



The Capacity to Manage Index

Report 4: The Australian Transport Industry

This is the fourth study by the IPA Work Reform Unit rating the capacity of firms to manage their operations. The Index looks at enterprise agreements into which firms have voluntarily entered, studies the clauses that impact on management issues, and assesses whether the clauses add to, detract from, or are neutral in relation to industry awards. The Capacity to Manage Index gives managers, and other interested parties, one tool with which to judge the impact on management of firms' enterprise agreements.

Average Scores for Industry Sectors to date

Food Manufacturing	-8.1
Construction	-11.1
Automotive	-8.7
Transport	-5.6

The IPA has so far released studies of the food, construction and automotive industries. The results of those studies and an overview of the research techniques are available at www.ipa.org.au (go to 'Work Reform'). Subscribers to the Index have available the full methodology, assessment grids and assessments of each firm. (Companies interested in subscribing can obtain information from the IPA on 03 9600-4744.)

THE TRANSPORT INDUSTRY

It is important to note that, in all the studies so far, the predominant outcome is that firms have had a reduced capacity to manage. Only a few firms have been rated with increased capacity to manage. Of the four industries so far studied, however, the transport sector has shown the best results, pro-

ducing the least reduction in capacity to manage. The IPA rates the overall transport sector's score as only a small decrease in the capacity to manage.

Road Haulage: Within the road haulage sector of the industry, the reduction in capacity to manage is very small at -3. The only outstanding negative rating was Toll at -10. It is surmised that because of the comparatively low entry costs for competitors which enables a strong presence of self-employed, independent contractors in the sector, the major trucking companies have to ensure that they have enterprise agreements that allow them to manage. To do otherwise could put the viability of their businesses at risk.

Airlines: The airlines came in with an average score of -6.2. Despite the reputation of Virgin Airlines to have superior operating arrangements, there was only a small average difference between Virgin and Qantas and the other smaller airline agreements in relation to capacity to manage. It may be that the differences in operating cost between the airlines has more to do with pay rates and cultural issues than with any flexibilities through the formal industrial agreements. As Virgin moves from being a start-up and becomes a mature business, employees may come to rely on the existing formal agreements to direct their relationships. This may present Virgin with a challenge. Further study is warranted.

Airports: In comparison to the airlines, however, the Australian airport operations fare considerably worse, with an average reduction in capacity to manage of -11.3. This is an area worthy of further study.

Rail: Australia's rail system is targeted for major reform, but the average reduced capacity to manage at -6.4 for the sector indicates a similar reduced capacity to manage as for the airline sector. Improvement in industrial agreements is clearly feasible, but the bigger reform items may exist outside the agreements.

Waterfront & MUA: The story of the dramatic and violent reforms on the waterfront and the alleged difficulty of dealing with the MUA are well chronicled. But the Capacity to Manage Index may indicate that, for all the difficulty, the MUA are prepared to cut deals—although the deals vary widely. MUA agreements with P&O (-16) and Toll (-15) were the highest reductions in capacity to manage of the transport industry. Other MUA port deals, however, come in at the industry average, and the Patrick MUA agreement achieves the highest ever positive score from all studies at +7. It is possible that these wide variances in port agreement scores could indicate significant comparative differences between port operations.

Patrick Corp: The capacity to manage rating of Patrick Corporation in each of its studied agreements clearly places Patrick as the industry leader. As Patrick consolidates its shareholding of Virgin and moves closer to its ambitions in rail, it will be interesting to see if future agreements in these areas come to reflect Patrick's higher standard.

NOTE

Comments are made within the context that the IPA Capacity to Manage Index does not measure actual management performance.

Capacity to Manage Index Overall Ratings, Transport Industry

Company name	Union Party	Year Applies	Rating
AAT Kings	TWU	2003-05	0
Adsteam Marine Ltd	AMOU, AIMPE, MUA	2002-05	-2
Adsteam Marine Ltd	MUA	2003-06	-7
Australian Air Express — On Airport	ASU	2002-03	-9
Australian Air Express — Off Airport	ASU	2002-03	-7
Australian Airports	CEPU, CPSU, AMWU	2001-04	-14
Australian Southern Railroad	ARTBU	2001-04	-6
Australia Post	CEPU, CPSU, APESMA, AMWU	2002-04	-7
Bankstown Airport		2003-04	-7
Blue Circle Management Pty Ltd		2003-06	0
Boral	TWU	2002-04	-5
Boylan Distribution Services	TWU	2003-05	-6
Brambles	MUA	2003-04	-7
Cameron		2002-04	-3
Connex	RTBU, ASU, APESMA	2000-03	-6
Eastern Australian Airlines	ASU	2003-04	-8
Graincorp Operations Ltd	RTBU	2001-04	-7
Hobart Port Pty Ltd	AMOU	2002-05	-3
Hoffman Transport	TWU	2003-04	-5
Kelly's & young Trucking	TWU	2003-04	-1
Kent Transport	TWU	2003-04	0
Linfox Australia Pty Ltd — Interstate	TWU	2002-05	0
Linfox Australia Pty Ltd — Bushman	TWU	2002-05	-3
Mayne Group Limited	TWU	2002-03	-4
Mayne Limited trading as Mayne Logistics	NUW	2002-05	-3
McCafferty's Management Pty Ltd	TWU, AMACSU	2001-04	-4
National Express	RTBU	2000-03	-3
Newcastle Stevedores	MUA	2003-06	-4
P&O Ports	MUA	2003-05	-16
P&O Ports	MUA	2003-05	-16
Patrick	TWU	2003-05	-2
Patrick Cargo Pty Limited	TWU	2003-06	0
Patrick Stevedores Holdings Pty Ltd	MUA	2001-04	7
Pioneer	TWU	2003-04	-7
Qantas	ASU	2002-02	-4
Qantas	APA	2003-04	-11
REX	ALAEA	2003-05	-2
Royal Flying Doctor Service	AFAP	2003-06	-5
South Australia Cold Stores Pty Ltd	TWU	2003-05	-6
State Rail Authority of New South Wales	RTBU	2002-04	-10
Sunstate Airlines QLD	AFAP	2003-05	-6
Swan Transit	TWU	2003-04	-3
Sydney Airport Corporation	CEPU, CPSU, AMWU	2003-04	-13
TNT	TWU	2003-04	-10
TNT	TWU	2003-03	1
Toll Transport Pty Ltd	TWU	2003-05	-9
Toll	TWU	2003-04	-10
Toll	MUA	2003-05	-15
Trident Shipping	MUA	2003-05	-5
Virgin Blue Airlines Pty Limited	TWU	2003+	-9
Virgin Tech Pty Ltd	TWU	2002-05	-1
Westgate Logistics	TWU	2003-04	-5
Woolworths	TWU	2001-04	-11
Average Rating			-5.6