



**AUSTRALIAN CENTRE FOR INDUSTRIAL  
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*University of Sydney*

**INDUSTRIAL RELATIONS POLICY  
UNDER THE MICROSCOPE**

**edited by Merilyn Bryce**

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**INDUSTRIAL RELATIONS POLICY**

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# 1. THE IMPACT OF INDUSTRIAL RELATIONS POLICY ON BUSINESS

*Vernon Winley*

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This paper looks at two aspects of the impact of industrial relations policy on business; the first one focused on the immediate term, and the second one on the longer term.

## WHAT BUSINESS NEEDS INDUSTRIAL RELATIONS POLICY TO DO

The over-riding imperative for businesses in an open economy (as Australia now is) is to be internationally competitive. This fundamental position was acknowledged by the Prime Minister on 6 December 1995, when he launched the Government's Innovation Statement.<sup>1</sup>

This imperative has several implications relevant to this Conference:

- Innovation and change have to be implemented continuously;
- Businesses must make the most effective use possible of their people.

Hence businesses need to upgrade continuously their work organisation, the design of their jobs, the skills of their people and their work practices. They need to be able to introduce change rapidly, to respond to opportunities and adapt to new situations. Above all, they need to gain and utilise the co-operation and commitment of their people through development of a positive and constructive relationship between the enterprise and its people.

Australia's industrial relations policy must support, facilitate and encourage the achievement of these goals.

- This implies that it have an enterprise focus, so as to allow solutions to be tailored to the needs of each enterprise and its people.

Of course industrial relations policy needs to do other things as well, but unless it addresses this need to help businesses be more competitive, it is counter-productive and destructive.

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<sup>1</sup> Hon. P. J. Keating, Speech to the National Trade and Investment Outlook Conference, Melbourne, 6 December 1995.

## **IS THE CURRENT INDUSTRIAL RELATION POLICY MEETING THIS NEED?**

The short answer is 'not well'. The diagram explains the problem facing businesses seeking to become more competitive. The rigidities, complexities and union monopoly rights of the present system operate like a limbo bar. More competitive work arrangements, while possible for leading edge companies with a lot of resources, are very difficult for the great bulk of Australian businesses.

The reality of industrial relations policy does not measure up to the rhetoric espoused by both the government and business.

The current enterprise agreement arrangements are intrinsically flawed, because they are firmly locked into the pre-existing award framework:

- the awards are currently structured on a melange of occupation, industry and company bases;
- in content, they are a grab-bag of historical deals, borrowings, applications of test-case decisions, and ad hoc arbitrations that in fact make up the actual detailed prescription of each award;
- the system gives these hotchpotches a sacrosanct character, cast in concrete;
- they are not a coherent, consistent or logical foundation for an enterprise-based system of agreements.

The need is for an enterprise-based wage and condition-fixing system

- where changes are related to productivity
- If they are not; then they will prove inflationary

The present system, however, fails on several key aspects;

- It allows - even seems to encourage - pattern bargaining.
- secondary boycotts are not permitted in most of the developed economic of the world, but now in Australia they face only emasculated sanctions;
- the system also allows the agenda of union officials to be inserted into disputes, overriding the needs or desires of their members in a particular enterprise - and far more so, the interests of non-unionised employees in the enterprise.
- the system is complex, uncertain and full of unnecessary hurdles.
- It seem to be based on a lowest common denominator expectation that all employers are bastards:

- \* a few are, no doubt, - and there need to be safeguards to protect employees from them;
- \* but basing the system as a whole on the worst case makes it a bad system.

## **HOW INDUSTRIAL RELATIONS POLICY IS DEVELOPED**

### **Historically**

Moving beyond the immediate debate, it is worth looking briefly at the historic context of industrial relations policy development in Australia.

The fundamental industrial relation policy framework that applies in almost every one of the older industrialised countries, arose out of the ashes of the bloody industrial conflicts of the 1890's.

In most of the European and North American countries, that policy framework was developed as a result of an historic compromise hammered out between the trade unions and employers - in some cases with the relevant government doing some prodding. And then the government passed the laws necessary to implement the compromise.

In Australia (and New Zealand) by contrast, the industrial relations policy framework was largely set by the governments around the turn of the last century - set in fact by community-minded 'small l liberals' trying to solve the issue on behalf of the parties concerned, rather than facilitating their reaching their own solution.

That imposed policy framework has been vigorously fought throughout its life:

- for the first few decades, predominantly by employers, who took numerous legal challenges to the High Court;
- then predominantly by the unions.

And it has never been fully accepted by either group - for instance, that framework of compulsory conciliation and arbitration was predicated on their being no need for strike actions, and hence no actual strike action occurring. Yet the union movement has always rejected this half of the system.

The result has been to make the policy framework more and more legalistic and more and more distorted as it has emerged from successive legal challenges.

### **Currently**

Industrial relations policy, like every other policy area, has to change and adapt with the changing employment landscape. On the basis of what I have just been saying, it would

seem preferable that this be achieved by ongoing negotiation between unions and employers - again with governments providing facilitation extending (if required) to head-kicking.

But, once more, this has not been the recent Australian experience:

- The pressures for increased business competitiveness that resulted from the opening of Australia to the global economy, made industrial relations policy reform critically urgent by 1993.
- The Prime Minister readily, and with his usual enthusiasm, acknowledged this fact in his landmark speech to the Australian Institute of Company Directors in April that year.<sup>2</sup>
- But what then happened was *not* a reformation of industrial relation policy developed by negotiation between unions and employers, under the Government's tutelage.
- There *was* clearly a negotiation: between the Government and the ACTU. Employers were faced with a fait accompli which they manifestly do not accept as fair and reasonable - nor even as a tacitly acceptable policy framework.

It was a now-retired union secretary who once pointed out to me, on one of the few occasions when the company I worked for had the stronger position in a negotiation, that if we pushed too hard to extract our pound of flesh, there would be an inevitable counter-reaction when the wheel turned and the union had more leverage. But if we arrived at a settlement that was accepted as firm but basically fair, it would be accepted as an equitable starting point for the future.

Now you might say that secretary had a vested interest in pressing that line. But I think there is a basic validity in his thesis - at least at the macro-level of formulating industrial relations policy.

### Looking Ahead

What is certain is that the current Federal Industrial Relations Act is seen by employers as fundamentally not a level playing field. It is the product of two of the three players ganging up on the third, so the employers will do their utmost to change the policy framework - as, of course, is their right to seek to do.

The risk is that when change comes (and it inevitably will come), it will be too far in reaction to the lopsidedness of the present framework. The process may go on and on - to and fro - engendering great bitterness and social divisiveness along the way.

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<sup>2</sup> Hon P. J. Keating, Speech to the Australian Institute of Company Directors luncheon, Melbourne, 21 April 1993.

The more productive approach would be for the union movement and employers to seek to negotiate a new policy framework that would be a compromise between those groups, and would result in something everyone could live with.

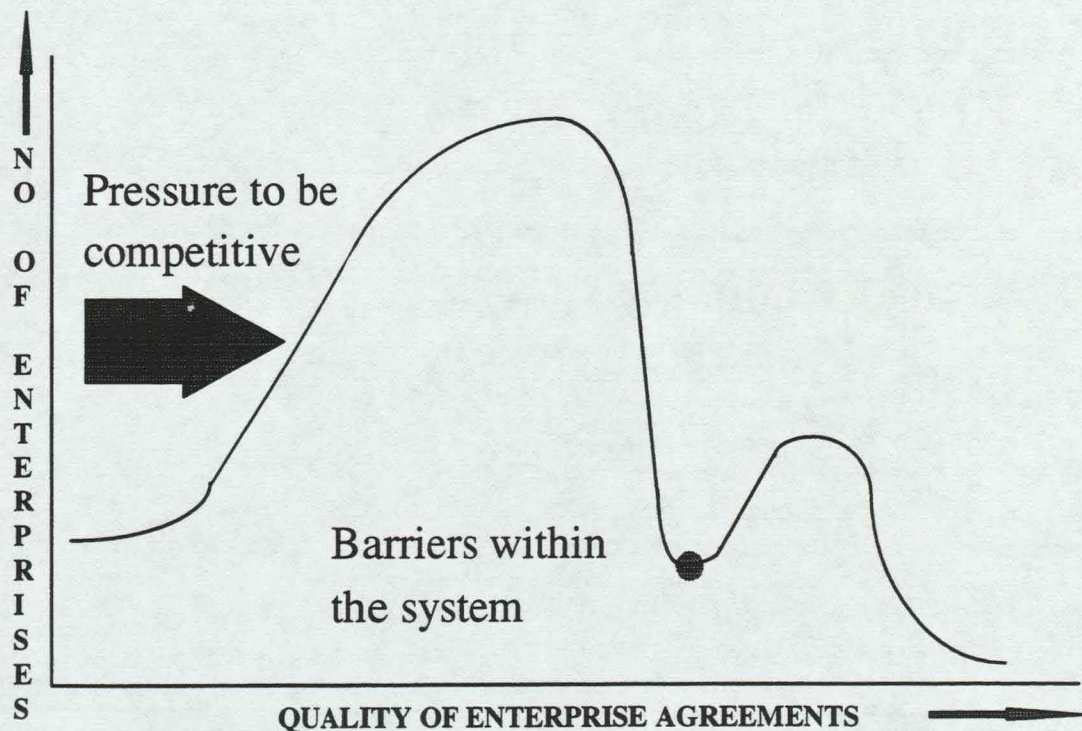
The proper role for Government would be that of an active and constructive mediation in the negotiation, but not to be the partisan of either group.

Of course the Government has an ultimate veto, as it controls the legislative process. But the negotiation between unions and employers must not be carried out under threat that the Government will use its veto as a back up for one particular party. In fact, if the Government has to use its veto on other than a few sticking points to clinch the new framework compromise, it should see itself as having failed.

### In Conclusion

We can talk about the specifics of industrial relations policy - its failures and successes - its effects on various groups and issues - but ultimately we need to talk also about the way the industrial relations policy framework for Australia is arrived at. Our historic and current approach has failed.

**FIGURE 1: THE LIMBO BAR**



## 2. THE IMPACT OF POLICY ON BUSINESS AND UNIONS: A SMALL BUSINESS PERSPECTIVE

*Greg Pattison*

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Small entrepreneurs have been 'the major generators of new jobs in the Australian economy since the mid-1980's', and accounts for about 45% of employment.<sup>1</sup>

Any consideration of the impact of industrial relations policy without reference to small business is to omit a significant proportion of the Australian economy.

There is not a great deal of research material to assist this consideration.

Research by Isaac<sup>2</sup> in 1992 focused on the move towards enterprise bargaining and the view that small business was disadvantaged by the award system and wanted the system to be significantly changed.

Professor Isaac found that enterprise bargaining and enterprise agreements were not feasible options for most small businesses.

Industrial relations practitioners will not be surprised by this conclusion.

Reasons for this are many and are found in both the Isaac study and the Australian Workplace Industrial Relations Survey.<sup>3</sup>

Small business is characterised by:

- a large proportion of working owners and single work places;
- less likelihood of being affected by industrial action;
- a lower incidence of union membership;
- lower numbers of awards affecting the workplace; and
- a higher incidence of over-award payments.

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<sup>1</sup> Bureau of Industry Economics. *Industry Brief - Small Business*, September 1995.

<sup>2</sup> Isaac, J. *Small Business and Industrial Relations: Some Policy Issues*, Industrial Relations Research Series No.8, Canberra: AGPS, 1993

<sup>3</sup> R. Callus et al. *Industrial Relations at Work, The Australian Workplace Industrial Relations Survey*, Canberra: AGPS, 1991.

It also seems reasonable to assume that in most small workplaces there will be fewer formal management structures, easier interaction between people, greater understanding of the business itself, what it does, its customers, how it is performing and fewer internal impediments to change.

In addition, enterprise bargaining which meets the requirements of the formal industrial relations systems can consume considerable resources, not only during the bargaining period but after.

Evidence in the Australian Workplace Industrial Relations Survey and research conducted by Australian Business (then Chamber of Manufactures of New South Wales) suggests that most small business in Australia doesn't have sophisticated management systems/techniques which can be an important pre-condition for effective enterprise bargaining.

In summary, there is every reason to believe that there are many small businesses whose management simply don't believe, or don't know, the enterprise would be better off under enterprise bargaining and they don't have the time to find out.

It is not surprising in my view that Professor Isaac concluded the majority of small businesses are satisfied with the existing system.

A similar conclusion has been drawn by the Department of Industrial Relations.<sup>4</sup>

However, one should not confuse acceptance with satisfaction.

Experience within Australian Business would suggest that very many smaller employers, while mindful of their obligations under awards, make arrangements with their workers which are consistent with the needs of the business and employees, which may well constitute technical breaches of their legal obligations.

This is not to say that they take some sort of cavalier attitude to their workers, this is generally not the case, but if there is a problem which needs to be addressed, and the award gets in the way, they find a mutually agreed solution which doesn't necessarily meet award obligations.

This is not necessarily a bad outcome. If both sides are happy why not simply leave things as they are.

One reason is that employers who breach awards are at risk, and experience in Australian Business shows that the financial consequences of those risks can be high.

Why don't employers in this situation formalise these arrangements.

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<sup>4</sup> *Enterprise Bargaining in Australia, 1994 Annual Report*, Canberra: AGPS, 1995.

In some instances it is a lack of knowledge, however our experience suggests that the overwhelming reason is that small business does not see the formal industrial relations system as something for them.

It is seen as 'non-user friendly', dominated by bigger organisations and institutional players like unions and employer associations. It is seen as being out of touch with the needs of small business.

There is a challenge for policy makers to devise approaches to industrial relations which do not result in the formal system becoming the preserve of the industrially literate.

In our view employers and employees should be entitled to establish a legally enforceable basis for their mutually agreed local arrangements in a way which is consistent with their resources and expertise.

Enterprise bargaining and awards are but one aspect of the employer/employee relationship.

Much has been written about the effects of changes to unfair dismissal laws in Australia, particularly in the federal jurisdiction.

Small business is not equipped to deal with the processes and procedures associated with the federal system.

This is not to say they are against the mechanisms which enable dismissed employees who believe they have a genuine basis for a claim to pursue that claim in an efficient and pragmatic way.

They are opposed to policies which ignore the realities of small business.

The same can be said of the many other pieces of legislation that have emerged in recent years, which impact on the employer-employee relationships, , eg. aspects of anti-discrimination legislation.

For example, what small business is going to be in a position to implement and maintain systems which would protect it from a claim for age-based discrimination in relation to retirement? Very few - if any!

The task for policy makers is not easy. Policies which accommodate the diverse needs and capabilities of enterprises which range from trans-national corporations to the smallest of businesses.

However, there should be some concern that the formal industrial relations system and other legislation impacting on the employer/employee appears to be regarded by many small businesses as not meeting their needs.

A simple solution would be to leave things as they are.

The decision by many small businesses to 'do their own thing' is a pragmatic response to policies which they regard as not being relevant to their circumstances.

However, it is reasonable to question policies which result in a significant number of employers and their employees operating outside the mainstream.

### **3. HOW IMPORTANT IS INDUSTRIAL RELATIONS REFORM TO ECONOMIC PERFORMANCE?**

*Joe Isaac*

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#### **INTRODUCTION**

It is usual to assess national economic performance by reference to a number of indicators - output growth, unemployment, productivity, inflation, balance of payments and, arguably, income distribution. In practice, it is unlikely for an optimum outcome to be feasible for each of these indicators. Thus, the lower the rate of unemployment and the higher the rate of economic growth, the greater the pressure on wages and prices and the balance of payments. The task of economic management is to try and achieve a balance of conflicting objectives at the margin, which is socially acceptable and economically sustainable.

It should be obvious that the industrial relations system cannot by itself be expected to achieve this balance - it is only one of a number of inter-related factors in economic performance. How much it can be expected to contribute towards the achievement of this balance depends on policy measures in various other spheres - fiscal, monetary, international trade, industry, as well as welfare. It is important therefore not to judge an industrial relations system without proper regard to the economic and social context in which it operates.

Bearing this in mind, we assess the contribution of industrial relations to economic performance by reference to the incidence and severity of stoppages, movement in money wage rates, changes in the wage structure, and labour productivity. All these have a bearing on unit costs with implications for inflation, unemployment, the balance of payments as well as the distribution of income.

#### **INDUSTRIAL RELATIONS REFORM NOT A NEW PHENOMENON**

Industrial relations reform is not a new phenomenon in Australia. It has been going on through most of our history in order to deal more effectively with industrial disputes and economic requirements.

An historical review of the Australian IR system shows it to be a flexible institution in which changes in policies, principles and procedures - sometimes generated by legislation - have taken place. These changes reflect attempts to adapt the operation of the system to the changing social, economic and political environment.

Let me remind you briefly of the changes which have taken in this century which are no less momentous in the context of their times than the recent changes.

- The initial emphasis on the 'needs' basic wage, based on humanitarian and social considerations, at a time when government funded social welfare schemes were virtually non-existent.
- The emergence of direct concern about the economy's capacity to pay, in response to the adverse economic circumstances of the 1930s.
- The abandonment of automatic cost of living adjustments in the face of inflationary consequences of national wage increases under conditions of full employment in the 1950s.
- Following the destructive economic and industrial consequences of the decentralised and collective bargaining oriented system of the 1960s and early 1970s, the move to a more centralised and structured approach to wage determination.
- The collapse of this system in 1981, followed by return to a decentralised collective bargaining oriented system and a wage explosion.
- The return to a centralised system, now underpinned by the Accord
- The development in 1987 of a more decentralised award-by-award application of centrally determined and monitored principles, aptly referred to as managed decentralisation.
- The establishment in 1993 of two systems operating side by side - a centralised safety net award system as of old; and bargaining system, leading to enterprise agreements. These agreements in effect formalised what, in earlier times, would have been overaward pay and conditions. The agreements also provided a degree of downward flexibility subject to approval of the Commission.

The merits of each of these developments cannot be debated fairly out of their context. For they reflect interrelated changes in the economic/industrial/social environment; the attitude of the main parties in the labour market and governments; and the legal framework.

## **FAIRNESS AND ECONOMIC CAPACITY**

However, it is possible to distinguish two sets of considerations which have dominated the operation of the system through its history - equity or fairness and economic capacity. And the relative strength of these considerations have varied from time to time.

The labour market norm of 'fairness' manifested itself in two ways - pressure for the maintenance of real wages and for its progressive rise through increased money wages;

and pressure for comparable movements within the wage structure and for equal pay for work of equal value. This is not an Australian phenomenon and is not necessarily associated with unionism, although unions can speed up the equalising movement.

Although the interplay of a number of factors are relevant in the determination of economic capacity, the central issue in national terms is productivity, which is the basis of sustainable real wage increases. But it could be argued that compliance with norms of fairness in pay and conditions may itself be a source of productivity.

## RECENT DEVELOPMENTS

The focus of this Conference is, of course, on the recent reformation of the IR system, the momentum for which may be said to have been started by the Commonwealth Government, the main employer associations, and the ACTU in 1986/87. The adverse movement in the balance of payments, the terms of trade and the external debt, against the background of a deregulated financial market, reduced trade protection, industrial restructuring and the electronic revolution, brought home the urgency of greater productivity growth, if a decline in real income was to be avoided.

*Australia Reconstructed*, which appeared at this time as an expression of the view of trade unions, showed a fundamental change in union thinking on the role of productivity - the acceptance, perhaps for the first time, of a productivity promotion culture and the creation of income and wealth as primary to its distribution.

The consensus on productivity promotion led the IRC to formulate and apply principles and procedures based on a more decentralised, workplace oriented approach in the determination of pay and conditions. In the quest for increased efficiency and productivity, awards were loosened up and made less prescriptive by the provision of flexibility and facilitative clauses in awards, allowing individual respondents the opportunity to adopt conditions more suited to their particular circumstances.

The primary macro concern about inflation, which had led to the centralised system, moved progressively into the background by the pressure of union, government and employer preferences, who saw themselves unduly limited by the public interest watchdog role adopted by the Commission against contrived productivity arrangements and excessive wage increases. Instead, reliance was placed on the Accord to limit inflationary wage movements.

The *IR Reform Act* of 1993 formalised collective bargaining procedures and limited the role of the IRC in bargaining, confining its compulsory arbitration and award making essentially to the safety net and triennial reviews of awards.

This then, briefly, has been the nature of IR reform in recent years.

Accelerated workplace reform has been a feature of many countries in recent years; but in Australia, it operated, in the first instance, formally through the IRC. This was a departure

from tradition. Industrial tribunals had in the past been reluctant to interfere in matters of management and work practices. But in recent years, wage increases have been conditional on actual or potential productivity improvements. National wage policy which until recently had been concerned with keeping a check on inflation, became an instrument of micro economic reform.

It is worth recalling that in the not so distant past, there was strong opposition, especially from employer groups, in proceedings before the Commission, to productivity bargaining, which was regarded as unfair to employees in workplaces where more efficient work practices were not available for trade-off against wage increases.

## **THE 1960S AND NOW**

It is instructive to compare the present context of enterprise bargaining with that of the 1960s. Then, as now, collective bargaining operated alongside the award system, and such agreements were certified by the Commission or registered as consent awards or, in most cases, simply left as overaward elements. There were no prescribed upper limits on any improvements and awards constituted the floor.

But there are important differences. First, legislation has now formalised bargaining, facilitated the incorporation of overawards into formal agreements and provided flexibility for going below award provisions subject to the 'no disadvantage' test.

Second, the expectation these days is for enterprise bargaining to generate productivity whereas in the 1960s the main purpose was to negotiate overaward improvements; despite which, it is worth noting in passing, productivity grew faster then.

Third, national wage increases were then passed on to all, whereas now 'safety net' increases are intended to be available only to those who have not had equivalent enterprise based increases.

Fourth, the most significant difference is in the economic environment. Then there was full employment and buoyant expectations of continued growth; there was no balance of payments problem; industry was highly protected; there was no Accord with explicit recognition of the dangers of wage inflation and social wage trade-offs.

In a significantly different economic and institutional environment from the present, not surprisingly, wage inflation assumed explosive proportions, amidst widespread industrial action. A centralised system was the only way to control the wage-wage spiral if substantial unemployment was not to be used as a discipline on the labour market.

## THE CONTRIBUTION OF RECENT LEGISLATIVE REFORM

If the prevailing economic environment is such a critical factor in providing the discipline for wage restraint and an inducement for productivity improvements, what has been the contribution of the recent legislative reform?

Another paper at this Conference will be dealing with the evidence of productivity growth in recent years. I would be surprised if the figures do not show a significant increase in productivity in the last few years, but I should like to confine myself to a few general remarks about the potential for productivity improvements resulting directly from the legislation.

The 1988 Act and especially the 1993 Act, were intended to promote bargaining and to facilitate enterprise agreements on the valid assumption that negotiations between the parties at the workplace or enterprise level provide the most logical basis for productivity improvements.

The design of work is essentially a managerial function; and merely having enterprise bargaining will not ensure that work practices will be shaped to ensure higher productivity. You will recall the disappointment expressed by the IRC in successive national wage awards after 1987 about the lack of evidence of changes in work practices despite the requirement that wage increases were conditional on such improvements. Surveys showed that large numbers of employers apparently conceded wage increases without engaging in workplace reform, especially in the smaller workplaces. (Isaac 1993:46-47)

Could it be that there were no meaningful reforms to be made in many workplaces, particularly the small ones, or that many employers did not have the knowledge or the resources to engage in such reforms? Again there is survey evidence to suggest affirmative answers.

