

BUSINESS STUDIES

Employment Relations Research Task: Australia Post

Research Task: *Australia Post*

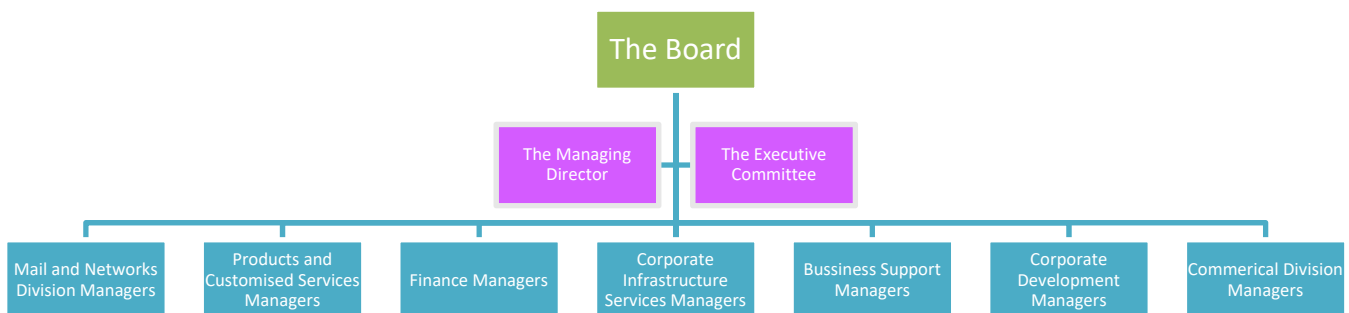
1. Describe the nature of the business.

Australia Post is the national postal service that has a monopoly over Australia. It is a part of the postal industry and a Government Business Enterprise, owned by the Australian Postal Corporation. It is governed by the Australian Postal Corporation Act, Commonwealth Authorities and Companies Act and the Governance Arrangements for Commonwealth Government Business Enterprises. The business has 35,509 employees with 25,149 full time and 10,360 part-time, of which about half are members of the unions, Communications, Electrical and Plumbing Union (CEPU) and the Community and Public Sector Union (CPSU). In the three months before the December 2009 dispute, Australia Post laid off 225 workers. Australia Post was founded on 1st July, 1975 and provides postal services along with office supplies and greeting cards. Australia Post has delivered 5.3 billion letters to 10.7 million addresses between 2008 and 2009.

2. What are some of the effective employment relations strategies employed by this firm?

a. Team structures and worker briefings

Australia Post has a hierarchal structure that is flatter than the traditional form; there are a number of senior managers for each function of the business but only three levels of management. This form of organisational structure allows for more teamwork and greater autonomy for the employees. Australia Post has a clear organisational structure for corporate responsibility in order to clearly define roles and the chain of command for both employers and employees.



b. Group-wide initiatives

Environment: Australia Post participates in a number of environmental initiatives throughout the year that work to create awareness and recycle. Over the past year, importance has been placed on recycling printer cartridges, with Planet Ark outlets placed in stores to encourage customers to recycle. The Mobile Muster Program works to recycle mobile phones and Green PC recycles computers. In Victoria over 150 Australia Post staff participated in the GreenHouse Games which works to save energy and water and reduce waste.

Staff Participation: Australia Post through the Workplace Community Giving Program will match staff donations to eight different charities up to \$200 per annum. The Community Champion Award recognises voluntary work by employees through vouchers and charity donations awards. In the past year 29 people received the Community Champion Award and \$29000 was donated to charities.

Young Australians: Australia Post works to broaden access to education programs for young Australians by sponsoring the National Literacy and Numeracy Week and Our Letter Link, which encourages children to write to the Australian Olympians. The Kids Teaching Kids Program encourages children to work together in order to come up with solutions to environmental problems. Kids are able to participate in environment education, research and presentations which help build self-esteem, optimism and confidence.

