridently delivered.

Instead, with not much over which to argue, the election focused mostly on the competing leadership claims and credentials of Gillard and Abbott—despite the fact that both these leaders had been in the top job for a short period and each had relatively slight track records. The emphasis on leadership also kept attention on the sudden demise of Kevin Rudd, who was by now a damaged and enigmatic figure. But Rudd chose not to go quietly. His presence loomed over the entire election period and his antics sucked the oxygen from Labor's campaign. With some of Rudd's supporters deliberately playing a spoiler role in the first weeks of the campaign with embarrassing 'leaks', Gillard's judgments and motivations were repeatedly called into question. She was constantly accused of being disloyal and having given way to the 'faceless men' of Labor's murky factions. In interviews and in so-called 'town meetings', she was constantly called on to justify her actions in deposing Rudd as a first-term prime minister. The topic would not go away. But as the election campaign proceeded—principally focused on the prospective leadership qualities of Gillard and Abbott—business and unions did not appear to have much new to say or contribute on this question.

The Attitudes of Business

For most of its short life, the Rudd Government had been keen not to have an adversarial relation with business groups. It had courted the business sector and worked closely with some of its leading executives (not just within the peak groups but in the wider corporate sectors, especially banking and finance). Some business associations, such as the manufacturing-based Australian Industry Group (AIG), although steadfastly non-aligned, had developed close links with the Rudd Government and had been coopted on to a range of policy and advisory bodies. The CEO and chief spokeswoman of the AIG, Heather Ridout, had been used by the government as the constructive and sensible voice of business, and had developed close links to both Rudd and Gillard (with appointments to Skills Australia, Infrastructure Australia, the Business Advisory Group on Workplace Relations and the Henry Tax Review; see *The Weekend Australian* 2010). Ridout had notably refused to join with other business associations in a public campaign defending the WorkChoices legislation in the 2007 election, much to John Howard's disgust. By 2008, she was referred to publicly as the government's 'most influential public policy adviser' and a 'woman with the Prime Minister's ear' (*Sydney Morning Herald*, 24 May 2008).

Most other business associations, including the mining association, had maintained neutral and professional relationships with the Labor Government in its first term. The Australian Chamber of Commerce and Industry (ACCI) had initially been on the outer with Labor when its spokesman, Peter Hendy, was accused of being an extension of Howard's private office, but had since slowly tried to rebuild its links to government. The Business Council of Australia (BCA) had been chiselling away at longer-term challenges to business such as competition, innovation, productivity and the importance of taking adequate measures in the midst of the global financial crisis (GFC). The National Farmers' Federation (NFF) was concerned about the damaging aspects of the 'two-speed economy' rapidly enhancing the fortunes of some regions (Queensland and Western Australia) and industries (mining) while leaving other sectors falling behind in economic importance and living standards. The NFF had also developed extensive policy responses on climate change, environmental sustainability and water; population and regional development; economic policies and trade; and property rights (farmers' land rights). Finally, the Mining Council of Australia (MCA) was critical of infrastructural bottlenecks constraining exports, but then became seriously offside with the government over the mining super-profits tax (see below) announced jointly by the Prime Minister and Treasurer in May 2010.

Most of the corporate sector (finance and banking, insurance, retail, manufacturing, construction, real estate) was relatively comfortable with the first-term Labor Government, especially after its propitious and timely actions with the banking guarantees and stimulus packages to offset the worst aspects of the GFC. Those sectors of business dominated by consumer confidence and turnover had weathered the storm rather well due to concerted government action. So, for the most part, business remained relatively neutral and passive in the campaign. It did not mobilise its forces and did not aggressively campaign for one side or the other.

Many of the messages emanating from business during the campaign concerned the need to get crucial policy issues 'right' according to their assessments, while injecting some policy clarity and consistency. They used the opportunity to lobby for particular agendas of longer-term interest to business. They employed professional researchers to produce policy statements backed by evidence, and then put these preferences on their web sites without attracting much mainstream media attention. Business generally resisted the call for a 'small Australia' after Gillard distanced herself from Rudd's embrace of a 'big Australia' of 35 million by 2050. They were concerned about skills shortages, immigration levels, energy availability and the costs of utilities, and the need to have clarity about climate change policies (mitigation and adaptation). Some groups (for example, ACCI 2010, 1) stressed the need for government austerity and to return to budgetary surpluses as a basis for 'sound economic management'; others

stressed the need for more extensive tax reform to promote growth. There were occasional complaints that the *Fair Work Act* had gone too far or included more generous concession to the unions than had initially been proposed, but other business leaders called for stability in industrial relations and for a chance to allow the new law to bed down. Overall, business tended to promote what they themselves referred to as 'sleepier issues' (QRC 2010, 1).