A recent DIR Report (1995:34) shows that by the end of 1994, just over half of employees under Federal coverage were subject to enterprise agreements. But this is probably an overstatement of the growth of enterprise bargaining coverage. In many cases, formal agreements largely displaced existing awards or informal agreements without significant change in content. There was also a certain amount of pattern setting with substantially similar terms applying to different agreements. There were only few enterprise flexibility agreements intended to cover employers with no union members.

The Report (1995:24,27,31) also showed that enterprise bargaining coverage was mostly in large, unionised, public sector workplaces and outside the service sector. This is not surprising and it is arguable that the changes to the Act have simply reinforced, possibly only marginally, prevailing tendencies.

Small businesses generally have few or no union members, most of them can engage in informal bargaining or impose changes in work practices as and when they were found to be called for. The innovations of the 1993 Act are largely irrelevant for small businesses which employ about half the workforce. Only a handful of small businesses appear to

have availed themselves of Enterprise Flexibility Agreements, intended for businesses with no union members. (Barrett, 1995) Awards have provided the base from which they operated and they generally make overaward payments. A survey conducted three years ago suggested that the vast majority of small work places were content with the award system and only a small minority favoured contracts.(Isaac 1993:39-41) It is interesting to note the DIR Report (1995:185) finding that workplaces with unregistered agreements achieved a significant level of flexibility and improved productivity without change in award conditions.

As for the large businesses, a considerable number of these have engaged in formal enterprise bargaining for a long time. Such firms have the resources and, in the prevailing internationally competitive environment, the incentive to do so. There is little evidence that the recent legislative changes as such have made any difference to their ability to engage in workplace reform.

I note that, against the background of criticism of the prevailing centralised system in 1991, the Chief Executive of BHP, Mr John Prescott, with long experience in industrial relations, pointed out that there were many opportunities for workplace reform within the existing centralised system and that legislative change was not a high priority. What was needed, he said, was 'goodwill, common sense and objectivity' in dialogue with the people involved. (*The Age*, 1/8/91)

In certain areas of the service sector of industry, enterprise bargaining, beyond one or two rounds to dispose of inefficient practices which have become entrenched by the passage of time, the prospects for significant changes specific to particular enterprises become very limited indeed. Fashion driven enterprise bargaining, tends to consume managerial and employee or union resources unnecessarily, to generate industrial unrest and to produce little fruit which could not be derived under industry bargaining.

In this connection, I refer to the education industry and tertiary education in particular, where there is a very limited scope for meaningful variability in technology or working practices between establishments within the industry, and where industry negotiations would serve the purpose just as well. I suspect that this applies to much of the public service and business service areas as well. Here 'downsizing' has been a feature, and while this may show a higher productivity statistic, quality may be compromised. Those of us who spend many minutes on a telephone queue, involuntarily listening to music or chatter and being told every now again that our call is very important, are perhaps justified in questioning the quality of service.

Areas with frequent enterprise specific technological and product changes, such as in manufacturing, call for a workplace orientation in determining changes in pay and conditions for which enterprise bargaining is appropriate and probably necessary. It is not clear that for much of the service sector, enterprise variations could not occur within industry awards under the pre-1993 Act.

## MISAPPLYING THE WAGE-PRODUCTIVITY PRINCIPLE

There is another feature of the push for enterprise bargaining which deserves comment. I pointed out earlier that national economic capacity to pay higher real wages is limited by national productivity increases. There is no dispute about this principle. But the tendency to extend the application of this principle to the enterprise or industry level is misconceived. It would lead to a distortion in pay relativities because the scope for productivity increases will vary greatly between industries; resulting in persons doing similar work being paid very different wages.

This is not to say that persons who contribute directly to productivity by greater effort and skill should be deprived of higher pay. But technology, intensity of capital use and scale of output, rather than worker effort and skill, account mainly for differential productivity movements. The bias would apply particularly against those in the service sector where productivity grows much more slowly for reasons which have nothing to do with worker effort and skill. This fact reinforces the doubt expressed earlier about forcing enterprise bargaining in much of the service sector.

There is neither economic nor equity justification for applying the productivity rule at the enterprise level. Studies show that in a freely competitive labour market, there is no correlation between output per head and earnings per head changes as between different enterprises or industries because the demand for labour is not set by productivity movements alone. Before long, equalising movements will take place in the areas of lagging productivity to ensure that labour is retained. This is surely happening in Australia, often in the guise of contrived productivity assessments to justify pay increases.

Another element of economic inefficiency will occur if the differential wage movements are not corrected - a misallocation of labour (allocative inefficiency) will result; the less productive sectors will grow at the expense of the more productive sectors. (Salter 1969; Ingram 1995)

On grounds of perceived fairness, the lack of justification for applying the rule at the enterprise level is even more obvious. Tension will develop to correct undue distortion of the work value principle.

I make this point not because it is novel but because it tends to be forgotten in discussions on the virtues of enterprise bargaining. Nearly 30 years ago, Elliott Jaques (1967:37-38), the well known management consultant wrote:

To increase the relative wages and salaries of any particular sector because of a high investment rate in that industry, or because the opportunity for rapid technical advance makes it possible for the productivity of the members of that sector to be increased without their assuming a higher level of work consonant with the relative gain in earning level, will provoke economic unrest among those in sectors where like opportunities for investment and technical advance do not exist.

I am suggesting, therefore, that wage disputes settled in whole or in part in terms of increased productivity, or promise of increased productivity, in the industry, are not based on a realistic premise. They assume that an increase in output can be analysed as to enable it to be attributed explicitly, in part or as a whole, to the increased effort of some particular group.

There is also a likelihood that the wage increases in the leading productivity sectors and areas of union power will tend to set the standard for the lagging areas, both in the bargaining and award streams. The principle of adjusting the award safety net from time to time becomes a necessary expedient to alleviate the tension arising from substantial differential wage movements.

However, a built-in inflationary potential is created in this way. This may be held at bay by high unemployment and by reduced union power, aided by an IRC and governments giving greater weight to economic rather than social considerations in a context weak industrial pressure.

Of course, such difficulties would not arise if money wage increases at the enterprise level are limited to national productivity increase; or, better still, if productivity beyond what is due to greater effort and skill, is passed on in lower prices rather than higher money wages.

## **CONCLUDING REMARKS**

The last few years have seen an important change in industrial relations at the workplace with greater cooperation between labour and management in applying more efficient work practices. The outcome in some sections of industry has been outstanding although not always matching the achievement of other countries; and it is not clear how widespread the improvement has been.

You will have gathered from the general tenor of my remarks that, for the positive developments in economic performance which have taken place in recent years - workplace reform, low inflation, high growth, and low incidence of industrial stoppages - I give little weight to the contribution of legislative reform and a great deal more to the changed economic environment, in particular to the greater exposure of industry to international competition and the discipline of a restrictive monetary policy on business decisions.

The effect of legislative reform on trade union power and other related matters are not the concern of this paper. Although it is arguable that, on balance, the legislation has weakened trade union power, it is not clear whether this has had any significant effect on economic performance so far. It is also likely that the growth of enterprise bargaining has been accompanied by a widening gap in earnings between the lower and upper rungs of the wage structure. (Harding 1995)

I have referred to or implied the existence of a number of constraints on existing industrial relations mechanisms for greater improvement in economic performance. Let me summarise the main ones briefly.

1. The workplace orientation of industrial relations policy with its focus on work practices, is clearly important. But there is no magic in enterprise bargaining as such. The achievement of greater productivity rests largely on managerial skill. This includes not only knowledge of appropriate technology and work organisation and design and a capacity to apply it, but also a willingness to deal cooperatively with labour. Workplace surveys do not suggest that labour resistance has been a significant factor in preventing the introduction of improved work practices. (Isaac 1993:25) Nor did the award system feature as a major barrier to change. (DIR 1993:17)
2. A distinguished British labour economist has said 'The management of fairness of pay is of great importance in the achievement of satisfactory labour productivity.'(Brown 1989:254) Violation of accepted notions of fairness will have adverse effect on cooperation and can lead to industrial action, covert and overt, and drain productivity. This applies as much to professional groups like the medical specialists in Victorian public hospitals as to the workers at Weipa. The force of comparative justice may have been weakened by more decentralised industrial settlements, but it is far from dead.
3. Furthermore, fairness is as much a feature of performance related pay systems as it is of time rates. Substantial differences between persons doing similar work or frequent changes in rate settings, tend to undermine its viability. (Guest 1991;Isaac 1991)
4. Conceptually, although not in terms of legislation, the separation of the collective bargaining from the award process is a return to Higgins and to pre-indexation days. The absence of a ceiling in collective bargaining settlements creates the danger of directly contributing to inflation and, under lower rates of unemployment, indirectly, through safety net and triennial review adjustments which, in pursuit of fairness, constitute potentially a built-in inflationary mechanism.

An advantage of the more centralised arrangement of the 80s, was that, with sufficient consensus among the parties and supporting actions from the Commonwealth Government, the IRC could facilitate under its principles, micro reform with an eye on wage inflationary tendencies. It will be recalled that the period from 1983 to 1989 saw a very fast rate growth of employment, accompanied by a decline in real wage rates and slowing of inflation, take place under a centralised system supported by the Accord. Under the present legislative framework, restraint on inflationary wage pressure in the bargaining stream, rests on the Accord without the hand of the IRC and its traditional concern for 'the public interest'.

5. Some may see a greater degree of deregulation of the system as desirable, say, by the removal of the safety net concept, or not making safety net adjustments with an eye on the outcomes of the collective bargaining stream, or allowing certain exceptions to its application in certain areas or to certain groups. Such a view is generally based on the expectation that more employment would result.

On the present level and eligibility requirements of unemployment benefit, it is questionable whether a significant increase in employment would follow. Moreover, it is arguable that in its social and economic implications, the safety net coupled with the level of unemployment benefit, is similar to legislation on health and safety, on disclosure of the ingredients of food and other products, on specifying use-by dates, and other items of consumer protection. All add to the cost of production, but the perceived social benefits override the added cost of production.

However, more importantly, given the strong force of history, whether such a move for greater deregulation could succeed without prolonged industrial turmoil and its attendant social and economic costs, is a matter for serious consideration.

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## 4. PRODUCTIVITY: CURRENT TRENDS AND PROSPECTS

*Roy Green*

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### ABSTRACT

This paper examines recent Australian productivity trends and the prospects for improvement. It is clear from the evidence that the productivity stagnation of the 1980s has given way to a surge in the 1990s, to some extent as a result of labour market reform and workplace change. The problem is that this change has come at a personal cost for employees and may not yet have set an irreversible course for a high skill, high productivity economy. This will depend upon a commitment to step up investment in plant and equipment, to involve workers and unions in the process of change and to strike a new balance between the pursuit of productivity and equity in the wage bargaining system.

### INTRODUCTION

This paper examines recent productivity trends in Australia and prospects for improvement in our productivity performance. The issue is of central concern to firms and policy-makers since, particularly with a program of tariff reductions under way, improved productivity and competitiveness is an important factor contributing to success in global markets and, as a result, overcoming the persistent balance of payments constraint to economic growth.

The paper first explores the productivity experience of the 1980s and 1990s in aggregate terms, drawing upon published data and research. In the eight years of economic upswing from 1983, labour productivity increased slowly by comparison both with international trends and Australia's previous historical growth path. It has been argued that this was due to factor substitution effects associated with wages restraint under the Accord, but there is also evidence of a number of industry specific measurement problems. More recently, at least since 1991, there are signs of a sharp recovery in productivity growth, which compares favourably with trends in the rest of the OECD.

The paper then attempts to identify factors in the productivity upturn, which requires analysis of the main elements of microeconomic reform, particularly the impact of enterprise bargaining and organisational change. Here recent surveys conducted for the Commonwealth Department of Industrial Relations (DIR) provide illuminating data at

workplace and industry level. The paper goes on to assess the prospects of continuing productivity improvement in the medium to longer term. Clearly, this will depend on the quality and amount of investment in new technologies and skills, as well as the use made of existing capacity.

Finally, the paper suggests that the narrow pursuit of productivity to the exclusion of notions of fairness and comparability in pay determination may in the long run be counter-productive. An employee survey conducted by DIR points to the cost of workplace change in work intensification, deskilling and job insecurity. In addition, there is the danger of catch-up claims and disruption in the decoupling of wage relativities and differentials across industries and workplaces through productivity bargaining, irrespective of new global competitive constraints. The conclusion of the paper is that the balance that was traditionally struck in the centralised wage-fixing system between productivity and equity may now have to be 're-invented' for a more decentralised system.

## **PRODUCTIVITY TRENDS**

In aggregate terms, Australia's growth and productivity record over the post-war period has fallen short not only of its own potential but actual trends in other OECD countries. For example, in the period 1970-89, while output growth was broadly comparable with other countries, labour productivity growth at 1 per cent and total factor productivity growth at 0.6 per cent lagged well behind the OECD average of 2 per cent and 1.4 per cent respectively (see Table 1). On the other hand, in the period 1989-94, growth in both labour and total factor productivity has recovered more sharply in Australia than the OECD average, and has been 'much greater than during the previous upturn' (OECD, 1995, p16; Dwyer, 1995; Hughes, 1994). This turnaround, if based on sustainable factors, is extraordinary and calls for some explanation.

**TABLE 1: AUSTRALIA'S COMPARATIVE GROWTH AND PRODUCTIVITY PERFORMANCE**

	Australia	Canada	Germany	Japan	UK	US	OECD
<i>1970 to 1898</i>							
Real GDP	3.2	3.7	2.5	4.6	2.1	3.0	3.1
Labour productivity	1.0	1.4	2.3	3.7	1.7	1.0	2.0
Total-factor productivity	0.6	0.8	1.5	2.1	1.1	0.7	1.4
<i>1989 to 1994</i>							
Real GDP	2.2	1.0	2.9	2.1	0.8	2.0	1.9
Labour productivity	1.8	0.7	2.7	1.0	1.9	1.0	1.5
Total-factor productivity	1.1	-0.4	1.8	-0.5	1.2	0.6	0.5

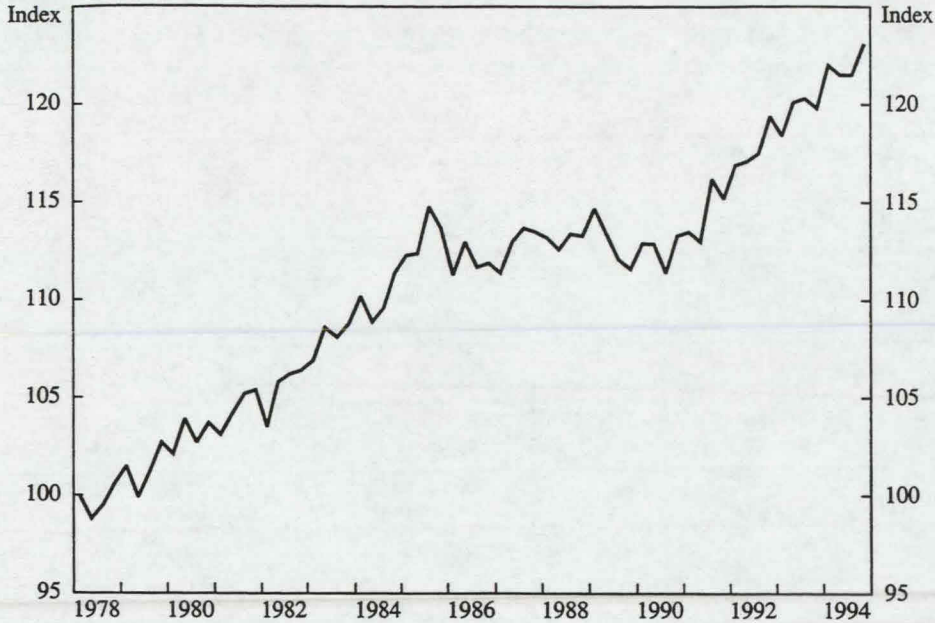
*Note: Database confined to: Australia, Belgium, Canada, Denmark, Germany, Finland, France and Italy, Japan, Sweden, the United Kingdom and the United States. These countries account for over 90 per cent of all OECD countries.*

*Sources: OECD, Economic Outlook, June 1995, OECD Working Paper No 145 and Dwyer (1995)*

As Philip Lowe (1995) has shown, the period of slowest growth in labour productivity was between March 1983 and June 1991 (which are equivalent points in the business cycle), when output per hour worked in the non-farm economy increased at an annual rate of just 0.68 per cent per year (Figure 1). This compared with average annual labour productivity growth of 1.34 per cent over the previous five years, and 2.51 per cent growth over the subsequent three years. The main substantive explanation for stalled labour productivity growth in the 1980s is wage restraint under the Accord, which encouraged substitution of labour for capital (EPAC 1989, Dowrick 1990), but Lowe's contribution is to suggest that there may be more to it.

## FIGURE 1: LABOUR PRODUCTIVITY IN THE NON-FARM SECTOR

(March quarter 1978 = 100)



Sources: ABS and Lowe (1995)

The Accord approach was designed to maximise employment growth by holding down inflation as part of expansionary fiscal policy. This objective was successfully attained, but it had further effects on the measurement of labour productivity, which is after all no more than a statistical artifice. Because labour productivity is conventionally defined to measure output produced per hour worked, 'it ignores the fact that unemployed workers are producing no measured output' (Lowe 1995, p 95). If unemployed workers find jobs, this is likely to reduce productivity growth since, on average, the new workers will be producing less output than the existing workers. Yet output per *potential worker* could be growing strongly, as was the case in Australia between 1982 and 1989. This alternative approach to measuring labour productivity may not address all the defects of the standard definition, but it does at least recognise the waste of resources associated with unemployment. By contrast with Australia, the UK's 'productivity miracle' of the 1980s was largely a result of downsizing and job destruction (Wells, 1994).

The output side of the equation raises additional measurement problems, including the determination of the market value of output in the non-market sector, and assessment of the quality of products and services, which is inherently subject to variation (Green, 1993). These problems can only be overcome by making assumptions that provide an approximation to reality. However, their impact on total labour productivity growth is demonstrated by a disaggregated sector analysis, which suggests that the *level* of labour productivity actually fell in four industries over the second half of the 1980s - wholesale and retail trade, construction, finance, property and business services and recreation,

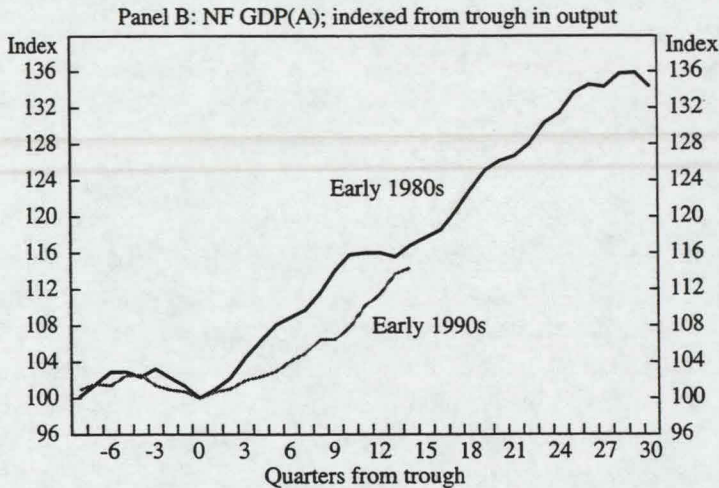
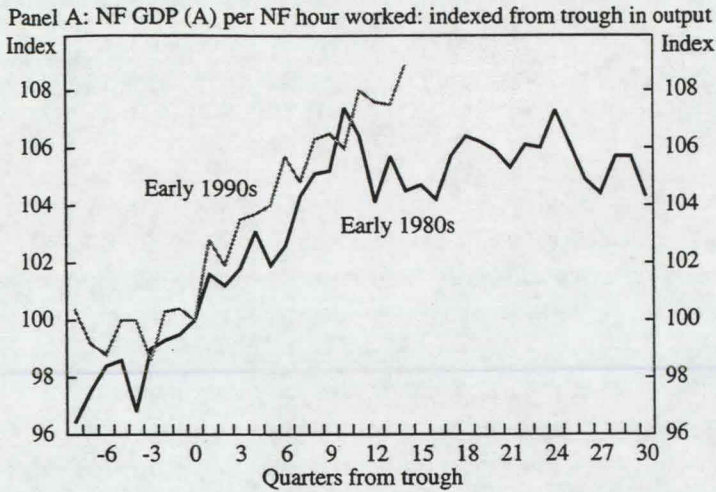
personal and other services. On closer inspection, a significant proportion of the impact may be ascribed to measurement anomalies, especially in the wholesale and retail trade sector, where the deregulation of shopping hours led to a reduction in measured output per hour worked, despite gains in efficiency and service to customers.

## WORKPLACE REFORM

Just as the relative stagnation of productivity growth in the 1980s was almost certainly exaggerated by the method of calculation, so may the upsurge since 1991 be similarly overstated. As Lowe puts it, 'In recessions, labour productivity tends to decline as firms are reluctant to lose workers who have firm-specific knowledge. In the recovery, this "labour hoarding" means that labour productivity can increase quite quickly. The existence of increasing returns to scale may accentuate this cyclical influence' (1995, p 95). In addition, while the downsizing of high productivity industries such as public utilities may have reduced overall productivity through the movement of labour *between* sectors (and also through higher unemployment), it is identified statistically with rapid increases in labour productivity *within* the sector.

Even allowing for these cyclical and employment effects, there has been a remarkable improvement in Australia's productivity performance in the last five years. This cannot be explained by growth in capital investment, which, despite an expanded profit share under the Accord, continues to fall as a proportion of GDP from an average of 24.4 per cent in the 1980s to 21.4 per cent in the 1990s. It may, however, be accounted for by the better use made of existing capital, including computers and information technology. Until recently, OECD estimates indicated that capital productivity in Australia was about 10 per cent lower than for the OECD area as a whole, and that this required an additional 2.5 per cent of GDP to be allocated to investment to maintain a given growth rate (Whitelaw and Howe, 1992). That position may now be changing as a result of a number of factors, including more effective workplace arrangements.

When the recovery experiences of the early 1980s and 1990s are compared, the evidence at an aggregate level becomes compelling. It may be seen that the economy's growth path in the 1990s has closely tracked the recovery of the 1980s, but that the labour productivity performance of the two periods is very different (see Figure 2). One factor suggesting that this difference will be sustainable for the foreseeable future is the absence of pressure for a fall in real wages such as that which accompanied recovery from the 1980s recession. A further factor is the shift to more decentralised productivity bargaining at enterprise and workplace level, which, in theory at least, may give rise to a 'virtuous circle' of growth in wages, employment and productivity. Some preliminary evidence is now available at this level from DIR's 1994 Workplace Bargaining Survey (WBS), covering managers in more than 1000 workplaces across industry sectors, together with 11,000 employees who responded to a separate survey instrument (DIR, 1995).

**FIGURE 2: PRODUCTIVITY AND OUTPUT OUT OF RECESSIONS**

Sources: ABS and Lowe (1995)

The WBS found that a substantial majority of workplaces with Federally registered Part VIB enterprise agreements based wage increases on 'previously achieved' or 'expected' productivity gains, compared with only 12 per cent nominating industry-wide increases and 6 per cent award safety net increases (see Table 2). This must be read in the light of findings in the same survey that most agreements are 'single employer' agreements rather than workplace agreements, that they are usually negotiated by employer groups and union officials rather than local managers and union delegates and that they are 'add-ons' to awards rather than comprehensive, stand-alone agreements. In other words, enterprise bargaining may be viewed more as a modification of the traditional system, albeit a substantial one, than as an entirely new system. Yet it is noteworthy that 62 per cent of workplaces experienced an increase in productivity over the previous 12 months, rising to 79 per cent for those with Part VIB agreements.

