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The Australian Obsession with Productivity and the Labour Market

Workplace Relations Into the Future

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An analysis of the current debate in relation to productivity and the labour market within its historical context.

Introduction

When asked to deliver a paper on the topic of productivity the author commenced with a concept about how hard everyone works nowadays. Upon reflection and research another obvious conclusion became evident. There has been an obsession with the pursuit of productivity and the entire focus of this obsession seems to have been directed towards the labour market and its institutions. This paper outlines the historical events through which this obsession has been manifested. In so doing these events coincide with the author's personal experience, but are also supported by academic literature.

For some this paper will be a trip down memory lane and for others it may provide an historical framework from within which we can frame the current debate. Existing credible literature that deals with this topic concludes that there is little or no evidence that the continual pursuit of labour market reform has resulted in productivity improvements.

Recent History

Commencing in the 1980s, the consistent theme of industrial relations reforms has been that of productivity (Belnavé et al 2007:268; Peetz 2012:270; Townsend et al 2013:101). The first in a line of negotiations that were to focus the industrial parties' minds on the topic of productivity was the 38 hour week that was introduced to most Australian awards sometime in the early 1980s. In response to an ACTU campaign to reduce ordinary working hours from 40 to 35 per week (Hancock 2014:279; Hearn 1982:101), some employer organisations (most notably the MTIA) developed a strategy of agreeing to a 38 hour week in return for certain trade offs and agreements as to how the 38 hour week would be introduced (Dobson 1981:114; Hearn 1981:102). This middle ground was adopted by the Australian Conciliation and Arbitration Commission as the means by which reduced working hours would be endorsed by the tribunal (Hearn 1981:102), notwithstanding that a small number of employees were able to secure the 35 hour week in the initial campaign. Thus the concept of a trade off in return for an improvement in conditions was born with the 38 hour week.

In some cases, the banking industry for example, the trade off might have appeared to leave the employees in question in a worse position than before the reduction in working hours. In addition to obtaining trade offs, major banks strictly enforced the 38 hour week and removed the long-standing tradition of allowing employees to leave work once their daily duties had been performed (Manning 1990:347; Manning and Manning 1989:193). In addition, employees taking RDOs in accordance with the 38 hour week clause in the award were not replaced, thereby placing an additional workload on remaining workforce.

In the Queensland state jurisdiction, unions suffered some major set backs with the introduction of a 38 hour week. Unlike the federal and other state jurisdictions, 38 hour weeks were introduced towards the end of the 1980s rather than the beginning, and it reasonable to say that the political and economic climate had changed somewhat during the decade. Corresponding with the rise of the New Right in Australia, excessive pay, generous working conditions and restrictive work practises were blamed for the economic malaise that had apparently beset Australia (Balnave et al 2007:89; Hancock 1999:44). Shorter working hours had been the subject of a bitter dispute in the electricity industry in 1980 wherein unions had been able to secure shorter working hours without associated trade offs including the use of contractors (Gilbert 1986). This loss handed to the Queensland Government would not be forgotten.

Coinciding with these events there were a number of disputes that were aimed at curbing union power. SEQEB in Queensland, Mudginberri in the Northern Territory and Dollar Sweets in Victoria all sought to use legislation or legal remedies other than the established industrial tribunal to settle disputes and smash union power (Costello 1988; Dabscheck 1995:31; Gardner 1986:138/9; Gilbert 1986; Rowse 2004:48). At about the same time a dispute was occurring in the Pilbara district over restrictive work practices and marked the rise of management militancy within the iron ore industry (Copeman 1987).

In response to the Robe River dispute, the Australian industrial relations system, or the 'Club' to use the pejorative term, found its own way of responding. A devaluation of the Australian dollar in 1985 also contributed to the agenda for change (Hancock 1999:40). National Wage increases that had been provided by way of the centralised wage fixation system were supplemented by 2nd tier wage increase available under the Restructuring and Efficiency Principle (Belnave et al 2007:174; Bray et al 2005:287; Hancock 1999:40; Hancock 2014:281; Petridis 1988:160). The 4% second tier required employees to fund the 4% increase by trade offs (Belnave et al 2007:241; Bray et al 2005:287; Briggs 2001:33; Dabscheck 1995:32; Hancock 1999:40; Petridis 1988:156). The theory being that wage increases that were funded by productivity improvements would not be inflationary as the costs associated with the wage increase would not need to be passed on to the consumer (Dabscheck 1995:3; Hancock 1999:403).