The Proposed Minerals Super-Profits Tax

The one exception to the relative complacency of business was the mining sector that waged a fierce public relations battle with the government throughout the last weeks of Rudd's leadership, and then with behind-the-scenes pressure on Gillard once she deposed Rudd. It was fought over a proposed 'super tax' on mining profits that would be shared by all Australians not merely those in the mining-rich States. While the proposed tax at first glance seemed a sound policy (reaping national benefit from the resource boom), it quickly became apparent that it was poorly designed and was being badly handled politically. The stoush ignited a political furore and led to the Labor factions toppling Rudd in late June.

Although a climate of opinion across business was largely accepting of increased taxes on the booming mining industry, the announcement of the Minerals Super-Profits Tax (MSPT) was both ill fated and ill thought out. It also followed closely on the heels of the government announcing it would abandon its attempts to introduce a carbon pollution reduction scheme. The idea behind the proposed rent tax had been floated in the report of the Henry Tax Review released on 2 May 2010, which advocated a 40 per cent resource rent tax on pre-tax profits of all mining firms in addition to company taxes and State royalties (although a 'tax credit' would be allowed for royalty payments). Some argued that in effect the super-profits tax was an 'equity' tax in that the government shared an extra dividend when the firms were highly profitable even though it had no direct ownership (Henry Ergas in *The Australian*, 6 May 2010, 12). Journalists had been briefed about the new tax in late April, with claims the new rent tax would raise about \$5 billion, and initially the proposal received some good press. But when the tax was unilaterally announced by Prime Minister, Kevin Rudd, and the Treasurer, Wayne Swan, on 2 May 2010, they indicated that the estimated windfall to the government would amount to a total of \$9 billion in its first two years, with the tax cutting in on all profits above the government bond rate of 5–6 per cent. Yet the estimate of the revenue likely to be raised itself kept rising, and soon it was claimed that the MSPT would raise \$10.5 billion,

then \$12 billion over two years. The government did not appear to have had much consultation over the imposition of the new tax with the mining industry, which seemed genuinely taken by surprise.

In the face of the government's unilateral announcement, the immediate response from the mining industry was described as 'outrage' (*The Australian*, 3 May 2010, 5). Miners claimed that the new tax was unfair, too costly and would threaten future investment. Industry executives believed that not only were they not consulted over the decision but that also the government had deliberately double-crossed them by pretending to reassure them that there would be no taxation changes without extensive consultation. BHP-Billiton even claimed its effective tax rate would rise from 47 per cent to 53 per cent with the additional tax. Mining shares on the stock market were also severely hit over the days following the announcement, dropping some \$16 billion in value in just two days (and more than \$65 billion in three weeks). Crisis talks between the Prime Minister and mining executives were held during May, without either side giving much ground. Given the seriousness of the issue for the industry, the leaders of the mining industry (leading CEOs, mining firms and the various mining associations) began a massive, concerted advertising campaign to dissuade the government from its course of action (costing an estimated \$22 million). Much of the pressure and criticism was personally directed at Kevin Rudd and to a lesser extent at Wayne Swan as the chief architects of the policy.

The advertising campaign ran pro-industry advertisements on TV with popular actors talking up the contributions mining made and the impact of the tax on jobs and economic growth more generally. These were supported by a blitz of other media advertisements, press releases and web-based promotions. For instance, full-page advertisements by the MCA talked of the fact that 'the minerals resources industry paid \$80 billion in taxes and royalties in the past decade—the resources sector pays Australia's highest tax rate—that's a fair share'. The ad suggested that taxes on mining had risen from \$2.6 billion in 1999 to \$21.9 billion in 2009 (*The Australian*, 7 May 2010, 7). Miners claimed the super tax would raise more than \$10.5 billion per year. Their campaign against the Commonwealth Government was supported by the State governments from the mining States (many that were led by Labor such as Queensland and South Australia), but not surprisingly, the main political opposition came from the Liberal WA Government (even though it cynically increased State royalties from 5 per cent to 7 per cent in case it was to receive compensation from the Commonwealth). The most vociferous political opponent was the federal Opposition whose leader, Tony Abbott, dubbed the tax as simply a resource grab and another 'great big tax', which he would abolish if he won government. The ferocity of the mining campaign saw the government respond in late May with a proposed advertising campaign of its own, estimated to cost \$38 million.

