

BY PADDY CRUMLIN, MUA NATIONAL SECRETARY

The Facts

ABOUT THE OFFSHORE AGREEMENTS
- TRUTH, LIES AND MISREPRESENTATIONS





PHOTO: PAUL MILBURN, MUA

INTRODUCTION

Operating to the letter of Australian IR law and particularly the Fair Work Act maritime workers have come to a crucial Heads of Agreement with shipping companies operating offshore Australia, after more than a year of hard-fought negotiation.

But on the way we have been targeted by a concerted employer-engineered lobbying campaign aimed at painting maritime workers and the Union as a self-serving, greedy mob determined to bring down the Australian economy.

This lobbying campaign is being driven by an alliance led by the Australian Mines and Metals Association AMMA (issuer of no less than 14 press releases on this matter since November) and assisted by the likes of the Australian Chamber of Commerce and Industry (ACCI), the West Australian Government, Liberal Shadow Employment Minister Senator Eric Abetz, the Australia Shipowners Association and Melbourne barrister Stuart Wood – adversary to the MUA during the Patricks dispute, where the High Court found probable conspiracy had been committed against the Union. Other parties including former Labor Minister Peter Walsh, a well-known conservative and critic of the labour movement, have been drawn into the arguments.

One who hasn't been drawn in is Industrial Relations Minister Julia Gillard who has refused to intervene in an arbitration role, advising the parties to go back to the table and negotiate.

This communication is intended to provide rebuttals to some of the propaganda and dispel some untruths of the last few weeks.

AMMA'S POLITICAL OBJECTIVE

AMMA has consistently sought to represent the employers by conducting a media and political campaign against the MUA regardless of progress in the negotiations. Without them these negotiations would have been settled much earlier. They and others including the ACCI have been distorting and misrepresenting the truth and some in the media, notably Rupert Murdoch's News Limited, have obliged by running their lines. Responses by the MUA have been ignored or edited into meaningless comment and articles and letters correcting their bias ignored by that paper particularly.

The most reckless distortion and falsehood has sought to link the offshore hydrocarbon industry to the coastal shipping industry, two separate identities with histories of completely separate wage and industrial developments.

The Australian Shipowners Association and AIMPE in an extraordinary development have supported this link in a way designed to damage the revitalisation of Australian shipping - currently under consideration by the Government. Previous to their interventions this misrepresentation was largely isolated to statements by the CEO of Farstad and generally dismissed otherwise. As they should be.

AMMA's objective has been the Fair Work Act and they have used this dispute to build a foundation of criticism against the Act in an election year. They launched into the campaign in the lead-up to Christmas, and since the Act (Modern Awards section) came into full force in January 2010 have almost hysterically repeated their mantra of distorted and misrepresented facts.

One irony is their repeated calls on Minister Gillard to intervene. AMMA and other employer groups just as hysterically opposed moves by the Rudd Government to include general compulsory arbitration in the new Act in case it increased their accountability to the new Tribunal.

WHY THE MUA FACED A "CATCH UP" – AND THE NEED FOR PARITY

When we began negotiating it was obvious there was a yawning disparity in wages for offshore construction workers generally and maritime construction workers. Several of the oil majors have indicated this. They blame both AMMA and the contractors for short-sighted wages and employment policies over the last 10 years in creating a tight job market and a critical shortage of skills. There has been no structured skills development and industry recruitment strategies to ease the labour demand and predictably, as with all markets, supply determines wages outcomes.

While our 3-year agreements have delivered stability and wage predictability in offshore construction, the rest of the offshore industry, managed with the help of AMMA, has negotiated project by project and received large and constant increases in the sector over that same period.

To achieve parity for seafarers working beside riggers doing the same construction task, the MUA looked for an appropriate, comparable project.

One example amongst many is an agreement by Brunel Technical Services at the Pluto Offshore Construction project where the unions with agreements include the CEPU, AWU and AMWU.

The MUA identified a significant parity gap between an IR and a rigger in offshore construction.

A detailed analysis conducted by the MUA to establish parity between an IR and a rigger showed a gap of around \$500. After the employer presented other factors that they felt needed to be taken into consideration, it was accepted that the appropriate gap to be negotiated was in the range of \$300 to \$400. We accepted the argument from the employer that other costings needed to be considered

and this reduced the parity gap, in line with our consistent policy of negotiating in good faith.

The employers were party to these discussions and their comments taken into account so that the gap could be objectively assessed. Of course the further negotiations led to the ultimate PAB figure of a much lower \$175, which with the staggered increases in pay, reaches \$215.72 by July 2013. In coming to this figure we have recognised a number of factors including commercial pressures on the employers. Again, this is good faith bargaining.

