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***WATERFRONT REFORM IN BRITAIN AND AUSTRALIA -
IN PRACTICE AND IN PRINCIPLE***

Peter J. Turnbull

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INTRODUCTION

Waterfront industrial relations in Britain and Australia have moved broadly in parallel for the past one hundred years. Initially the antipodes were united by the bonds of solidarity during the Great London Dock Strike of 1889. At a crucial stage during the strike, when hunger might have forced the capitulation of the London dockers, financial support from Australia provided the wherewithal for the struggle to continue. As the *Pall Mall Gazette* reported at the time, 'but for the Australian subscriptions the docker would have been beaten today' (12 September, 1889).

In the post World War II period the Commonwealth countries were united by strong (and preferential) trading arrangements, and as this traffic was increasingly containerised in the late 1960s and throughout the 1970s the pattern of waterfront reform converged ever more closely. In both countries the unitisation of cargo created strong pressure to move to a system of permanent employment, which was introduced at the behest of the Devlin Committee (1965) in September 1967 in Britain and following the National Stevedoring Industry Conference (1965-67) in Australia at the same time. Permanent employment was widely perceived to be a watershed in the industrial relations history of Britain and Australia, as well as many other advanced industrial economies which adopted similar income and/or employment guarantees at about the same time (see Evans, 1969). But the optimism was short-lived. The immediate response on the waterfront of both countries was an explosion of industrial action which in Britain reached a post-war peak. Paradoxically, in both countries the failure of decasualisation to transform dissension and inefficiency could be linked directly to growing *insecurity* of employment after 1967.

In Britain, the insecurity of *underemployment* faced by the docker during the casual era was replaced by threat of permanent *unemployment* after 1967 in the face of rapid technological change. Empirically, this insecurity has been demonstrated to be the root cause of the industry's persistently high strike record during the 1970s and beyond (Turnbull & Sapsford, 1991). In Australia, the same conclusion has been drawn:

Casualism as a source of economic insecurity had been replaced by one of far greater magnitude, redundancy. Naturally, a scheme that guaranteed the payment of a minimum weekly wage but allowed the compulsory retrenchment of labour, offered little economic security to a workforce facing new processes which both totally removed the need for some jobs, and so altered the traditional manner and location of stevedoring activity that their coverage could not unreasonably be claimed by other unions (Deery, 1978:216).

Unsurprisingly, the 'restrictive practices' supposedly given up with onset of permanent employment reappeared or were maintained, technological change was frequently resisted, and disputes with both the state and other unions arose over the question of whether new cargo handling methods were actually 'dock work', and more importantly whether the dockers in Britain or the wharfies in Australia could claim exclusive jurisdiction over such work. A further

palliative was offered in 1972 when industrial agreements in both countries eschewed the use of compulsory redundancy in the event of business closures or high levels of surplus labour, which in both cases proved to be a highly effective method of running down the waterfront labour force through 'voluntary' redundancy on an *individual* basis. But invariably the employers were unable to rationalise the workforce at the pace dictated by technological change, and surplus labour costs and idle-time payments accumulated inexorably. By the mid-1980s both countries faced considerable problems in respect of both cargo handling efficiency and industrial relations, and both determined to restructure the waterfront for the 1990s. However, while 'all roads still lead to Rome', and the objectives of employers and the state in both Britain and Australia are remarkably similar, the roads to be followed diverged markedly in 1989.

True to the symmetry that has emerged over the past century, on the very same day (6 April 1989) that the Secretary of State for Employment announced to the British Parliament the impending abolition of the National Dock Labour Scheme (NDLS), the report of the Inter-State Commission (ISC, 1989a) on waterfront reform, completed after more than two years of intensive investigation, was presented to the Australian Parliament. In Britain, the survival of the NDLS well into the third term of the Conservative Government was regarded as a 'blatant anachronism' (*The Times*, 9 March 1988), totally at odds with the free market policies of Thatcherism. As the White Paper *Employment in the Ports* proclaimed, the NDLS 'serves to undermine efficiency and responsible industrial relations. Nothing short of abolition of the Dock Labour Scheme will free the port employers and their workers to adjust to the demands of today' (Department of Employment, 1989:32). Those demands are of course those imposed by the market and international competition. In Australia, injecting greater competition into the ports was a central theme of the Waterfront Investigation conducted by the Inter-State Commission (ISC), but in contrast to the 'sudden death' approach of market deregulation in Britain, which took some employers and certainly the unions by surprise, the ISC concluded that 'intervention is necessary to create the conditions in which the parties are motivated to maximise their efficiency and effectiveness' (1989:xvi). In a more general context McDonald & Rimmer (1989) have aptly described this approach as a process of 'managed decentralism'.

Which approach is more likely to succeed? Of course, any evaluation of waterfront reform must start from an assessment of the specific conditions and problems identified in each country, and this is the subject of the subsequent section. In Britain, sweeping changes have already transformed the waterfront, with *employers* imposing new terms and conditions of employment to fill the vacuum left by the abolition of the NDLS and the Transport and General Workers' Union (T&GWU) comprehensive defeat in a three week strike in which the union attempted to secure a national framework agreement to replace the Scheme. In Australia, progress under the three year 'in principle' agreement has been more mundane. Nevertheless, while progress might be slow, early indications from Britain at least are that a planned approach might prove more effective in the longer term.

