



DOES ENTERPRISE BARGAINING RESULT IN PRODUCTIVITY?

Scott Barklamb – AMMA
ALERA, Gold Coast, 29 August 2014

DOES ENTERPRISE BARGAINING RESULT IN PRODUCTIVITY?

NO! – BUT IT **CONTRIBUTES**, AND
HOW ANY COUNTRY REGULATES
WORK MATTERS

DON'T VERBAL EMPLOYERS

- Never claimed any single factor determines or “results” in productivity.
- If only our productivity challenge was that simple!
- Leadership, Tech, Skills, etc (the MFs of MFP)
 - All part of the productivity “solution”
 - Complex challenge for any country
 - Should all be able agree prod is multi-causal.

BUT - MUST STOP DENYING IMPORTANCE OF WR REFORM

“Labour laws are not the cause of our productivity problems, and they’re not the solution.

...while Australia has issues with productivity it is for reasons almost entirely unconnected with labour law.”

Tim Lyons (ACTU), 2013

“WR regulation is arguably the most crucial [area of regulation] to get right.

Whether productivity growth comes from working harder or working ‘smarter’, people in workplaces are central to it”.

Gary Banks, 2010

Employers are not saying
how we regulate work
determines everything
about our productivity.....



Does not explain nothing.

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contribute to

1. IT MUST!

MUST ↗ OUR PRODUCTIVITY JUST TO STAY WHERE WE ARE

If we don't increase our productivity,...

Won't just harm business and profits,...

But jobs + living standards + our opportunities as a community.

“a significant pickup in labour productivity will be needed to maintain growth in living standards over the coming decade.” ...

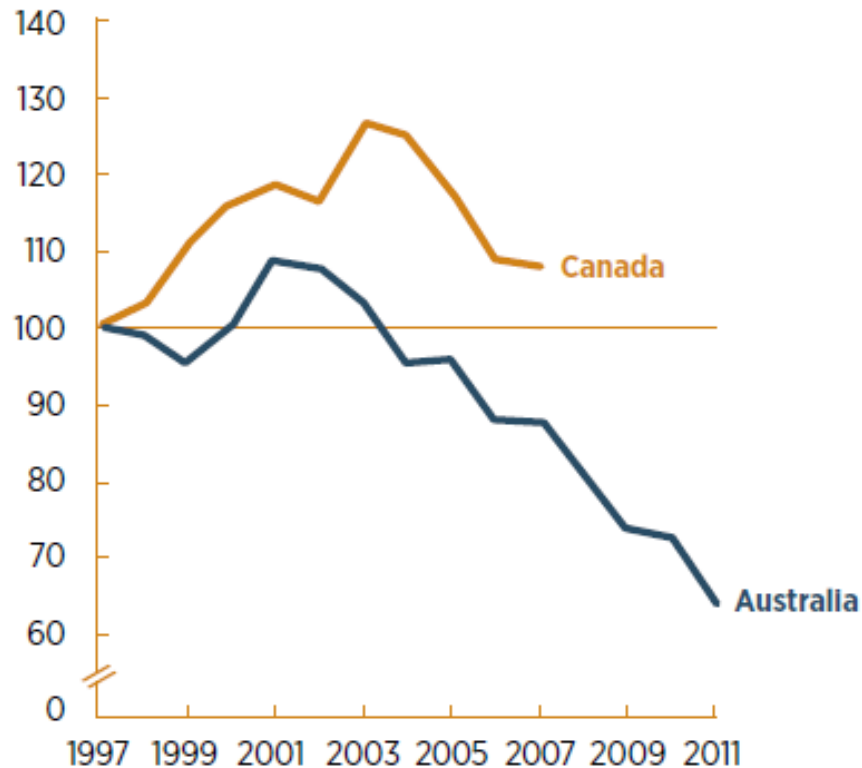
“this will be challenging.”

“to deliver sustained growth at around 3% ..., multifactor productivity growth needs to reverse its declining trend...”