Indigenous Communities: Australia Post sponsors Oz Opera which is able to perform in regional areas of Australia through the donations allowing children to enjoy performances. Australia Post has also donated over \$170,000 to the Foundation for Rural and Regional Renewal and supports the Stretching the Envelope Program. This program offers grants to rural communities in order to support and encourage art, education and culture for the youth.

c. Employment relations policy

Australia Post has negotiated six enterprise bargaining agreements (EBAs) with the two key unions, CEPU and CPSU. When negotiation for EBA7 began and the unions did not support the agreements, negotiations led to conciliation and the dispute. EBA6 continues to apply to employees until consultations with the unions have been finalised and all parties agree. 96% of the staff is covered by the enterprise bargaining agreements.

Australia Post recognises and respected the right of employees to Freedom of Association under the *Fair Work Act 2009*. Under this right, union membership is not in employee records.

Australia Post works to engage staff and used a voluntary survey in 2009 to effectively research Staff Attitude. 73.5% of employees took part in the survey which was run by an independent third party, TowersPerrin-ISR. Survey results allowed for improvement to be monitored and calculated, showing that staff attitudes has been significantly improving since 2005 and reflected increased job satisfaction, ethics and values and performance management. The final score for Australia Post employees was 70% - meaning that 70% of employees support the corporate goals, values and pride.

Australia Post has an extensive, detailed Occupational Health and Safety (OH&S) program which is operation in order to prevent and reduce injuries and illnesses of employees. The business works to constantly reduce the lost time injury frequency rate (LTIFR) though in 2008-2009 is increased to 7.1 from 6.6 due to the motorcycle postal delivery accidents. Australia Post works to identify and remove workplace hazards particularly in terms of manual handling, operating equipment and motorcycle use. In 2009 new features of the OH&S program were introduced involving

- National standards for monitoring and controlling the risk of fatigue among drivers of heavy vehicles
- A simplified procedure for assessing the risks and hazards associated with ad hoc maintenance tasks
- A new audit process for monitoring compliance with the daily pre-ride motorcycle inspection program for PDOs.

(OH&S, Australia Post <http://auspost.com.au/cr/people/occupational-health-and-safety.html>)

d. Effective Employment Relations

Australia Post employs effective employment relations in order to keep employees satisfied and reduce turnover. The effectiveness of strategies depends on the strength of the business and communication. Australia Post clearly communicates the grievance procedures of the business to employers and employees allowing staff to have knowledge of policies and what actions can be

taken. Grievance procedures are formal procedures between an employer and employee that states the correct way to deal with conflicts in the business. It is used in order to reduce and prevent industrial disputes from taking place or escalating.

In the 2008-2009 period, employee turnover declined from 12.3% to 9.5%. 3218 permanent staff terminated their employment during this time though 2136 permanent and 3684 casual employees were recruited. Australia Post deals with age management through the process of attracting and retaining staff with five key areas:

- Flexible working
- Development and training opportunities
- Encouraging healthy and wellbeing
- Helping staff with life changes
- Knowledge of the business

Australia Post does not participate in involuntary redundancies for the award staff, particularly during the economic crisis as part of the Redundancy, Redeployment and Retraining Agreement at Australia Post which works to secure and retain staff.

Australia Post entitles women to maternity leave, with 12 months of previous service, for up to 52 weeks. The first 13 weeks are on full pay with the other 39, without pay. Men are also able to take paternity leave but with 52 weeks of unpaid leave.

In 2008-2009 Harassment and Discrimination Training and Ethical Decision-Making Training took place for senior managers and Our Ethics Training for all staff. The health of the employees are monitored in order to improve attendance, which was 94.6% 08-09 period, productivity and 'quality-of-life' benefits.

e. Remuneration policy

Australia Post's remuneration policy, a payment for goods, services, loss or inconvenience, varies depending on the type of employer, contract or award. The policy follows particular guidelines to stay competitive against the external market in order to be cost effective. The amount of pay received is determined by each individual circumstance and Australia Post' performance. The policy constitutes that all staff must be aware of the remuneration policy. In terms of contract staff, the remuneration policy is to review pay against the external market and consider the salaries of the award staff. The remuneration policy of the award staff is based on agreements negotiated through enterprise bargaining. Pay increases are made on an individual basis in terms of productivity, revenue and enterprise agreements throughout the market.

f. Performance based pay

Performance based pay is a bonus or salary increase due to employee performance. Performance pay is also affected by the type of employee. Contract staff are able to receive pay based on high individual performance and the overall business performance. It is only available to the executive level of contract staff. There are ten key requirements at Australia Post that staff have to meet to be eligible for the pay. The requirements are based on customers, financial, internal management and business regeneration. Performance based pay for the award staff is defined in the enterprise agreements in terms of bonus payments for achieving specific performance levels.