The mining campaign was conducted with some vehemence until the day Rudd was deposed, after which Gillard called for a truce while she was given time to negotiate over the details. She did not conduct negotiations with the entire industry but instead chose to sign an agreement with the biggest three corporations (BHP-Billiton, Rio Tinto and Xstrada). Gillard retitled the tax the Minerals Resource Rent Tax (MRRT), and announced some major concessions: a lower rate of tax at 30 per cent (effectively 22.5 per cent), with super profits calculated after a rate of double the bond rate (about 12 per cent) and with the MRRT applying only to larger miners in the iron-ore, coal and oil and gas sectors. The immediate future of the MRRT was, however, still shrouded in uncertainty as many of the fine details had not been worked through, especially who would foot the bill for any additional increase in State royalties.

Mining associations such as AMEC representing the small and medium miners and exploration firms remained incensed that the government had not included them in the negotiations, and promised to maintain their anti-tax campaign even though the tax would hardly apply to their members. As Gillard moved to call the early election, she was still under attack from sections of the mining industry even though the concessions had been accepted by the big players.

The Unions' Softly-Softly Campaign

Sections of the union movement aligned with the Labor Party wielded considerable backroom influence in the change of leadership in June 2010 (Howes 2010), but played a relatively sedate role in the campaign itself. After the GFC, the union movement picked but a few small fights with the government. It largely chose to emphasise a limited set of policy issues on which to seek to exert influence. Some unions had become a little disillusioned by Gillard's industrial relations reforms in the *Fair Work Act*, believing worker and union rights had not been sufficiently restored (especially access rights to worksites). The government argued that if both sides of the industrial relations community were a little unhappy then it must have the policy 'about right'—a comment it used in other policy areas such as climate change and the resource tax. Building-industry unions were critical that the government had retained the controversial Australian Building and Construction Commission, an industry watchdog serving as a regulator of the unions in the industry and a body intended to eliminate intimidation on worksites. A few more militant or breakaway unions were more strident in their attacks on the government but were not supported by the majority of unions. Interestingly, a few unions (especially the Australian Workers' Union) ran advertisements in support of the mining tax, attacking mining executives personally for profiteering from the mining boom and having close political links with the conservative parties.

Once the election was under way, the unions largely left the running of their campaign to the ACTU leadership, which played a quiet, low-key role. The President, Ged Kearney, and Secretary, Jeff Lawrence, issued almost daily statements welcoming such announcements as school-based apprenticeships, work-experience trade cadetships and proposed increases in superannuation, but there was not much public visibility from these two. By far the majority of these media releases were commentary on and critiques of aspects of Tony Abbott's campaign. In contrast, the ACTU gave the Gillard Government an almost low-key endorsement, perhaps realising that union support for the Labor Government was soft and patchy. A short, small-scale advertising campaign was run in late July and early August (largely as a retaliatory strategy), costing less than \$5 million and nothing compared with the scale of advertising the unions commissioned in 2007 (*The Weekend Australian*, 7–8 August 2010, 10). These ads asked voters to support the government's industrial relations laws, which were considered an improvement on the Howard years, and to prevent the return of WorkChoices. YouTube spoof ads depicting Tony Abbott in 'budgie smugglers' also attempted to suggest that he was planning to smuggle in harsh amendments to the fair work arrangements designed to undermine working conditions. Another amusing short video posted on YouTube by the Australian Workers' Union (AWU) depicted the Coalition as the Addams Family, featuring Tony Abbott as Gomez, Julie Bishop as Morticia, Joe Hockey as Pugsley and Barnaby Joyce as Uncle Fester (receiving about 25 000 hits). But these antics had amusement value rather than any real impact. More significant were ads attacking Abbott's leadership, suggesting he would slash the public sector, impose a \$1 billion cut on government spending, and could not be trusted if he managed to form government (Abbott had earlier promised to make \$47 billion in 'savings' from Labor's planned spending, much of which would come from scaling back the broadband initiative; see *The Australian*, 20 May 2010, 1). The ACTU claimed it had undertaken a survey and found 71 per cent of voters did not believe Abbott's denial that he would not amend fair work laws (ACTU 2010b).

Other unions used the election campaign as an extension of their industrial campaigns, taking the opportunity of getting their messages out to a wider audience. Unions ran public demonstrations against the WA Liberal Government over threats to local industrial relations provisions, and in Sydney over threats to jobs and employment. But the Queensland unions did not avail themselves of the opportunity of attacking the State Labor Government over its ambitious program of asset sales of public infrastructure. The AWU interestingly highlighted longer-term policy options for improved living standards, such as job security, retirement incomes and superannuation. The Construction, Forestry, Mining and Energy Union (CFMEU) called for greater certainty in the building industry and for action on climate change. The public-sector unions

predictably argued for increased job numbers (with demands for an extra 12 000 from the Community and Public Sector Union), and against what they claimed was ‘under-funding’ of public services. Some, such as the National Tertiary Education Union, still campaigned against individual Australian Workplace Agreements (AWAs) in the workplace.