(IMF 2013 Article IV Report on Australia)

OUR OECD COMPETITORS ARE SHADING US

Multifactor Productivity – Australia vs. Canada

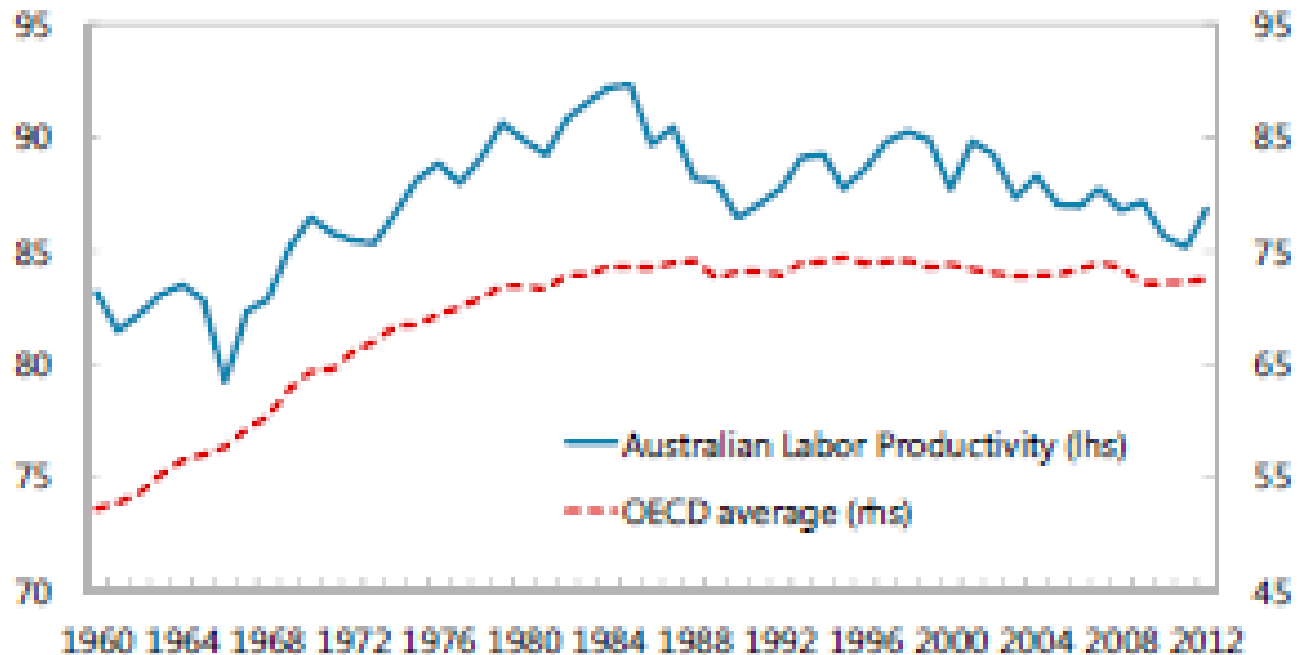


Source: 'Opportunity at Risk: Regaining our competitive advantage in minerals resources', Port Jackson Partners for the Minerals Council of Australia, September 2012

LABOUR PRODUCTIVITY HAS GONE BACKWARDS (IMF)