**TABLE 2: BASIS OF ENTERPRISE AGREEMENT WAGE INCREASE**

<b>Basis of wage increase</b>	<b>(%)</b>
Previously achieved productivity	59
Expected productivity gains	54
Changes in employee skill levels	24
Achievement of targets	20
Individual performance	20
Industry-wide increases	12
Increases in award safety net	6
Economic conditions	6

*Note: Managers could choose more than one response*

*Source: DIR Workplace Bargaining Survey 1994*

The survey also investigated the reasons for the productivity improvements that accompanied Part VIB agreements. The main reasons given by managers were changes in work practices (76 per cent), followed by increased flexibility of employees to perform a variety of jobs or tasks (54 per cent), changes in employee attitudes (45 per cent), changes in management practices (45 per cent), staff training and development (44 per cent), improved communication and employee relations (43 per cent), changes in technology (43 per cent), performance appraisal (38 per cent) and increased work effort (33 per cent). The responses followed a similar pattern for agreements in the State jurisdiction and for unregistered agreements. Yet employee perceptions of these improvements were different, emphasising that increased productivity came at a cost which could affect its future viability (see Table 3).

**TABLE 3: CHANGES IN JOB CHARACTERISTICS OVER THE PREVIOUS 12 MONTHS**

<b>Issues</b>	<b>Higher (%)</b>	<b>No change (%)</b>	<b>Lower (%)</b>
Work effort	57	38	4
Range of tasks performed	64	32	5
Amount of stress in job	59	35	5
Opportunities for promotion	15	56	28
Ability to influence work hours	16	70	13
Work/family balance	13	60	28
Use of full range of skills	34	45	21
Say in decisions	23	57	19
Job security	12	57	31
Satisfaction with job	27	38	35
Satisfaction with management	14	44	42

*Source: DIR Workplace Bargaining Survey 1994*

## **FUTURE PROSPECTS**

The prospects of sustained productivity improvement in the medium to longer term will depend to a large degree on the quality and amount of new investment in plant and equipment in Australian firms, especially those exposed to global competitive forces. The problem in the past is that although wage restraint has released resources for investment, a substantial proportion of these resources was dissipated in speculative asset booms. However, in the future, the productivity outlook will be determined not only by the creation of new capacity but also by the use made of existing capacity, including the potential of employees. There is a view that this potential can be tapped most effectively by the substitution of individual contracts for collective agreements, but survey and case study evidence demonstrates that unions can play a positive role in securing workforce commitment to organisational change and improvement.

The WBS shows that unions have generally performed this role, though not always to their own advantage. In fact, they may well have attracted some of the employee dissatisfaction directed towards management, hence contributing to the recent decline in union membership (eg O'Donnell, 1995). According to the survey, while difficulties with the implementation of agreements occurred at 13 per cent of workplaces, only 2 per cent overall cited union resistance as a factor. Indeed, DIR's longitudinal case study project suggested that 'union commitment could influence the process of bargaining and the success of any resulting agreements' (DIR, 1995, p70; Connell et al., 1996). This conclusion is supported by the international 'high performance workplace' literature, which maintains that productivity outcomes are crucially dependent upon the process generating them, including measures of the 'intensity of collaboration' between management and workforce (Osterman, 1994; Alexander and Green, 1992).

However, the literature also suggests that a narrow pursuit of productivity to the exclusion of notions of fairness and comparability in pay determination may in the long run be counter-productive (Buchanan and Callus, 1993; Green, 1992). In addition to the personal impact of change referred to above, especially in workplaces that fail to match high performance characteristics, there is a further danger in the decoupling of wage relativities and differentials across industries and workplaces through productivity bargaining. Given the spontaneous tendency for workers to compare their pay with that of others performing similar work irrespective of claimed differences in productivity, there is an increased risk of industrial disruption and wage leap-frogging by bargaining groups attempting to restore pay comparability in a robust labour market. The 1995 CRA dispute at Weipa exemplified in microcosm the forces at work.

In the absence of a set of principles that may be applied by the Australian Industrial Relations Commission (AIRC), unions in these circumstances will have no choice but to pursue industry framework agreements or, alternatively, 'pattern bargaining'. This need not necessarily undermine the process of workplace productivity improvement, provided that the government and employer groups are prepared to recognise and accommodate comparability pressures in wage setting, as they do in most other advanced industrialised countries. Indeed, these pressures may in themselves contribute, along with broader microeconomic reform initiatives, to the drive for a high skill, high productivity economy by requiring employers to compete on the basis of quality and innovation rather than wage costs. It would be a mistake to regard such pressures as inherently destructive.

## **CONCLUSION**

The productivity turnaround of the last five years may at least in part be attributed to Australia's far-reaching program of labour market reform and workplace change, though statistical aberrations, as in the 1980s, cannot entirely be ruled out. For this program to be implemented successfully in the longer term, however, the balance that was traditionally struck in the centralised wage-fixing system between productivity and equity will have to be re-worked and re-established for a more decentralised system.

It is clear that the shift to enterprise bargaining has resulted in productivity improvements at workplace level, but many of these improvements are associated with short term cost reductions, including work intensification and downsizing, rather than longer term, dynamic efficiency gains. If the improvements are to be sustained, they must be based upon a genuine transformation of the workplace culture, which will require the 'shared vision' and joint commitment of management and unions. In addition, they must be pursued within a fair and effective framework of wage-fixing with a central role for the AIRC.

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Research Paper No.1

## 5. WORKING TIME ARRANGEMENTS IN AUSTRALIA: A POLICY FREE ZONE?

*Kathryn Heiler*

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- It has been almost 50 years since the issue of hours of work was debated at a *national* level and underpinned by clearly articulated principles guiding their determination. This was in the 1947 National Test case which saw the introduction of the 40 hour week in Australia, where indeed Australia had already led the way<sup>1</sup>. Since that time however, the shortening of the working week campaign has taken the form of the 38 and 35 hour week which has occurred as a result of applications by individual unions in particular establishments or industries, rather than as a national test case. This shortening of the working week has occurred in industries such as the metal industry, construction, waterfront, transport and the public sector. However, it is also the case that in these industries overtime rates remain some of the highest.
- It is true that the traditional debates over hours of work in Australia did focus on the push towards and determination of shorter working hours, but this was led primarily by the trade union movement. Unlike many European countries, state intervention in Australia has primarily focussed on attempts to *restrict* the drift towards shorter hours of work, and in the setting of *minimum* conditions governing hours of work. The national test case for the 40 hour week decision was a notable exception.
- In more recent times, however, the debate - where it exists, and there is evidence that it is re-emerging as an issue - has largely shifted away from discussions about shorter working hours, and instead towards the issues of working time *flexibility*, or flexibility in the way hours are arranged. There has been an implicit notion that flexibility is somehow interchangeable with shorter hours and that similar benefits may accrue with either. In other words - and again unlike many European countries - shorter hours are being exchanged for greater flexibility. It may be that in Australia, there is the possibility that flexibility is being gained at the expense of shorter hours
- The formalisation of flexible working time arrangements has occurred in earnest within enterprise agreements where almost 77% of agreements refer to some kind of

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<sup>1</sup> The five principles governing which acted as criteria for determining hours of work:

- the health and safety of employees
- leisure not overtime
- capacity of industry to pay
- alignment with other employees and industries
- productivity

change in working time arrangements. Moreover, underpinning this shift towards flexibility in agreements been a popular assumption that flexibility in hours is inherently *progressive*.

*However, this paper asserts that the assumption that flexibility is inherently progressive can be challenged on a number of grounds:*

*First*, there is evidence that the shift away from regulated hours has led to a de facto *lengthening* of the working week without the standard protection's which have typically governed working hours, in particular formal shift arrangements. The removal of penalties, breaks, and attempts to reduce premiums on overtime are extremely popular areas of workplace change and are increasingly appearing in agreements. Indeed, their removal makes it more attractive to *lengthen* the working week for existing staff rather than employ new staff.

*Second*, recent work undertaken on occupational health and safety and enterprise bargaining<sup>2</sup> indicates that the *open-ended* nature of the flexibility provisions makes it more difficult for employees to control workloads and hours worked and that this arguably has led to an increase in managerial discretion and prerogative.

*Third*, the lack of debate about the current directions of and implications for these changes to hours has created a sense of "inevitability" and lack of critical analysis about the direction of hours which needs to be arrested. There is an assumption that the regulation of hours of work creates inflexibilities and inefficiencies and that a key area of reform under enterprise bargaining and the removal of these regulations and "restrictions".

*However, the fact that it has been almost fifty years since the principles which govern hours of work in Australian society have been debated at a national level, combined with the current unfettered drift towards unregulated working hours in Australia, the time may now be right to take stock of where we are and reassess the principles under which decisions about hours of work are being made.*

## **CURRENT TRENDS IN FLEXIBLE WORKING HOURS AND ARRANGEMENTS**

While the level of debate in Australia around the issue of hours policy is not currently very public, there is evidence of a recognition that there are some disturbing trends emerging. This section will consider:

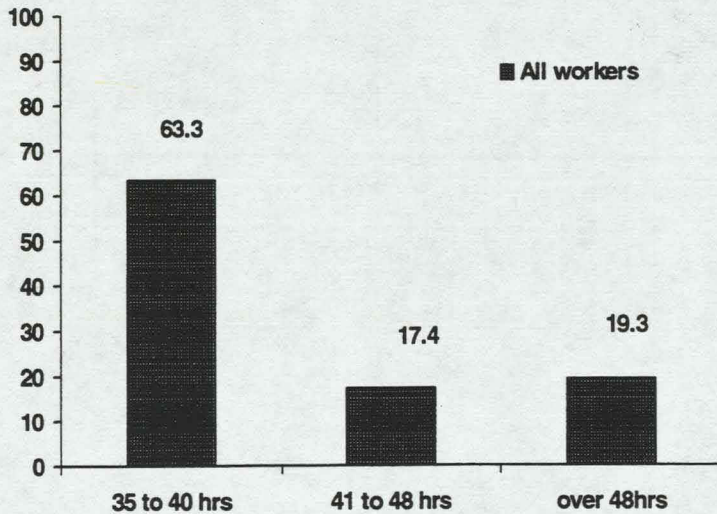
- current trends in hours;
- trends in flexibility provisions in enterprise agreements on ADAM

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<sup>2</sup> See Heiler (1995), (1996).

- a brief consideration of the potential problems associated with trends in flexible working arrangements as they are emerging in agreements with a look at some of the government's own indicators about the health of the workplace under enterprise bargaining.

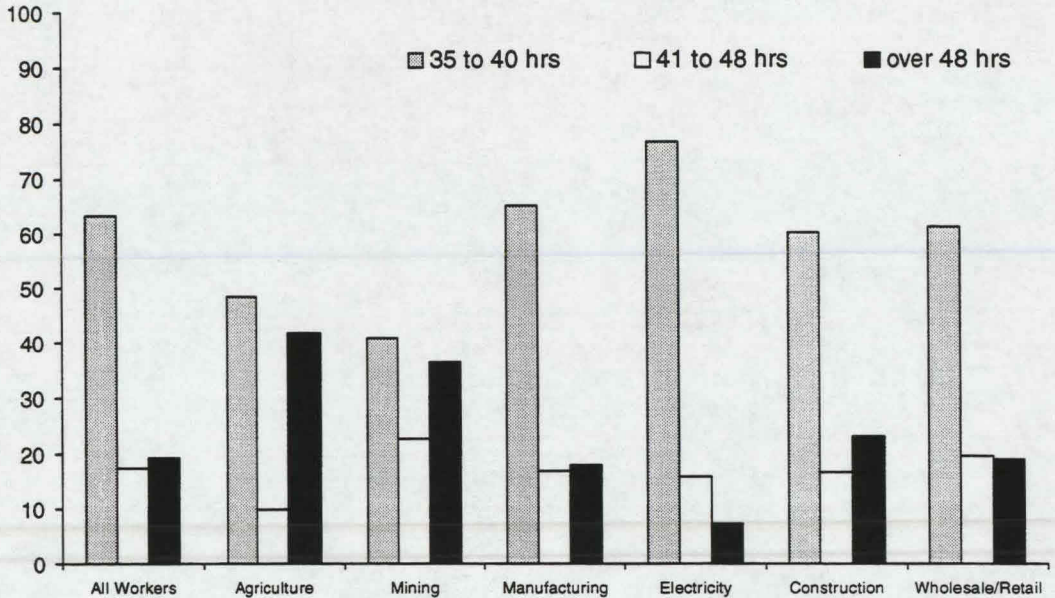
**FIGURE 1: HOURS WORKED PER WEEK FOR FULL-TIMERS (%)**



Source: Unpublished ABS data, 1993

**Comment:** While hours for the majority of full-time workers range from 35 to 40 hours per week, a large proportion 36.7% are working over 40 hours per week, with almost 20% working over 48 hours per week. Trends also indicate that standard of work per week have been steadily increasing.

**FIGURE 2: HOURS WORKED PER WEEK FOR FULL-TIMERS (%) BY INDUSTRY**

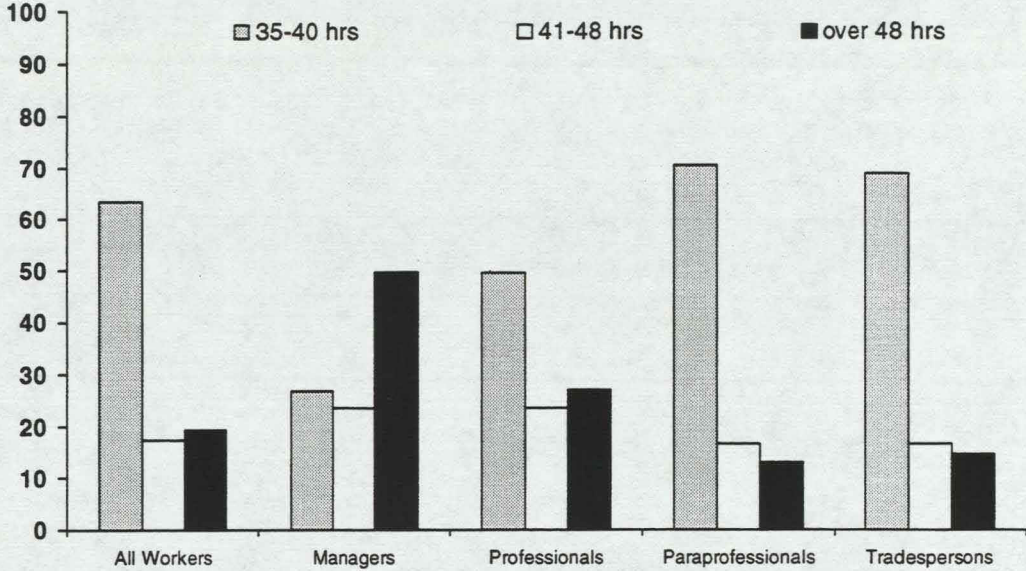


*Source: Unpublished ABS data, 1993*

We can see that in some industries there are more workers working over 48 per week than 40 hours per week. Those industries where the percentage working over the average include: agriculture, mining, construction, recreation, transport and storage.

There are probably two trends at work here: one is the sustained and increased level of overtime worked in some of these industries; the other trend is pressure from increased and deregulated opening hours, such as in hospitality in restaurants and in the "recreation industry". In the recreation industry, however, there has been a great pressure for the removal of premiums on overtime and compensation for unsocial working times.

**FIGURE 3: HOURS WORKED PER WEEK FOR FULL-TIMERS (%) BY OCCUPATION**



*Source: Unpublished ABS data, 1993*

The occupations where workers are more likely to be working over 49 per week are (not surprisingly) managers and professionals, but a high figure is also recorded for plant and machinery operators. Again there are a couple of trends likely to be at work. See appendix.

First, is that in managerial and professional occupations we are most likely to see salaried staff and staff on open-ended flexible hours arrangements; in other words the world of the "individual contract". The high figure recorded for plant and machinery operators could be a function of the need to work extra overtime in order to preserve real wages levels.

### **Hours worked by gender**

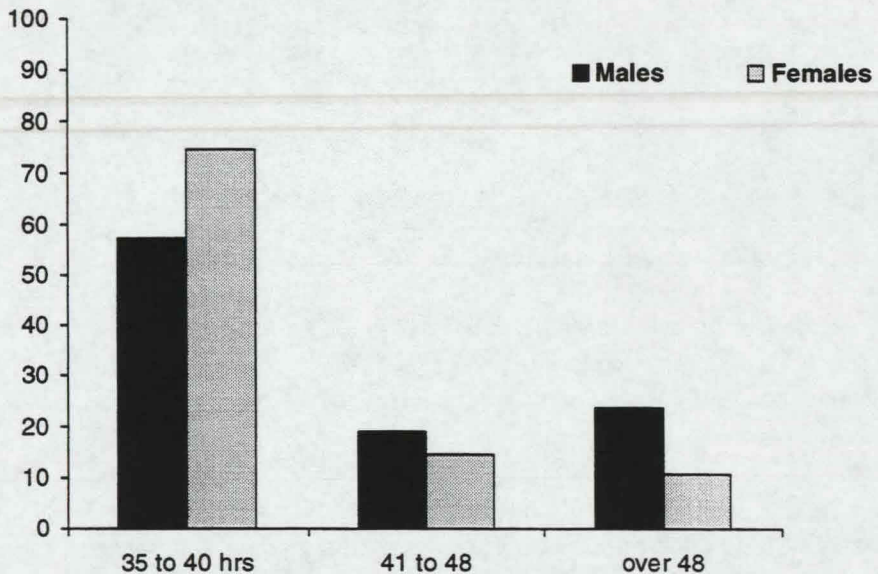
It can be seen that men are much more likely to work longer hours than women. This is accentuated when the figures for less than 35 hours per week are included.

There are several aspects to this: first, men are undertaking the bulk of the extended hours work at a workplace level; second, this also has implications for pressures on women and families on a domestic level if over 40% of men are working over 40 hours per week; third, there is the chance that the costs associated with increased hours of work are being displaced to the family unit and to the health system

Overall, we can see that the standard working week is - for many workers - not a reality and many workers - almost 40% - are working well over 40 hours per week. While the "standard" working week is meant to be 40 hours, and in many industries is 35 and 38, we have to question why there is this trend towards longer hours of work.

Is it because real wages have declined? Are employers opting to work their existing staff for longer rather than employ new staff? What are the productivity implications of these trends? Is simply lengthening the working week a crude mechanism for increasing productivity? Are we - as a society - happy to see the continued erosion of the standards working week and the drift towards longer hours.

**FIGURE 4: HOURS WORKED PER WEEK FOR FULL-TIMERS (% BY GENDER)**



Source: Unpublished ABS data, 1993

## TRENDS IN FLEXIBLE WORKING HOURS ENTERPRISE BARGAINING ON ADAM<sup>3</sup>

The first point to be made about these trends as they appear on ADAM is that while an analysis of enterprise agreements will give us some indication of trends in the *content* of written agreements, there are a number of unknowns:

First, we do not know what is happening in unregistered and informal agreements

Second, we do not know how these provisions are being implemented at a workplace level..

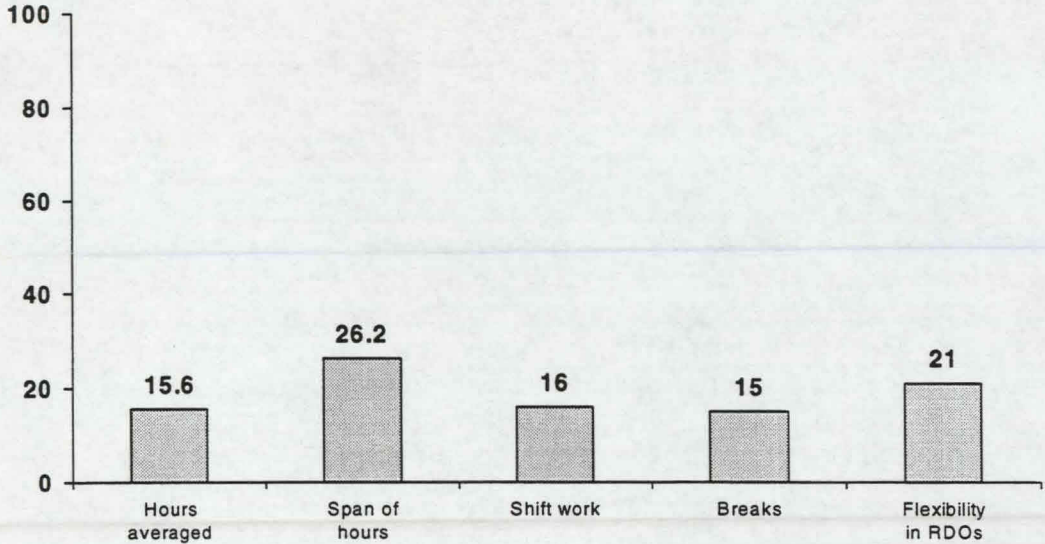
There is every likelihood, however, that trends in agreements - to some extent - set the pace for industry trends. With this in mind this section will look at some of the major techniques and provisions for introducing flexibility in hours in agreements.

- *77% of agreements include some provisions associated with changes in hours.*
- Often flexibility provisions are combined in agreements
- The nature of many of these provisions are that they are very *"open-ended"* See Figure 5.
- There appears to be a *"new language"* of working time arrangements appearing in agreements" The following is an example of a NSW non-union agreement which demonstrates both the combination of provisions and their open-ended nature.

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<sup>3</sup> ADAM is Agreements Data-base and Monitor, the sample of national and state agreements held and developed by ACIRRT.

