

Union action threatens oil and gas job security

Unjustifiable strikes will further erode petroleum sector's competitiveness, writes **Richard Berriman**

People who wonder how the competitiveness of WA's \$160 billion offshore oil and gas sector has so rapidly eroded in recent times can start by looking at what was happening four years ago.

In 2010, when the Maritime Union of Australia was last collectively bargaining with the vessel operators that service and supply mega resources projects, it used destructive strikes to extract wage increases that defied precedent or common sense.

Some vessel operator companies, mostly medium-sized employers based in Perth, were losing \$750,000 each day to the strikes, forcing them to agree to 30 per cent pay rises for seafarers already earning high six-figure salaries.

The outcome has since proved a major contributor to the competitive decline of Australia's oil and gas sector.

Despite excessive cost blowouts and projects such as the \$45 billion Browse liquefied natural gas development at James Price Point being pulled from our shores, the MUA still just doesn't get it.

The Australian Mines and Metals Association represents these vessel operators and has been negotiating with the union for their new agreement since the start of last year.

The Fair Work Commission, realising what's at stake and not wanting a repeat of the 2009 maritime strikes, has been chairing conferences since last August to bring the parties

closer.

After almost 10 months of hard work, a wage and agreement proposal was tabled by the offshore maritime vessel operators on November 7. This month in proceedings before the commission, the union rejected the offer.

Coupled with recently approved applications to strike against some medium-sized vessel operator employers, the union is threatening to begin this year's industrial campaign by inflicting further cost and productivity imposts on WA's oil and gas sector.

The negotiations are inevitably headed to a repeat of 2009-10, when industry and our global reputation can least afford it.

The vessel operators are very disappointed but not surprised by the irresponsible and militant conduct of the maritime union in rejecting both the wage offer of the industry and the efforts of the industry and the commission to assist the parties to resolve the negotiations.

The union's conduct has been a deliberate, calculated and cynical attempt to construct a series of unreasonable demands and then justify to their rank and file the taking of strike action.

Consider that in an economic environment where managing costs and improving the competitiveness of the industry is critical to the job security of WA's seafarers, the union has rejected an offer that:

- Provides a 16.5 per cent wage

increase over four years.

- Does not seek to decrease or remove any of the existing entitlements.
- Addresses the union's expressed concerns about "foreign labour".

The last point on foreign labour is critical and instructive of the union's culture. The industry took seriously the repeated and public assertions of the union and presented proposals that met their concerns about job security for Australian workers.

The parties had what was understood to be an "agreed in principle" form of words on this matter when the offer was tabled, yet the maritime union rejected the offer anyway.

Many working Australians might question the reasonableness of the maritime union when its members work six months per annum and earn between \$170,000 and \$230,000 on average. Some of these workers earn significantly more.

Most people would consider a 16.5 per cent pay increase as more than reasonable.

The numbers speak for themselves but the union still argues its industrial tactics have nothing to do with the unfavourable commercial position the industry is in now.

Strikes this year will do nothing to make Australia a more attractive place to invest in new oil and gas projects, which potentially bring thousands of jobs and enormous economic benefits for local communities.

The union should better understand that its conduct is to the longer term detriment of employers, employees and our national economy.

It is not too late for the union to show some industrial leadership and take the threat of heightened international competition for capital investment seriously.

Richard Berriman is executive director and acting chief executive of the Australian Mines and Metals Association



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