CONFLICT AND INEFFICIENCY ON THE WATERFRONT - THE CASE FOR REFORM IN BRITAIN AND AUSTRALIA

Waterfront workers throughout the world are renown for their militancy, and this is especially true of the British docker and the Australian wharfie. In both countries only coalminers have struck work more frequently or more extensively, and in both countries waterfront reform throughout the post-war period has systematically failed to bring about industrial peace. Prior to 1967 the casual system itself was regarded as the root of the problem. According to the Devlin Committee casual engagement in Britain's ports, and the consequent insecurity of both employment and income, along with the division between the 'holding employer' (ie. the National Dock Labour Board) and the 'operational employers' or dock companies who actually make use of the docker's labour, 'make dissension and inefficiency more prevalent than in ordinary industry' (1965:4). A similar conclusion was reached by the NSIC in Australia, namely that 'the industry ... lacks the direct employer-employee relationship which exists in other industries. Regular contact for each worker with his own employer can only lead to improved industrial relations' (quoted by Deery 1978:203). Ironically, the subdivision of the labour force in Australia into regular workers offered weekly employment with private stevedoring companies (the 'operational companies') or with a holding company formed by the private employers as a 'labour pool' for the port, created similar tensions to those which existed in Britain prior to 1967 when up to a quarter of the workforce were already permanently engaged.

Equalisation of earnings across all wharfies, whether employed by operational or holding companies, became a particular bone of contention on the Australian waterfront after 1967, as did the continued loyalty of many British dockers to the NDLS and the National Dock Labour Board, even though the Board and the Scheme impinged less and less on the operational activities of the port and the working lives of the docker (see Turnbull et al, 1991, chapters 2 and 3). In Britain, national strikes to defend the NDLS were successfully fought during 1982 and 1984, with the loss of almost 250,000 working days, and strikes were threatened on numerous other occasions. As far as the employers were concerned, for the dockers, 'Defending the Scheme ranks of higher importance than contributing to the success of his employer's business' (NAPE, 1988:1). Equally, it was felt that on the Australian waterfront, 'most disputes were, if not spurious in intent, at least questionable, and they illustrate a degree of failure in dispute-settlement procedures as well as seeming indifference to the consequences of their actions on the part of labour involved' (ISC, 1989b:409).

In both countries a high, and apparently 'unnecessary' level of industrial conflict was seen as just one manifestation of inappropriate employment arrangements. In short, there was perceived to be a tension between *company level* employment arrangements set in the context of wider *industry level* regulation of traditional managerial prerogatives such as workforce size and composition, industrial discipline and dismissal. This created a range of (inter-related) problems common to both waterfronts, which in Britain formed the basis of an employers offensive from the mid-1980s and a concerted campaign to secure the abolition of the NDLS, while in Australia these problems formed the point of departure for a waterfront reform strategy developed by

employers, unions, and government agencies. True to the adversarial tradition of dockland industrial relations in Britain in general, and the Thatcher years in particular, the employers case against the NDLS was refuted by the T&GWU, while the Dock Work Bill which abolished the Scheme was fought in both Parliament and at the dock gates.

In 1986 the Thatcher Government indicated quite clearly to the National Association of Port Employers (NAPE) that the abolition of the NDLS was best left until after the next General Election. At the end of the year NAPE set up a working party of eight managers to consider alternatives to repeal of the Scheme, but their report, delivered in March 1987, concluded that abolition was now the only option. A further 'confidential report' at the end of the year determined that a national dock strike to defend the NDLS would last a maximum of only six weeks and ultimately would *not* be successful.¹ Only the Government remained to be convinced, and the employers therefore embarked on a well planned political campaign to win the support of Conservative MPs.

The tide of reform began to turn in the employers favour during 1988 when a report, albeit commissioned by NAPE, concluded that abolition of the Scheme would create over 4,000 jobs directly in the ports and a further 49,000 indirectly through the redevelopment and rejuvenation of ailing dockland areas. Subsequently NAPE published its own case against the NDLS. In this report the employers set out seven broad, but inter-related problems with the NDLS which, in the words of one Conservative MP, 'encourages practices of unimaginative wastefulness; undermines effective management; destroys discipline; stultifies technological development and by a combination of high costs and low reliability, drives away business' (Davis, 1988:11).

First and foremost, the employers argued that the NDLS created 'two classes' of worker in the ports, the registered docker with his 'special privileges' and the rest. This, they argued, creates envy and resentment on the part of non-registered workers and a lack of motivation on the part of the registered docker, who displays more loyalty to the Scheme than his individual employer (as it is the former which ensures his 'special status'). This makes it 'virtually impossible for a registered employer to instil any sense of community of purpose' (NAPE, 1988:1), a problem further compounded by an absence of effective discipline. Through a system of joint control whereby the union had 50:50 representation on Local and the National Dock Labour Boards,² serious disciplinary offences can go unpunished if the union refuses to sanction management decisions. In turn, minor offences become trivialised as the union exercises power without responsibility (NAPE, 1988:6).