**FIGURE 5: DIFFERENT FLEXIBILITY TRENDS IN AGREEMENTS - % OF ALL AGREEMENTS**



*Source: ADAM Unpublished Data*

## **MANUFACTURING AGREEMENT**

### **Termination**

"Termination of employment by the employer shall be at the sole discretion of the company and may happen without prior warning or counselling. Termination may arise from but may not be limited to:

- unsatisfactory attitude
- unacceptable quality of work
- lack of work
- unsatisfactory work proficiency

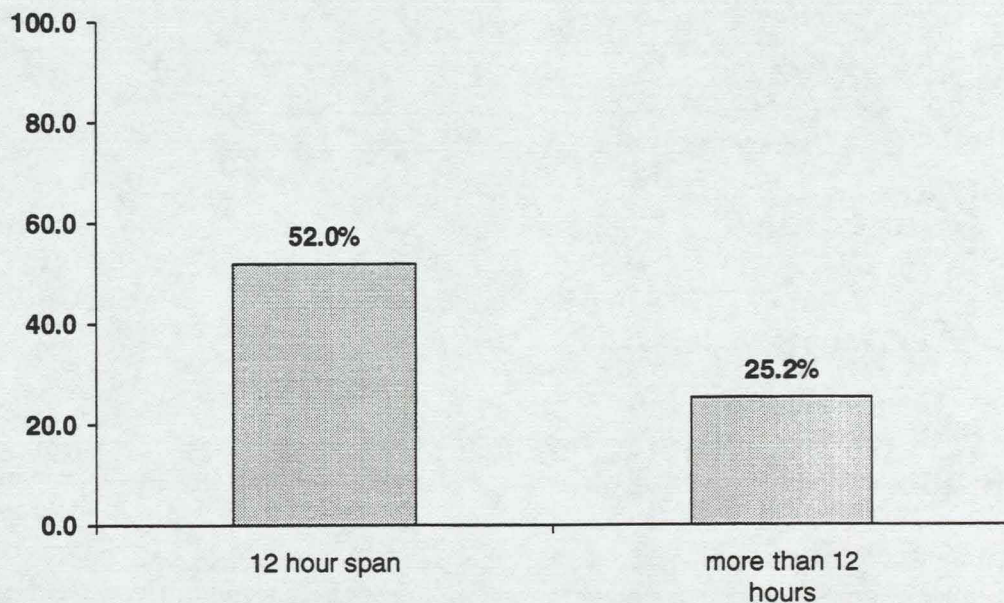
## Hours

Ordinary hours of work shall be a maximum of 40 per week, averaged over a 52 week period

The ordinary span shall be 6.00am to 6.00pm

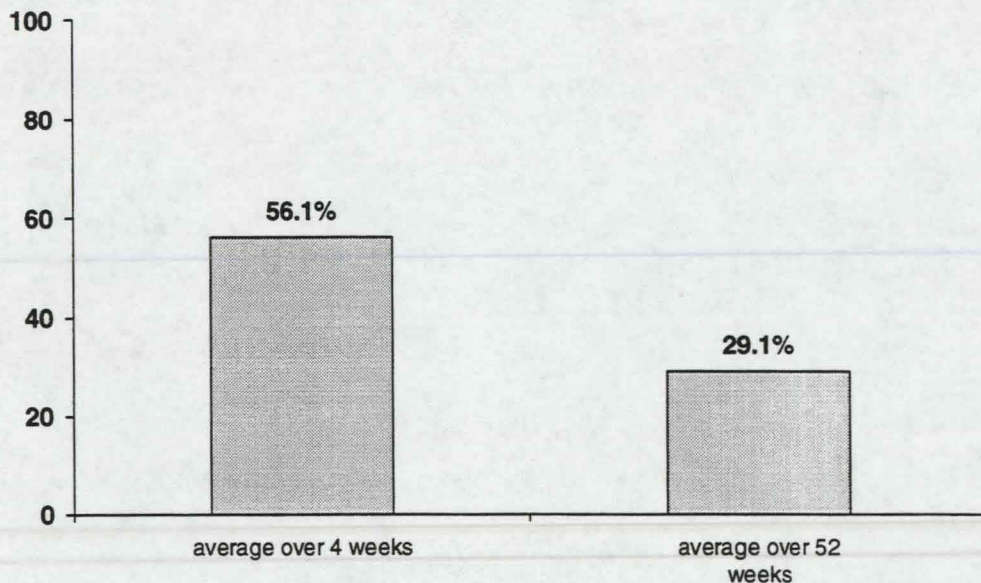
Where an employee works more than 40 hours in any one week, those hours worked over and above 40 shall be offset against time not worked in the previous 8 weeks or the following 8 weeks.

**FIGURE 6: OF THE AGREEMENTS WHICH SPECIFY SPAN OF HOURS (%)**



Source: ADAM Unpublished data

**FIGURE 7: OF THE AGREEMENTS WHICH AVERAGE HOURS OVER A PERIOD (%)**



*Source: ADAM Unpublished data*

## **WHAT IS THE LIKELY IMPACT OF THE SHIFT TOWARDS FLEXIBILITY IN HOURS**

While we do not have time to look in detail at the likely impact of increased flexibility let us have a look at the Federal Government's own report card on workplace bargaining. We might expect that if trends at workplaces are achieving more positive outcomes for workers under workplace and enterprise bargaining, then indicators such as levels of stress, the ability to control hours, and balance work and family might improve. As the following tables suggest, this does not appear to be the case across the board.

However, before looking at some of these trends, there are other associated issues which raise questions about the outcomes of the shift to unregulated flexibility in hours including:

- the environment within which bargaining is taking place which is essentially about cost-cutting and trade-offs. This environment is more likely to mean that flexibility in hours is management driven (than worker driven) and more likely to create tensions and pressures for workers who are obliged to juggle their work and arrangements in

response primarily to the needs of the enterprise. It is therefore likely to mean an increase in managerial discretion.

- flexibility, in conjunction with staff reductions, heightened levels of competition and high levels of unemployment will probably put pressures on the use of flexibility as a mechanism for extending hours, rather than improving conditions for staff. This is likely to lead to *work intensification*.
- open-ended flexibility makes it difficult for workers to “say no” and the onus is placed on workers to manage workloads. This may be because many workers (especially women) are grateful for the flexibility and are therefore open to pressures to work extra hours without compensation, to take work home, to come in early without pay (supported by ABS statistics which suggest a sizeable proportion of overtime is unpaid). *Work will expand to fit the available space*.
- open ended provisions can also can lead to *quasi shift work* arrangements without the traditional safeguards, monitoring and evaluation.

The following figures demonstrate that impact of workplace bargaining in terms of stress, balancing of work and family, perceptions of outcomes from bargaining.<sup>4</sup>

## **QUESTIONS WHICH WE MIGHT POSE AS PART OF THE POLICY AGENDA FOR WORKING TIME ARRANGEMENTS**

Given the trends which indicate the erosion of the standard working week, the questions raised about whether flexibility is always “progressive”, and the absence of a well articulated debate in the area, the time may be right to ask some of the following questions about the directions of hours policy in Australia:

*First*, we might ask whether we want a longer hours regime in this country, and whether increasing productivity through lengthening hours is necessarily a positive trend. Improving productivity through longer hours is likely to be a crude mechanism which intensifies the work effort and pushes the costs onto individual workers, their families and the public health system.

*Second*, we might question whether this seemingly unfettered drift towards deregulated hours is actually the direction we wish hours policy to take in Australia. Unlike many European countries, the state has not been proactive in intervening to set maximum limits on hours work, and this has intensified with the shift to workplace bargaining.

*Third*, we might ask whether an appropriate policy response from regulatory bodies might be to set limits *not on minimum hours, but on the maximum* number of hours per week.

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<sup>4</sup> These trends are derived primarily from DIR (1995) *Enterprise Bargaining in Australia: Developments Under the Industrial Relations Reform Act*, Canberra: AGPS,

We might also insist on compulsory rest breaks, place some limits on night and Sunday work and importantly ensure that where night and weekend work is undertaken, that workers are adequately compensated by ensuring that premiums are preserved for work undertaken during unsociable hours and for overtime.

*Fourth*, we might also ask whether the workplace players have the *bargaining capacity* and resources at present to bargaining equitably over hours. We might ask whether the current OHS arrangements and level of knowledge is adequate to anticipate the problems which can emerge with the removal of protective conditions governing hours of work. We need to know whether *all* workplace players are equally involved in determining and making decisions about *what hours* are worked and *when* they are worked.

*Fifth*, we need to ask, in the same way we ask questions about the protection of the environment and implications for future generations, whether, as a society, we want to ensure that work does not completely encroach on the family and social lives of workers, and that we have a guarantee of shared community, social and family time.

*Finally*, we need to ask why there has not been more open and sustained debate at a national level about hours of work, about whether the workplace is in fact the best place to determine hours and whether we need to develop socially agreed principles which govern and set parameters for the determination of working hours in this country.

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ACIRRT colleagues and their ideas and input.

### Quantitative data

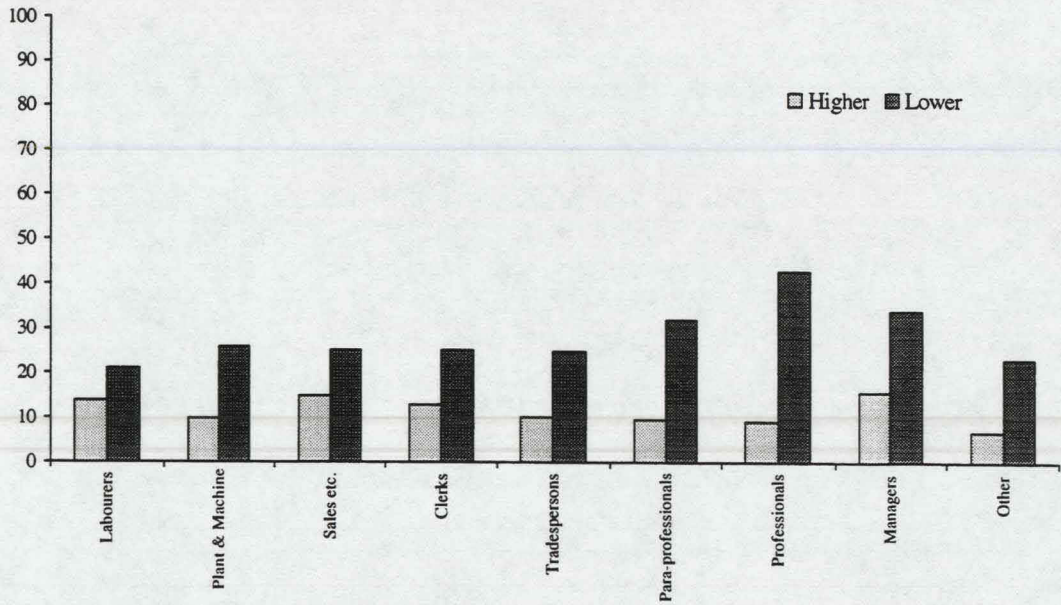
ADAM data (thanks to Shannon O'Keeffe)

ABS Unpublished data (thanks to Ian Watson)

DIR *Enterprise Bargaining in Australia: Developments under the Industrial Relations Reform Act* (thanks to Ian Watson)

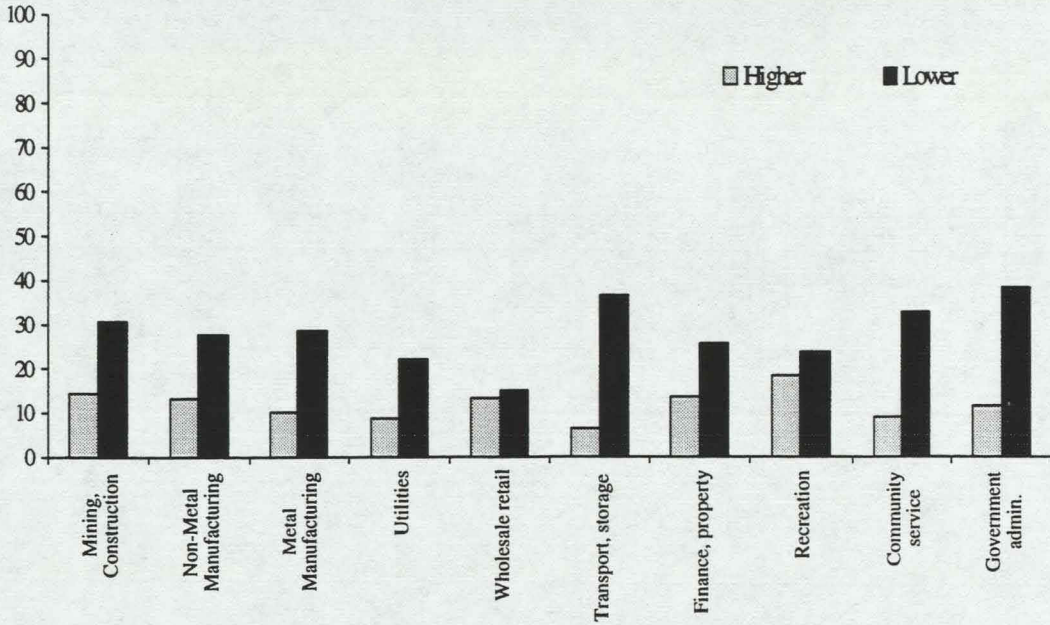
## APPENDICES

**FIGURE 8: SATISFACTION IN BALANCE BETWEEN FAMILY AND WORK LIFE (%)**

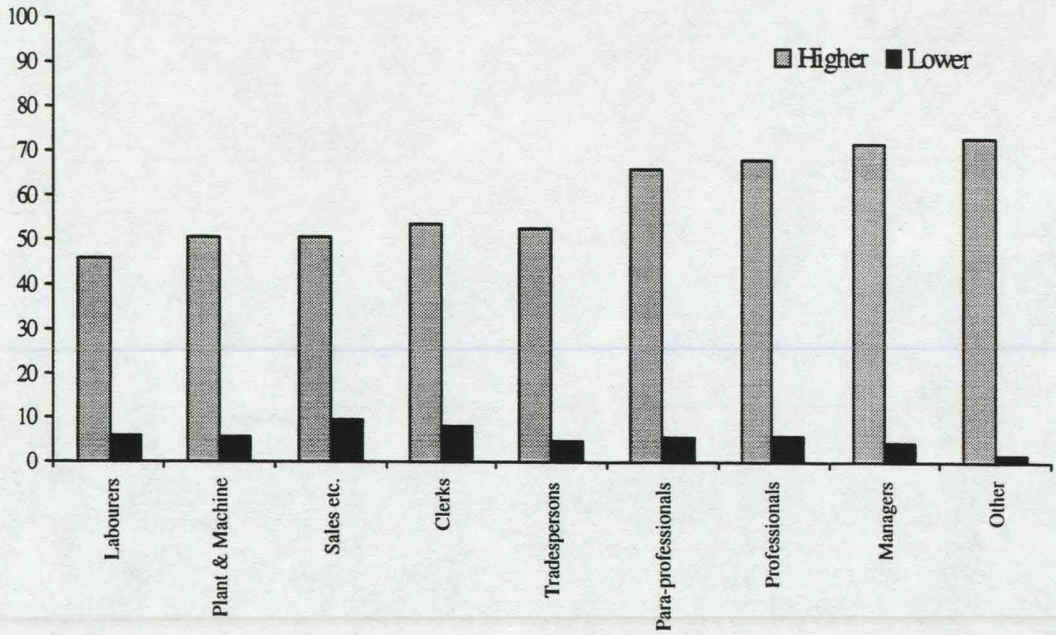


Source: Department of Industrial Relations, *Enterprise Bargaining in Australia: 1994 Annual Report*

**FIGURE 9: SATISFACTION IN BALANCE BETWEEN FAMILY AND WORK LIFE BY INDUSTRY (%)**

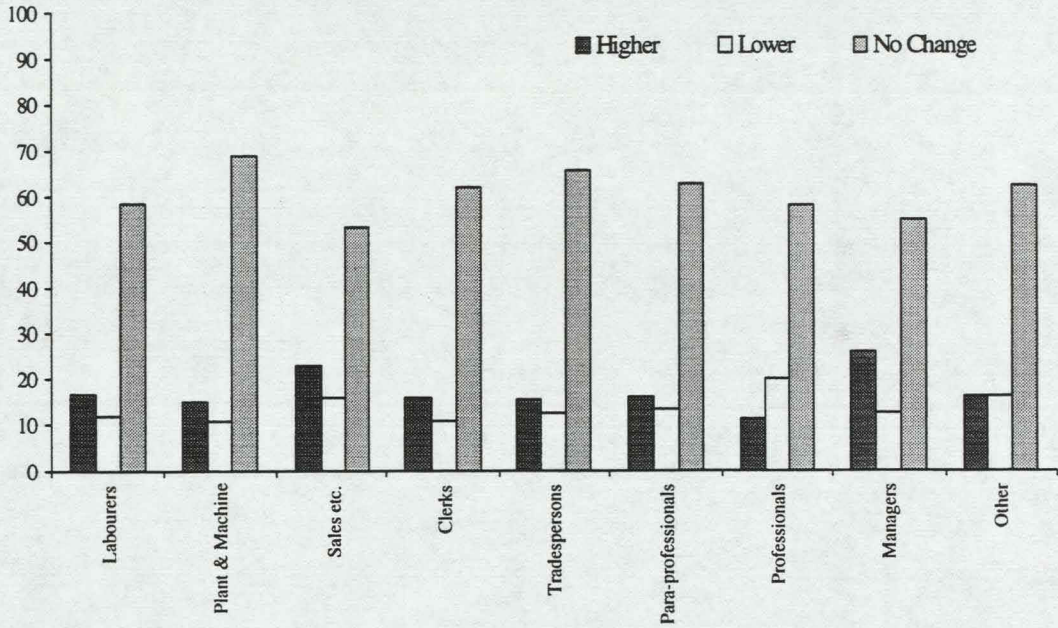


Source: Department of Industrial Relations, *Enterprise Bargaining in Australia: 1994 Annual Report*

**FIGURE 10: PERCEIVED STRESS IN EMPLOYMENT (%)**

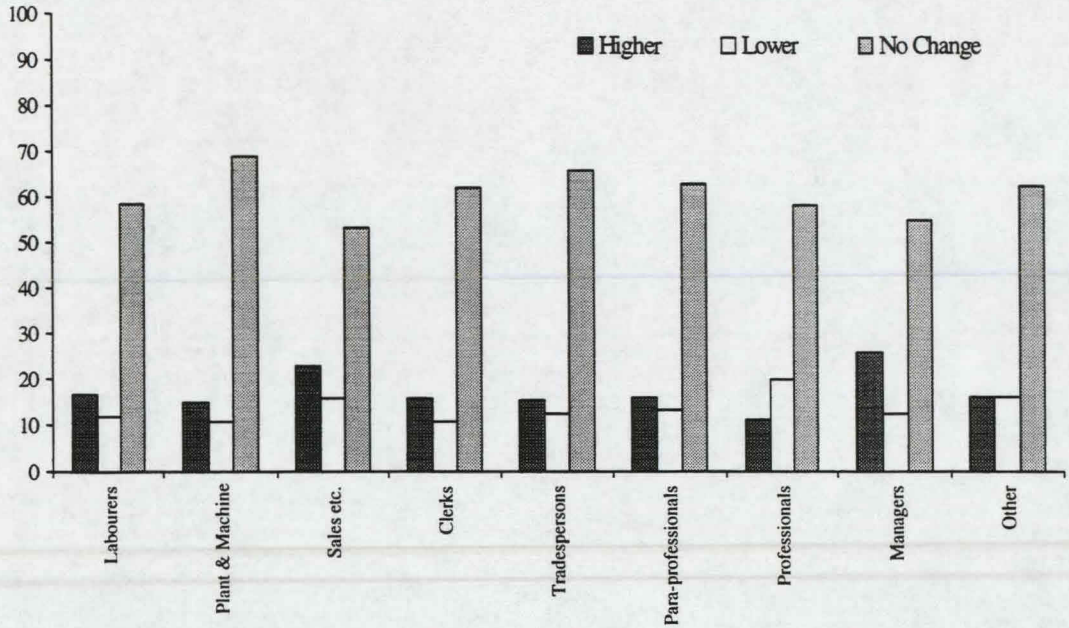
Source: Department of Industrial Relations, *Enterprise Bargaining in Australia: 1994 Annual Report*

**FIGURE 11: PERCEIVED STRESS IN EMPLOYMENT BY INDUSTRY (%)**

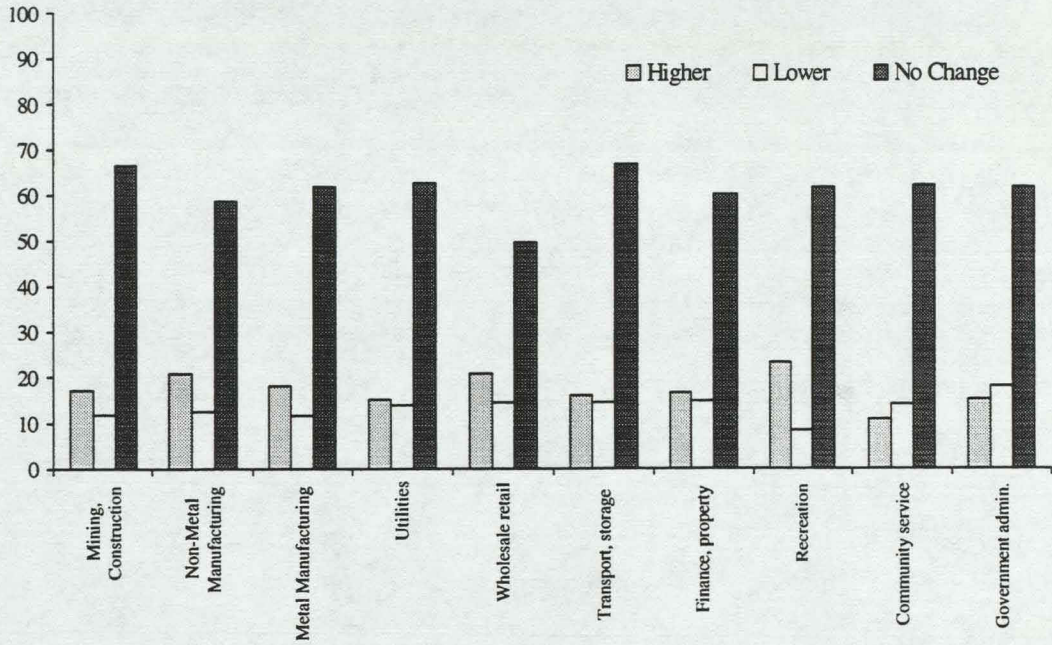


Source: Department of Industrial Relations, *Enterprise Bargaining in Australia: 1994 Annual Report*

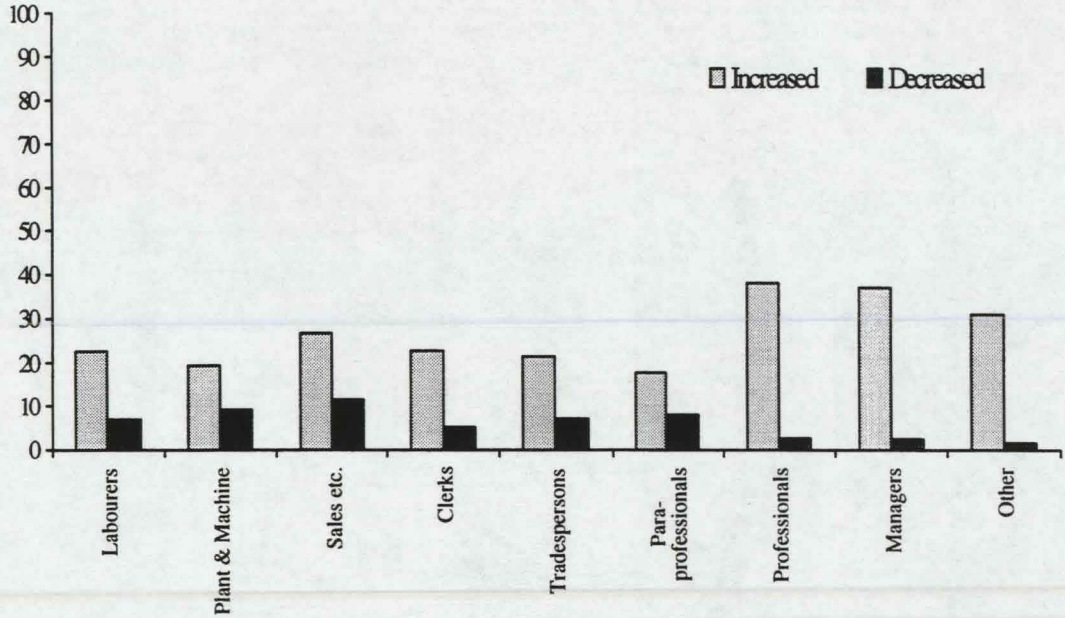
**FIGURE 12: ABILITY TO INFLUENCE HOURS OVER LAST 12 MONTHS (%)**



Source: Department of Industrial Relations, *Enterprise Bargaining in Australia: 1994 Annual Report*

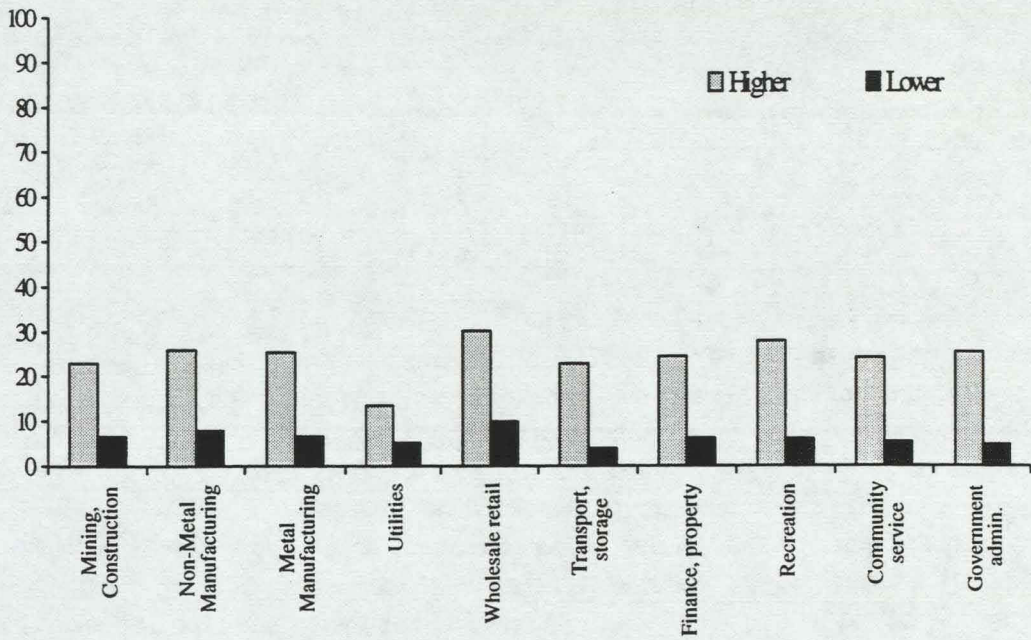
**FIGURE 13: ABILITY TO INFLUENCE HOURS BY INDUSTRY (%)**

Source: Department of Industrial Relations, *Enterprise Bargaining in Australia: 1994 Annual Report*

**FIGURE 14: TOTAL CHANGE IN HOURS IN LAST 12 MONTHS**

Source: Department of Industrial Relations, *Enterprise Bargaining in Australia: 1994 Annual Report*

**FIGURE 15: TOTAL CHANGE IN HOURS IN LAST 12 MONTHS BY INDUSTRY (%)**



Source: Department of Industrial Relations, *Enterprise Bargaining in Australia: 1994 Annual Report*

## 6. BETTER THE DEVIL YOU KNOW: PROSPECTS FOR WOMEN UNDER LABOR AND COALITION INDUSTRIAL RELATIONS POLICIES

*Barbara Pocock*

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### INTRODUCTION

Women played an important strategic role in marginally rejecting the Coalition and delivering a Labor victory in the last federal election. As a new election approaches how should they evaluate the current settings of industrial relations policy - and the promises of the Coalition? I will consider these questions by reflecting upon the bones of current Labor policy and action, and on my hypothesised projections of the Coalition's plans. International experience is relevant to this discussion, as are the examples provided by the current Victorian and national systems - with all their differences and commonalities. After considering these, I turn to the role envisaged by each party for unions, and the implications of all this for women.