The Brunel agreement was achieved, notably, under Work Choices in August 2007, contradicting the comment by Liberal Shadow IR Minister Senator Eric Abetz (The Australian Feb 8) that agreements like the one just signed by the MUA with the offshore companies could not have happened under Howard's Work Choices. More spin, more distortion.

NEGOTIATIONS WERE ALWAYS CONDUCTED IN GOOD FAITH BY THE MUA

The MUA has at all times observed the Fair Work Act and rulings of Fair Work Australia and conducted negotiations in good faith. Applications for ballots for protected action were made and successfully achieved. Enterprise bargaining means workers and companies bargain to achieve a mutually acceptable outcome which sometimes means workers will take industrial action - provided it's within the law.

Not having a legitimate response to the parity gap, and feeling heat for their role in creating the wage inequality, AMMA with help from all the usual suspects, and a couple more, went on the front foot with a media blitz under the presumption that a lie repeated often enough becomes the truth.

For the coalition and the Australian Chamber of Commerce and Industry's Peter Anderson, it was time for grand exaggeration.

"Regrettably, this two-month strike has now morphed from a local dispute to one threatening our national economic interest and thus requiring immediate government intervention", said Anderson.

What also followed was an attempt to go outside the enterprise bargaining process, calling in the West Australian Premier, ACCI, AMMA and ASA and to appeal to Deputy Prime Minister Julia Gillard.

The AMMA's Stephen Knott showed just how low his stocks of good faith bargaining were when after 1 week of its operating life he lined up the Fair Work Act.

"Despite all the fanfare with which Fair Work Australia was introduced to the Australian business community - the Government had faltered at the very first opportunity it had to ensure "Fair Work Australia" was indeed fair and working", said Knott, (Jan 7, AMMA press release).

Minister Gillard however didn't waver nor intervene and as the Business Spectator (2 Feb, 2010) observed:

"Now she can rightly claim the resolution of the dispute demonstrates that Fair Work Australia is working".

THE LIE – SEAFARERS PAY TO RISE FROM \$130,000 to \$180,000 OR EVEN \$230,000

The AMMA have conveniently and dishonestly branded the agreement with Total Marine Services and other operators a:

“\$50,000 pay rise to already world’s best paid seafarers earning \$130,000”

(2 Feb 2010. AMMA press release).

2 months earlier on 4 December 2009 the AMMA had used entirely different figures:

“The bosses of the MUA Western Australian division appear prepared to stop at nothing in pursuit of unsustainable pay increases and allowances of up to \$3,500 per week (\$90,000 per annum) on top of an existing minimum salary of at least \$100,000”, Mr Knott said.

Liberal Senator Abetz went higher.

The Maritime union is demanding wage hikes for its unskilled workers of between \$70,000 and \$100,000 per employee per year...kitchen hands, stewards, dishwashers and basic cooks potentially earning up to \$230,000 a year”.

The alarmist lie they are spreading is that all seafarers will earn \$180,000 to \$230,000. Below is evidence that their position is a knowing distortion and lie.

THE FACTS

These offshore agreements have been negotiated for more than a year and are effectively 4-year agreements which last to July 2013. The pay rise is staggered, with 8.5 percent paid September 30, 2009, 3.5% January 2010, and 6% July 1 2010, 2011 and 2012. The total increase in wages is 30 per cent.

The construction allowance or PAB is only paid when a worker is engaged in construction work. It starts at \$181.13 at 1 January 2010, increasing in step with the staggered wage rises to \$192 July 2010, \$203.51 in 2011 and \$215.72 in 2012.

- The fact is that the majority of IRs (Integrated Ratings) offshore will be paid according to Schedule 1 of the agreement, working on supply ships and will earn \$111,666 in wages in the upcoming financial year July 2010-June 2011.
- The allowance or PAB paid will vary depending on construction work available and the construction work done will vary from worker to worker. With Farstad – where agreement is still to be reached - only 1 per cent of work has historically been construction-based. This means that the PAB in 2010-11 would be an average of \$347.50 (an average of 1.81 days at the PAB for that year of \$192) per worker for total earnings for the Schedule 1 IRs of \$112,013.
- In an agreement with a shipping company where Schedule 1 IRs spend on average of even 20% of their time in construction work, the allowance or PAB in 2010-2011 would be \$6950, for total earnings of \$118,616.
- In the last year of the 4-year agreement, July 2012 to 2013, with a conservative average of 20 per cent of time on construction, total earnings for the Schedule 1 employees would add up to \$133,670. It’s an increase of around \$35,000 over the 4 years, way short of the \$50,000 repeated by AMMA. The \$180,000 is a manufactured lie.
- Even in the case of the most highly paid Schedule 8 IRs - a small group of workers working on

specialist ships – the 2010-2011 wages figure is \$122,103 and with 20 percent of time on construction, a total of \$129,053.