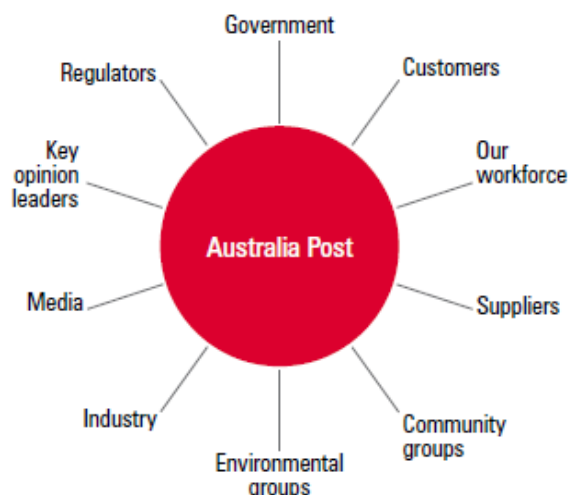
Stakeholder engagement

Australia Post engages with a range of stakeholders, including government, regulatory bodies, customers, suppliers, industry bodies, the community, environmental organisations, the media, our workforce and key opinion leaders (see stakeholder map on page 11).

Some of the organisations we regularly consult with include Major Mail Users of Australia (MMUA), the Australian Direct Marketing Association (ADMA), Publishers Australia, Postage Meter Suppliers, the Post Office Agents Association Ltd (POAAL), the Licensee Advisory Council (LAC) and trade unions that represent our workforce. Our approach to stakeholder engagement is based on building and maintaining constructive relationships with organisations and individuals who have the potential to significantly affect the future success of our business.

We conducted our first comprehensive external stakeholder review between March and July 2008. A key message to emerge from this research is that our stakeholders want to know more about our approach to corporate responsibility. This report forms part of our response to these expectations.

Stakeholder map



Australia Post Corporate Responsibility Report 2008-2009

http://auspost.com.au/cr/pdfs/AusPost_CR_Rpt_0809.pdf

3. Describe the background to the industrial dispute

Australia Post follows a pluralist perspective recognising the role of unions and the government framework in place; this is due to having half the workforce as members of the union. The pluralist perspective's approach is that industrial action is a legitimate means of conflict resolution and uses the government and tribunals to act as arbitrators. Australia Post introduced a new enterprise agreement in 2006, the EBA7, which offered a 4% annual wage increase, 'no forced redundancies' and renewal of entitlements. The union rejected the EBA7, stating that the agreement didn't offer job security – particularly in terms of full time positions being converted into part time. The union also disagreed with the guidelines regarding company doctors and the impact this has on workers compensation claims. The agreement and members began negotiation to change the EBA7, believing that working rights and pay would not be adequately protected without the right to arbitration, despite the offer of a pay rise. The agreement would disallow Australian Industrial Relations Commission (AIRC) arbitration for certain disputes such as Occupational, Health and Safety (OH&S). New employees became distressed at the loss of penalty rates, allowing for extra

pay based on working weekends, late shifts and public holidays. In February 2008, the CEPU proposed a new campaign, “EBA=Respect” which would shed light on Australia Post’s removal of penalty rates for new employees, which was increasing staff turnover, reducing the amount of skilled, knowledgeable workers. The message of the campaign was simple, “Pay CEPU members their penalty rates to make sure enough people are employed within the Post to get the mail out properly!” (Graham Lorrain- Secretary, Feb 2008) Australia Post refuted the campaign, saying that it was damaging their brand and reputation. The campaign increased conflict between Australian Post and CEPU making negotiations increasingly hard.

