

Ward sketches out a scenario of what could happen next. “I dance it [the agreement] around town and I get people at the workplace to vote ‘yes’ and I race off to the [Fair Work] Commissioner and I say ‘now we want this company joined’”.

“So once you establish one in a particular industry,” Scott chips in, “you can then progressively rope other small providers in... that may take some time but over ... five or ten years, the potential is that the Modern Awards might be replaced with these industry EAs that effectively move from a current minimum floor to a market floor and so that’s the power, potentially of multi-employer bargaining”.

Wage rises, job losses

Researchers Adamopoulou and Villanueva found that extending collective contracts reduces competition by deterring firm entry and small business creation. It also limits the ability of companies to adapt to economic shocks. Workers can become more likely to lose their jobs and less likely to be re-employed because of lower employment levels.

They cited an example in Portugal in which the total payroll of affected firms fell by 2% following the extension of a collective contract. In Spain, in 2009 and 2010, wage rigidity induced by the extension of collective contracts led workers to be 1.3% more likely to lose their jobs.

The researchers concluded that sector-wide minimum wages increase labour costs to all covered firms which inhibits employment growth.

“Extending collective contracts may entail some employment destruction, but mainly among workers whose wages are close to negotiated wage floors,” the researchers conclude, somewhat blithely. It’s all very well to cheerfully disregard “employment destruction,” provided, of course, it’s not your employment that is being destroyed.

Competing unions

It seems likely we will see an upsurge of industrial action. If multiple employers and unions sit around the same table, then it is likely that there

will be intra-union conflict.

There will be cultural factors that will have an influence as to whether industrial action will occur. Some sectors of the supply chain – the waterfront and on-water sectors particularly – have strong, active, militant unions that have a history of demonstrating their influence and power.

The waterfront or on-water unions, and indeed, any other union, may also have underlying strategic motivations to carry out industrial action. Nigel Ward, CEO of Australian Business Lawyers and Advisors, notes that, in his experience, unions have competed for status, control, and influence by taking industrial action.

Previous industrial action that has led to gains in employment terms and conditions would tend to point towards more industrial action. In such circumstances, it would seem that disruptive industrial action is inevitable.

However, there is an alternative scenario that could play out in certain sub-sectors. Employers in monopoly or near-monopoly conditions have a powerful incentive to simply roll-over, give the unions what they want, and then pass the cost on to the customer. Employers in a multi-enterprise bargaining scenario – especially in a sector-wide enterprise bargain – could experience exactly the same incentive. If the customers have no-where else to go, why not spare yourself some grief,

give the unions what they want, roll-over, and pass on the cost?

Then there is the potential for expansion of union power. Consider any area that has not in recent decades had a high union density. Say, the administration of freight forwarding. Or maybe customs broking. Or the administration of shipping company offices.

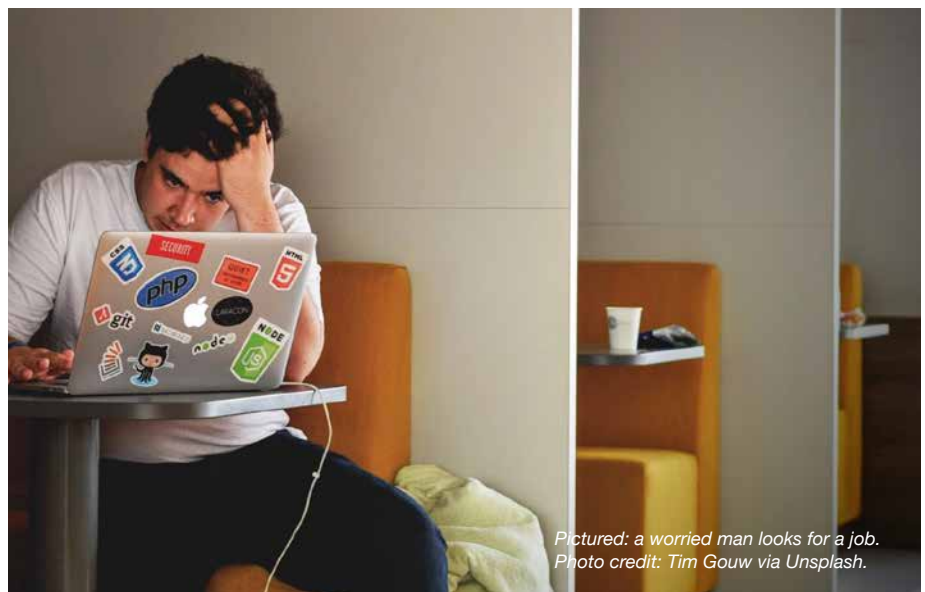
Sooner or later, a union (or unions) will start targeting these union-light sectors. The first move will be to get some workers to join the union. Having some union representation is a requirement under the amended Fair Work Act. Then will come the demand for multi-enterprise bargaining at say, two or three of the larger entities. Once that multi-enterprise agreement is struck, then the roping-in procedure will occur, and union organisers will increasingly start knocking on the doors of smaller and smaller entities across Australia, roping them in, one after another.

Sector-wide regulation will then have been achieved.

Make no mistake: your smaller enterprise may not have had much union influence so far, but the union organisers will be knocking on your door. It might not be today, tomorrow, next month, or even in the next year.

But they will.

It is only a matter of time. ▲



*Pictured: a worried man looks for a job.
Photo credit: Tim Gouw via Unsplash.*