Managed Decentralisation

Moreover, the 4% second tier provided employers with an opportunity to remove restrictive work practices by way of negotiation with their workforce (Peetz 2014:270). The results of the 4% second tier did not live up to anyone's expectations (Dabscheck 1995:54; Hancock 2014:281; Petridis 1988:157). Workers were less than pleased with having to trade off hard won conditions of employment in order to fund their own wage increase (Briggs 2001:33). The trade offs usually included such items such as combining rest pauses or cleaning up in the workers' own time. Had

electronic funds transfer for payment of wages not coincided with the 4% second tier one wonders what else might have been on the agenda?

Coincidentally in Queensland towards the end of the 1980s, the Bjelke Petersen Government introduced legislation to allow employers to bypass unions with Voluntary Employment Agreements (Brown 1987; Stackpool 1988:170). The VEAs were much pilloried by the union movement as being symptomatic of an extremely and dangerously Right wing Government (Stenhouse 1990). However other than a few isolated examples such as Greenfield Powers Brewing site at Yatala (Stenhouse 1990), the VEAs had little application and their tenure was as short lived as the Government that introduced them. None the less they did demonstrate the way in which legislation might be drafted to allow and promote union avoidance.

In the 1988 National Wage Case¹, the national wage bench urged the parties not to pursue short-term, illusionary goals. Quite clearly these comments referred to the 4% second tier and the conduct of some employers in that process. The parties were given much more guidance with the introduction of the Structural Efficiency Principle (SEP) (Belnave et al 2007:174; Bray et al 2005:287; Briggs 2001:33; Dabscheck 1995:56; Hancock 1999:40; Peetz 2012:270). In seeking the introduction of SEP at a national wage case, the ACTU described employers opposed to it as shellbacks and troglodytes. National employers responded by describing the SEP as a cranking Heath Robinson money making machine.

The SEP encouraged the parties to have a far more broad ranging discussion wherein employee career paths and a training agenda would form an important part of the dialogue (Belnave et al 2007:242; Dabscheck 1995:60). The best ways in which to boost productivity were to up-skill the workforce and reward employees for acquisition of those skills (Sappey et al 2006:361). The decision also provided for other mechanisms by which employers could remove restrictive work practices by negotiation (Belnave et al 2007:174; Bray et al 2005:293). Yet again productivity was at the forefront of the SEP and the opportunity existed for an employer who was actively engaged with its workforce to discuss a long term strategy aimed at driving future productivity growth. The Structural Efficiency Principle contemplated a broader agenda with respect to productivity as opposed to the narrow focus on removing conditions of employment.

It is uncertain what the result of the SEP was. There was certainly a greater emphasis on the training agenda that was to some extent assisted by the *Training Guarantee (Administration) Act 1990 (Cth)*. The levy was an incentive for employers to either spend 1% of their payroll on training or pay a levy to Government (Catanzariti and Youl 1990:82). The levy was well intended but there is some suggestion that it did not provide many outcomes (Benson and Lawson 1991:224; Fraser 1996). The levy did also attempt to provide the link between training and productivity.

¹ National Wage Case 1988 Australian Conciliation and Arbitration Commission Dec 640/88 M Print H4000

In terms of genuine discussion concerning productivity there were genuine attempts made to cultivate a cooperative agenda by which productivity could be improved. Initiatives like the Australian Centre for Best Practice Ltd were created to facilitate employers and employees embarking on a mutually agreeable terms. This tripartite organisation was intended to assist employers and employees (in conjunction with their unions) implement workplace change through measurable productivity improvements. Worker involvement and flattening management structures were part of agenda to improve productivity in industry. What could be better than a discussion about how the future of the organisation could be secured by the development of best practice? There may have been isolated examples of improvements to productivity arising out of the SEP but that is not the recollection of most. Employers argued that they were restrained by the inflexibility of instruments that were set at the industry or occupational level (Bray et al 2005:292).