Related to the question of joint control is the employers' inability to adjust the size of the workforce, as all manpower adjustments must be sanctioned by the Local Dock Labour Board. As a result, voluntary redundancy had become the only effective method to sever labour, but escalating redundancy costs combined with persistent surplus labour made reliance on voluntary severance alone untenable (*ibid*, p.2). Surplus labour increased markedly in the 1970s and dramatically during the early 1980s,³ and as severance pay soared the competitiveness of Scheme ports declined and many small stevedores went bankrupt. But it was not simply the

cost of voluntary severance and persistent surplus labour that presented problems. Of equal concern was the effect that this was having on the skill composition and age structure of the workforce. Specialist workers were often released in equal proportion to less skilled workers in the employers attempts to cut costs, and it was not uncommon for younger men with better alternative employment prospects to accept voluntary severance in equal or greater numbers than older workers. The premature ageing of the workforce was particularly marked during the 1980s, as Table 1 illustrates.

**Table 1. Average Age and Age Profile of Registered Dockers
(Percentage Aged)**

Yr	Under 35	35 to under 49	Over 50	Average Age
1978	17.8	48.7	33.5	44.4
1979	16.2	49.9	33.9	44.7
1980	15.5	48.5	36.0	45.1
1981	14.4	50.7	34.9	45.0
1982	13.2	56.2	34.9	44.4
1983	12.2	56.7	31.1	44.7
1984	10.95	5.4	33.7	45.2
1985	9.25	3.5	37.3	46.0
1986	8.15	3.7	38.2	46.3
1987	7.05	3.0	40.0	46.7
1988	6.55	1.0	42.5	47.1

Source: NDLB

Related to the problem of redundancy was that of recruitment, or more precisely the reluctance of employers to recruit new workers who would then have a 'job for life'.⁴ This discouraged recruitment *per se* and therefore prevented any rejuvenation of the workforce as a whole. If employers did recruit they were usually forced to take dockers' sons or other relatives in preference to 'real outsiders' without any history of dock work. Even worse, nepotism perpetuates the 'traditional attitudes and restrictive working arrangements' of the dockers (NAPE, 1988:4), which are in any event legally protected by the Scheme itself. The dockers' statutory monopoly of 'dock work' was believed to be the greatest constraint on efficient port operations, with some men 'bobbing' off home while the rest of the gang performed the work (even though the whole gang was being paid), or others being paid to 'stand-by' or 'ghost' certain cargo handling operations performed by specialist but non-registered men (*ibid*, pp.5-6).

All in all, the registered employer was in 'a position of unparalleled weakness: he knows that he cannot sustain his business without the registered dock workers, but the registered dockers can and will sustain their employment regardless of his fate' (*ibid*, p.5).

Not surprisingly the T&GWU countered each of these arguments. Firstly, the union suggested that rather than creating two classes of port worker the registered docker acted as the 'pace-setter' in the port for other grades and raised the *overall* standard of pay and conditions of employment (T&GWU, 1989:6-7). Secondly, joint control of employment and discipline was essential to prevent a return to casual employment conditions or the victimisation of dockers in general and union activists in particular (*ibid*, p.3). Thirdly, the union recognized that surplus labour was a problem but pointed out that many ports worked very long overtime hours and some even had labour shortages. Employers simply did not make adequate use of the transfer provisions contained in the 1967 Scheme, while surpluses in general could also be attributed to excessive competition between ports, promoted by shipping companies chasing the lowest cargo rates (*ibid*, p.3-4). Fourthly, in this context voluntary severance should be viewed as a very effective method of running down the labour force, although the government money used to fund such arrangements might have been better spent on port infrastructure or other investment. Related to this issue was the loss of skilled labour, which the Union argued was a result of haphazard severance arrangements pursued by the employers, which emphasised cutting labour at all costs. Furthermore, as the structure of severance arrangements gave maximum payments after fifteen years service this encouraged the 'younger' dockers (aged 35-45 years) to volunteer for redundancy. Finally, so called 'restrictive work practices' were frequently a result of inadequate training, and ultimately such arrangements were the subject of *local* negotiations at the port or company level and had very little, if anything, to do with the NDLS (*ibid*, p.5-6). In short, the image of 'the poor employers being mugged with their hands tied behind their backs is a gross misrepresentation' (John Connolly, Docks and Waterways Secretary, T&GWU, 17 January 1989).

The adversarial, zero-sum nature of industrial relations continued throughout the strike-ridden spring and summer of 1989, and strong feelings of resentment and antipathy still pervade labour relations at many ports today. In Australia, the traditional pattern is for conflict and dissension, at least as measured by the number of strikes, to decline during periods of official investigation, only to resurface later. Improving industrial relations in general, and dispute-settlement procedures in particular, was one of the seven key elements of the waterfront reform strategy proposed by the ISC (1989a:xiv) to enhance the reliability and efficiency of the Australian waterfront.

The key factor inhibiting the performance of Australian ports was deemed to be a lack of competition, fundamentally a product of distance and geography but also a result of only long leases being offered by port authorities; high costs and therefore limited competitive entry in an industry characterised by a high degree of industrial concentration; cost-plus pricing which encourages port operators to simply pass on 'extra' costs; and finally industry-wide employment arrangements which created a reluctance on the part of the individual employer to introduce

innovative employment or working arrangements. As in Britain, an end to industry-wide employment arrangements was the overriding objective.