I argue that a government serious about gender inequities in the workplace - which persist generally and are widening in some sectors - would do more and do many things differently. Neither party can be let off the hook, but it is a great challenge not to demonise the Coalition, given their coyness about policy, and the 'Jobsback' ghosts which remain, hovering, in their cupboard: as Peter Reith put in a speech on 22 March 1995: "Jobsback' remains the thrust of our policy' (Speech 22/3/95:11). While more recent statements from John Howard have attempted to distance the Coalition from some features of these earlier stances (to the consternation of some of their supporters) much of the earlier flavour of Coalition policy survives, with important implications for women.

The main industrial relations differences between the parties which carry particular consequences for women are three: the level of decentralisation of the systems; the strength - or even genuine presence - of a safety net underpinning enterprise industrial relations; and the role of unions.

I will focus on these three differences and avoid any temptation to follow Peter Reith down his labyrinthine pathways of policy non-explication during 1995, or the fluctuations in the Labor Government's public position. The Liberal program has changed with successive

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<sup>1</sup> The author would like to thank Haydon Manning and Pat Wright for their suggestions on an earlier draft.

speeches so that the safety net they propose continues to evolve. In practice it is pitched way below the general standard set by Labor and constructed in a different way, though a rhetorical low point for Labor was reached with Prime Minister Keating's 1993 speech to the Institute of Company Directors when he canvassed the idea of bare 'minimum standards' and the idea of fewer clauses and awards, with most workers covered by local agreements (Keating 1993). In this momentary trough, a virtual meeting of the two positions can be argued<sup>2</sup>.

My conclusions are clear: women are slipping through the fissures of current policy settings and being left behind in the general move away from a centralised system of industrial relations. With respect to the decentralisation of the system, the difference between the parties is more one of degree than direction - though of very significant degree. Overall, there can be no doubt: the Coalition's program will be, if implemented, extremely negative for women, their dependants and their families and will put Australia back decades in terms of gender equity on a most important aspect of all our lives - our rewards and conditions of paid work.

## **LESS CENTRALISM, LESS EQUITY**

My thesis with respect to the system overall is simple and well known to anyone familiar with the international discussion of gender and workplace bargaining: a lower centre of gravity in bargaining is consistently associated with more inequitable gender outcomes (Whitehouse, 1990; Rubery, 1992; Peetz et al., 1993; O'Donnell and Hall, 1988; Hammond and Harbridge, 1993). That is, the more the setting of wages and working conditions moves to the local, decentralised level, and the less the role for centralised standards and institutions, the worse off are women.

This reality is a simple reflection of power. Women are less powerful than men in most situations, they are less represented by unions, and they are more vulnerable to personal pressure from their employer. They argue their workplace treatment from a much weaker position than most men. Women have less effective access to enterprise bargaining to increase their wages and conditions for at least seven reasons<sup>3</sup>. Firstly they are concentrated in casual and part-time work, often at the bottom of employment hierarchies in many workplaces. Alongside this, they are concentrated in a narrow range of industries and in relatively few occupations. This means that they rarely get a seat at the workplace bargaining table - whether representing employees or employers (see below). They are

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<sup>2</sup> Peter Reith does in his speeches on 14/9/95 and 12/11/95. He states that the main difference between the parties, is that the Coalition will actually do what the Prime Minister promised in April 1993 (Speech of 20/7/95).

<sup>3</sup> There is an extensive literature documenting these features of the Australian labour market; for a summary of some of this see, for example, Pocock 1995 (on the incidence of casual, part-time employment, and occupational and industry segmentation), the Department of Industrial Relations report on enterprise bargaining in 1995 (which outlines women's weaker representation in bargaining structures), and Pocock 1992 and 1994 (on women, unionism and their fears of employer opposition to their unionism).

less unionised than their working brothers and severely under-represented amongst union workplace representatives and officials. Women are socialised to be quieter, to ask for less and to stand back for men. They are consequently less likely to play an active part because, much more than men, they are fearful of the employer or supervisor's opposition - and many fear for their jobs. What is more, women have more responsibility on the domestic front which makes them more willing to accept bad treatment, lower wages, and gives them less time for workplace involvement beyond their jobs.

I will discuss four ways in which these factors disadvantage women: pay, coverage, voice, and workplace flexibility.

## **PAY**

International evidence suggests that Australia's relatively centralised wage fixing institutions largely explain the high ratio of female/male earnings - currently around 30% above the level in the US and Japan, for example, where industrial relations is quite decentralised.

Bob Gregory and Anne Daly argue that this difference can be attributed to 'institutional' factors such as the existence of a strong impulse to common standards through the award system and the capacity for addressing systemic inequities through decisions like those on equal pay (1991:121). And many others agree: Sweden's system, while not institutionally centralised like Australia has similar cohesive wage outcomes, and has delivered very low gender pay gaps compared to those, for example, in Canada and the United Kingdom where collective bargaining dominates (Whitehouse 1990:367). This result is reinforced in Whitehouse's work on the OECD area as a whole (1992).

Recent reviews of gender wage differentials in Europe reinforce these findings: Jill Rubery et al. conclude that more centralised systems have better outcomes for women, and they end their study for the European Community with a plea for greater state intervention in industrial standard setting in the interests of women (Rubery et al. 1992). Australian studies concur that decentralisation is 'strongly associated with greater inequality in wage dispersion and the weak bargaining power of disadvantaged groups, like women, suggest a causal relationship between the two factors' (Peetz et al. 1993). And the existence of anti-discrimination legislation is no antidote to these effects: Laura Bennett has pointed out that such laws are not an adequate substitute for centralised arbitration (1994:191). The most recent data from New Zealand reinforces these findings: the gender gap has continued to widen with success years of the employment contracts system (Hammond and Harbridge 1995:371).

## **AUSTRALIAN EVIDENCE ON WAGES UNDER ENTERPRISE BARGAINING**

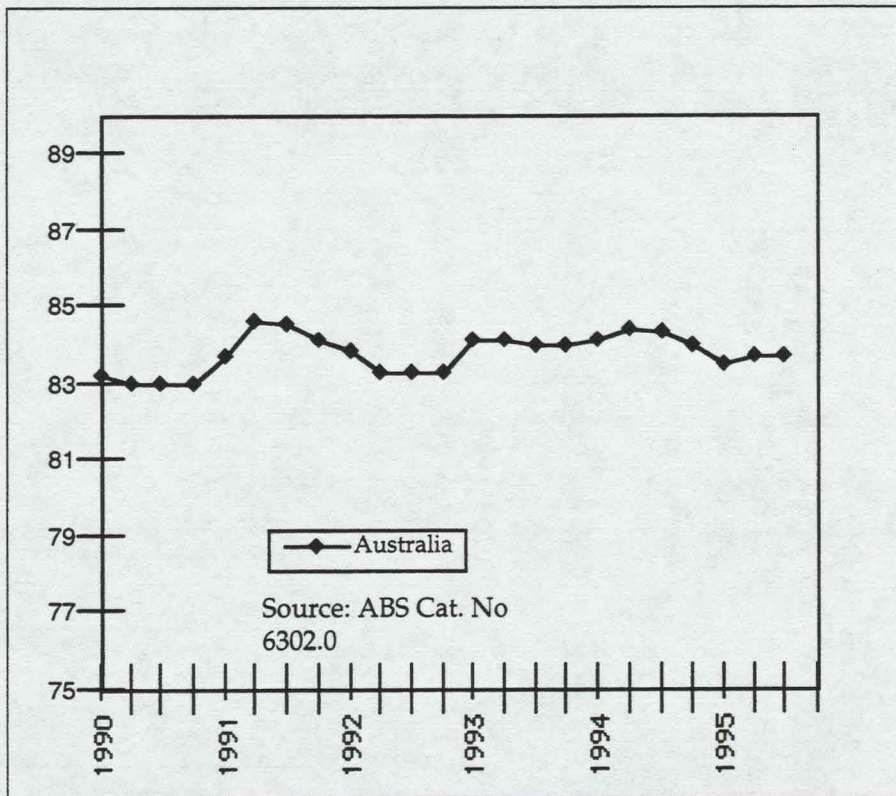
There is now clear evidence in support of what many have long suspected: women are disadvantaged under enterprise bargaining *even under the federal Labor system* with its

award safety net and general minimum increases for those who are unable to bargain for themselves. Women will be much more severely affected under the Coalition's policy, based on experience in Liberal states.

Firstly in terms of wage outcomes, current data indicate that the gender gap in Australia is widening. The ratio of female/male Average Weekly Ordinary Time Earnings (AWOTE) for full-time adults fell from 84.1 in November 1991 (about the point at which enterprise bargaining became available under the federal arrangements) to 83.7 in August 1995 (ABS cat. no. 6302.0).

Figure 1 shows that women's pay on average in Australia is firmly fixed around 84% of men's earnings, and in the last five quarters has been pitched below its previous peak of about 85% in early 1991. The trend is downward since that time, though the flow of supplementary payments and safety net adjustments have offset some of the worst effects.

**FIGURE 1: RATIO FEMALE/MALE AWOTE ADULTS, FULL-TIME**



The picture is much worse under Liberal government. Figure 2 shows the relative female/male total earnings of all employees in Australia and in Victoria. The ratio across Australia as a whole has fallen by one per cent between November 1991 and August 1995 (from 66.7 to 65.7%) but by *more than three times* that amount in Victoria: it fell from 68.8% in November 1991 to 65.3 in August this year (see figure 2). Contrast this with

Queensland (where state enterprise bargaining provisions mirror the federal), where the ratio has been quite steady at 65.2 over the period. In the simple currency of wages, women are much worse off under Coalition governments.

In sum, as we would expect from the international experience, localised bargaining advantages men even within current federal arrangements. Women do much worse under the more deregulated Liberal systems. Along with young people, and other groups with a weak foothold in the labour market they are, and promise to be, severely disadvantaged by a more deregulated labour market.

## **COVERAGE AND VOICE**

Part of this disadvantage lies in two facts: firstly workplaces where women are concentrated are much less likely to be covered by an enterprise agreement and, secondly, in actual negotiations men out-represent and overwhelm women at the bargaining table. The 1994 Department of Industrial Relations annual report *Enterprise Bargaining in Australia*, shows that women are under-represented in the spread of enterprise agreements, especially within the state systems (Department of Industrial Relations 1995: 51, 57). Women are simply less likely to have access to a pay increase or bargaining within the framework of enterprise agreements. They are therefore more likely to be reliant upon the safety net, and the generalised adjustments made to it. The safety net has particular importance for women and I will return to it below.



demonstrate that the degree of workplace feminisation bears a very strong positive association with exclusion from decision making. In this set of Queensland workplaces, a massive 85% of all-male workplaces reported an increase in employee involvement in the process of enterprise bargaining, compared to less than 40% of highly feminised workplaces (Boreham et al.:17).

Marginalisation takes many forms, but it especially affects women who work part-time or casually and women who are separate from the main production workforce, say as clerical workers in an otherwise male dominated manufacturing workplace (DIRETFE 1993). Short et al. recently found that 'clerks were excluded from a ratified workplace agreement in 35% of cases in unionised workplaces, and constituted the most frequently excluded [occupational] group' (Short et al. 1994 quoted in Boreham et al. 1995:7) and the Department of Industrial Relations take up this finding in their 1995 report and find substance in it (Department of Industrial Relations 1995:37-42).

The weak presence of women at the bargaining table means that many of the much trumpeted potentials of regulated enterprise bargaining for women have not been realised<sup>5</sup>. Very few enterprises use enterprise bargaining to increase equity provisions for women (such as Equal Employment Opportunity policies, childcare facilities, employment targets for women, maternity leave etc.). Of agreements in Queensland, for example, Boreham et al. conclude:

our results show very clearly that enterprise bargaining is not being used to secure work arrangements designed to enhance gender equity..[T]hose who have argued that enterprise bargaining will have positive effects for women have been mistaken (Boreham et al.:12).

Recent research amongst union members shows that women have very different industrial priorities compared to men: they are especially concerned about discrimination equal pay and career paths and much less concerned than men about wages (Pocock 1995). However, not surprisingly given women's lower presence at the bargaining table, this perspective is not reflected in the enterprise bargains we find around us. The 1995 Department of Industrial Relations report for example shows that clauses addressing women's priorities are rare: only 9% of the 1360 federal agreements had Equal Employment Opportunity/affirmative action provision, 5% had anti-discrimination/harassment provisions, and only 6% had family responsibility provisions (Department of Industrial Relations 1995:145).

And this is under a regime which has union involvement in most bargaining processes, specifically requires the Australian Industrial Relations Commission to ensure adequate

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<sup>5</sup> Many sturdy efforts by women's committees and organisations in government, unions and employer associations were published following the onset of enterprise bargaining, pointing to ways in which benefits for women could be secured. One example is provided by the Equal Pay Unit's 1994 publication *Women and Workplace Bargaining: Checklist for Equity in Workplace Bargaining*.

consultation with women and others, and legally requires public discussion of equity outcomes. Contrast this with the Coalition position which says nothing about legislating any such requirements, about requiring the Australian Industrial Relations Commission machinery to maintain a running check on gender equity, and whose entire rhetoric is about efficiency and market solutions rather than fairness between workers and improvements for women. What chance will women's voice and agenda have under such arrangements? Their solution will lead us to the New Zealand or Victorian models where even public scrutiny of workplace agreements and conditions is severely constricted, and where there is no policy impulse towards using localised bargaining processes to improve women's lives and remove discrimination and harassment.

### **WORKING CONDITIONS: THE FAMILY IS RHETORICALLY FASHIONABLE - BUT WATCH THE SMALL PRINT**

Women have been especially affected by changes in their hours of work in enterprise agreements and while there has been much talk of greater flexibility in hours to facilitate family responsibilities, the evidence suggests that many women are in fact losing a pay premium for the unsocial hours that they work, and facing new hours of work and methods of negotiating their hours which make it hard to look after dependents at home. Under the current federal system, for example, women are much more likely to have faced a change in their hours of employment through enterprise bargaining than men (Department of Industrial Relations 1995:150). Early evidence from a current study about the effects of such changes upon women in specific workplaces suggests that these changes have been crafted more to meet employer demands than women's<sup>6</sup>. A broader span of hours, more employer control of the nomination of hours, longer shifts, and reductions in penalty rates are not uncommon new provisions (as Philippa Hall and Di Fruin found in their early examination of 20 federal agreements and recent work by Kathryn Heiler supports (Heiler 1995)).

In New Zealand localised bargaining has meant the wholesale sell off of penalty rates and a much broader span of hours at work for women including more work on Saturday and Sunday; each of these now affects women more than men. 60% of women covered by contracts in New Zealand do not have access to penalty rates, compared to 40% of men. As Hammond and Harbridge note it is unskilled, low paid employees who have lost their penalty rates in New Zealand, in many cases without any increase in their overall pay (1995:370). This has also been an important feature of bargaining in state systems in NSW, Victoria and Western Australia.

Changes in hours of work and the loss of employee prerogative with respect to shift arrangements and hours carry important consequences for women and their families and

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<sup>6</sup> Sara Charlesworth is currently undertaking research examining the effects of specific agreements with respect to changes in hours of work. Her verbal report to the Women's Standing Committee at the United Trades and Labor Council in 1995 suggests that many women face some new difficulties as these provisions are implemented.

swim against the rhetoric of family friendly flexibility. While 12 hour shifts may suit some men who rely on their partners to look after dependents they will not suit many women<sup>7</sup>.

What is more the requirement to work unsocial hours without penalty rates not only costs women dear in terms of pay, it may expose them to growing pressure to work hours and locations where they simply feel unsafe. For example, I recently spoke to a parent whose 16 year old daughter works selling ice cream in Melbourne under an individual contract. She works alone through the night, on a twelve hour shift, for \$6 per hour without access to penalties. Not only can she be called in to work at any time for a minimum one hour shift, she is basically unsafe at work. The absence of supervision of many such juniors is a growing hazard in many Australian workplaces, especially affecting young women. It is facilitated by local contracts and work arrangements where one party is basically powerless in the face of high youth unemployment.

## **WORKPLACE BARGAINING: ADVANTAGING MEN**

All over the world, improving women's workplace circumstances - protecting them against violence or harassment at work, recognising their maternity and parental loads - has required external action by the state. This pulls the locus of bargaining up and outside workplace relationships. Narrowing pay gaps has been dependent upon external action which forces employers to stop discriminating, to review and change their subjective and historical valuations of women's work and skills, and to consider the effects of home on paid work.

Countering the reality that decentralism disadvantages women has been a major policy and public relations challenge for the federal Labor government since 1987, as it has lowered the centre of industrial relations gravity through the two-tiered system, award restructuring, and most especially, enterprise bargaining.

The dangers for women have been countered to some extent through offsetting supplementary payments for those on low pay, opportunities for re-jigged classifications with greater recognition of traditionally under-valued feminised skills, improvements in maternity and parental leave arrangements, and safety net adjustments. But even in the presence of these, the gender pay gap has widened in recent years. What is more, alarming inequities in terms of women's conditions of work have become amplified through the Trojan horse of 'greater flexibility' in working arrangements.

The early concerns of Women's Electoral Lobby and the National Pay Equity Coalition with respect to the current federal system have been substantiated on several key criteria such as gender pay differentials, the lower access to agreements for women, their under-representation in bargaining, and the greater flexibility in working time being much more in

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<sup>7</sup>

For example, in practical terms it is simply illegal in some states to leave children in care for 12 hours, making childcare hard to organise around such shifts.

the employer's interests and against women's (Women's Electoral Lobby, 1992, National Pay Equity Coalition, 1990).

But much worse is in view. A wholesale shift to much less regulated bargaining, which casts aside equity criteria or machinery, in favour of a free-for-all underpinned by a much weaker set of minima, holds whole new hazards for women. Women's heavy reliance upon the safety net makes key policy differences in its construction a crucial issue to which I now turn.

## **A SAFETY NET WITH HOLES: THE LIBERAL 'PROMISE'**

Labor has clearly described its safety net in recent times: it is formed by the relevant award and while agreements can breach specific conditions in that award, overall its standard cannot be undermined (*Equal Pay Unit Newsletter*, January 1995:15). On the other hand, the Liberal party pose a set of minima conditions which have evolved over the past year and in January 1996 now include ten points:

- initially an hourly rate no less than the minimum relevant award classification hourly rate; carefully revised to 'no less than the relevant applicable rate' in Reith's speech of 12/10/95; and revised upward in January 1996 to become 'take home pay no less than that prescribed under the award' (Howard speech 6/1/96)
- a minimum casual rate as in the award
- a minimum piece rate
- four weeks paid annual leave
- two weeks paid sick leave
- one year's unpaid maternity leave (also available to male parents)
- family leave (as in AIRC decision of November 1995)
- equal pay for work of equal value
- paid jury service
- long service leave and superannuation as in the award

The gaps between these two minima are extreme but not always immediately obvious because the deficiencies in the Liberal policy lie not in the small print, but in what is simply not said. What, for example, does 'equal pay for work of equal value' mean? With respect to sex, 'equal pay for work of equal value' has been law in Australia for the past 23 years. Discussion about the means to narrow the gender pay gap has mercifully and necessarily gone beyond this narrow frame over the past ten years, with the realisation that wage discrimination is embedded in the structural and historical aspects of wage

fixing such as skill definitions and access to overtime. It is these - and other features - which must be changed if women are to be fairly remunerated and discrimination properly ended; and it is these and other features of unequal pay which the federal commission is currently being asked by the ACTU to consider.

The Coalition commitment to 'equal pay for work of equal value' offers nothing to women in Australia that they have not enjoyed for over twenty years. Similarly, while the Coalition offering of one year's unpaid maternity leave and family leave demonstrate some awareness of more recent standards, they offer nothing new to the women of Australia: they simply uphold a now established benchmark, available to all.