After over three years of failing to negotiate an enterprise agreement, employees felt that the only solution was to take industrial action, through the overt industrial action of strikes and pickets in December 2009, not long before Christmas. The union had provided the *Sydney Morning Herald* with information issued by Australia Post saying that “if employees took part in any partial work bans – including minor protests such as sitting down on the job or not complying with the Australia Post dress code – they would not be entitled to any pay on that day.” (The *Sydney Morning Herald*, December 16, 2009) In response Australia Post had provided the *Sydney Morning Herald* with a document from the union which planned a strike “in all states and territories” which disputed CEPU’s claims that it “would seek to minimise public impact.” (The *Sydney Morning Herald*, December 16, 2009) Employees were distressed over changing agreements and the conditions in the EBA7 which the unions, on their behalf, began negotiating and failed to resolve, resulting in industrial action.

4. Explain the causes.

The dispute taking place between Australia Post and the unions was caused by a number of issues in regard to the proposed enterprise agreement, EBA7. Currently the agreement EBA6 is in use while negotiations continue regarding the terms of EBA7.

Failed Negotiations: The negotiations regarding EBA7 had been taking place since 2006 without any results. Without any definite end or result, the workforce and unions decided that only solution was industrial action in order to make the message clear to Australia Post. The choices of industrial action in terms of picket lines and a general strike were both overt attracting the most attention in the media and the community. This public attention then places pressure on Australia Post to resolve the conflict, in order to retain reputation and to reduce the damages a worker strike has on postal services.

Managerial Policy: One cause of this dispute was managerial policy, in terms of enterprise bargaining and terms and conditions of employment. Managerial policy denied employees job security, which unions were subsequently contesting resulting in the conflict. Industrial action was taken because the issue and negotiations regarding managerial policy was not resolved. Unions said that while employees did not want to inconvenience customers during the Christmas period, the message needed to be clear. If the negotiations had been successful before December 2009, then industrial action would not have been sought. Due to previous issues and conflict between the business and the union, such as the CEPU campaign, relationships were not strong and this would have impacted on negotiation and compromise.

Wage Demands: In the EBA7, there was a pay increase involved, though the workforce wanted penalty rates to remain, particularly for new employees, since a large portion of postal work is performed after 6pm. Though the unions were adamant in stating that the dispute is based on job security rather than pay, the pay rise was an initiation by Australia Post in the original EBA7.

Working Conditions: Employees wanted to negotiate working conditions in terms of safety, particularly since under the EBA7 stated that disputes such as OH&S would no longer be negotiated through arbitration. The CEPU continued to dispute the original EBA7, on the basis that security of working conditions for employees could be at risk. Australia Post used *WorkChoices* (an amendment of the *Workplace Relations Act 1996* under the Howard Government) to remove

working conditions that deal with contracting and labour hire and this could lead to a lack of job security, particularly during the economic crisis. *WorkChoices* disallowed unions to negotiate certain conditions into an agreement. [*WorkChoices* was abolished in 2009 after the Rudd Government introduced the *Fair Work Act 2009*.] The CEPU took a stand against the EBA7 until the agreement provided stronger provisions in terms of job security. The union also wanted to negotiate AIRC arbitration believing that employees' working conditions would not be protected without the right to arbitration. In terms of managerial policy, the CEPU wants to have stronger provisions to increase job security and to allow for AIRC arbitration. Working Conditions was a cause of the dispute since the union and the business failed to negotiate terms over three years, resulting in industrial action. The combination of these causes regarding the enterprise agreement lead to industrial action and the unions and Australia Post were forced to deal with negotiations quickly in order to resolve the conflict. Currently the dispute is being resolved and the agreement negotiated with the CEPU, CPSU and Australia Post signing a Memorandum of Understanding (MOU).

5. Who was involved in the dispute resolution process?

a. Employers

The employers, Australia Post, were involved in the dispute resolution process, through negotiation, conciliation and arbitration. Since 2006 Australia Post has been in negotiation with the unions regarding enterprise agreements. Negotiation involves resolving disputes through discussions and a compromise between the parties without the use of a third party. Under the Australia Post dispute resolution process, the union can partake in enterprise bargaining with the senior levels of management in order to reach an agreement without conciliation. The national president of the CEPU stated that, "I have written to the company in an effort to sort out the dispute and am awaiting a response but I believe industrial action is unavoidable." (*The Daily Telegraph*, December 2009) Representatives from both parties had been engaged in negotiation for a number of years, without any success, resulting in the employees feeling that the only solution was to seek industrial action.