Despite the introduction of permanent employment in 1967, which was progressively adopted across ports during the late 1960s and early 1970s, company loyalty failed to materialise (ISC, 1988:40-1). As in Britain, it was felt that the 'monopoly' position of the wharfies and the Waterside Workers' Federation (WWF), originating in the fact of exclusive coverage, the union's extraordinary degree of influence over recruitment and redundancy, and the maintenance of industry-wide employment arrangements,

effectively sever the nexus between the fortunes of a company and the fortunes of its workforce, they militate against the establishment of company loyalty, and they inhibit innovation in working arrangements by individual companies (Centre for Transport Policy Analysis, 1988:221).

In turn, an absence of company loyalty and worker motivation was believed to produce indiscipline, compounded by the employers reliance on voluntary severance and the equalisation of both earnings and idle-time payments. As the latter were funded by means of a levy on *all* employers, as was also the case in Britain, those employers with higher surplus labour costs are effectively 'subsidised' by the more efficient employers, producing a further disincentive to innovation. Three further problems compounded the inefficiency of the Australian waterfront. Firstly, because the average earnings of the wharfie are well above the industrial average, and because labour costs still represent up to 70 per cent of the port employers operational costs, this often discouraged overtime working, weekend working, or shift working because of the labour costs involved. The net result is poor utilisation of capital assets and of course slower ship turn-round times. Secondly, as employment had declined continually since 1950s, with only 5,153 'A' registered workers in September 1988 compared with 25,622 in 1957, the age distribution of the workforce was similar to that in Britain.⁵ The waterfront labour force was certainly much older than the national average for Australia, as Table 2 illustrates.

**Table 2. The Average Age Distribution of Australian Wharfies 1988
(Percentage)**

Age	Wharfies	All Male Workers
Under 25	1	22
25 to under 35	8	27
35 to under 45	26	25
45 to under 55	36	16
55 to under 65	29	9
Over 65	1	

Source: ISC (1989a:96)

Finally, poor productivity was attributed to restrictive work practices such as the refusal of wharfies to transfer after initial allocation, the 'darg system' of job-and-finish, and the practice of two up-two down (double manning) on container handling equipment. Without such practices it was estimated that productivity could be increased by up to 40 per cent (ISC, 1989c:82-3). In short, 'labour arrangements and resultant attitudes were seen to adversely affect efficiency and productivity, which is also diminished by inefficient work practices and management's inability to manage' (ISC, 1989a:23). The only way to resolve these problems was 'to promote a new culture on the waterfront, based on healthy competition, positive attitudes, and fair and equitable treatment of those in the industry now and in the future' (*ibid*, p.xxxiii). To achieve this, a seven point strategy was drawn up, to be effected via an agreement involving all key parties to the waterfront industry, namely the Federal Government, the Association of Employers of Waterside Labour (AEWL), the WWF, the Australian Stevedoring Supervisors Association, the Australian Foremen Stevedores Association, the Federal Miscellaneous Workers Union, and the Australian Council of Trade Unions. Much of what had happened in just eighteen months in Britain was to be achieved, 'in principle', over the next three years in Australia.

WATERFRONT REFORM - 'IN PRACTICE' AND 'IN PRINCIPLE'

The national dock strike of 1989 marked the demise of the registered docker in Britain, both numerically and in respect of the traditional occupational solidarity of waterfront labour (see Turnbull, 1991). The significance of the strike was its insignificance. 'Barely a supermarket in the island noticed ... A national dock strike was once a national crisis. When the T&G spoke, prime ministers trembled ... Mrs Thatcher has drawn the union's teeth [and] snapped the solidarity of labour across her handbag' (*The Economist*, 5 August 1989). Britain's ports actually handled more (non-fuel) traffic in 1989 than in 1988, despite the labour unrest of April to August, and traffic handled during the strike hit third quarter of 1989 was down by only £1.2bn compared with the second quarter, which the British Ports Federation attributed as much to the general decline in economic activity as the strike itself. While the registered dockers fought to defend the NDLS, ports excluded from the Scheme such as Felixstowe and Dover continued to work normally, and between them non-Scheme ports handle around 30 per cent of UK traffic by volume and 50 per cent by value.⁶ Furthermore, many ports simply did not support the strike, such as the South Wales ports of Swansea, Port Talbot, Barry, Cardiff and Newport. Others were very quickly forced back to work under the threat of dismissal and the possible loss of redundancy payments of up to £35,000 (equivalent to approximately two years earnings). In all, the strike lasted just three weeks, and only the major ports of Liverpool, Bristol and Middlesbrough were solid throughout. Ultimately the T&GWU was forced to capitulate completely (see Turnbull et al, 1991).

Of more importance to the subsequent restructuring of the ports was the manner of the union's defeat and the tactics adopted during the dispute itself. The T&GWU insisted on a national framework agreement to replace the NDLS, and at the same time instructed all local officials and shop stewards not to enter into port or enterprise agreements. But this position was unsustainable, as strike action had been delayed in the courts and the union was unable to call a strike until *after* the NDLS had been abolished.⁷ Employers were therefore free to dismiss ex-registered dockers and use the threat of loss of severance pay to force others back to work predominantly on *management's* terms.⁸ As a result, there have been dramatic changes in respect of pay and conditions of employment, jobs, working practices, manning levels, hours of work, the intensity of work, and the actual structure, number, size and ownership of port operators.

