"Survival agreements" between business and unions in Australia

By Peter Stavropoulos
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The term "Survival Agreements" has recently been coined in the news media to characterise the latest series of union-management deals, in which literally everything—wage cuts, penalty rates, manning levels, and casualisation—is up for negotiation.

Drawn up under the guise of avoiding "inevitable" plant closures and bankruptcies, many of the deals have been struck with firms whose assets are counted in the tens of billions, such as BHP, Kodak and Rio Tinto, not to speak of companies owned by Australia's richest man, Kerry Packer.

The most recent "survival agreement" was signed in the Illawarra industrial area, just south of Sydney, where the Construction Forestry Mining and Energy Union (CMFEU) allowed BHP to dismiss its entire underground mine workforce in the region and then re-hire the retrenched workers as casual or contract labour.

A CMFEU official admitted: "It wasn't easy getting acceptance from the members", before justifying the agreement: "They (BHP) needed to reduce their cost structure if the mines were to keep operating... It was called a survival document because it was about ensuring the survival of the underground collieries."

A similar agreement between the Liquor Hospitality and Miscellaneous Workers' Union (LHMWU) and Kerry Packer's company, Publishing and Broadcasting Ltd. (PBL) was signed last year. The LHMWU agreed to a $5,000 cut in annual entry-level wages at PBL's Crown Casino. An LHMWU official said that it was "in our members' interests to ensure that the casino is financially viable."

Five unions cut another "survival" deal with Kodak's manufacturing plant in the Melbourne suburb of Coburg. To increase production, shifts were extended from eight to twelve hours and, for those on the night shift, wages were cut by ten percent. Under a new national agreement still being negotiated, working hours will be increased and penalty rates abolished for all Kodak workers. An official from the LHMWU defended the deal, declaring: "I would argue the business has been secured because of the work we have done with the business to try to keep it afloat... this gives it the opportunity for good margins."

In the security industry, the Industrial Relations Commission (IRC) has approved agreements that abolish penalty rates for overtime, weekend and shift work. One of these allowed a security firm to win contracts by outbidding its rivals, courtesy of its lower labour costs.

Two weeks ago, the CFMEU signed a deal with Coal and Allied, a subsidiary of minerals giant Rio Tinto, bringing to an end three years of industrial action and legal battles over working conditions at the company's Mount Thorley mine in the Hunter Valley region. The company has boasted that the new agreement will give it a competitive edge on its rivals, Shell and Peabody Coal. The details make clear why: conditions won by miners in decades of struggle have simply been eliminated.

The agreement contains no minimum manning levels, no limits on the use of contractors, the right to employ casual labour and management control over hiring and firing. It allows Coal and Allied to determine start and finish times, introduce 12-hour shifts, implement continuous production and allocate overtime. Management can also offer non-union individual workplace agreements during the life of the deal and carry out forced redundancies.

Assessing the benefits of the agreement, Coal and Allied's managing director was blunt: "It gives us everything we have been seeking by way of flexibility, productivity and management control.” CFMEU President, John Maitland, responded by expressing concerns that it might be difficult to sell the deal to his members “if they are out there crowing in the public arena about how much flexibility they've got”.

Mick Watson, a CFMEU official in the Hunter Valley, revealed that the union's major gripe was that Rio Tinto had not invited it to the table long ago. “The company has finally started to recognise that the flexibilities it has been seeking were available to it through collective bargaining—and have been available to other companies for a considerable time.”

This company, one must recall, has sacked 28 percent of its workforce, cut wages by 20 percent and blacklisted militant workers during the past six years.

The deal was signed just days before the launch of a global “week of action” against Rio Tinto, organised by the International Chemical Energy Mining and General Workers Union (ICEM). The aim of the campaign was to force the company to work with the unions. An international delegation of ICEM leaders met in Australia earlier this year, declaring their “readiness to work co-operatively with the company and ensure that it is ‘an efficient and competitive producer of minerals and mineral products', in return for Rio Tinto recognizing the rights of its workers to form trade unions and bargain collectively.”

The unions complained that Rio Tinto was, “relying on the support of military forces and governments to secure its operations rather than working with trade unions.” The latest deal, enthused CFMEU general president Tony Maher, ensured a “mutually beneficial relationship.”

This is the crux of the matter. In return for a place at the bargaining table, the unions are sacrificing the jobs, conditions, safety and wages of their members.

As the *Australian Financial Review* (*AFR*) pointed out: “When unions won't play ball, companies are turning directly to their employees, taking advantage of the scope under the Howard Government's laws for non-union agreement making.”

In other words, if unions fail to deliver what business demands, they are simply bypassed. Under the Howard government's legislation, the IRC has discretionary powers allowing it to approve workplace agreements that undermine existing workplace awards, if they are “in the public interest.” Such a broad interpretation means a company can submit a claim to the IRC to the effect that it will be forced to close unless wages and conditions are cut.

According to the *AFR:* “Survival agreements are the latest trend in enterprise bargaining—and they aren't confined to declining smokestack industries... even in booming sectors of the economy, companies in financial trouble are convincing workers and regulators to accept deals that cut or freeze pay, reduce conditions or offer major flexibilities.” The *AFR* goes on to note that these agreements are an extension of the process of enterprise bargaining, a process openly embraced by the unions for the purpose of “restructuring” national industries, in line with the profit requirements of international competitiveness.

“Survival agreements” have in fact become the latest mechanism whereby both unions and corporations come together to guarantee their own “survival” at the direct expense of the working class.