Enterprise Bargaining

The Business Council of Australia released *Enterprise-Based Bargaining Units: A Better Way of Working* in 1989 that proposed an American style of bargaining at an enterprise level as the panacea to Australia's productivity issues (Dabscheck 1995:82; Hancock 1999:64; Hancock 2014:283; Plowman 2004:266; Townsend et al 2013:101; Van Gramberg 2013:140). By 1991 the two Accord partners (the ACTU and by then Keating Government) had adopted enterprise bargaining as the preferred model of wage determination for Australia (Bray et al 2005:287; Dabscheck 1995:80; Jerrard and Le Quexe 2013:53; Townsend et al 2013:104). Registered employer organisations were sceptical and slow to catch on (Briggs 2001:35). The Australian Industrial Relations Commission that had the experience of the 4% second tier and SEP formed the view that the industrial parties did not have the maturity to undertake the next proposed step to Enterprise Bargaining (Bray et al 2005:287; Hancock 1999:42; Hancock 2012:290).

The AIRC responded with handing down a decision that continued the SEP and allowed for a further increase of 2.5% for unions to continue their commitment to the SEP (Briggs 2001:36; Dabscheck 1995:71; Hancock 2012:290; Rimmer 2004:308). ACTU Secretary Bill Kelty demonstrated his disappointment with the decision by describing the AIRC as vomit (Briggs 2001:36; Dabscheck 1995:43; Hancock 1999:40). Kelty had difficulty containing affiliated unions from pursuing claims in excess of the increases being awarded by the AIRC (Briggs 2001:33; Dabscheck 1995:38).

Within the system of wage fixation, a form of enterprise bargaining was initially introduced by means of the little used s115 that had been introduced into the 1988 Industrial Relations Act (Briggs 2001:36; Hancock 1999:42; Sappey et al 2006:264). The initial certified agreements came under close scrutiny from the AIRC to ensure productivity formed the basis of wage increases before granting approval of the agreements (Briggs 2001:37; Hancock and Richardson 2004:178). The

rejection of some of the agreements that did not satisfy the AIRC further added to the frustration around wages felt by many union officials and members (Briggs 2001:37).

The BCA proposition of enterprise bargaining provided the policy alternative that would have the support of some of Australia's most influential business leaders and could be legislated by the Keating Government if the AIRC proved to be an impediment (Dabscheck 1995:82; Sappey et al 2006:264). The legislative framework for enterprise bargaining continued with the AIRC approving the agreements but removed almost all discretion in that approval process (Briggs 2001:38; Dabscheck 1995:77; Rimmer 2004:315). This signified a fundamental change in the role of the AIRC and also marked a move towards wages being determined primarily on the basis of economic power (Dabscheck 1995:105).

Enterprise bargaining was heralded as the consensus path that was seen as move away from the conflict of the arbitration system (Dabscheck 1995:104; Townsend et al 2013:102). Curiously at the same time as emphasising the move away from the supposed conflict of the arbitration system employers and employees were given the statutory right to take industrial action for the first time in Australia's history (McCrystal 2009:3; Townsend et al 2013:102; Van Gramberg 2013:153). Even more curiously the legal right to strike seemed to coincide with the beginning of the end for the use of industrial action as a means by which unions influenced the outcome of negotiations.

The scene was now set for the industrial parties to focus on that which was significant at an enterprise level and develop agreements that were based on productivity. The resistance from some employers to dealing with unions lead to the introduction of Enterprise Flexibility Agreements (EFAs) that provided, for the first time, the non-Union collective agreement (Bray et al 2005:238; Dabscheck 1995:111). An employer could now deal directly with their employees, and unions had limited ability to interfere with the process (Van Gramberg 2013:140). The EFA did not take off as a concept but employers did not have to wait long for a further opportunity to avoid unions, or even lock them out of the worksite.