First and foremost, jobs have been shed on a massive scale and many port workers have suffered a substantial erosion of pay and conditions of employment. By the end of October 1990 over 5,000 registered dockers had left the industry out of a pre-strike total of just over 9,300.⁹ To date, severance payments have cost to the port employers over £60m, while the tax-payer has contributed £135m.¹⁰ For many who remain in employment pay cuts have been the order of the day, with wages reduced from £6 per hour under the NDLS in Scotland to only £4 per hour at the former Scheme port of Aberdeen and only £2 per hour at the former non-Scheme port of Invergordon. At the major ports of Tees and Hartlepool on the North East coast pay has been cut twice since the repeal of the Scheme, each time by a third. Hours of work have been increased at many ports, for example an 8am - 9pm shift at Liverpool's timber terminal (when vessels are alongside) replaced the previous 8am - 5pm shift. At the London port of Tilbury, where the T&GWU was de-recognized during the 1989 national strike, some dockers now find themselves working 16 hour shifts (*Tideway*, November 1989). Crane drivers employed by a private operator in South Wales recently worked *continuously* on a vessel from 4pm on Thursday through to 1pm on Saturday, with only tea and meal breaks. If these developments were not problem enough for the T&GWU, as many of those dismissed since the repeal of the Scheme were union activists there are no longer health and safety, training, or welfare representatives at many ports, creating major organisation and representation problems for the Union.

As so many former registered dockers have been dismissed it is not surprising that other port workers are now performing dock work. Equally, although the former registered dockers who remain in employment are engaged predominantly on cargo handling activities, they are now expected to perform non-cargo handling operations such as routine maintenance or simple 'housekeeping' activities such as sweeping, cleaning, or painting. The 'functional flexibility', of these workers is therefore strictly horizontal or even vertically downwards, with dockers performing jobs of equal or less skill. In other words, flexibility is based on multi-*task* working rather than multi-skilled working, and there are very few examples of vertically upward functional flexibility.

The functional flexibility of the core is supported by the numerical flexibility of a growing periphery of temporary, contract, and casual labour. Truly casual workers have been engaged in ports as far apart as Cardiff and Newport (South Wales), Garston and Fleetwood (North East England) and Grimsby (North East England). These workers are not only cheap but automatically forfeit any statutory rights to notice, redundancy pay, and the legal protections afforded to permanent workers from unfair dismissal. To complete the flexibility package, many port operators have rationalised to their core activities via 'distancing', where the firm substitutes a commercial contract for an employment contract in such areas as catering, cleaning, security, and even maintenance, while 'financial flexibility' achieved through the more direct linking of pay to *individual* performance is now much more widespread.

The pace of these changes has been accelerated by a proliferation of small stevedoring companies, adding a further dimension to the already fierce competition between and even within ports. In 1987 there were only 141 employers at the sixty two Scheme ports but collectively they handled 70 per cent of Britain's foreign and coastwise trade (by volume). The non-Scheme ports, which are fewer in number, were operated by 460 employers who between them handled the remaining 30 per cent of traffic. Since the abolition of the Scheme four new companies have been established in Liverpool, three in Southampton, three in Aberdeen, and as many again at Immingham and countless other former Scheme ports. This process is likely to accelerate as more ports change their ownership structure from municipal or trust port status to private ownership, a process which the Conservative Government is actively encouraging.¹¹

Overall, abolition of the NDLS 'was one of the most momentous changes ever seen in the port transport industry' (*Employment Gazette*, 1990:364). The transformation of the industry has been most directly felt by the former registered dock labour force. Over half have already been dismissed and the process of 'rationalisation' is by no means complete. More fundamentally, it was envisaged that deregulation would lead to a change of *attitudes* among those workers that remain. What the employers expect to develop, 'and fast, is much greater loyalty to the individual enterprise' (Nicholas Finney, former Director of NAPE, *Port Development International*, September 1989). This expectation was mirrored in the report of the ISC which expects a new culture to develop on the waterfront as a result of enterprise employment, producing greater loyalty towards the individual employer.

For the Inter-State Commission, 'enterprise employment is the keystone of reform on the waterfront' (1989:34), which will involve an increase in permanent employment.

It is not practicable for stevedoring companies to meet service requirements every day. Instead, under enterprise employment they would establish a permanent workforce to satisfy a proportion of the service requirement. The proportion chosen decreases with increases in the flexibility of labour arrangements and the extent of access to supplementary labour ... stevedoring companies would cover the full labour demand for 90 per cent of the time; that is, there will be labour shortages in three days per month (ISC, 1989a:55).

