

OK, it's not all the fault of the unions

When it comes to industrial relations, no one wants to face up to their failings, leaving pay scales unchecked and driving up the cost of doing business.



Grace Collier

I have on my desk the group certificate of a man who works on a road crew: let's call him Bill.

Bill is in his late 20s, has a trade certificate in carpentry and supervises a handful of people laying a road that leads into a mine.

His employer is a small business, with fewer than 15 staff.

Bill's annual salary is \$321,000 plus superannuation; he gets five weeks' annual leave and the other usual benefits of employment. Without belittling Bill's value, or the hard, remote, hot and dirty work, it is worth looking at just how Bill came to be on that salary.

Bill's employer, let's call them ABC Pty Ltd, answered a call for tender for the job to build roads around and into a mine.

When the tender was being put together, the mining company gave ABC a document and instructed them to price their tender taking the costs in that document into account.

The document was a greenfields enterprise bargaining agreement, struck between the mining company and a union, detailing wages and conditions for a bunch of road-crew workers that didn't exist at the time the agreement was signed.

The ABC owner added up the costs of the wages and factored them into his tender price.

Bill's salary package did not come about because of his high market value and rare skill set, as carpenters are not that well paid elsewhere.

It did not come about because he or his union negotiated a great deal with his boss.

It came about because six months before he was hired, the human resources person in the large mining company signed a document that was put in front of him by a union official and then passed that document onto other people in the mining company, who then passed that document onto Bill's boss. They said, this is what you will have pay the people you will employ if you get the tender to build the road, and Bill's boss said, "okay" and inflated the price of his tender accordingly.

After work on the road was started the union official dropped in to see Bill's boss, asked for and received union fees for all workers employed by ABC, in a lump sum.

Bill's boss needs to keep on the right side of the union official, as if he doesn't, at the first sniff of "union trouble" the mining company will immediately replace him, with another small business contractor, who would easily step into his shoes and

even take on his staff. Whether you think this arrangement is good or bad, it is basically the way wages on all Australian projects in the construction, mining and maritime sectors are set and one reason that projects are so expensive to complete.

If you were to ask the human resources people in the mining company why they sign such agreements with unions they would sigh sadly and come up with all sorts of valid-sounding reasons. However, on another day, you will find the chief executive of the same miner complaining loudly in the public sphere about the cost of doing business in Australia.

The employer group that represents the mining sector would blame the Fair Work legislation and the unions for being 'greedy'.

In researching this issue it becomes very apparent that in our business sector no one wants to face up to their own industrial relations failings, everyone

It is the job of unions to ask for the world, but saying yes or no remains the responsibility of highly paid company executives.

wants to blame the unions and everyone thinks that somehow Tony Abbott is the person responsible for fixing their problems.

This seems to be both a vain hope and a recipe for failure.

When the Leighton scandal broke this week, blame for allegedly paying bribes rested on the shoulders of company executives.

No one thought for a moment that blaming the people who asked for the bribes would be a credible vindication of irresponsible corporate conduct. In the same way, blaming the unions for asking for exorbitant wages is inappropriate and futile. It is the job of unions to ask for the world and everything in it, but saying yes or no remains the responsibility of highly paid company executives. The sooner we all realise that the better.

Grace Collier is managing director of Australian Dismissal Services.