Apart from these weaknesses, however, there remain large yawning gaps in the Coalition's safety net - a safety net which carries particular significance for working women who, in the absence of enterprise agreements will be relying on it much more than men. Even in its latest form, the Coalition's policy remains very weak in terms of its promise on wages. Firstly, John Howard has now promised to maintain *overall levels* of take home pay; he has carefully not undertaken to maintain *rates* of pay with respect to penalties, shift loadings, and so on: he has referred only to the overall take home pay amount. A commitment on maintaining overtime and other rates of pay offers a long term protection to pay packets which a one off commitment on money earnings does not. Secondly, he makes no reference to a range of frequent award inclusions which boost annual earnings - such as tool and site allowances, annual leave loadings and so on: are these to be maintained for current employees? Awards - which, assessed as a whole, underpin Labor's safety net - include a range of conditions and loadings which the Coalition does not promise to maintain.

Thirdly, the Coalition policy leaves open the question of the 'choices' available to new entrants to the workforce and those changing jobs. The Coalition argues that only those who want to will accept variations in conditions from the award since they will have the right to a choice to opt for an 'Australian Workplace Agreement' or to remain covered by an award<sup>8</sup>. Conferring this 'choice' upon potential employees who are very keen to keep their jobs is to give new life to the romantic myth of employer/employee equality at work, a myth severely undermined by high unemployment and the realities of workplace politics.

Three factors will undermine the award 'choice' over time. Firstly and most significantly for women, job mobility; secondly the absence of a choice to re-activate the award as agreements are renewed and perhaps more negatively recast; thirdly the gradual, relative diminution of award standards as, under the Coalition, awards atrophy and fade.

At the point of recruitment, employers will be in the clear position of naming the conditions of employment for new employees. Over time, the simple wash of employee turnover will undermine the award 'choice' in the Coalition model as will the processes of agreement

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<sup>8</sup> In fact Liberal policy on these procedures is sketchy to say the least: what will be the procedures for opting in/out? Will there be a vote, and if so who will vote and when? What will be the involvement of employee advocates and unions?.

renewal (when the award choice may not be meaningfully revived) and the gradual erosion of a relevant award. In Australia, large numbers of workers change jobs each year. In 1994 over 20% of the workforce or 1.73 million workers joined a new employer (ABS cat. no. 6245.0). This included 220,000 married women returning to work. Over the past three years, 42 per cent of employees have changed jobs. When they do so under the Coalition, they will face new employment conditions and real points of vulnerability in their working conditions.

Extrapolating this past rate of job mobility, over the first three years of a Coalition government 3.8 million workers would effectively face a choice between a contract - or no job. They will have no access to redress under unfair dismissal law - since they are not employed (this is the remedy which Peter Reith repetitively suggests whenever the unthinkable 'take the contract or take the sack' possibility is raised)<sup>9</sup>.

As Peter Reith has himself recognised, women have a higher rate of job mobility than men, making them especially vulnerable to the 'take the contract or no job' offer (Speech 20/7/95:15). In 1994 almost a third of women took a new job, compared to around a quarter of men. Women will be especially vulnerable to the 'offer' of contracts and will have much less real choice to 'opt into' an award. Apart from the minimal conditions on offer, women will face real cuts in their working conditions. Over time this can only serve to widen gender wage differentials, complicate and undermine women worker's efforts to combine work and family, and erode the advances of the past two decades.

## THE LEGITIMACY OF UNIONS

Other important differences in Labor and Coalition industrial relations policies of particular significance for women include the treatment of unions and the broader legislative agenda. While recent Coalition announcements have considerably diluted the electorally damaging wage-cutting aspects of earlier proposals, they have remained relentlessly firm about the intent to diminish unions.

Australian unions have been no friends to women on many occasions in their history. The advocacy of equal pay in the seventies was a matter of pragmatism for most unionists, following seven decades of strong defence of the 'family' wage and the privilege it entrenched for men. Equal pay was washed up more on a wave of autonomous women's organisation and a reforming Labor government, than the sustained activism of a male dominated movement.

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<sup>9</sup> See for example his speech of 12/11/95. In fact Reith is quite careful about what he says with respect to this issue.: 'under a Coalition government, sacking an award employee for refusing to take a contract will trigger the employee's right to lodge an application against an unfair dismissal' (12/11/95 - my emphasis). This statement says nothing about the availability of the award to job applicants, nor does it admit the Coalition intention of limiting workers' rights under unfair dismissal law, let alone canvass the rights of non-award employees which he specifically excludes in this statement.

However, with all the ambivalences in the historical relationship of women with unions in this country, the overall effect for women and the more powerless has been positive: awards have been the mechanism for passing on the wins of the strong and building in minimum floors. While unions today do not represent women adequately, their demise can mean nothing but decline for women, especially given the amplified role that the award system has conferred upon unions. Unions might have only 35% unionisation, but their influence reaches wherever the award system exists, which is to most workers. Without a meaningful union presence in Australia, women lose an important protection both in the workplace and beyond it.

Labor and the Coalition part company on the role and existence of unions. Coalition policy is explicit. Peter Reith and John Howard consistently position unions as 'unwarranted third parties', a form of 'outside interference', and as 'doorkeepers' (Reith's speeches on 22/3/95, 12/11/95, 26/10/95; Howard 8/1/96). They will ensure that unions do not have the right to comment upon workplace agreements and will not be parties to the Coalition's proposed 'Australian Workplace Agreements'; the Coalition will restore Sections 45 D & E of the Trade Practices Act which severely curtail the capacity for industrial action, and they will foster a fight between unions by abolishing the 'conveniently belong' rule (Reith's speech on 14/9/95:12; Howard 8/1/96)

All of this has negative implications for women - indeed for working people everywhere, but especially those who have less workplace power. Alongside this, the Coalition promise to gut existing unfair dismissal provisions which Peter Reith views as 'a disincentive to job creation, . . . a heavy burden on business, particularly on small business' (Hansard, 30 August 1995:822). He opposes them since they 'establish a charter of rights for employees' and, more recently, Howard has promised to 'immediately scrap' them on election (Speech 8/1/96). Given the relatively weaker bargaining power of women at the workplace, the 1994 amendments are a very significant advance for women<sup>10</sup>.

We do not know what the Coalition would change with respect to Commonwealth workers compensation or health and safety law, or how they would amend affirmative action and anti-discrimination law. All of these affect industrial life and are of particular significance to women. Changes in rights in all of these spheres are part of the industrial relations equation. Further, if a federal Coalition government undertakes even a small scale version of the social deconstruction which is underway in Victoria with respect to childcare, health, education and other community services, the quality of many women's lives, and that of their children, will be immeasurably damaged.

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And hardly an unfair ambush for employers given that employers won 43% of the small proportion of claims (13% of those lodged) which eventually went to court in 1994/5 (Pocock 1996).

## THE CHALLENGE: IMPROVING GENDER EQUITY

In sum, on all fronts there is no real choice for women. While Labor's current policies must be viewed with serious reservations on several grounds, they are a Mecca for women compared to the destructive demolition on offer from the Coalition. The Coalition promises women widening gender pay differentials, the loss of existing rates of various loadings (if not their current quantum) and more unsocial hours, less power in the workplace, and the possibility of individual bargaining on the back foot in the presence of high unemployment and without the help of a union. What is more they will change forever the terms of political protection in the workplace by severely restricting the voice of unionism. The best they can offer is an assurance not to roll back the 23 year old win on equal pay, and the bargain basement conditions which pass for parental and maternity leave in this country - conditions which remain inferior to those in many third world countries<sup>11</sup>.

On the other hand, Labor is not without challenges. Many women will find relatively little advance in some of the more recent, much vaunted, Labor achievements for women: for example, women who have long been forced to illicitly use their own sick leave to care for their sick dependants may not see that the now legal use of their own sick and bereavement leave for this purpose is a very significant advance (as delivered in the 1995 family leave decision). More tangible progress is called for: for example further progress on equal pay and against discrimination, greater advances in paid maternity and parental leave, further improvements in the pay and conditions of the low paid and peripheral worker, and many others.

The Labor perspective that 'this is as good as it gets', makes depressing reading for the many women who struggle for a voice at work, and whose lives are increasingly stressed by the pursuit of two incomes. A challenge exists for Labor and its allies to accelerate improvements in paid maternity and parental leave for Australian women, and to recommit themselves to a relatively centralised, well maintained award system as a central, proud plank of an egalitarian Australian industrial relations system. In women's interests, they should jettison the defensive posture of recent years. Labor can only gain by putting a limit on progress down the path of decentralisation and further differentiating itself from the Coalition.

However, while Labor's challenges are real they fall well short of those which face the Coalition, who must convince Australian women that this is not a pig's ear and that what the Coalition offers is something other than a return to 1972 - for many, without an award or a union.

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<sup>11</sup> For example women in the Philippines have long enjoyed access to two months paid leave when they have a child; they also have access to leave in the event of a miscarriage, and extra leave when they have a caesarian (Pocock, 1995).

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## **7. TOWARDS A NEW AUSTRALIAN MODEL: SOCIAL PROTECTION AND SOCIAL PARTICIPATION THROUGH MARKET WAGE AND SOCIAL WAGE**

*Bettina Cass*

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### **INTRODUCTION: LINKING THE MARKET WAGE AND THE SOCIAL WAGE**

In considering the relationship between market wage policies and income support policies, this paper asks a number of questions which are central to the contemporary political debate in Australia and similar English speaking countries:

What are the possibilities of incorporating a greater measure of social justice into the distribution of income and resources in Australia? How have Australian social policy debates been framed around the issues of market wage/social wage justice, given that policy developments in the 1980s have made it ineluctably clear that these two forms of resource distribution are inextricably linked? How might issues of tax/benefit redistribution through social security, community services and tax reform be linked to the industrial relations debate about a centralised, trade union and award protected wages system providing a 'safety net' base for enterprise agreements or individual contracts? And how might both of these questions be linked to debates about the future of work and the future of 'full employment' in an increasingly internationalising economy, which offers the seductive opportunity for official policy discourse and the discourse of economic liberalism to argue that labour market trends, employment and unemployment trends and wage distributions are less and less accessible to effective domestic state regulation and inevitably determined by global, competitive market imperatives, driven by the relatively free movement of capital (Mishra, 1995)? The final question concerns a gendering of these debates, which asks how sex/gender inequalities have been historically embedded in forms of income and resource distribution, and how these inequalities might be counteracted and redressed in new configurations of equitable market wage and social wage distributions?

### **CONTESTED BASES OF SOCIAL PROTECTION IN AUSTRALIA**

In Australia and other liberal and social democracies, various forms of social protection affect the distribution of social advantages and disadvantages, both among persons and through each person's lifecourse (Purdy, 1994). These forms of social protection, which intervene in the relations of markets and gender orders, are the products of political and

bureaucratic interests, contested debates around labour market and industrial relations issues, and the advocacy of various social movements (Esping-Andersen, 1990). They are also the products of women's claims to social citizenship both through market and non-market participation in families and households (Pateman, 1989; Cass, 1994; Borchorst, 1995). What have been construed as the purposes of social protection? What are the purposes of the many forms of state intervention in what would otherwise be the untrammelled workings of the market and the inequalities generated by the gender order?

I consider these three to be the most important: prevention and elimination of poverty; reduction of inequality; creation of social integration and solidarity through processes of social protection which are accepted as legitimate because they do not entrench dualities of 'giver' and 'receiver'. At the same time, it is also the business of social protection to construct investment policies, employment and labour market policies whose concern is the sustainable creation of high levels of employment and the reduction of unemployment. To define social protection as only involved in tax/benefit redistribution is to ignore the power of market processes and the market-driven distribution of income and wealth and the whole range of market/employment opportunities, as if these processes were inviolable and sacred, indeed driven by the 'hidden hand'. Therefore, as Karl Polanyi (1944) stated, not only are markets themselves politically constructed and therefore the product of many forms of politically-inspired regulation (or the relative absence of regulation), but the processes of social protection involve not only social security systems and revenue raising tax processes, but policies concerned with employment, unemployment, wage determination, housing, transport, health and education.

The Australian system of social protection was historically based upon five overarching planks of social policy, which since the consolidation of the welfare state in the mid 1940s until the mid 1970s in some cases, and until the mid 1980s in other cases, intervened in market-based and gender-based allocations of income and resources. These are:

- a centralised wage-fixation system which set minimum wage rates and through the award system established a floor of minimum wages and conditions, through the vehicles of negotiation and mediated contestation, in which employees were expected to be collectively represented by trade unions;
- historically low levels of unemployment (considered in the context of the whole span of the 20th Century), made possible by Australia's system of industry protection behind high tariff walls, by high growth rates, by the industrial dominance of the 'first world', and by the relatively low labour force participation rates of adult women (Aspromorgous and Smith, 1995);
- The entrenchment of a 'male-breadwinner/female dependant or female as secondary income earner model' in all aspects of public policy, social and political consciousness, including employment patterns, wage fixation, social security and in employment/family policies (Cass, 1994);

- a categorical and flat-rate, income-tested and at various times assets-tested system of social security, which redistributed essential resources to low income individuals and their families when labour market exclusion through old age, unemployment, sickness or disability made labour force participation difficult or impossible, or when the obligation to care for vulnerable and dependent family members (predominantly dependent children) militated strongly against employment;
- very high rates of private home ownership in the period from World war II (considered both historically and in comparative terms), which provided the major form of asset and savings for working and middle class households through the life-course, and which reduced substantially the experience of poverty for the aged.

It has become commonplace on both the right and the left of political thought to describe the relative demise of these five 'certainties' of social protection in tones of nostalgic mourning for a lost world of innocence, as if the distribution of resources which then prevailed had no attendant patterns of advantage/disadvantage and the last twenty years had seen only loss and ineluctable erosion of principles of equality. This is a totally misguided and dangerous premise on which to base reform options. In the first instance it must be emphasised that even in the period of 'full employment' before 1974-75, those individuals and families expected to be protected by the 'family wage', by the social security system and by the male breadwinner model of social protection were the groups most likely to be in poverty. These groups included large low income families, sole parent families, the aged, families with an unemployed, sick or disabled breadwinner, indigenous families and individuals and families excluded from home ownership because of labour market disadvantage or because they were women-headed (Commission of Inquiry into Poverty, 1975). Women-headed families were most likely to be disadvantaged, and indeed severely disadvantaged, as the direct result of a discriminatory labour market, a discriminatory wages system and a social security system predicated on a male breadwinner model.

Over the last two decades most welfare states, including Australia, have been shaken by four bouts of declining economic growth, rising unemployment and particularly long-term unemployment, labour market de-regulation framed within the discourse of flexibility in a globalising or internationalising economy, advancing or threatened commodification of health, human services and basic amenities, compared with earlier post-war developments, as well as threats to the equalising trajectory of social policies, with concomitant threats to social cohesion (Purdy, 1994). Neo-liberal and neo-conservative critiques and partial or fundamental dismantlings of post-war systems of social protection have gained ground, particularly in the Anglophone countries, including UK, USA and New Zealand (Mishra, 1990; Mitchell, 1992). Like most other countries of the OECD region, Australia saw an increase in both market income inequality and disposable income inequality (post tax/post transfer income) from the mid 1970s, but this increase was considerably less than in other similar English-speaking countries because of the wage protections for low wage earners embedded in the centralised award and industrial relations system and the pay equity regulations which reduced the male/female wages gap; and because of the more effective redistributive tax/benefit system. Nevertheless,

market trends tending towards increased inequality ran counter to the more equitable social policy trends (Whiteford, 1995).

In Australia, the interaction of market trends (employment and unemployment rates and changes in the nature and conditions of employment) and partial labour market and industrial relations deregulation, on the one hand, with tax/benefit policy reforms and other social wage measures on the other hand, can be characterised as a set of economic and social policy vectors moving along contradictory pathways. Labour market and market income trends have resulted in greater levels of inequality and social exclusion; while social policies, particularly through some aspects of income support and community services, have produced countervailing, but not sufficiently countervailing or equalising measures of redress (Whiteford, 1994; Harding and Mitchell, 1992; Harding, 1995; Cass and Freeland, 1994; Landt, Percival, Schofield and Wilson, 1995).

What are the key ideological and political debates which have framed these contradictory vectors? The Hawke/Keating Labor Governments' economic and social policies were developed predominantly within the context of the Prices and Incomes Accord with the trade unions, introducing for the first time in Australia's welfare history attempts to integrate wages, taxation and income support policies. By 1988, the initial policy priority of economic and employment growth had been sacrificed to the control of inflation and foreign debt through the reduction of social investment and the imposition of a sustained high interest rate regime, and prior to that from 1986 tight fiscal policy had been imposed, designed to reduce the budget deficit. Within the context of the ensuing deep recession of 1990-93, a 'battle of the plans' between the Labor Government (*One Nation* [Keating, 1992]) and the Liberal/National Parties (*Fightback!* and *Jobsback* [Liberal and National Parties, 1991]) emerged. These plans proposed alternative futures for the Australian welfare state through substantially different market/state configurations: an extension of Australia's unique model of laborist corporatism on the one hand, and a redirection of Australian public policies towards a privatised market-driven agenda similar to the neo-liberal policies of UK, USA and New Zealand. These polarised issues remain central to the current political agenda.

Highly contested debates continue to be focused on four major issues of social protection. The first concerns the retention of forms of centralised wage regulation through national industrial relations legislation, the Australian Industrial Relations Commission and the award system, which provide a strong 'safety net' of protective standards for all employees, particularly the least industrially powerful in a period of increased enterprise bargaining (Evatt Foundation, 1995; Australian Catholic Social Welfare Commission, 1995); countered by advocacy for more thorough de-regulation of the wages system through enterprise bargaining (Sloan, 1993; 1994). The second concern is that levels of public investment in labour market programs, employment growth and infrastructure development must be sufficient to increase employment and reduce unemployment in a substantial and sustainable way, rather than being no more than an intermittent and partial response to recession, rapidly reduced or withdrawn at the outset of economic recovery (McClelland, 1994; Gill, 1995; Aspromorgous and Smith, 1995). The third matter concerns the future role of social security in providing an adequate basic income in a

substantially changed, increasingly deregulated labour market, where the expectation of the gendered distribution of paid and unpaid work (traditionally a 'male breadwinner' model of full-year, full-time employment for male workers and interrupted, casual and part-time employment for women with children) is the subject of strong revision (Freeland, 1993; Cass and Cappo, 1995; Perry, 1994; 1995). The fourth matter concerns the debate about the advantages and disadvantages of reinforcing the 'targeting' of welfare in a climate where fiscal imperatives and budget deficit reduction are given primacy in the policy debate, as if the question could be settled as an issue of redistribution within a zero sum revenue 'game', without reference to other inter-related public policy issues: the expansion of revenue by the reduction of unemployment and the broadening and strengthening of the tax base (Whiteford, 1994).

From the inception of the social security system at the turn of the century and from its consolidation in 1945, Australia has developed an almost entirely needs-based and therefore targeted system of social security whose predominant objective has been the 'alleviation of poverty'. Australia's income support system has been and remains, (with one major exception, namely occupational superannuation), a flat rate, income tested and in some periods assets tested, social assistance system whose financing is derived not from ear-marked social insurance contribution but from general tax revenue, and has therefore entrenched a principle of 'redistribution' and not the principle of 'contribution' characteristic of social security systems in continental Europe and the United Kingdom.

The corollary of eschewing a contributory system for raising social security revenue was the introduction of a system based on the principle of 'need', rather than the principle of 'rights attached to contributions'. Social insurance systems usually construct the categories of 'citizen worker' and 'citizen contributor through market participation', a system which is predicated on a male breadwinner model of social and economic contribution and which therefore tends to privilege masculine and market-centred conceptions of social security rights (Lewis, 1992). In comparison, the Australian social assistance system from the outset gave equal entitlement to women in their own right, without requiring a history of labour force participation to qualify (although the construction of the married couple as the unit of means-testing and payment incorporated, in another way, a male breadwinner conception) (Shaver, 1992; Perry, 1994). Paradoxically, a system of income support based on the principle of 'need' did not incorporate the language of 'rights', and therefore did not concern itself with the inclusion which the discourse of rights involves. In other ways it went further than social insurance systems in basing entitlement on need regardless of prior labour force history, and therefore did not construct as partial and discriminatory a concept of citizenship as did those models requiring a workforce-based contributory history.

From 1983 the period of the Hawke/Keating Labor Governments has been described as moving ineluctably towards increased reliance on needs-based targeting with the abandonment of any rights based systems of allocation in the transfer system. This has been justified as a means to construct a more equitable social security system, particularly for low income families and private renters in a period of marked expenditure restraint. The argument is put that increased emphasis on vertical equity and the poverty alleviation

objective of the social security system is a policy imperative in an economic climate concerned with restraint on social expenditure. If this priority were not adopted, it has been argued, then the chance for improving the adequacy of payments for low income individuals and families would have been seriously diminished. These developments have strengthened the dichotomy between universal rights to social protection on the one hand and adequate redistribution to low income households on the other, a dichotomy which has become part of the orthodoxy of social protection discourse and practice.

This has led to considerable debate about the relative merits of needs and rights based systems in alleviating poverty, reducing inequality and creating social integration (Mitchell, Harding and Gruen, 1994; Saunders, 1994; Harding and Mitchell, 1992; Whiteford, 1994). It has been argued by Saunders that policies giving priority to poverty alleviation in order to further the principle of 'equity with restraint', without an accompanying emphasis on the reduction of inequality, the provision of more adequate payments and the promotion of social cohesion, have been insufficiently effective in reducing poverty and have helped to sustain social divisions between the poor (who are seen as dependent on social security support) and those who finance this support through taxation.

A survey of tax/benefit measures introduced in the period 1986-95 indicates that while there was strong political emphasis on targeting to achieve equity in a period of fiscal restraint, the targeting measures were largely savings measures, most of them harsh; they were accompanied by a number of income-test liberalisations which were designed to reduce employment disincentives; and by the introduction of considerable increases in rates of family payments and rent assistance; indexation of almost all payments and income/assets test thresholds provided more structural protection; and there was a much greater trend towards gender equality in the eligibility criteria for payments and the way in which they are paid (Cass and Cappo, 1995).

Turning to the other side of the social protection 'coin', the tax changes over the period from 1983, while introducing a greater measure of equity in the shouldering of the tax burden through base-broadening (Harding, 1995), nevertheless were not based on the goal of raising additional revenue for social wage redistribution, indeed the predominant economic policy rhetoric was concerned with cuts in personal and corporate income tax rates, as a matter of business incentives and increasing household disposable incomes. The introduction of the tax base-broadening measures was justified, appropriately, as rectifying glaring inequities in the tax system, where various forms of income had either not been taxed at all, or were subject to very light tax treatment - and these were forms of income most likely to be received by high income recipients. These 'social wage' and tax measures constitute a mixed and in some cases contradictory set of tax/benefit trends, whose effects on income distribution and poverty alleviation will be discussed below.

## **TRENDS IN THE DISTRIBUTION OF INCOMES IN AUSTRALIA**

What changes have occurred in the distribution of market incomes in Australia since the mid 1970s and to what extent have the tax/benefit system and other aspects of the social

wage outlined above been effective in influencing a more equal distribution of disposable income? The research indicates that inequality in private incomes increased whether income is measured pre- or post tax. Choice of data, methodology, unit of analysis or equivalence scale does not alter this conclusion to any significant degree (EPAC, 1995). Using Australian Bureau of Statistics (ABS) data, families as the unit of analysis, money income after tax and transfers as the measure of income, and the Henderson Equivalence Scale, Saunders found increasing inequality mitigated by tax/transfer measures (Saunders, 1994). Using ABS statistics and microsimulation analysis, households as the unit of analysis, cash income, non cash income and the social wage as the measures of income, and the OECD equivalence scale, Raskall, McHutchinson and Urquhart (1994) found that private income inequality increased between 1981-82 and 1989-1990, but this was mitigated by the impact of the social wage and base broadening changes in the tax system. Using ABS and microsimulation analysis, families as the unit of analysis, disposable income, equivalent disposable income and life-time income as the measures of income, and the Henderson Equivalence Scale, the National Centre for Social and Economic Modelling (NATSEM) found that there was increasing inequality of market incomes in the 1980s, mitigated to some extent by a more progressive tax/transfer system. Also, this analysis found less inequality of life-time incomes than at a single point of time (NATSEM, 1994; Harding, 1995).