Flexibility of labour and the removal of restrictive practices, as in Britain, are therefore seen to be the key to meeting fluctuating labour requirements (*ibid*, p.52-3) with *enterprise based* supplementary labour forces to satisfy peak demands at the larger ports and *commercial* labour pools operating at only the smaller or intermediate ports (*ibid*, p.216-223). These arrangements are premised on the argument that, when compared with other industries characterised by casual engagement and irregular workloads, 'the differences are not sufficient to justify a unique approach to the waterfront' (*ibid*, p.124). Interestingly, this argument was rejected outright by the T&GWU in Britain, expressed and subsequently justified in the fears the Union held about a return to casual employment. As Ron Todd, General Secretary of the T&GWU put it, 'it takes some effort for employers to ensure a flow of work to ensure continuity of employment for dock workers. The Dock Labour Scheme gives employers an incentive to arrange work to minimise surplus labour at any one time' (meeting with NAPE, 18 April 1989). In Australia, inter-firm transfers operated as in Britain, but most surpluses and shortages were accommodated through the labour pool. While this system was clearly more flexible than that of the NDLS, the funding of idle-time payments in pools through industry-wide levies and the process of quarterly adjustments in permanent ports limited the incentives to minimise workforce numbers (ISC, 1989a:174-5). Henceforth, the industry's responsibilities will be confined to basic award terms and conditions of employment, as is the case of most other industries in Australia. Unlike Britain, however, the new arrangements have been formulated in the context of agreement and co-operation, and a blueprint established for 'best practice' in respect of engagement and utilisation of waterfront labour.

Enterprise employment differs from previous employment arrangements as the Australian waterfront, as 'the 1977 arrangements, while generally transferring more responsibility to the private sector, introduced departures from company employment (namely, inter-company hire, interport transfers and quarterly adjustments) to overcome some of the inefficiencies resulting from "locked up" idle time' (ISC, 1989a:132). With enterprise employment, *all* responsibilities of employing labour are transferred to the individual employer, namely the negotiation of certified agreements, recruitment, payment of sick leave, redundancy payments, rosters, enterprise training, discipline, disputes settlement, and of course wages and salaries.¹² Management will then 'be left to manage' (*ibid*, p.181), companies will be allowed to innovate, specialise, and develop market niches (*ibid*, p.132), and the barriers to competition will crumble. The ISC recognized that deregulation of the waterfront labour market alone would be insufficient to transform the industry (*ibid*, p.141), but maintained that easing the barriers to competition 'can be best achieved by enterprise employment' (*ibid*, p.132). In short, waterfront reform in Australia will stand or fall on the success of enterprise employment, despite the wider programme of reform including the market-oriented provision of infrastructure and services, strengthening the influence of importers and exporters, increasing industry transparency and accountability, and to 'generally remove anti-competitive practices' (*ibid*, p.xiv). This is illustrated by the fact that the only specific productivity and efficiency improvements identified by the ISC are essentially those related to labour reform in the broader sense (including employment arrangements, working

practices, work organisation, redundancy, and the like). In this respect the Waterfront Investigation may offer little more than previous reforms and little more concrete than a redundancy and recruitment programme.¹³

By placing the onus on individual enterprises, where it is recognized that management are often poorly trained and inexperienced in industrial relations skills, there is a danger of continued atrophy on the Australian waterfront, or what in Britain has been referred to in a more general context as 'institutional sclerosis' (Batstone, 186:35). This was precisely the problem with the NDLS, where both employers and unions adopted an entrenched position and used their ability to prevent changes conducive to improved productivity and service. Thus, by the late 1980s abolition of the NDLS had become (virtually) a *necessary* condition for change in the industry. But deregulation alone is not sufficient to transform the performance of Britain's ports. In Australia, both the necessary and sufficient conditions for improved performance have been integrated in the waterfront reform programme. What is yet to be seen is whether the industry can throw off the legacies of the past and transform its structure, organisation and operations. In both countries it is perhaps a little early for any systematic evaluation of actual performance, but there are strong *a priori* arguments for the Australian approach while recognizing the importance of actually breaking the vicious circle of decline associated with the 'institutional sclerosis' of existing employment arrangements.

CONCLUSIONS - PORT PERFORMANCE IN THE 1990s

On the first anniversary of the abolition of the NDLS the Department of Employment published a study of fifteen former Scheme ports which, it was claimed, vindicated the Government's decision to deregulate the industry (*Employment Gazette*, 1990). But the productivity improvements of up to 100 per cent reported in the study were erroneous, achieved largely through longer working hours (see Turnbull, 1991). More generally, the 'improvements' in port performance that have been reported are widely based on an *intensification* of the work process through job loading, longer hours, reduced manning, and continuous working through tea-breaks and meal-breaks. These changes fall squarely into what Curtain & Mathews (1990:65) have referred to in the Australian context of award restructuring as the 'cost minimisation approach', further highlighted in Britain by the extensive use of temporary/casual labour, pay cuts, and a very limited commitment to training or multi-skilled working (Turnbull, 1991). Unsurprisingly, while the employers talk of 'an air of *bonhomie*' (*Containerisation International*, April 1990), the dockers talk of the spiteful and vindictive attitude of the bosses and widespread feelings of bitterness (*Lloyd's List*, 24 October, 1989; Darwent, 1990:73; and *Labour Research*, July 1990). At many ports the former Registered Dock Workers (RDWs) are now called Port Operative Workers, and many feel the new acronym is particularly apposite - POW.