Workplace Relations Act

The election of the Howard Government was the first time in a long time that a federal Government was elected that had a distinctly anti-Union agenda (Bray et al 2005:123; Gardner 2008:36; Gittens, R cited in Sappey et al 2006:226). The Workplace Relations Act 1996 built upon the decentralisation that had commenced under the Hawke Government and been accelerated under the Keating Government (Belnavé et al 2007:257-258; Bray et al 2005:141; Van Gramberg 2013:140). Section 170LK and s170LJ -agreements maintained the two forms of collective agreement (union and non-union) that had emerged, but the WRA placed a greater emphasis on these instruments (Bray et al

2005:123; Gardner 2008:36). The WRA also provided for the statutory individual agreement the Australian Workplace Agreement (AWA) (Belnavé et al 2007:132; Bray et al 2005:240) that not only locked employees into the agreement but locked unions out (Bray et al 2005:241; Gardner 2008:36; McCrystal 2009:17).

AWAs were introduced with all of the predictable rhetoric about productivity, under the assumption of equal bargaining power of employers and employees. The use of AWAs could be harnessed to tailor agreements to meet the needs of both the employer and the employee (Bray et al 2005:241; Belnavé et al 2007:242; Van Gramberg 2013:140). Unions were restricted from entering premises for the purpose of inspecting time and wages records or holding discussions with employees covered by AWAs. A new agency was created to approve AWAs and their contents remained confidential (Sappey et al 2006:720).

Notwithstanding the rhetoric surrounding the introduction of AWAs their purpose was clear. The mass produced documents did not vary from one individual employee to another as this would have created an administrative burden for the employer (Bray et al 2005:282; Belnavé et al 2007:181). AWAs were provided to employees on a take it or leave it basis, more often than not when employment was contingent upon the signing of the agreement (Bailey et al 2012:445; Belnavé et al 2007:181; Hall 2005:293; Sheldon and Kohn 2007:121). There would appear to be three possible motives for the adoption of AWAs by employers to:

1. lock unions out of the worksite in which they operate;
2. freeze wages for the duration of the agreement; and/or
3. boost the number of AWAs in currency.

The first objective to lock unions out of the worksite was adopted by employers within the West Australian iron ore and other mining industries throughout Australia (Barnes 2006:373). The most effective way under the WRA to prevent a union from gaining access to the work site was to strictly enforce the Right of Entry provisions of that act in conjunction the use of AWAs. As part of a union avoidance strategy wages were paid at a level to allegedly do away with the need for union, and sign up bonuses put paid to any doubt in the mind of the employee.

An example of the second objective to freeze wages can be illustrated by a particular defence contractor providing security services. The AWA (at least in the 1996 act) would be required to meet the no-disadvantage test (NDT) before being approved. To meet the NDT the aggregated wage rate in the AWA would only have to meet the NDT at the time of approval by the Office of the Employment Advocate (Hancock 1999:47). The AWA did not have to factor in any future increases and by freezing the rates the contractor would obtain a competitive advantage in labour costs over competitors who either applied the terms of the award that would move with national wage cases or collective agreements that would include some increase.

The third objective is best illustrated by the Commonwealth as an employer. Australian Governments have been willing to demonstrate their own industrial relations agenda by practicing it on their own workforce (Dickens and Bordogna 2008:544). The use of template agreement was a feature of many Commonwealth agencies and in order to pay Ministerial Advisors, AWAs were mandated. Funding to Universities was contingent upon the Universities offering AWAs whether they wanted to or not (Barnes 2006:374). This administrative burden upon the employing agencies to simply boost the numbers of AWAs has to be viewed as the antithesis of productivity. Moreover, one wonders how few AWAs would have actually been in circulation had the Commonwealth not promoted their use as an employer.

Toward the end of the first term of the Howard Government, another dispute occurred that would involve some extraordinary tactical manoeuvres on the part of a private employer aided and abetted by the Commonwealth and the National Farmers Federation. The stevedoring employer Patricks sacked and replaced its entire workforce (Rowse 2004:52). To cut a long story short the High Court of Australia found that Patricks had breached the terms of the WRA in the dispute that was supposed to test out for the benefit of employers (Belnavé et al 2007:117). All in the name of productivity, a Commonwealth Government was willing to break its own law and conspire with other organisations also in breach of its legislation (Belnavé et al 2007:67; Harley 2004:348). This dispute marked an ideological turning point beyond which productivity mattered more than the rules of law. What a remarkable example was set by the Howard Government to Australian employers.