The increase in inequality derived from market incomes is attributed to a range of trends, including increased dispersion of earnings from market activity resulting from higher rates of unemployment mainly affecting workers in low skilled jobs and putting downward pressure on wages; technological changes in the work place with the demand for a more highly educated and skilled workforce which has increased the earnings differential between highly skilled workers and those considered less skilled whose employment has become more precarious (EPAC, 1995). In a number of similar industrial countries there is evidence of a growing number of the 'working poor', predominantly due to the impact of high levels of unemployment over the 1980s with downward pressure on earnings, in a climate of labour market deregulation, accompanied by reduction of safeguards on low wages through dilution or removal of minimum wage regulations. In Australia, the effect of award wages and minimum wage arrangements through centralised wage fixation and more recently the Commonwealth *Industrial Relations Reform Act* have set a floor for wages for most workers. But there are well founded fears that the spread of more individualised and contractual forms of wage bargaining, particularly in those States whose industrial relations legislation has effectively removed centralised award protections (Victoria and Western Australia), will exacerbate the dispersion of market incomes (Evatt Foundation, 1995).

Comparative OECD data analysed by Whiteford (1995) indicate that while market wage inequality for men and women increased over the 1980s in most of the OECD countries studied (including USA, Canada, UK, Japan, Austria, Netherlands, Sweden and Australia), the increase in inequality was relatively low in Australia, and the Australian market wage distribution over the period 1975-1991 remained considerably more equal than in USA, Canada and UK. Whiteford concludes that despite the increased market wage inequality of the 1980s, Australia had a relatively compressed earnings distribution compared with

the major English speaking countries. Further, in 1990 the ratio of female to male wage rates was significantly more equal in Australia than in most other OECD countries, particularly USA and UK. There are increasingly strong concerns expressed however that moves to a less centralised wage bargaining system through enterprise agreements may not only result in lower wages for employees with the least market power, but also to a reversal of gains made in closing the gender gap in wage rates (ACSWC 1995; Evatt Foundation, 1995).

The reasons for the mitigating effects of social policy measures on the increased inequality of the income distribution include: the greater efficiency and effectiveness of the benefits system in redistributing increased levels of income to low income families following the social security changes outlined above (Harding and Mitchell, 1992; Whiteford, 1994); the slight increase in the equity of the tax system produced by base-broadening (Harding, 1995); the imputed income effects of redistributive social wage measures like health and housing services (Landt et al. 1995). In addition, the increased labour force participation rate of women has reduced the inequality of family incomes, thereby indicating the importance of social wage measures like childcare in enabling women's increased levels of employment to be sustained (Mitchell and Dowrick, 1994).

These research findings reflect a deep contradiction between, on the one hand, some market processes which have tended to increase inequality, the exception being women's increased employment, and on the other hand, the more equalising trajectories of social protection. They also bring into sharp focus the key role of government policy in mitigating untrammelled market processes, and bringing greater equity into the gender order, through child care support for women's employment and the wage equity policies of 1972-75, which have increased the remuneration for women's paid work (Mitchell and Dowrick, 1994). Again, they indicate that while the Australian system of social transfers, tax, health and community services was strengthened in its redistributive role, increased inequality in the distribution of market incomes impeded the potentially more equalising trend of social protection measures.

### **THREE ELEMENTS IN CONSIDERING THE LINKAGES BETWEEN MARKET WAGE AND SOCIAL WAGE POLICIES**

In this section of the paper I will outline three interconnected debates in economic and social policies which are central to the future of social protection for low wage workers and income support recipients. These are: the reduction of unemployment and long-term unemployment; the development of a more comprehensive and adequate system of income support based on a considerably expanded definition of social and economic participation; and a strengthening of the collective and legislatively protected base of wage fixation, so that enterprise agreements can proceed without the slide to a low-wage labour market for peripheralised workers and without the erosion of conditions central to living a human and sociable life.

There a number of voices insisting that Australia's economic and social well-being, reduction of inequality and promotion of social cohesion depend on restoring full employment and on full employment being accompanied by an equitable distribution of employment opportunities and rewards (Aspromorgous and Smith, 1995). The key challenge is the sustained and sustainable reduction of unemployment and long-term unemployment through medium to long-term policies which embed in public policies the expectation that sustained employment growth, reduced unemployment and improving and maintaining the employment chances of long-term unemployed people is a political imperative (Employment and Skills Formation Council, 1994).

Such a sustained strategy requires a threefold and interconnected approach: firstly, longer-term employment creation, as outlined in the Report prepared by the Taskforce on Regional Development, *Developing Australia: A regional Perspective* (1993), which calls for a wide-ranging program of infrastructure development and regional development; secondly, significantly increased investment in and restructuring of labour market programs, to ensure both the equitable distribution of job opportunities in the context of economic growth and a more efficient labour market, as proposed in the Commonwealth Government's White Paper, *Working Nation* (1994). Thirdly, such a labour market would need to be characterised by high skill levels, less precarious jobs, and by employees and potential employees who are not excluded from the social and economic benefits of secure and adequately rewarded employment for unacceptably long or recurring periods of their lives, with all that this entails for the wastage of human, social and economic resources. The Report of the Committee on Employment Opportunities, *Restoring Full Employment* (1993), drew attention to the fact that without active assistance, disadvantaged job seekers failed to share in the employment growth of the 1984-89 economic recovery, and this Green Paper argued for a significant expansion in labour market program assistance to long-term unemployed people. In so arguing however, the Green Paper noted that labour market programs should not only facilitate job search, job placement and improve the skill levels of unemployed, and especially long-term unemployed people, but should facilitate their movement from marginal employment to regular and sustained employment with adequate remuneration, training opportunities and employment benefits, traditionally associated with the mainstream of the labour market (Freeland, 1995).

Quality labour market programs which are effective and equitable, as identified in the OECD analysis of labour market programs (OECD, 1993), cannot be provided as a cheap option, or as initiatives which will be short-term and subject to reduced investment or abandonment as the average rate of unemployment falls. What is required by the Commonwealth Government is a long-term budgetary commitment to the reduction of unemployment, long-term unemployment and to the public and private sector investments essential for macro-economic employment growth. This will involve fiscal policy which demands as much attention to the raising of sufficient revenue through the tax system as it does to promoting efficient and equitable expenditure; a national savings strategy with implications for the better regulated investment of superannuation, particularly in infrastructure and in job-generating industries; housing, urban and regional development policies; industry and trade policies (Aspromourgos, 1995). Placing labour market policy

reform in a comprehensive perspective of this nature would enable Australia to move from a short-term, reactive policy response to high levels of unemployment and long-term unemployment to embrace a preventative perspective, one which maintains a high level of aggregate demand for jobs (Gill, 1995).

Turning now to incomes policy, one of the social democratic visions proposed in Europe to counter the economic and social policies of economic liberalism is to revitalise the social rights of citizenship through the idea of *Citizens' Income*, which takes various forms according to its various advocates, but is reasonably characterised as a universal transfer payment or minimum income guarantee, made to all citizens, not on the basis of current or previous income, workforce history or willingness to undertake paid work, or demonstration of incapacity for employment, but based only on the criterion of citizenship (Van Parijs, 1992; Purdy, 1994). (The emergent debate in Australia is well analysed by Perry [1995]). In attempting to outline the moral/ethical underpinning of such a radical reform in the context of European social transfer systems, and to build alliances of support for such a social policy transformation, David Purdy (1994) asks three questions of a Citizens' Income guarantee: Is Basic Income morally justifiable? Would it be economically viable? Would it be politically feasible? Purdy argues that these three questions are fundamentally inter-related, and that the debate about a basic or citizens' income requires the support of broad social and political alliances. Having examined these questions in the European context, Purdy concluded that supporters of a 'basic income' must engage with current pressing welfare state problems within the mainstream of welfare state politics, rather than allowing the 'basic income' debate to be marginalised as no more than an exercise in visionary thinking without current policy underpinning or bearings.

In order to engage with the debate in the Australian context, I begin with a redefinition of 'work' as 'human activity that generates fulfilment and serves a social purpose, involving socially useful participation which contributes substantially to public and private welfare'. This definition is analogous to that elaborated by Tony Atkinson in his cogent advocacy for a guaranteed minimum income for Britain, which he conceptualises as *participation income* (Atkinson, 1993). Participation is defined as involvement in a range of social and economic spheres: participation in paid work, both full and part-time; being unemployed and looking for work; participation in education or training; *and* involvement in unpaid, non-market caring work in family, household, extended kin network; and participation in a range of community projects.

Atkinson provides a strong rationale for the introduction of an integrated social security payment for people of working age, to be called *Participation Income*. The conditions for receipt of this payment would be based not only on relationship to paid work, but a wider definition of *social contribution and participation*. The crux of the debate centres on the apparently competing objectives of establishing a universal and flat rate basic income, on the one hand, based unconditionally on the criterion of citizenship rights, or, on the other hand, ensuring adequacy for those categories of citizens whose social citizenship would otherwise be denied by their poverty and labour market marginality or by their responsibility to care for dependent children, relatives or close friends. There is an apparent dichotomy between a *universal payment* which does not meet adequately the

needs of low wage earners and those with no market earnings, and a system of income guarantees which ensures that no individuals or family groups fall below a socially acceptable minimum. This dichotomy can be dissolved by ensuring the appropriate mix of basic income as of right and additional income based on the criterion of need, where the objective is to ensure that market income and social wage combinations provide adequate social protection and the basis for participatory citizenship. If this is not done, then it is highly likely that the debate about basic income or citizen's income will pay insufficient attention to the objective of adequacy, and with that pay insufficient attention to the very basis of ensuring citizenship for those whose market-induced disadvantages would otherwise remain without redress. This would seem to undermine the very reason for introducing a citizen's income. It is the principle of *adequacy* which demands urgent attention in the short and medium term, and adequacy of income derived from combinations of market earnings and social transfer payments in a much more integrated and unproblematic way than is now the case.

These are some criteria of social participation, as a reasonably comprehensive but not exhaustive starting point:

- unemployment and availability for paid work (either full-time or part-time);
- part-time employment, as an employee or in self employment, which does not provide an adequate income and where the person is seeking unsuccessfully to work more hours, or is unable to be employed full-time because of family responsibilities;
- low market wages, in particular for single people, who do not have under current conditions similar income support 'safety net entitlements' as those which apply to low income families;
- caring full-time or part-time for dependent children or elderly, sick or disabled family members or friends;
- participation in various forms of community work;
- participation in education and training;
- for people with a disability, social participation must be understood on the basis of individual capacities and opportunities to take part in various forms of education, training, employment, family, friendship and community life, taking fully into account the additional support required to enable various forms of participation to occur.

Such an integrated payment, based to a considerably greater extent on the individual rather than the couple as the unit of assessment (extending the reforms to social security outlined in the 1994 White Paper), would be predicated on the clear societal acceptance that these recognised forms of social participation and contribution to the economic and social good of the community will constitute legitimate bases for support.

The essential features would be:

- that the basic rate of payment be at levels of acknowledged adequacy, bringing allowances for single people to parity with pension rates, and not assume that young people or the single unemployed have lesser costs and lesser needs than other recipients of income support;
- that the introduction of such a payment be accompanied by liberalisation of income tests which apply to unemployed people and which enable them to benefit from increased part-time employment, in a labour market characterised increasingly by such forms of employment;
- that there be an income test structure which continues to move substantially towards the disaggregation of the couple as the unit for income-testing, so as to allow for increased levels of part-time employment by both partners; and to extend eligibility for carers' payments, parenting allowance and unemployment income support to the partner of a low income earner;
- that the gaps and anomalies in all carers payments be identified and the model of sole parents pension be adopted for carers payments, so that carers of the elderly and of people with a disability are enabled to take part-time employment while receiving income support for their work of care, rather than being compelled to undertake virtually full-time caring to the exclusion of all employment in order to qualify for income support. Also, voluntary arrangements which support entry into education, training and employment through labour market programs (similar to the JET Program for sole parents) need to be available and accessible to unemployed and jobless women in couple families and to carers;
- that additional strengthening of the system of children's payments and family income support be incorporated into the participation income structure, paying close attention to enhanced redistribution to low income families and to families caring for young children.

The overarching objectives of a 'participation income' of this nature would be to: recognise and support adequately life-course periods when labour force participation is rendered impossible by market failure (unemployment), illness and disability and old age; recognise and support non-market forms of caring work carried out in family, household and community; support the transitions into market work from education, unemployment and caring work and the transitions out of full-time market work; support combinations of market work and caring work likely to be undertaken not only by parents but also by people with the responsibility to care for elderly and disabled relatives and partners; support full-time education and training and the combinations of education and training with market work increasingly likely to be undertaken through the life course; provide a social wage 'floor' in a de-regulated and potentially casualising labour market. A 'Participation Income' of this type is concerned with incorporating many forms of contemporary and emerging social participation into the system of social protection.

Posing the objectives in this way indicates the dangers of a 'Participation Income': the possibility that the tax/benefit system is used increasingly to support and legitimate both continuing rates of unemployment and a low wage regime; where responsibility for ensuring a basic and adequate minimum shifts away from the system of primary distribution of the market wage, away from the industrial relations system, from the employer/employee relationship, bastioned and protected by trade union surveillance and collective bargaining and by the centralised institutions of legislation and Industrial Relations Commissions, to the system of tax/benefit redistribution. How can this quite unacceptable outcome be avoided?

## CONCLUSIONS

Firstly, the means for financing such a comprehensive 'participation income' must be addressed: through economic policy, industry policy, labour market policy and tax policy. As a necessary corollary to such a thorough-going transformation of income support policy, there must be consistent and strong linkages with increased public sector investment and incentives to private sector investment in physical and social infrastructure and this done on a regional basis; a regionally-based industry policy; accompanied by sufficient investment in employment, education and training programs designed to expand the job chances of unemployed and jobless people. Such investment in industry policy, physical and social infrastructure, education and training are the necessary counterparts to a transformed system of social protection: the several arms of policy must be developed in partnership.

In order to finance a more comprehensive and adequate system of social protection which is better articulated with changed labour market conditions, and which better supports caring work, debate must be focused on the tax system and its capacity to raise sufficient revenue to support such wide-ranging reform. If Australians have the political and community will to forge a system of social protection based on the principle of 'solidarity' between those in the labour force (employees and employers) and those excluded from it by unemployment, joblessness, participation in education and training, ill health, disability, old age and the responsibility to care for dependent and vulnerable family members, then discussion must turn to tax reform, predicated on the imperative to increase revenue.

Secondly, if a 'participation income' approach to the reform of income support is not to run the risk of permitting or legitimating wages to be driven down at the lower end of the wage distribution, it is essential that strong industrial relations legislation, the retention of collectively bargained and union protected awards provide an adequate minimum wage 'safety net'. Also essential to ensure good living standards, where family and other needs for sociability are recognised, is the strengthening rather than the eroding of leave arrangements, including recreation and sick leave, leave for family purposes, maternity and parental leave, the appropriate recognition of the human and social costs of working outside of standard hours, and the movement to reduced rather than longer working hours, bastioned by trade union strength and surveillance (George, 1993).

These conclusions clarify the basic premise of this paper: that constructing a more equal incomes policy will require a consistent and strong public and private sector investment in labour market programs and regionally-based infrastructure development to maintain high levels of employment growth and low levels of unemployment; a redistributive tax and social security system which provide an adequate basic income; social security/industrial relations policies which support the non-market work of care and recognise the family responsibilities of all employees, women and men; legislative safeguards which continue to regulate the wages system, protect and raise the earnings of the least powerful employees, and continue to close the gap in male/female earnings.

The choices facing Australian democracy are polarised on the one hand between a new social democratic model derived and developed from Australian conditions and the aspirations of the key social movements; or, on the other hand, neo-liberal models, inspired by USA and UK, where radical decentralisation of wages determination, reduction of wage protections for the least powerful employees, and associated increased residualisation of the income support 'safety net' have resulted in a considerably greater levels of income inequality than in Australia over the 1980s. This polarity represents the ideological boundaries within which Australian public policies will be contested in the latter part of the 1990s. How might the equalising trajectories of social policy be relieved of the increasingly heavy burden of counteracting and attempting to redress increased inequalities of income, other resources, life chances and satisfactions which restructuring and de-regulated markets produce? *Only through political commitments which pay sufficient attention to incorporating principles of equity and justice into economic policy, which includes in particular the regulation of the wages system, as well as into social policy.*

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## **8. INDIVIDUAL CONTRACTS: WHAT DO THEY MEAN FOR AUSTRALIA?**

*Jonathan Hamberger*

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### **INTRODUCTION**

The debate about industrial relations in Australia in recent years has largely been about the extent to which Australia should embrace enterprise bargaining, whether the existing award system should be retained, and if so, what the relationship should be between awards and enterprise agreements. However, the recent dispute concerning individual contracts at CRA's Weipa operations has shifted the debate on to some fundamental issues that go to the very heart of industrial relations; in particular, whether our system for determining conditions of employment should be based on collective, representative processes or whether the system should place greater emphasis on the relationship between the individual employee and employer.

Australia already has a system which involves elements both of collective bargaining and individual employment contracts, as well as compulsory arbitration. All employees have a contract of employment with their employer. However, for the majority of employees, the pay and conditions contained in that contract are determined largely by awards, often supplemented by a collectively negotiated enterprise agreement.

This paper considers some of the implications of a possible shift in the balance between collective and individual regulation that could arise, for example as a result of changes to federal industrial relations legislation designed to facilitate individual contracts.

### **COLLECTIVE BARGAINING**

Traditionally, collective bargaining is defined as taking place where an employer, a group of employers or an employer association determines the wages and conditions of employment to apply to a given group of employees by negotiation with a union or unions representing those employees. It is generally an integral part of the process that the employer employs new employees under the terms of the collective agreement.

Collective bargaining appeared at the early stages of the industrial revolution, and met with varying degrees of resistance from employers. However, by the mid 20th century, it

was accepted by most Western governments as the preferred model for determining wages and conditions.<sup>1</sup>

The Australian industrial relations system has been unusual in the extent to which it has relied on compulsory arbitration, rather than collective bargaining, though in fact collective bargaining has always played an important role, both in negotiating awards and in determining overaward pay and conditions. Moreover, compulsory arbitration has been based on collective forms of representation.

The last decade has seen a shift away from arbitration, with terms and conditions of employment increasingly being determined by enterprise level negotiations.

In the 1980s, critics of the system generally stressed the need to move towards an enterprise focus. As support for enterprise bargaining grew, the main arguments became about how untrammelled the enterprise focus should be - for example, to what extent agreements should be subject to scrutiny by the Industrial Relations Commission.

However, in recent years, more attention has been placed on who the bargaining should actually be between. The traditional understanding of collective bargaining is that it, by definition, means bargaining with unions. However, as the industrial relations system has increasingly embraced an enterprise focus, it has become harder to ignore the fact that many enterprises - at least in the private sector - are non unionised.

The Federal Labor Government gave some recognition to this fact when it introduced provision for Enterprise Flexibility Agreements (EFAs) to be reached directly with employees, as part of the *Industrial Relations Reform Act, 1993*.

EFAs are essentially a modified form of collective bargaining. There is still considerable scope for union involvement. Moreover, EFAs must be approved by a majority of employees, and must cover all the (federal award) employees at the enterprise.

By contrast, there is a growing interest on the part of some employers in moving away from collective bargaining altogether, and embracing a system where employees' pay and conditions are settled by individual contracts of employment.

The 'traditional view' is that most employees lack sufficient bargaining power genuinely to negotiate individual contracts.

The Webbs in their classic *Industrial Democracy*<sup>2</sup> regarded collective as opposed to individual bargaining as a means of preventing management from taking advantage of competition between workers eager for a job to drive down the price of labour. This view of individual bargaining is still common amongst industrial relations academics today:

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<sup>1</sup> E. Cordova 'Collective Bargaining' in R. Blanpain (ed) *Comparative Labour Law and Industrial Relations in Industrialised Market Economies*, Deventer: Kluwer, 1990

<sup>2</sup> Webb, S. and Webb, B. *Industrial Democracy*, 1897

As a popular and highly regarded labour law text book puts it:

'The realities of the capitalist mode of production are such that very few workers are in a position to 'agree' terms of employment with an employer on anything like an equal footing. Indeed the only element of 'agreement' to be found in most employment contracts, is the initial decision to enter into the relationship of employer and employee. The corollary of the power imbalance is that the employer is in a position unilaterally to determine the content of most employment relationships. It was in response to this reality that workers first sought to establish trade unions which could represent their interests in negotiations with employers, and through the exercise (actual or potential) of collective strength, to strike a more equitable bargain on their behalf.'<sup>3</sup>

Thus collective bargaining recognises the conflict of interest between employers and employees, and provides a means to enable employees to bargain in an equitable way with their employer.

However, collective bargaining can also be seen as having benefits for employers as well as employees. Especially in large organisations collective bargaining can be seen as conducive to greater 'industrial stability'. To quote the UK academic Alan Fox,

'[Collective bargaining] has come to be seen by many as a valuable and even indispensable mechanism for negotiating and preserving order over the large aggregates of employees and complex occupational structures increasingly characteristic of industrial society'<sup>4</sup>

On this view, collective bargaining not only reflects the conflict of interest between employer and employee, but helps regulate it in an orderly fashion. In particular, collective bargaining, by giving employees a say through their representatives in decisions of importance to them, increases their willingness to comply with the rules governing the workplace.

Collective bargaining can also be seen to benefit management by providing a 'collective voice'. Arguably employees will be loath to tell management of their concerns about the workplace as individuals, because of fear of victimisation - but if management doesn't hear these concerns and has no chance to respond to them, there is a risk that employees will simply leave and that there will generally be poor employee commitment. This can lead to lower productivity and higher costs.<sup>5</sup>

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<sup>3</sup> B. Creighton, W. J. Ford, R. J. Mitchell *Labour Law*, Sydney Law Book Company, 1983

<sup>4</sup> A. Fox *Man Mismanagement*, London: Hutchinson, 1974

<sup>5</sup> R. Freeman and J. Medoff *What Do Unions Do?*, New York: Basic Books, 1984

## THE RATIONALE FOR INDIVIDUAL CONTRACTS

Given the alleged benefits of collective bargaining for employers, why does there appear to be growing support for individual contracts?

The push for individual contracts can be seen as part of a broader agenda of achieving greater labour market flexibility, in response to growing competition in both domestic and international product markets. According to Paul Barratt, the Executive Director of the Business Council of Australia:

'In a rapidly changing world, enterprises must be enabled to respond quickly to changing circumstances, without the intervention of outside parties.'<sup>6</sup>

According to this perspective, the aim is not to reduce wages:

'It cannot be emphasised too strongly that wage rates are not the main issue - the main issues are the efficient utilisation of plant and equipment, the efficient organisation of work, the enhancement of management and shopfloor skills, and the development of a focus on the needs of customers, relating to price, quality, delivery and service. These can only be achieved in a climate in which employers and employees have a genuine sense of common purpose, and in which employees feel motivated to give of their best, including the ideas which only they can produce regarding how improvements can be made.