As Britain enters the 1990s port managers are at last 'free to manage', a situation the ISC would like to see established in Australia, but this has been achieved predominantly by the culling of the former registered workforce. Where significant numbers of former registered dockers

remained in employment, as at Bristol on the West coast and Hull on the East coast, management were still unable to organise work effectively, even though they were able to virtually impose new terms and conditions on the workforce. At Bristol, for example, lower manning and flexible allocation/transfer of labour resulted in higher productivity, but a new incentive payment scheme designed by management to elicit higher productivity resulted in higher unit labour costs. The dockers simply 'played' the new pay system to their advantage, and when management tried to 'back-track' on the agreement and 'claw-back' on pay they met the traditional resistance of the workforce. The 'solution' to this 'problem' was to dismiss 369 out of 389 former registered dockers in the Autumn of 1990. At Hull, where workers were still able to manipulate working time to their advantage, Associated British Ports, the owner of the port and the major stevedore, determined to withdraw from all cargo handling operations and allow private stevedoring companies to compete for business. All 250 ex-registered dockers were declared redundant, and three new companies have been established. And yet Hull had been widely cited only a month previously as a port which had improved 'productivity' by 100 per cent! The problem, then, was not the NDLS as much as managements' inability to manage. In many respects the NDLS was more often a shield for managerial incompetence rather than a proscription of managerial prerogatives. The perpetuation of the NDLS in the 1980s was a *symptom* of this malaise, and consequently the simple expedient of abolition, in itself, did nothing to strike out many of the underlying causes of inefficiency.

The principal beneficiaries of deregulation have been the shipping companies. At Glasgow in Scotland, for example, all sixty registered dockers were dismissed and twenty new recruits engaged and trained to perform cargo handling. With no fixed manning scales, multi-task working, no 'additional payments' for dirty cargoes or short-hand working, and reduced piece rates, the cost of landing a cargo of 3,200 tonnes of coal has fallen from £3.32 per tonne to only £1.45 per tonne. Such cost-cutting has spread throughout Britain's ports, producing rates wars on all trades and traffic modes. Even Britain's 'showpiece' port of Felixstowe, a former non-Scheme port lauded for its efficiency and 'good industrial relations' record, has lost major customers.¹⁴ This was despite new working practices being imposed by management following a strike in December 1989. More recently the port has been forced to announce 100 redundancies and a further purge of working practices. Ultimately, however, while cost-cutting may benefit the port user, these gains are likely to be short-lived and may well impair the efficiency and competitive performance of Britain's port transport industry in the 1990s.

The underlying problem in Britain's ports is, and to some extent always has been, *too much* competition. The chaotic conditions imposed on the industry by port users, and in particular the (international) shipping companies, result in a sub-optimal allocation of resources due to 'under-pricing' of port charges and 'over-investment' in port facilities (Turnbull, 1991). British ports currently have massive over-capacity, but this is generally of the 'wrong sort' and in the 'wrong place'. More precisely, there is too much small scale capacity at the South and East coast ports competing for European trade, and this makes large scale investment in the latest cargo handling equipment and facilities for the (ever larger) liner and bulk shipping trades ever more problematic. One result is that both importers and exporters prefer to transship goods to or from

the British market through European ports such as Rotterdam or Antwerp.¹⁵ Britain's ports have therefore lost an increasing proportion of 'high value' business to their European competitors, and the abolition of the NDLS will do little to prevent this trend. If anything, short- and near-sea transshipment traffic carried on smaller vessels will be encouraged by the lower costs of UK ports (as such traffic is normally driven by cost rather than quality of service factors). On trades where *service* factors are more important the competitive back-lash of deregulation has actually made it more difficult for British ports to compete via new investment and service reliability (as the conflicts that have emerged at Felixstowe aptly illustrate).

While Britain suffers from too much competition, the opposite is true of Australian ports. Injecting greater competition into the waterfront was the principal objective of the ISC, but to date progress has been slow. Enterprise employment is the principal medium for enhancing competition, but is it also the major obstacle to successful reform. The question is not simply whether agreements will be signed, as some have been negotiated already, but whether the institutional structure to support and make effective the new arrangements are also introduced. In both Australia and Britain the inefficiencies of today are a legacy of yesterday. In both countries the practices of casualism outlived the casual era as workers sought to protect their employment status and income in the face of economic insecurity created by new technology. So-called 'restrictive practices' invariably result from trade union and workers' attempts to carry forward a set of practices appropriate for one work environment or state of technology to another where they are less appropriate or even totally alien. In this context a 'productivity enhancing approach' (Curtain & Mathews, 1990:65) will only bear fruit in the presence of much wider structural changes to both the industry itself and the skill and job composition of the individual firm.

The waterfront reform programme in Australia provides the basis of such an approach. At the enterprise level reform will encompass changes to working practices, multi-skilling, job restructuring, the development of career paths, training, and teamworking. Beyond the enterprise, port authorities are to be given greater autonomy, competition is to be encouraged by easing entry and allowing joint venture stevedoring companies¹⁶ to continue, and bulk terminals are to be considered as a single enterprise or part of the enterprise they service. The reform process is therefore far more comprehensive and complete than in Britain, but will require imagination and above all fortitude to carry it through. Potential conflicts with labour will no doubt be minimised if enterprise employment provides more appropriate and meaningful skill formations, with pay linked to the skills acquired rather than the job performed, especially if this enhances employment and income security. But this will ultimately rest on more competent management (ISC, 1989a:180). Australian port managers, like their counterparts in Britain, are not renowned for their managerial skills, especially in the field of industrial relations, placing the impetus for change at perhaps the weakest link. Furthermore, unlike their British counterparts, Australian port managers will be faced with challenge of transforming the *culture* of the waterfront and not just the labour force itself.