WorkChoices

The industrial relations legislative landscape remained largely unchanged throughout the Howard Government despite several attempts on the part of the government to introduce a second wave of reforms (Hall 2005:292; Pittard 2013:83). Not having control of the Senate it turns out was the secret behind the longevity of the Howard Government (Bailey et al 2009:289). This all changed following the 2004 election when the Howard Government got control of the Senate and introduced its ill-fated WorkChoices legislation (Hall 2005:292; Muir 2008: 19; Van Gramberg 2013:141). At last the Howard Government would introduce the legislation that would ultimately allow for the pursuit of productivity by employers unfettered by unions or tribunals (Bailey et al 2009:289; Belnavé et al 2007:443; Muir 2008:21; Pittard 2013:83). Or so it seemed.

The reality was quite different and employers could not help themselves but to take advantage of the WorkChoices legalisation (Belnavé et al 2007:443; Gardner 2008:37; Peetz 2012:273; Pittard 2013:84; Sheldon and Kohn 2007:128). The Spotlight case illustrated the potential of WorkChoices to abolish a range of conditions in return for a one cent per hour wage increase (Bailey et al 2012:446; Workplace Express 2006). Productivity was nowhere to be seen when profit could be so

easily increased by merely reducing wages. The public outcry was such that the Howard Government back peddled to the extent that it re-introduced the NDT for AWAs but the political damage had been done (Pittard 2013:95). The ACTU Your Rights @ Work campaign had gathered a momentum that would culminate in a Prime Minister losing his seat for the second time in Australia's history and for the second time industrial relation proved to be his undoing (Bailey et al 2009:286; Barber and Johnson 2014:13; Gardner 2008:34; Muir 2008:116).

Another consequence of the WorkChoices legislation was the virtual removal of private sector employment regulation from state jurisdictions (Gardner 2008:33 Lee 2006:208; Sappey et al 2006:242; Sappey et al 2007:57). By using the corporations power (Barnett 2006:97; Sappey et al 2007:57) and withstanding a High Court challenge(Sappey et al 2007:57)² the Howard Government was able to centralise private sector industrial relations in a way only dreamt about by previous Labor Governments (Belnavé et al 2007:257-258; Sappey et al 2006:185). The Queensland and New South Wales jurisdictions in particular had a long history of state awards and unions were to some extent protected by long term Labor Governments (Lee 2006:210; Sappey et al 2006:238-239). All jurisdictions except Western Australia eventually handed over their non-incorporated employers in the private sector to the federal jurisdiction. Unlike some of the excesses of WorkChoices this egg was never going to be unscrambled. Many conservative commentators lamented this attack on state rights (Gisonda 2007) and the deleterious impact on the ability of state governments to trial and incubate their own productivity engendering systems. It has also been suggested that Labor states (all State Governments were at that point in time) ran dead in relation to the constitutional arguments (Leeser 2007).

Forward with Fairness

The subsequent election of the Rudd Government brought with it a more consultative approach to industrial relations legislation (Cooper 2009:288; Teicher and Bryan 2013:20). So much was this the case that it took several years for the Forward with Fairness policy it took to the 2007 election to be introduced in its entirety. In an attempt to find the elusive middle ground, the Rudd Government retained much of the WRA and WorkChoices provisions that were decidedly anti-Union (Cooper 2009:288; Cooper and Ellem 2009:304; Jerrard and Le Queux 2013:51; McCrystal 2009:4; Pittard 2013:95). Right of entry restrictions and ballots to take protected industrial action were retained and the legislative framework never went back to how it was before 1996 (Cooper 2009:289).

The reaction of some employer organisations and the Coalition however immediately demonstrated that the middle of the road strategy failed (Cooper 2009:291; Cooper and Ellem 2009:304; Teicher and Bryan 2013:20). No number of concessions would be sufficient if they fell short of the ability for an employer to lock a union out of the workplace (Huet 2007). The Individual Flexibility Agreement

² New South Wales v Commonwealth [2006] HCA 52; 81 ALJR 34; 231 ALR 1 (14 November 2006)

was able to do everything an AWA could except prevent a union from gaining access and organising the workforce (Pittard 2013:93). These protestations demonstrated how disingenuous the debate about AWAs and productivity actually had been. AWAs had always been about de-unionisation not productivity.