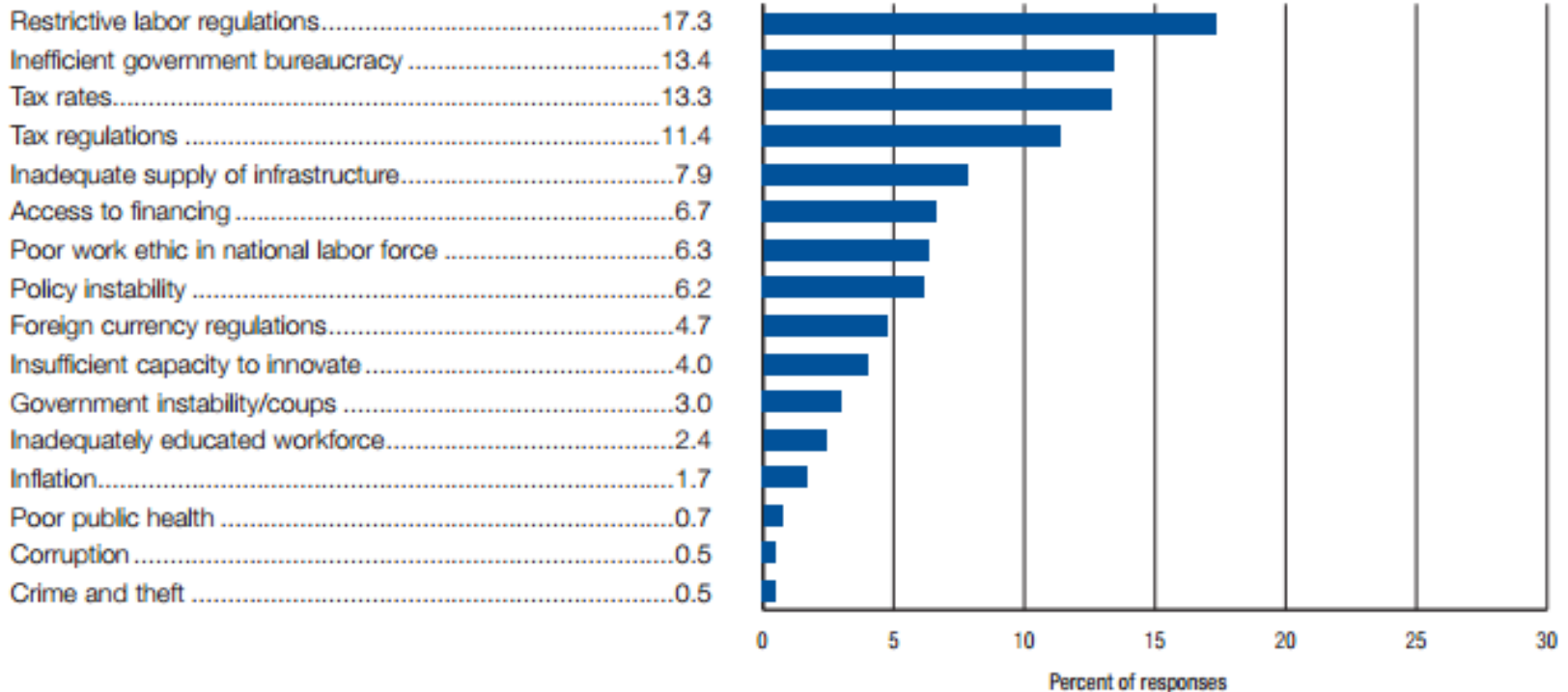
Australian Labour Productivity

(In percent of US labour productivity)



HOW WE REGULATE WORK IS CRITICAL

The most problematic factors for doing business In Australia



Source: World Economic Forum (2013) *Global Competitiveness report 2013-2014*

Top 10 Rankings

Efficiency of corporate boards	7th
Stability of banking systems	9th
Intensity of local competition	13th
Quality of scientific research	8th
Marketing sophistication	14th

“Situation Critical”

Cooperation in labour relations	103rd
Flexibility of wage determinations	135th
Hiring and firing practices	137th
Pay and Productivity	113th
Burden of government regulation	128th

Source: World Economic Forum (2013) *Global Competitiveness report 2013-2014*

DOES ENTERPRISE BARGAINING ~~RESULT IN PRODUCTIVITY?~~ *contribute to*

2. ARGUABLY IT INITIALLY DID...

Arguably it initially did...

- Along with other microeconomic reforms
- Keating and Kelty set us on the EB path.
- The Accords recognised Australia needed a mix of microeconomic reforms, including workplace reform + devolution of bargaining to employers and employees in workplaces.
- Specifically repudiated homogenised industry outcomes, in favour of an enterprise focus.



- But we ran out of the low hanging fruit very quickly
- Had **bargaining fatigue** for 15+ years
- Unions have played our changing system really well
- Used “decentralisation” to centralise their power
- EB quickly became bureaucratized / administrative
 - Transactional = Just “process” union claims into EBAs
 - Leaves no room to pursue ↗ productivity
 - Crowded off the table by the process

THIS DOESN'T HELP

WORKPLACE RELATIONS ACT 1996

PART VII, DIVISION 2
CERTIFIED AGREEMENT

1999-2002

BETWEEN

Company

and the

North Y Ply Ltd
CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION
(Victorian Construction & General Division,
and the
Victorian FEDFA Division).

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3. IT COULD ...

1. **Decentralise:** Encourage/reward enterprise determination not homogenised industry level outcomes.
2. **Choice:** Provide real bargaining options appropriate to each workplace, including 90%+ with no TU.
3. **Discussion:** Encourage engagement on productivity + how work should be regulated in more workplaces.
4. **Simplify / Deregulate / de-bureaucratise / cut red tape**
5. **Balance:** TU powers more in line with actual support and representativeness at each workplace.

6. **Limit matters in EBAs:** + For legally protected strike action.
7. **Focus EBAs on outcomes (pay, leave etc):**
Less regulation of processes in EBAs.
8. **Limit strike threats:** Remove incentives + rewards for strategically threatening ind. action/ gaming the system.
9. **Products of peace:** See more EBAs reached without PABOs, strike threats etc.
Peaceful settlements ➔ Best foundation for productive, mutually rewarding relations.
10. **Prod requirement for approval** - Has merit (Transitional?)



FINAL THOUGHT

Australia would be far more productive and competitive.....

.... if we could spend more of our time and energy focussing on how employers, working with their employees, could better run their organisations....

.... and far less time and energy focussing on how union leaders are running their organisations, and what they are getting up to.



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