

From EFAs to AWAs

What's in store for you



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Extensive use of individual employment contracts and non union agreements looks sure to feature in the new government's drive for further labour market deregulation.

The election of a federal Liberal-National coalition government makes industrial relations an immediate focus.

During the election campaign the coalition was at pains to reassure voters about its proposals. Its policy documents emphasised the objectives of better living standards, increased productivity, more jobs and higher wages. Much was made of the benefits of choice and teamwork in the workplace. But a limited rôle was seen for trade unions and the industrial tribunals.

Despite its soothing presentation, there seems little doubt the government will seek major industrial relations reform as a primary goal. And it has already sent out strong signals of its intention to hasten the decentralisation of wage bargaining. Extensive use of individual employment contracts and non-union agreements looks sure to feature in the new government's drive for further labour market deregulation.

Perhaps the key element of its policy manifesto *Better pay for better work* is the commitment to set up an industrial relations system 'which will allow employers and employees to enter into direct arrangements with each other regarding pay and working conditions ... without the uninvited intervention of trade unions, employer organisations or industrial tribunals'.

The government will amend the objectives of the *Industrial Relations Act* to enshrine this approach in federal law. At the same time, complementary legislation by the states will be sought to ensure it extends beyond the federal jurisdiction. With all states and territories (except New South Wales) having sympathetic governments this should be easily achievable. And, of course, some states are already moving in this direction.

Within this general framework, the government's policy seems likely to follow a path similar to that trodden by New Zealand in recent years. So major research on the effects of labour market deregulation in that country makes very interesting reading. A recent analysis by Suzanne Hammond and Raymond Harbridge ('Women and enterprise bargaining: The New Zealand experience of labour market deregulation', *Journal of industrial relations*, volume 37, number 3, 1995) uses the data to draw disturbing conclusions about the equity impacts in Australia of even more decentralisation.

Even the limited enterprise bargaining system adopted in Australia to date has already had negative effects for lower paid and disadvantaged workers. This is despite the protection provided by Labor's award-based no disadvantage test. Hammond and Harbridge suggest these effects will be far greater under

a policy which goes further in breaking down collective and centralised industrial relations processes.

Their analysis shows that the gender gap between women's and men's wages in New Zealand grew by 120 per cent in just 18 months between 1992 and 1994 under the controversial employment contracts legislation. In the same period, the mean lowest adult wage fell by more than \$8 per week. The survey deals only with employees in larger enterprises who have at least managed to remain in collectively bargained agreements which are open to public scrutiny. Presumably, the results would be even worse for those lower paid workers who have been 'de-collectivised' and moved onto private individual employment contracts.

The findings contained in this study only confirm those of similar international research. For example, the three countries in which wage bargaining is most heavily concentrated at the enterprise level are Canada, Japan and the United States. They are also found to have the highest gap between male and female earnings and between high and low wage earners.

One well-regarded study sums up this way: 'decentralisation is strongly associated with greater inequality in wage dispersion and the weak bargaining power of disadvantaged groups, like women, suggests a causal relationship between the two factors.' (*Workplace bargaining in the international context*, Peetz, Preston and Docherty (1993), Industrial Relations Research Monograph, DIR, Canberra).

The centrepiece of the new government's system will be Australian Workplace Agreements (AWAs). These will be entirely new agreements which are intended to be 'user friendly' vehicles for 'removing the complex legal and administrative pre-agreement certification processes' previously required. They may be individually or collectively negotiated.

Time will tell what all this means for ALIA members. Many may find it little different to what they have been grappling with in the past year or two, in Victoria or Western Australia, for example. For others, there may well be fundamental changes in the way their employment conditions are developed. Without doubt though, there will be an increase in the number of members forced to negotiate and finalise employment contracts individually with their employers. ALIA will be doing as much as it can to assist these members.

The government will soon publish formal guidelines on drafting and contents of its new AWAs and will produce model agreements. When these are available for scrutiny, ALIA will be developing further material to help members understand and deal with the new system. ■