Political Donations from Business and Unions

Political donations to the major parties over 2009–10 totalled some \$15 million: \$8.2 million to the Liberals, \$641 000 to The Nationals, and \$6.1 million to the ALP. Funding to the Liberal and National parties from business was dominated by some of the large mining firms. Mineralogy Proprietary Limited (Clive Palmer) donated more than \$1 million to State and federal branches of both conservative parties. Five of the six largest single donations were from mining companies—four to the Liberal Party and one to The Nationals. Many other businesses divided their donations roughly equally, giving similar contributions to both sides (for example, ANZ Bank, Westfield, Macquarie Group, Pratt Holdings, Wesfarmers, Coca-Cola, Clubs NSW, Australian Hotels Association, Tabcorp). Tobacco firms donated collectively some \$240 000 only to the conservative side (ALP policy refuses funding from tobacco firms). The Liberals attracted a significant number of large donations from wealthy individuals.

Labor funds emanated predominantly from Labor funding arms (for example, Queensland Labor Holdings, \$1.5 million), the Shop Distributors’ Union (\$310 000) and the AWU (\$225 000), followed by other affiliated unions (Manufacturing Workers, CFMEU, Liquor and Hotel, Health Services Union, Australian Services Union, and Transport Workers’ Union). Most other unions either did not make contributions or did not make significant contributions in the year before the election. Other sizeable donations came from legal and accounting firms with Labor connections, Labor clubs and hotel associations, construction companies and diverse investment entities. The CFMEU also donated \$1.2 million to the left-of-centre lobby group GetUp! to feature ads attacking the Opposition Leader’s attitudes to women and Indigenous issues (*The Australian*, 15 November 2010). This prompted the Liberal Senator Eric Abetz to claim GetUp! was a front for Labor and therefore ought to be investigated by the Electoral Commission as an associated entity of the ALP.

A Few Final Oddities and Quirky Moments

Not everything that occurred around the campaign was entirely predictable. The NFF talked of business suffering from ‘reform fatigue’ especially in the field

of industrial relations. It volunteered to be 'part of the climate change solution' especially over carbon offsets, reforestation and carbon sequestration in the ground (providing they were paid to participate). Meanwhile, an inept campaign funded by cigarette manufacturers using a hired lobby group lasted for about two days in trying to argue against proposed mandatory plain packaging legislation for cigarettes. After their first public salvo, the bogus group (the Alliance of Australian Retailers), which had some \$5 million at its disposal, was exposed as a 'front' for the tobacco industry, and was publicly discredited.

The maverick Electricity Trades Union (ETU) in a statement of rebuke to the ALP publicly backed the Greens candidate, Adam Bandt, in the seat of Melbourne. The Victorian branch of the ETU not only provided public endorsement for the Greens as the only progressive alternative but also provided funding to the environmentalist party. The ETU apparently gave \$325 000 to assist the Greens' campaign. Bandt in his maiden speech thanked the union for its support and announced that unions were becoming more independent and were not tied to the ALP automatically. The AWU's Paul Howes spoke out publicly against Bandt, saying there was no 'dawning of a new political era in which unions are no longer tied to the Labor Party' (*The Australian*, 8 October 2010).

Regulations on commercial and recreational fishing became an iconic cause for regional Australia. Bob Katter in particular embraced their cause, saying all manner of freedoms were being eroded by unnecessary regulation by big-brother governments. He claimed that pretty soon people would not be allowed to 'boil a billy' in Australia—a populist sentiment that resonated in regional Australia.

Conclusion

The 2010 election was highly unusual in many respects: the suddenness of its timing, occurring shortly after the removal of a first-term prime minister, the first to be led by a woman prime minister, the vacuity of the campaign and the lack of any real issues or policy contest. It was also unusual in that neither business nor the union movement played a pivotal role. The unions were at best lukewarm about Labor and predictably hostile towards Tony Abbott, but it was an understated and uninspiring campaign. Business was uncertain how to respond in the volatile political circumstances, finding it hard to 'read' the politics and unsure what the electoral outcome would deliver. Business largely sat on its hands and watched from the sidelines. The one exception was the mining industry that ran the high-profile anti-super-tax campaign lasting about two months; but even with the miners much of the heat of the issue had passed

by the onset of the campaign and Gillard only had to deal with a few barbs from the smaller mining exploration firms who were nevertheless relatively restrained.

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