Late in its second and final terms the Rudd/Gillard/Rudd Labor Government conceded to unions the ability to enter a lunch room for the purpose of holding discussions with employees (Workplace Express 2013). This right had been taken away by virtue of case law interpreting the Fair Work Act³ (Workplace Express 2012). The reaction of some business leaders to this change truly defies belief. By describing union right of entry as a biggest single threat to Australia's productivity, such business leader demonstrate how disingenuous the debate has become. No one could possibly believe such nonsense, and the adoption of this attitude trivialises productivity as an objective. No doubt unions having the ability to enter a lunch room for the purpose of holding discussions with employees will be high on the hit list of the recently elected Abbott Government.

One of the first actions of the Abbott Government was to introduce a Royal Commission into union activity. Of course the Royal Commission will have productivity as its central focus and won't be a witch hunt of the Abbott Government's political opponents. Nonetheless the initial comments from the Commissioner are indeed encouraging. Unions, it is said, have nothing to fear and the Commission is not set up to destroy the union movement. It would appear that someone has collected the wrong brief. As has been the case in so many enquiries, they will have a life of their own and as ICAC hearings in New South Wales have demonstrated, no one ever knows where they will end up.

For the last three decades, the focus, if not obsession of public policy has been with respect to increasing productivity from within the labour market. One might say we are slow but not stupid, and if productivity growth has not been achieved by perpetual reform to the labour market is it not time to consider other means by which productivity can be improved, if indeed labour productivity is a problem at all. There has been some recent literature that critically analyses the impact that the various forms of labour market reform have actually had on productivity.

Literature on Results

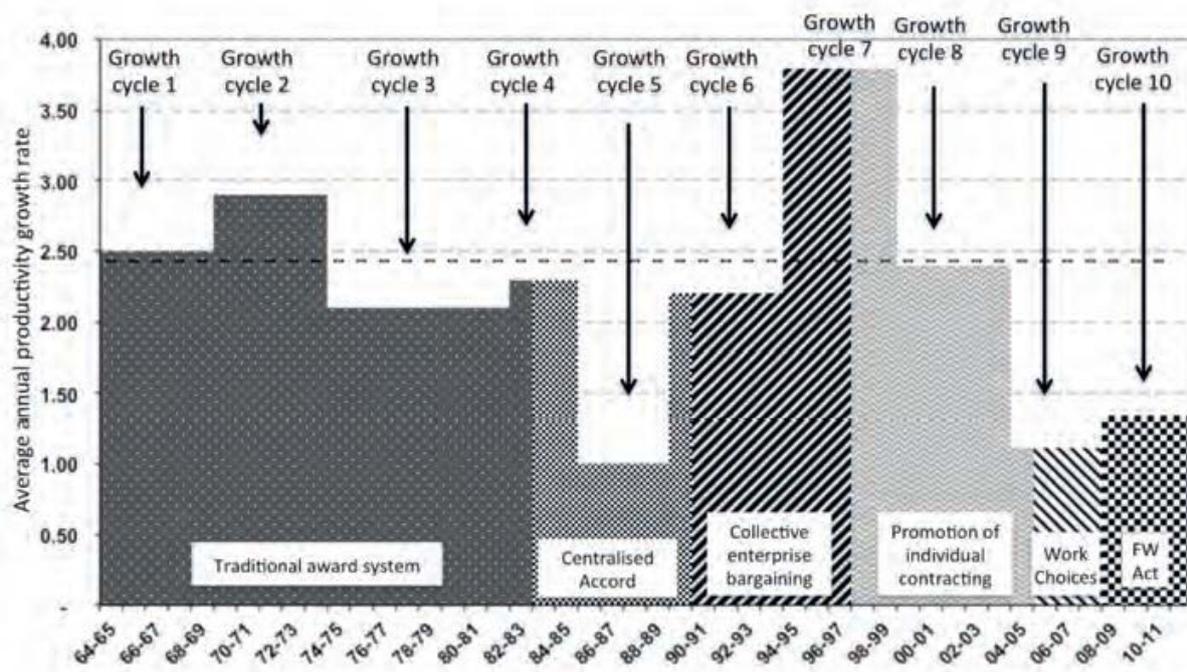
Peetz (2012:269) casts doubt on whether an industrial relations system impacts upon labour productivity at all and that there is a consensus that productivity improvement is a positive, arguments for labour market reform "tend to be couched in terms of benefits to the economy", He states that claims that a particular industrial relations policy positively impacts upon the economy