NOTES

1. Under the new legal environment of the 1980s the employers calculated that a national strike to defend the NDLS would be *incomplete*, as it could not legally include non-dock labour at the Scheme ports nor non-registered dockers at non-Scheme ports such as Felixstowe or Dover; *ineffective*, because traffic could still be moved through non-Scheme ports or diverted to European ports and because of stock-piles of essential goods; and *poorly supported*, as many dockers would opt for 'voluntary' severance or continue to work in any event, especially those employed at the smaller ports (see Turnbull, 1991).
2. In addition to the National Dock Labour Board, which had equal representation of employers and unions with an independent Chairman and Vice Chairman, there were twenty two Local Dock Labour Boards (reduced to twenty in 1982) with simply equal representation.
3. Surplus labour averaged 7.5 per cent of the total registered labour force in the 1960s, 9.5 per cent in the 1970s, and almost 15 per cent in the early 1980s. This meant that, on any given day, there was more than a one-in-ten chance that, the average docker would be 'surplus to requirements' and without work.
4. Under an industrial agreement signed in 1972 if any employer went out of business the dockers would be re-allocated to another employer, whether the employer wanted that labour or not. Thus, the only way to dismiss a registered docker, other than for accepted disciplinary offences such as theft, was through voluntary severance.
5. Another major problem was the high levels of disability in the industry (ISC, 1989c:76).
6. The non-Scheme ports were originally excluded from the Scheme because they were so small, but many of these ports, especially along the South and East coasts, grew rapidly in the late 1960s and 1970s as Britain's trade shifted from the Commonwealth countries to Europe and as new cargo handling methods required the relocation of ports towards the mouth of river estuaries (for deeper water) and/or the total redesign of port layouts (for container marshalling areas).

7. As 'political' strikes are now illegal in Britain, under the Employment Act 1982, the employers claimed that a national dock strike to defend the Scheme would not be a legitimate 'trade' dispute (with the employers) but a political battle with the Conservative Government. This began a protracted legal wrangle, and while the Courts decided whether there was a legitimate trade dispute the T&GWU had to re-ballot its members before a national strike could take place (under the Trade Union Act 1984 strike action must be sanctioned by a majority of the membership in a ballot and the strike must commence within four weeks of the ballot result). Thus, by the time a strike could be staged the Dock Work Bill has passed through Parliament under a 'guillotine' which severely restricted debate on the Bill.
8. In a survey of thirty six agreements in September 1989 the T&GWU found that ten had been imposed by management without any negotiations.
9. Registered dock workers represented only 26 per cent of all port employees in 1987. Non-registered dockers employed at non-Scheme ports numbered over 4,000 (or 10.5 per cent of the total), and other manual non-dock workers and craftsmen a further 9,700 (or 24 per cent of the total). Total port employment in 1987 numbered just over 40,000 (BPF/NAPE, 1988).
10. The employer was required to pay 50 per cent of all severance payments. The government funded the remaining 50 per cent except where a company went into liquidation, when the state contribution was 100 per cent. The maximum redundancy payment (after 15 years service) of £35,000 falls to £20,000 in January 1991, and from July 1992 dock workers, like all other employees, will be covered by the ordinary statutory redundancy scheme.
11. Trust ports such as London, Glasgow (Clyde) and Middlesbrough (Tees) operate under individual Acts of Parliament which lay down the constitution of the controlling boards. Although the board is not directly responsible to Parliament it has to submit an annual statement of accounts to the Secretary of State. Municipal ports, such as Bristol and Portsmouth, are technically owned by the citizens of the municipality in which the port is located and are administered by the local government authority.
12. The industry will still be responsible for the negotiation of basic awards (including minimum rates of pay, weekly working hours, annual leave, early retirement, redundancy, sick leave, and the supplementary workforce), training standards, the operation of a superannuation scheme, and the operation of a long service leave scheme.

13. The redundancy and recruitment programme to 'rejuvenate' the labour force involves 3,000 redundancies and the recruitment of 1,000 new workers (with a maximum age of 30 years) over a three year period as follows:

	Recruitment	Redundancy
Year 1	200	718
Year 2	400	1,000
Year 3	200	1,282
Total	<u>1,000</u>	<u>3,000</u>

Source: ISC (1989:xxii)

14. The Felixstowe Dock & Railway Company predicts an £8m shortfall in 1991 following the transfer of the Taiwanese global operator Evergreen and the French carrier Compagnie Maritime d' Affretement to the new Isle of Grain 'superport' operated by Thames Estuary Terminal.
15. Transshipment involves the movement of traffic between two countries which is transferred to another means of transport (of the same or a different mode) at an intermediate port. For example, goods from the USA to Britain might be unloaded at Rotterdam for subsequent movement by smaller vessels to Britain. Or British goods for the Far East might cross the English Channel in a lorry on a ro/ro vessel for subsequent travel by deep-sea vessel from Antwerp.
16. Joint venture stevedoring companies were initiated by the WWF to enhance the job security of its members at smaller ports. Although these companies provide no formal provision for WWF investment or sharing of ultimate losses, they do provide for joint management of all aspects of the business (ISC, 1989a:82-6).

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