(Note – The construction allowance for any year is a multiple of the yearly amount and number of days. In the case of Farstad the company has said only 1 per cent of work is construction based. Given that the IRs work 181 days a year (in 4.5 week swings), only 1 per cent of that time or 1.81 days – averaged over the workers – is likely to be spent on construction. IRs, for example, working 20 per cent of their time on construction would work 36.2 days).

THE LIE – THAT THE AGREEMENTS DO NOT PROVIDE FOR PRODUCTIVITY

The latest device by the AMMA-led campaign has been to claim that the wage increase has been achieved without productivity trade-offs - in another article in the Murdoch press - led by former Labor finance Minister Peter Walsh. Co-contributors to the article were Melbourne Barrister Stuart Wood, an opponent of the MUA in the 1998 Patricks dispute, and the AMMA's Knott.

“Prior to the last election it was predicted we would see a return to 1970s-style wage breakouts. Now we’re seeing them. Who are the dinosaurs?” Wood said (The Australian – 4 Feb.)

“If they get away with a wage increase of that size with no offsets, it is potentially dangerous,” Walsh (The Australian, 4 Feb)

This political campaign has been contrived and plotted since late last year. Wood and Walsh are members of the conservative IR group, the HR Nicholls Society, and Wood is close to AMMA. In September Wood presented to AMMA's WA Conference on the subject of 'Good Faith Bargaining: Impact on the Mining Industry'. He basically warned that good faith bargaining would be a challenge for the miners. He was right. For AMMA this campaign is not about wages for offshore seafarers - it is about shoring up non-union contracts in the mining industry.

THE TRUTH ABOUT PRODUCTIVITY, SAFETY AND SKILLS

We have worked hard in the hydrocarbon and other industries with employers to link performance and productivity as a day-by-day proposition, not as a one-off chess game every 3 to 4 years.

Productivity in the offshore industry is linked to lost time injury, safe working practice, competency building and efficient performance that results in the job being done safely, on time or before time and in the best interests of both the business and the workers. This is essential in an industry where workers work a minimum of 12 hours a day and up to 18 hours, 7 days a week over a 5 week period of intensive activity in a safety critical industry. What's relevant is flexibility in labour utilisation.

Our seafarers achieve world's best practice in terms of self-managed work teams with the bosun and crew running the deck and the job. Also their work mode is subject to the concept of continuous improvement to get the job done safely and on time.

The idea of productivity trade-offs became irrelevant when the industry regarded performance as a team-based whole of enterprise approach dealt with as a constant review. We have accepted that, applied ourselves in a mature fashion and all of the performance and productivity indicators reflect the success of the approach.

Safety issues lie at the heart of this change. The safety case legislation makes the oil major and con-

tractor accountable to setting their own safety environment based on local conditions, type of vessel, mix of crew, and many other factors. Performance and productivity are driven by those local conditions and must be continually assessed and reviewed to optimise outcomes.

When the MUA stated this fact we were ridiculed and misrepresented again by AMMA and their mates in the media, in itself a dangerous and negligent action given the importance to the industry of this mature approach to performance and the consequences of not adhering to it.

Offshore workers represented by the MUA are highly skilled and professional seafarers constantly updating their competencies in the most dangerous occupation in the country. One of the more disgraceful press releases by AMMA and Opposition spokesman on Industrial Relations Senator Abetz was the denigration publicly of their skills and professionalism in the most fallacious terms.

Under the heading "Chief cooks and bottle washers set to clean up under Labor" Abetz makes it up.

"The MUA's outrageous wage demands would see maritime workers such as those employees working as kitchen hands, stewards, dishwashers and basic cooks potentially earning up to \$230,000 a year", (Senator Abetz, Jan 11)

"Let's consider that, if a Maritime union seaman whose job is to do the dishes for 15 crew three times a day, earning up to \$230,000pa, working 5 days a week, that equates to almost \$20 dollars for each plate in the sink", (Senator Abetz, Jan 11)

Despite being invited by the union to reject these untruths offshore employers remained silent despite expressing great concerns on the comments privately.

For the record for the reasons above none of the offshore employers proposed any specific productivity improvements at the beginning of or during the current bargaining round, so the Union has therefore not rejected any proposals for productivity improvement, something they also remained silent on.

THE LIE - OFFSHORE AGREEMENTS WILL FLOW TO THE BLUEWATER

"If the MUA is successful in holding operators in the offshore oil and gas industry to ransom, other unions will follow, including blue water and offshore unions", Stephen Knott, AMMA. This is an extraordinary misrepresentation and designed to damage the shipping industry.