³ AMIEU v Fair Work Australia [2012] FCAFC 85 (8 June 2012)

should be treated sceptically “as there is a reasonable probability that the effects may be small, even non-existent, or perhaps the opposite of what is claimed” (Peetz 2012:269).

Longitudinal, industry and international comparisons demonstrate that there is no macro-level relationship between an industrial relations system and productivity performance. At the international level, Peetz (2012) adopts the Varieties of Capitalism (Hall and Soskice 2001) approach to differentiate between co-ordinated and liberal market economies and establish that neither approach is associated with an absolute advantage in terms of productivity. Conversely and perhaps unsurprisingly on the other hand, co-ordinated market economies outperform their liberal counterparts on unemployment and poverty levels. The longitudinal comparison undertaken by Peetz (2012:276) of average annual productivity growth rates is made for the various phases that have been earlier described in this paper. It is worth including a graphic that demonstrates the results of labour productivity growth for the relevant periods of time.

Figure 1 Labour Productivity Growth over Productivity Cycles 12 Market-sector industries, 1964-65 to 2010-11 (as contained in Peetz 2012:276)



The extraordinary result is that the traditional award system that was supposedly such a drain on productivity demonstrates the longest, sustained period of productivity growth. The Accord and WorkChoices phases demonstrate the lowest levels of productivity growth. Whilst the period immediately following the introduction of enterprise bargaining demonstrates the most marked increase in labour productivity, there are explanations other than enterprise bargaining for this phenomenon. The other possible explanation is that the surge in productivity that occurred in the

1990s was as a result of an unsustainable increase in work intensification that happened to coincide with that era (Belnavé et al 2007:266; Quiggin 2006; Townsend et al 2013:103).

Evidence from specific industries also casts considerable doubt on the proposition that enterprise bargaining was responsible for the surge in productivity that occurred in the 1990s (Townsend et al 2013:102). One would have expected Manufacturing to be where the boost would occur and no such boost occurred (Hancock 2012:296). Mining enjoyed an increase to productivity but that commenced well before the introduction of enterprise bargaining and fell off soon after and Construction, similarly, suffered a decline following enterprise bargaining's introduction (Hancock 2012:296). Hancock (2012:298) summarises the relationship between enterprise bargaining and productivity as follows:

“The supposition that it was due to enterprise bargaining is hard to sustain. Insofar as there was a surge, it seems either to have occurred in the wrong industries or, if it was in the right industries, to have been a continuation of a process that pre-dated enterprise bargaining.”

At the time of WorkChoices, Peetz (2005) compares productivity growth between Australia and New Zealand as well as the same longitudinal comparison within Australia. Prophetically Peetz (2005:37) predicts that WorkChoices would not provide for any improvement in productivity levels

In short, rates of productivity growth since the introduction of the Workplace Relations Act have been, if anything, inferior to the rates that were achieved under the traditional award system in the 1960s and 1970s. The New Zealand experience suggests that further moves to reduce the safety net under individual contracts are likely to lead to reductions in the rate of growth or productivity.

Conclusion

An on-going attack on organised labour has had several consequences over the last 30 years. One of those consequences has not been any improvement in productivity. Perhaps it is time to re-focus the purpose of labour market institutions onto those critical aspects of life in which it can make some positive change.

Links between productivity and industrial relations systems are at best tenuous. In the case of individual statutory contracts, a cogent argument can be mounted that they are in fact counter-productive to productivity gains. It is time for an honest appraisal of enterprise bargaining and for employer organisations to stop couching their own interests as being the promotion of productivity.

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