South Australian teachers win 12% pay rise

THE SA Industrial Relations Commission has awarded teachers a 12 per cent pay rise over three years after their long-running fight for better pay.

The dispute went to arbitration last year after months of negotiations, compromises and industrial action failed to provide a breakthrough.

Teachers had asked for a 21 per cent increase over three years. The state government offered 14.2 per cent over the same period.

- Consumers may be unable to obtain the goods and services they need and may also have to pay higher prices if firms pass on their increased costs.
- The reputation of an economy as a good place for business may be damaged by frequent and widespread industrial action. Firms may decide to invest and set up businesses elsewhere. This will increase unemployment and reduce incomes.

Arbitration may be necessary to settle industrial disputes. This involves employers and unions agreeing to let an independent referee, often a senior government official or lawyer, help them reach agreement. This normally means both sides in the dispute accepting a compromise—something that is satisfactory to both parties but rather less than what they had initially wanted.

As industrial action can be so damaging some employers and unions have reached 'no strike' agreements. In return, employers may agree to more generous wages and improved working conditions. Alternatively, both sides agree to accept the judgement of an independent arbitrator who will determine what a fair wage increase or change in working conditions should be, based on evidence and recommendations presented by union and the employer’s representatives.

ACTIVITY 5.5

Read the articles below.
- Why is British Airways trying to cut its costs? What could happen to the business if it is unable to do so?
- Why has the industrial dispute occurred and what industrial action are union members taking?
- What impact could the dispute have on British Airways, its employees and its customers?
- In groups of three, role play talks between the airline, union and an independent arbitrator to end the strike and reach agreement on cost-saving measures. Decide which party each of you will play and then allow two periods of 15 minutes each for negotiations to resolve the dispute with a five-minute break in between.
- Present the outcomes of your negotiations to your class and any agreements reached in a short report.

British Airways Crew Strike Will Cost Airline Millions

The first of several three-day strikes by over 11,000 British Airways cabin crew began Saturday after six months of talks failed between the company's management and the union. Many flights are being cancelled and it will cost the airline millions in lost revenue.

The strike action is the latest episode in a long-running dispute over changes to pay and conditions by BA that Unite claims are being unfairly imposed on its members. The airline is suffering from heavy losses and is looking to trim back operating costs.

Workers are particularly angry that last November BA reduced the number of crew on long-haul flights and is introducing a two-year pay freeze from 2010. The airline also proposed new contracts with lower pay for new employees.

The stoppages may cost £105 million, including costs of renting planes from other airlines to help boost services during the strike, according to business analysts. That is more than the £63 million saving BA is seeking.

British Airways pays its cabin crew twice as much as Virgin

BRITISH AIRWAYS is paying its cabin crew and pilots up to twice as much as rival airlines, prompting the carrier to demand significant cuts from its staff.

BA’s wage costs are much higher than its main competitors. The average salary for BA’s 14,000 cabin crew, including bonuses and allowances, is £29,900, compared with £14,400 at Virgin Atlantic and £20,200 at easyJet. BA’s pilots earn an average of £107,600, compared with £89,500 at Virgin and £71,400 at easyJet.

BA began intensive negotiations with trade unions representing its cabin crew by 2,000 in an attempt to cut costs.

The airline has also put forward a range of cost-saving measures that it wants to discuss with unions. These include cutting holidays by two days to three and reducing the allowances for overseas travel. BA lost £401 million last year after a collapse in passenger numbers and is demanding cost reductions from all parts of its business in order to survive.