They are distinctly different industries with different leave systems, working hours and wages and have been for forty years. They have different labour markets, working conditions and social environments. One is based in a market of a trade in freight forwarding, the other a service industry for a specific commodity, being hydrocarbon development and maintenance.

The MUA has consistently said that the offshore and bluewater sectors are recognised as quite distinct situations. AMMA and ASA have repeatedly predicted the flow on.

We recently finalised a 4% outcome in the Bluewater sector and the general salary increase has been 4% to 5% over the period of these negotiations, reflecting the commercial realities of those shipping companies and will remain so given the tremendous competitive pressures on the industry

THE LIE – ALLEGATIONS OF STRIKES

AMMA's public hysterics have pointed to unceasing industrial action by the MUA and after the TMS Heads of Agreement was reached Knott said:

“The dispute highlighted that acts of virtual piracy were allowed to occur under the Fair Work regime, with ‘agreement’ coming down to employers being forced to either ‘comply or die’”

(AMMA press release February 2).

THE TRUTH

In fact, action was limited to 3 x 48 hour stoppages and 2 x 24 hour stoppages against Farstad and 2 x 48 hour periods of protected industrial action against TMS, with the MUA waiving the last two planned actions to reach the settlement on 1 February.

In negotiations the Union initially took many claims off the table while the allowance –consistently quoted by AMMA as between \$400 and \$500 a week – came down dramatically to \$181.13 (Jan 1, 2010) with the staggered increases as wages, to \$215.72 in the fourth year.

The MUA was forced to resort to the use of action late in the piece to put pressure on the employers to seriously consider our claims. Our agreement expired in March 2009. While recognizing the factual basis of the wage gap, the employers after that time still refused to offer any remedial settlement even in part. It was clear AMMA was working behind the scenes like rats in the rafters undermining a prospect for settlement.

RESPONSE TO AIMPE STATEMENTS

“The Australian Institute of Marine and Power Engineers, whose members work alongside MUA members on offshore vessels, said if employers were going to give massive pay rises to less skilled and less productive employees, then it would be “unthinkable” for higher wages not to be paid to engineers and officers”. (The Australian, 6 Feb.).

“He said the MUA was “poisoning the climate in Canberra” by engaging in a “bit of thuggery”.
(The Australian, 6 Feb – Henning Christiansen, Federal secretary of AIMPE).

“(On board) you have six from the MUA, three deck officers and three engineer officers working around the clock and doing all the hard yards. You cannot then pay the lesser-skilled and lesser-productive an additional amount of money and not pay it to the higher-skilled, highly productive and highly motivated”, (The Australian, 6 Feb, Henning Christiansen).

THE FACTS

The MUA dismisses the allegations as hypocritical as AIMPE has negotiated a 27 per cent increase over 4 years themselves and has sought all increases negotiated by the MUA to flow on fully to their members.

Many AIMPE members have fully supported the MUA claim as fair as they know those claims are reflecting the prevailing rates in the hydrocarbon industry.

If the AIMPE leadership feels so strongly about it they can reject the flow on and take it up with their membership.

AIMPE's comments threaten to return the industry to an upstairs downstairs mentality which has the potential of damaging important workplace relationships and trust between the two groups and which is frankly insulting to our members who value their international reputation as well.

There are bigger issues at stake and this type of public attack by one union against another on what effectively amounts to a whitewash of AMMA and an anti union anti -MUA political campaign based on lies is extraordinary in any terms and has forced the MUA to make a specific rebuttal to AIMPE so that their membership can decide whether the direction their leadership is taking is in the best interests of them and the offshore and shipping industries.

The biggest embarrassment for that union's leadership is AMMA's support for the AIMPE's statements. "AIMPE is trying to resurrect Australian shipping", Knott said. He has been the spokesperson for AMMA's lies, falsehoods and distortions throughout the whole sorry saga. Strange bedfellows.

The MUA pursued the claim because it was addressing a serious wage anomaly in the construction industry. It is an anomaly that affected all seafarers - mate, engineer or rating. We didn't expect congratulations for addressing the issue successfully, but, by the same token, we didn't expect criticism from this quarter, particularly given the political circumstances.

GOING FORWARD

Notwithstanding the shabby and appalling public treatment of the MUA and its members for doing nothing but seeking to legally address a glaring inconsistency in offshore wage standards, the union will continue to work with all stakeholders to deliver a safe, efficient and sustainable hydrocarbon industry based on demonstrated best practice and continuous improvement. AMMA in particular needs to reassess its public strategy if it is to be taken seriously as a genuine stakeholder and not just a mouthpiece for the Federal Coalition's political policies.