Barratt goes on

'The key requirement for common purpose to be established is for all of the terms and conditions of employment to be settled directly between the parties...'<sup>7</sup>

According to this view, traditional collective bargaining is rejected as reflecting an adversarial 'them and us' view of the world at odds with the principles of co-operation and 'common purpose'.

This approach to reform sees changing the way pay and conditions are determined as leading to a more fundamental change in the relationship between management and employees. Thus, it is not necessarily the explicit content of the individual contract that is most important, but that there has been mutual agreement to set aside a role for third parties and deal directly with each other. This it is claimed will lead to a greater sense of 'common purpose', greater flexibility and a higher level of employee commitment to the goals of the organisation.

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<sup>6</sup> P. Barratt, Executive Director, Business Council of Australia, *Weekend Australian* 7-8 January 1995

<sup>7</sup> P. Barratt *op cit.*

So for example, those advocating individual contracts as opposed to collective bargaining see the former as more likely to encourage employees to contribute to improvements in work practices. To quote CRA's counsel in the Weipa hearings:

' . . . the employee ceases to be in a work environment in which improvements in work have a tradeable value in the collective context and are therefore to be hoarded up and sold in the collective negotiations...In a staff relationship . . . the inbuilt constraints on the free flow of work improvements are removed because each individual knows that he or she will be subjectively judged on his or her work performance . . . We know that that form of employment is more productive for the company and therefore more cost effective, more enjoyable for employees, and enables the company to grow, to be more internationally competitive, and to make a greater contribution to the Australian economy.'<sup>8</sup>

Firms such as CRA see individual contracts, which involve a direct relationship with their employees, as an integral component of what can be termed a 'high trust' strategy.

This philosophy is firmly based on the notion that the interests of employers and employees have more in common than separate them. It sees collective bargaining as unnecessarily adversarial - *creating* unnecessary conflict between workers and their employers, rather than as simply *expressing* and *regulating* that conflict.

This 'high trust' strategy is consistent with an approach based on total quality management (TQM), which places a great emphasis on tapping the creativity and commitment of the work force, to ensure that products and services consistently meet or exceed customer expectations. TQM and related human resource management (HRM) strategies tend to emphasise giving workers much greater responsibility and discretion, with less supervision, flatter hierarchies and the greater use of self managing teams.

It is generally accepted that 'the greater degree of discretion extended to a person in his work, the more he feels that the relevant rules and arrangements embody a high degree of trust.'<sup>9</sup>

If modern human resource management really involves giving workers more discretion, then the pursuit of 'high trust' relationships, with a stronger sense of 'common purpose' should be attainable. At CRA it appears that the policy of putting all employees on to staff contracts is closely linked to a substantial reduction in the number of organisational layers.<sup>10</sup> The intention is to devolve more responsibility to workers down the hierarchical chain, to ensure that every job adds value, to improve information flow, and to create a more efficient and rewarding work environment. Breaking down 'artificial barriers' between

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<sup>8</sup> J. Giudice Transcript C No 20166 of 1994 p.92 20 November 1995

<sup>9</sup> A. Fox *op cit.*

<sup>10</sup> D. James 'The Intellectual Muscle Behind CRA's Management Style', *Business Review Weekly*, 9 October 1995

management and blue-collar workers is seen as a necessary part of this management philosophy. In principle, this should help engender a greater degree of trust between management and employees.

There appear to be two broad types of employers who are most likely to be interested in individual contracts. The first is made up of larger companies pursuing a deliberate strategy to reduce the role of third parties, as part of an overall HRM philosophy. In practice, it would probably only be a minority of larger firms that would pursue such a strategy. For example, a survey conducted in mid 1992 of Chief Executive officers of BCA members <sup>11</sup> found that only 25% agreed with the proposition: 'Truly achieving world class productivity in my company requires individual employment contracts', whereas 42% disagreed.

The second category is made up of companies that are already non-unionised. Most of these businesses would be small or medium sized, and are likely to prefer individual contracts over non union collective bargaining as represented, for example, by Enterprise Flexibility Agreements. It is worth noting that a 1994 Small Business Index survey conducted by Yellow Pages, Australia <sup>12</sup> indicated that 48 per cent of small business proprietors preferred individual contracts over both awards and enterprise agreements.

## INDIVIDUAL CONTRACTS IN PRACTICE

The following features would be typical of individual contracts offered by a firm in the HRM category:

- no distinction is made between blue and white collar workers (that is, 'single status');
- annualised hours (that is, no additional payment for overtime);
- greater managerial discretion over conditions such as sick leave;
- generally greater managerial discretion over the way in which work is organised, and individual workers deployed;
- individual performance assessment, with pay rises linked to the company's perception of the employee's performance and economic factors;
- an individualised grievance procedure, possibly without any recourse to outside arbitration.

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<sup>11</sup> Reported in F.G. Hilmer et al. *Working Relations: a Fresh Start for Australian Enterprises*, Melbourne: The Business Library with BCA 1993

<sup>12</sup> *Small Business Index: A Special Report on Industrial Relations and the New National Training Wage*, Sydney: Yellow Pages Australia September 1994

A key feature of this type of arrangement is clearly an increase in management discretion. Employees have less protection than in an arrangement which is regulated by a third party. Usually, however, there will be some wage premium to encourage employee acceptance of this arrangement. Ultimately, however, this set up is only likely to work effectively if the employee can trust his or her employer not to abuse their position.

In the second, small business category, the contracts offered are likely to be simpler. Smaller employers are most likely to use individual contracts to introduce greater workplace flexibility, especially in relation to issues such as penalty rates, working hours etc., and to simplify payroll administration (for example, by rolling leave loading into base salary).

From the evidence, employers will generally offer individual contracts that do not vary between different employees - at least at the same classification level (though pay rates may differ as a result of individual assessments) . Moreover, in practice, there is likely to be little actual negotiation about the content of the contracts.

A survey conducted by McAndrew<sup>13</sup> over the first year of the *Employment Contracts Act* in New Zealand found that of those firms that put new individual contracts in place under the Act, 88% reported that the move to individual contracts was initiated by management. In the remainder, individual contracts were either first or simultaneously suggested by employees. However, few of the firms that implemented individual contracts reported that either employees or unions had suggested having a collective contract instead. Moreover, 59% of employees responding to a 1993 survey conducted by the Heylen Research Centre for the NZ Department of Labour considered that they had a choice about whether to have a collective or individual contract.<sup>14</sup>

In other words, the New Zealand experience is that the decision to negotiate individual, rather than collective contracts was generally a management decision, and generally reflected whether the work force was unionised or not. However, where management sought to negotiate individual contracts, this appeared to have generally been accepted by the employees concerned.<sup>15</sup> A small majority of firms (56%) reported that the firm's initial proposals for individual contracts were developed by management without consultation with employees. The remainder generally consulted staff either informally, or through staff meetings.

The McAndrew survey suggested that there did not appear to be many changes to management's proposed contract when presented to employees. Only 6% of firms with new individual contracts reported that there were significant modifications made to

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<sup>13</sup> Reported in I. McAndrew 'The Process of Developing Employment Contracts: A Management Perspective' in R. Harbridge (ed) *Employment Contracts: New Zealand Experiences*, Wellington NZ: Victoria University Press 1993

<sup>14</sup> Survey conducted by Heylen Research Centre for NZ Department of Labour reported in R. Whatman., C. Armitage, and R. Dunbar 'Labour Market Adjustment Under the Employment Contracts Act', *New Zealand Journal of Industrial Relations* 19(1), April 1994

<sup>15</sup> I. McAndrew 1993 *op cit.*

management's initial position as a result of individual negotiations with some or all employees. 62% made some minor modifications during individual negotiations, though generally only in relation to a quite small percentage of employees.

However, while the New Zealand experience suggests that the content of individual contracts is likely to be largely determined unilaterally by the employer - this does not mean that employers will use individual contracts simply to cut pay and conditions. Interestingly, it does not appear that employers pursuing individual contracts in New Zealand were as aggressive in pursuing employee concessions as firms engaged in collective bargaining.<sup>16</sup> On the other hand, employers negotiating individual contracts were generally far more successful in having their proposals accepted, particularly in relation to what might be termed 'flexibility' issues.<sup>17</sup>

Firms engaged in introducing individual contracts may consult with the work force prior to offering contracts, and will try and make a 'good first offer' that should be acceptable without much alteration. This is in contrast with the dynamics of traditional collective bargaining and arbitration, with its emphasis on ambit claims etc., followed by a gradual process of narrowing the differences through hard two-way bargaining.

An analysis of the 1993 Heylen Report by Whatman, Armitage and Dunbar<sup>18</sup> sought to establish a typology of enterprise responses to the New Zealand Employment Contracts Act. This included a category of 'cutters' who pursued widespread cuts to terms and conditions of employment. However this group represented only 4% of firms, employing 4% of employees. The largest category (employing around half of all employees) were defined as 'inactives', making relatively few changes to wages and conditions. Another category (employing about 11% of employees) was defined as 'reformists'. These employers focused on reducing the role of trade unions, increasing the use of individual contracts - and improving pay and conditions. This category clearly includes firms pursuing a strategy based on a strategic human resources management philosophy, with an emphasis on promoting the commitment of employees through improving employer-employee relations, while minimising the role of third parties.

In other words, while the experience in New Zealand is that some employers may use individual contracts to cut pay and conditions, this is only likely to be confined to a relatively small minority.

Obviously, the extent to which individual contracts could be used simply to cut pay and conditions in Australia would depend on the nature of any changes to the legislative framework. In a system where individual contracts operate either on an over award basis or as an alternative option to award conditions (that is, the so called opting out model) the

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<sup>16</sup> I. McAndrew 1993 *op cit.*

<sup>17</sup> I. McAndrew and M. Ballard 'Negotiation and Dictation in Employment Contract Formation in NZ', *New Zealand Journal of Industrial Relations* 20(2), August 1995

<sup>18</sup> Whatman et al. *op cit.*

chances of contracts being associated with a reduction in pay and conditions are clearly much lower.

If greater scope for individual contracts will not necessarily lead to cuts in pay and conditions, will it lead to higher productivity?

The empirical evidence is certainly not conclusive. CRA claimed in its submission to the AIRC during the recent hearings on the Weipa dispute that there had been a clear increase in productivity following the introduction of staff contracts at its New Zealand and Tasmanian aluminium smelters, together with an improvement in quality. It also claimed that similar productivity improvements had occurred at Hamersley Iron, following the introduction of individual contracts.

There also appears to be some recent empirical evidence from the UK to support the assertion that non union firms employing HRM policies may indeed have better productivity performance than firms with collective bargaining.

Fernie and Metcalf<sup>19</sup> have used establishment level data from the 1990 British Workplace Industrial Relations Survey to assess the link between different models of workplace governance and six economic and industrial relations indicators.

In particular they look at three types of workplace governance: 'collective bargaining', 'employee involvement', and 'authoritarian'. Collective bargaining workplaces are defined as those with either a closed shop, or where management recommends union membership. Employee involvement workplaces are those with no union, but a range of HRM policies (eg. performance appraisal, contingent pay systems, and formal communication between management and employees.) Authoritarian workplaces have no union and no HRM characteristics.

The analysis found that the non union, 'employee involvement' workplaces performed better than their counterparts with collective bargaining in relation to absenteeism, the industrial relations climate, jobs growth and productivity performance.

There is also empirical evidence that the higher productivity that seems to be associated with non-union HRM strategies is likely to go together with greater demands on employees, greater work intensification and less room for 'managerial slack and for indulgency patterns.'<sup>20</sup>

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<sup>19</sup> S. Fernie and D. Metcalf *Participation, Contingent Pay, Representation and Workplace Performance: Evidence from Great Britain*, Centre for Economic Performance (LSE), Discussion Paper No.232, April 1995, London: CEPR

<sup>20</sup> J. Parcels 'The Challenge of Human Resource Management for Industrial Relations Research and Practice', *International Journal of Human Resource Management* 4(3), September 1993

## **SOME ISSUES FOR MANAGEMENT**

Whether it is a good strategic decision for large firms to deliberately seek to individualise industrial relations remains to be seen. Certainly, the evidence is that TQM and HRM techniques designed to boost productivity are by no means incompatible with unionisation.

Indeed, where unions are present, it is likely to be much easier to introduce such changes with their support, than without it.

It is reasonable to assume that much depends on whether the particular unions in question are likely to be receptive to the sorts of reforms being pursued by the company. If the unions are willing to co-operate with the introduction of greater flexibility, then there may be real benefits for the company in working with the unions. In particular, the active involvement of the unions may increase the willingness of the workforce to participate in change.

It is also fairly clear that de-collectivisation by itself will not do anything to increase trust and employee commitment. While marginalising unions may remove the most obvious forms of employer-employee conflict (eg. industrial action), there is a danger that removing collective bargaining will simply drive mistrust and conflict below the surface, leading perhaps to worsening employee commitment and high labour turnover.

This strongly suggests that firms should be wary about pursuing individual contracts unless there is already a reasonably high degree of trust between management and employees, and management is willing to invest significant resources in maintaining effective and meaningful two-way communication and improved management systems.

## **SOME ISSUES FOR UNIONS**

There is no doubt that the trend towards individual contracts poses a very real threat to unions. While there is a theoretical role for unions in representing employees under individual contracts, for many companies, at least part of the point of individual contracts is to marginalise the role of third parties - including unions.

Union opposition to individual contracts is understandable. However, unions need to think very clearly about how they respond to individual contracts. A speech by Tony Maher, Vice President of the CFMEU's Mining and Energy Division, to that union's 1995 national conference described individual contracts as part of a push by employers to impoverish and exploit workers. He described individual contracts as leaving 'you as naked as a newborn baby at the mercy of your employer', and linked them to a strategy based on 'pure unadulterated hatred of workers and particularly the organisations that empower them.'

Much of the rhetoric surrounding the Weipa dispute was in similar terms.

If that is really what individual contracts were about, unions would probably not need to worry. Their membership would be growing, and employees would be rejecting individual contracts at every work site where they were offered.

However, there are clearly problems in arguing that management in companies like CRA is out to attack workers, when employees are in fact being given better pay and conditions.

Unions need to develop a far more sophisticated understanding of individual contracts, including the fact that they are not about taking the workplace back to the nineteenth century, but in many cases are part of a sophisticated HRM strategy. Moreover, there is clearly a danger in over reliance, in the longer term, on sympathetic legislation and the support of the AIRC. Otherwise they run the risk of winning the battle and losing the war.

## **SOME POLICY CONSIDERATIONS**

The macro-economic implications of individual contracts will clearly be highly dependent on the context within which they are introduced, in particular, what is happening to the award system at the same time.

If the claims of their proponents are accepted (and there is at least some empirical evidence to support these claims) then the spread of individual contracts alongside a retention of the award system could lead to both higher wages and higher productivity. If the productivity improvements outweighed the benefits in higher wages, then the reduction in unit costs could help reduce inflation and increase employment.

While the evidence does not suggest that individual contracts can generally be equated with exploitation, the New Zealand experience suggests that without adequate safeguards at least some employers would use them to downgrade pay and conditions.

Very few of those proposing greater scope for direct bargaining do so on the basis that there should be a reduction in wages and conditions. Organisations such as the Business Council consistently argue that their aim is higher productivity. Accordingly, they should have little difficulty in accepting some form of protection to prevent the use of contracts to downgrade pay and conditions.

The challenge would be to design a form of protection that effectively prevented employers taking advantage of individual contracts to reduce wages and conditions, while providing sufficient flexibility not to undermine the rationale for permitting the contracts in the first place.

## 9. THE NEW ZEALAND MODEL - AN ASSESSMENT: A LATE LINE IN THE SAND?

*Raymond Harbridge*

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This short paper sets out to identify for an Australian audience the pros and cons of the New Zealand model of managing industrial relations reform.

No attempt will be made to explain why New Zealand adopted the employment contracts model, nor will any explanation of the model be offered. Simply, in the time available, I wish to focus on a number of issues that are the key outputs of the new system.

I have subtitled my paper, a 'Late Line in the sand' - a clear reference to the recent comments by the ACTU that they had drawn a 'line in the sand' over events at Weipa. In New Zealand, no line in the sand was drawn in the early days of the employment contracts legislation, and there has been plenty of criticism of the New Zealand Council of Trade Unions for that. My thesis in this paper that nearly five years later, New Zealand unions are drawing now a line in the sand, and the results for employers in some industries are less than desirable.

I will focus on five issues that I feel are relevant to Australians. The main trends are:

- A collapse in collective bargaining from a high of 721,000 employees in 1989/90 to some 400,000 employees in 1995. The shortfall of some 300,000 employees have moved to individual contracts
- A severe reduction in union membership levels as is shown in Table 1;

**TABLE 1: UNIONS, MEMBERSHIP AND DENSITY 1985 - 1994**

	Unions	Membership	Density
Dec 1985	259	683,006	43.5%
Sept 1989	112	648,825	44.7%
May 1991	80	603,118	41.5%
Dec 1991	66	514,325	35.4%
Dec 1992	58	428,160	28.8%
Dec 1993	67	409,112	26.8%
Dec 1994	82	375,906	23.4%

*Note: Union membership is reported as full time equivalent union members. Density is total union membership as a percentage of the total employed workforce reported as by the Household Labour Force Survey. In reporting density we have chosen to include part time employees along with full time employees even though the reported union membership represents full time equivalent members. This method of reporting density is different from that which we have reported in earlier years where we have reported density as a percentage of the full time employed workforce only, as measured by both the Quarterly Employment Surveys (firms with 2.5 or more employees) and the Household Labour Force Surveys. Whichever figure is used, consistency over time is imperative.*

*Source: Harbridge, Hince & Honeybone (1995)*

- Very wide wage dispersion within collective bargaining as is shown by the dispersion in Table 2;

**TABLE 2: WAGE DISPERSION OF RAW WAGE INCREASES  
(CONTRACTS DATABASE JUNE 1992 - DEC 1995)**

	Decrease	Zero	0.1% to 1.9%	2.0% to 4.9%	5.0% to 9.9%	10% or more
June 1992	9%	41%	17%	11%	16%	6%
Dec 1992	7%	40%	14%	15%	16%	8%
June 1993	5%	33%	31%	19%	10%	2%
Dec 1993	5%	32%	31%	21%	9%	2%
June 1994	2%	34%	36%	22%	5%	1%
Dec 1994	1%	31%	35%	27%	5%	1%
June 1995	3%	26%	31%	28%	11%	1%
Dec 1995	2%	14%	14%	54%	13%	3%

- major changes to working time arrangements including penal rates for night and weekend work as shown in Tables 3, 4 and 5;

**TABLE 3: ORDINARY HOURS OF WORK BY PERCENTAGE OF  
EMPLOYEES (CONTRACTS DATABASE JUNE 1995)**

	Under 40 hours	40 hours	Over 40 Hours	Coverage (000s)
All contracts	23%	75%	2%	312.3

The data in Table 4 indicates that less than 50% of employees in the sample are working standard Monday - Friday clock hours. A large percentage of employees (38 percent) are now available for work on any day of the week with no premium payable for 'unsociable' hours.

**TABLE 4: DAYS OF THE WEEK TO BE WORKED BY PERCENTAGE OF EMPLOYEES (CONTRACTS DATABASE JUNE 1995)**

	Mon-Fri	Mon -Sat	Mon - Sun	4 day week	Coverage (000s)
All contracts	46%	7%	38%	9%	328.4

Media myths would have it that penalty rates have disappeared in New Zealand - this is true in some industries but not all as is shown by the data in Table 5.

**TABLE 5: PREVALENCE OF PENALTY RATES BY INDUSTRY (CONTRACTS DATABASE JUNE 1995)**

Penal rates are prevalent in	Penal rates are rare in
Manufacturing	Food retailing
Utilities	Hotels and cafes
Construction	Education
Wholesaling	Other retailing
Storage	Mining
Communication	Health
Finance and insurance	
Government administration	

- Increases in productivity have occurred - but mostly these are one-off gains achieved by: a reduction in direct labour costs as reductions in basic wage rates and penalty rates (mainly in the service sectors); and a relief from demarcation disputes - and an increase in multi-tasking.
- Industrial disputation increases dramatically involving 54,000 employees in the year to July 1995 - a LateLine in the sand?

I hold a very clear view that where changes were sought by employers in years one and two of the Employment Contracts Act they were achieved. Five years on it is difficult now for employers to achieve radical work re-organisation. Unions have re-grouped and a new

type of union has emerged - a union in it for the long-run; a union not prepared to make further concessions; a union restructured and a good deal meaner and leaner; but above all, a union that has drawn a line in the New Zealand sand - albeit a lateline.

As a mere tourist here, admittedly with certain business interests based in Melbourne, it would be presumptive for me to draw direct comparisons between the NZ model and the policy crisis in Australia. Let me however be presumptive in the privacy of this conference. It seems to me there are some quite clear trends one could expect.

Let me assume that sometime soon, either the powers of the Arbitration Commission are severely curtailed or it is abolished altogether (as has been the case in New Zealand). On the basis of the New Zealand experience a number of outcomes could be expected:

- unionisation rates would fall but only in the less well organised service sectors - manufacturing and public service unions would remain powerful. Collective bargaining patterns would follow unionisation rates.
- within collectively bargained agreements or contracts, there would be a wide dispersion of settlements (wage rates, hours and penalty rates). The NZ experience of employment contracts as reported in the Australian media has focused on how employers have benefited and employees have taken reductions in earnings thus boosting employer's productivity. That has often been the case. What is not often reported is the other side of the coin - the smaller groups of the industrial elite of unionised employees who have used their new found market power to their own advantage - taking wage increases annually despite employer claims that such increases are unsustainable. The arbitration system had previously reined such workers in; its absence has given them a free rein.
- the disparity of settlements has a clear gender impact with the effects of enterprise level contracts meaning that because of the nature of the occupations and industries they occupy, women employees have taken the brunt of the reductions while men have largely been able to retain their old conditions or seek improvements. This is of course a controversial matter, but the data we have put together on these effects over the past four years show very clear gender effects. Such effects are certain to show in Australia as well.
- finally, it is clear that the absence of an arbitration system has led to the demise of the traditional well-heeled and somewhat compliant trade union. Some unions have collapsed - those remaining are showing far greater militancy than New Zealand has seen before, and are responding directly to membership demand for results. I have no doubt that similar experiences would occur in Australia.

As a sometime punter, I think it would be a value bet that Australia will revoke (or severely curtail) the Arbitration system sometime in the next decade. New Zealand has been a good neighbour and experimented - so you can learn from that experimentation. The effects of the revocation of arbitration in Australia are, I think, predictable on the basis of

the New Zealand experience. Maybe Australian policy makers can learn from the New Zealand experiment so as to modify the de-regulation and control for some of the unwanted side effects. That, it seems to me, is the real challenge for Australian policy makers now.

## ACIRRT

The Australian Centre for Industrial Relations Research and Teaching (ACIRRT) at the University of Sydney was established as a Key Centre of Teaching and Research in 1989 through a grant from the Commonwealth Department of Employment, Education and Training. The Centre is closely linked with the University's Department of Industrial Relations, which has a long and distinguished history of teaching and research in this area.

ACIRRT's main brief is to improve the quality of industrial relations teaching and research in Australia. This goal will be pursued through a range of activities including a national review of industrial relations teaching, conferences and seminars, research projects conducted by members of ACIRRT and scholars from other institutions, secondments of staff, and publications.

The present Working Paper Series is designed to disseminate ideas and research-in-progress which are still in preliminary form.