b. Employees/Unions

Under the Australia Post dispute resolution process, employees can seek union representation to speak with or on their behalf. This dispute affected a large proportion of employees, therefore the union negotiated terms of the agreement on behalf of the employees. The unions prevalent in this dispute are the Communications, Electrical and Plumbing Union (CEPU) and the Community and Public Sector Union (CPSU). Since 2006 the CEPU and Australia Post have been negotiating terms of the EBA7 since the CEPU believes certain details of the agreement disadvantage employees. During 2009 negotiations continued until December when the union decided that unless the business cooperates with the CEPU then employees would go on strike and participate in work bans. The unions have the duty of negotiation and partaking in conciliation for the employees since they have more power and influence.

Australia Post and the Unions

In March 2010 the unions, CEPU, CPSU and Australia Post cooperated together and signed a Memorandum of Understanding (MOU). An MOU is a document that details an agreement between parties regarding an intention to follow the same line of action. The MOU isn't an agreement; it instigates a cooperative environment for an agreement to be negotiated in by committing all parties to a "relationship of mutual obligation built on consultation, transparency and trust." (Ed Husic, CEPU National President) Under the MOU the parties have an obligation for Australia Post to honour the 4% pay rise while the unions are unable to partake in industrial action during the process of negotiation.

c. Government

The use of negotiation without the AIRC performing conciliation duties failed to result in an agreement therefore causing the AIRC to intervene. Conciliation is when a dispute needs a third party to help in the resolution, such as the AIRC. Over the years of the dispute, the AIRC played a referee role to the negotiations being made. Australia Post had initially fought the CEPU over the use of the AIRC in conciliation, which the union strongly supported. Due to the large-scale nature of the dispute, the Fair Work agreements of the workforce and over 18,000 union members considering industrial action, conciliation took place at the federal level of the AIRC.

According to Australia Post's dispute resolution procedure if conciliation failed to work then the AIRC is called upon to act as an arbitrator to the dispute. Arbitration is when a judge (such as the AIRC commissioner) hears the argument and an order is made that becomes legally binding. In the case of this dispute, arbitration wasn't sought because union members took the dispute to industrial action with bans and picket lines in order to create a clear message and stop the failed negotiations.

In Victoria, Australia Post sought legal action, an injunction, to stop the illegal picket lines citing that it was violent and causing major disruptions to the Christmas postal service.

6. Consequences

a. What happened to the firm

Australia Post is currently in negotiating and meetings in order to create a compromised Fair Work Agreement that all parties agree to. Australia Post lost large amounts of revenue during the December period since as part of the strikes, employees mailed unstamped mail and Australia Post had to pay a large number of casual workers in order to maintain the postal service during this period. Australia Post had to follow their remuneration policy and award particular staff remuneration pay based on loss and inconvenience caused. Australia Post would not have lost customers despite the industrial action because it has a monopoly over the postal industry in Australia. Though in terms of employees, many would have become discouraged by the employer's refusal to negotiate better conditions for workers. Due to the change in full time to part time jobs, Australia Post was said to have saved \$8 a day per postie (*The Daily Telegraph*, December 2009) but this change and the lack of penalty rates for new employees causes a high staff turnover rate, which increases expenses and lowers profit. Through the pay increase that takes place last 2010 Australia Post will pay more but increased wages leads to employee motivation, therefore increased productivity and profits. Therefore industrial conflict has a detrimental impact on employers and employees through both financial and emotional means.

b. What happened to the employees

A Fair Work Agreement is still in the process of negotiation currently but the new agreement, due to the work of union, will consider employee's working conditions and job security. Employee's suffered financial loss due to termination and a lack of job security, those that disregarded Australia Posts announcement on work bans and losing a day's pay would have suffered financial loss. 225 employees were terminated in the months leading up to December 2009. Employers also may have a tendency to have a negative attitude towards union workers which may affect their working life. The industrial action would have placed mental and in some cases physical stress, due to the violent picket lines, on employees particularly since the industrial action took place in the demanding Christmas period. The advantage for employees is that they will receive a 4% wage increase which leads to increased motivation. The industrial action has significant impacts on both employees and employers although through the industrial action the years of negotiations could end. Now through the MOU cooperative negotiation is able to begin between Australia Post and the unions.

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