Australian union chief pledges to help drive up mining profits

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When Prime Minister Julia Gillard delivered a grovelling speech to mining company executives at a recent parliamentary dinner, declaring that their industry was "central" to the Labor government's "economic agenda", her remarks underscored Labor's subservience to the profit interests of giants such as BHP Billiton, Rio Tinto and Xstrata (see: "Australian prime minister in love fest with mining moguls").

Less reported were remarks made just days earlier by Australian Council of Trade Union (ACTU) national secretary Jeff Lawrence in a keynote address to the Australian Mines and Metals Association (AMMA) national conference on May 27. In effect, Lawrence offered to deepen the collaboration of the unions in driving up mining productivity and profits.

Lawrence called for the formation of "tripartite planning body," insisting there was "a lot of ground where industry, business and unions can and should work together with government." His proposed partnership would provide "oversight and co-ordination" across the resources sector.

The ACTU proposal is likely to be modelled on the Automotive Industry Innovation Council (AIIC), established in 2008. Through the AIIC, the unions assist the government and employers to cut costs via the destruction of jobs and conditions in order to make the car companies "competitive." In particular, the motor vehicle unions have helped impose "orderly transitions" and "orderly workforce reductions" in suppressing opposition to plant closures and job cuts.

Among the union officials present at the AMMA conference to lend support to Lawrence's proposal were Maritime Union of Australia (MUA) national secretary Paddy Crumlin and Australian Manufacturing Workers Union (AMWU) national secretary Dave Oliver. The AMWU plays a leading role in the AIIC while the MUA covers the stevedoring industry and has a presence in the offshore oil and gas sector. The AMMA is currently demanding the holding down of wages across both sectors and the cutting of handling time and costs at the country's ports.

Central to Lawrence's pitch was an effort to convince the mining companies that their demands could be met within the framework of the Gillard government's Fair Work Australia (FWA) industrial relations regime, which enshrines the unions as bargaining agencies. Despite FWA provisions that outlaw all industrial action except within bargaining periods for new work agreements, the AMMA is pushing for an even tougher regime.

Lawrence emphasised that the unions had contained industrial action, suppressed wage demands and delivered substantial concessions to the employers. He pointed to recent Australian Bureau of Statistic (ABS) figures showing that wages growth remained around the long-term average "or below average on some measures".

The February quarter produced the slowest growth for earnings for full-time workers in more than four years—an annualised 3.8 percent—a full percentage point lower than average wage growth over the past decade. This result was far below rising living costs, previously estimated by the ABS at 4.9 percent for average working class families.

Lawrence boasted that while wages had been held down during the first 18 months of the FWA's operation, "profits grew more than twice as fast as the total wages bill in the market sector." In the mining sector, "profits have risen by 50 percent but total wage bills have only increased by 20 percent."

Lawrence was addressing a well-heeled audience that included some of the wealthiest people in

Australia—including Hancock Prospecting's Gina Rinehart, former Fortescue Metals CEO Andrew Forrest and mining magnate Clive Palmer—who are worth more than $20 billion collectively.

Thanks to decades of betrayals of workers' struggles by the trade unions, the overall wages share of national income is currently at its lowest since 1964, while the profits share is near the all-time high it reached in 2008. Employers are directly benefitting—real Unit Labour Costs fell 1.6 percent in 2010, to be down 3.4 percent over the past five years.

Lawrence pointed to a further decline in strike activity during the 18 months since Labor's Fair Work Act became fully operative. Days lost due to industrial action had declined to just 3.4 days per 1,000 employees, compared to 4.5 days in the previous 18-month period. Labor's Fair Work laws had outperformed Work Choices, Lawrence suggested, noting "there were fewer days lost to disputes in 2010 than in 11 of the Howard government's 12 years in office."

In 2007, all the trade unions campaigned for the election of a Labor government on the basis that Howard's WorkChoices laws had undermined workers' conditions and restricted the right to strike. But Lawrence declared that Labor's FWA system had assisted employers to maintain annual productivity growth at 1.8 percent, higher than the last 18 months of the Howard government at 1.7 percent.

The ACTU leader made a direct appeal to the mining moguls to more fully avail themselves of the services of the unions. "We should be looking at how we do things better," he said. "We know that unions can help drive genuine productivity improvements in the workplace through enterprise bargaining."

Lawrence's appeal to the mining magnates to continue using the services of the unions as industrial policemen could not have been more blatant. For the mining corporations, however, the process of driving up productivity and cutting costs to maintain "international competitiveness" is a never ending process.

Just last week, AMMA chief executive Steve Knott set out a new set of demands for the government and the unions. He condemned an FWA decision to allow unions to apply for a ballot for industrial action when employers refuse to engage in contract bargaining, noting that would not have been the case under the previous Howard government's WorkChoices laws.

Knott then slammed MUA members for pursuing "excessive" pay increases in the resources sector. He further condemned the MUA's recent limited industrial action on the docks, claiming it was a deterrent to Asian investors concerned about "the reliability of supply."

Undoubtedly Lawrence and the other union leaders, as well as the Gillard government, heard their master's voice and will quickly fall into line.