Industrial relations reform in Australia: implications for the agricultural and mining sectors

Anne Hawke and Mark Wooden*

A major transformation in the processes that underpin industrial relations arrangements in Australia appears to have occurred during the last decade. The tribunal-based systems of conciliation and arbitration that have shaped labour-management relationships now play a far less pivotal role, and the system of awards is far less central to the determination of wages and conditions. Greater scope now exists for employees and employers to tailor their industrial relationship to the needs of the enterprise. This article provides an overview of the development of both collective and non-collective bargaining within the formal framework, and the likely impacts of such developments.

1. Introduction

The nature and role of labour market institutions in Australia appear to have changed dramatically during the past decade. The most obvious manifestation of these changes has been the shift towards more decentralised systems for formal industrial relations arrangements. Prior to the late 1980s, employment conditions for the vast majority of Australian employees were heavily dependent on highly prescriptive multi-employer awards, determined on their behalf by third parties who were removed from the workplace. Today, awards are much more likely to simply define minimum standards, with the wages and employment conditions that prevail in practice often being the result of direct negotiations between individual workers (or their representatives) and employers.

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This article provides an overview of the reform process. Particular attention is devoted to the development, scope and coverage of formal enterprise bargaining, including the distinction between collective and non-collective agreements. The likely impacts of such developments on Australian workplaces and workers are then discussed. The article then turns to a brief discussion of the implications of industrial relations reform for the agriculture and mining sectors.

## 2. Sowing the seeds of reform

For most of the twentieth century, the legislative basis for Commonwealth industrial relations was defined by the *Conciliation and Arbitration Act 1904*. This Act regulated the operations of the Australian Industrial Relations Commission (from here on referred to as ‘the Commission’) until 1988 when it was replaced by the *Industrial Relations Act 1988*. While the 1904 Act was amended more than seventy times, and the primacy of the Commission (and other tribunals) in the determination of wages and employment has waxed and waned, tribunal-administered awards and national wages cases remained the main instruments through which wages and conditions of employment for Australian workers were determined.

By the early 1980s, however, the pressures for reform and change that had been building throughout the previous decade were immense. As discussed in Hawke and Wooden (1998), a number of factors, including structural change, rising unemployment, increased competition in product markets, the emergence of new skills-biased technologies and changing work organisation (especially the increased decentralisation of corporate structures and the greater emphasis given to ‘flexible’ work practices), were working together to undermine both centralised bargaining processes and trade union power.

In 1983, however, the Hawke Labor Government came to power federally with a mandate to pursue a corporatist agenda which, through its Prices and Incomes Accord with the Australian Council of Trade Unions (ACTU), actually involved the re-centralisation of bargaining. The Hawke Government did, however, recognise the need to at least subject the industrial relations systems to increased scrutiny and hence established a Committee of Review of Australian Industrial Relations chaired by Professor Keith Hancock. Reporting in 1985, the Hancock Committee concluded that the systems which had served Australia for nearly eight decades were fundamentally sound and required only marginal change. These changes included the recasting of the *Conciliation and Arbitration Act* and the development of arrangements which would allow parties to ‘opt-out’ of awards. The declaration of the *Industrial Relations Act 1988* represented the adoption of the first of these recommendations.

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Although the *Industrial Relations Act 1988* represented a clear break from the previous legislative history of amending the existing governing legislation, in line with the Hancock recommendations, it was broadly similar in character to the previous Act. The notable exception to this broad generalisation was the ‘opting out’ provisions. Specifically, sections 112 and 115 of the new Act permitted parties (which by definition included trade unions and employers) to establish employment conditions without the requirement that a log of claims or dispute exist. Section 112 provided for consent awards (that is, awards which were reached by mutual consent between parties and ratified by the Commission) whereas section 115 provided for the implementation of agreements certified by the Commission.

While Part X of the previous Act did provide for parties to use ‘industrial agreements’ without recourse to compulsory conciliation and arbitration, decisions handed down by the High Court in 1913 severely limited the scope of Part X, and effectively put an end to such agreements (see McCallum and Smith 1986).1 The inclusion of sections 112 and 115 in the new Act thus represented an attempt by government to reintroduce greater degrees of voluntarism to the federal industrial relations system which, according to McCallum and Smith (1986), was more in line with the intentions of the architects of the 1904 Act.

Under the new provisions, parties could negotiate above the existing award conditions on any matter which was relevant to their employment relationship.2 Despite this rediscovered opportunity, relatively few employers took advantage of the new provisions. For example, in the three years following the enactment of the *Industrial Relations Act 1988*, only 122 applications under section 115 were approved by the Commission.3 According to Plowman (1992), use of section 115 was deliberately curtailed by the Commission. Confronted by ‘the co-existence of an arbitration stream that is required to provide general industrial standards in the public interest, and of a bargaining stream that may enable parties to circumvent those standards’ (p. 284), the Commission chose to apply highly restrictive guidelines which saw many applications for section 115 agreements rejected.

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1 Some use was made of Part X by parties seeking to use private arbitration to resolve local grievances.

2 Negotiation over matters which were subject to legislation beyond the Industrial Relations Act such as equal pay, occupational health and safety and anti-discrimination was excluded.

3 This figure is drawn from technical notes to *Wage Trends in Enterprise Bargaining*, a quarterly newsletter published by the Department of Industrial Relations.
Lengthy delays in the processing of applications were a further factor rendering the section 115 route an unattractive option to many employers. Finally, and as observed by Plowman (1992), most of the 122 agreements that were implemented were not intended to have a substantive impact on employment conditions. Most were both short in duration and brief in content (typically containing six or fewer substantive clauses: Plowman 1992, p. 290).

At the same time as these legislative developments were occurring, important changes in the nature of the Accords which underpinned wages policy were taking place. Ultimately, these changes were to prove highly significant in fostering an environment conducive to the development of a more decentralised system. In March 1987, for example, the Commission agreed to the introduction of a two-tiered wages system (as recommended in Accord Mark III) under which all workers were to receive national wage case adjustments, with a second tier providing up to a further 4 per cent to workers whose trade union could negotiate a wage increase at the enterprise level. While this process was highly regulated, with all increases requiring the endorsement of the Commission (which was achieved by satisfying the Commission that equivalent productivity offsets were to be delivered), it represented yet another important break with the centralist approach of the past. Indeed, for the first time, workplace or enterprise productivity became the basis for legally enforceable wage outcomes of federally covered workers.

Despite the in-principle effect of the productivity/wages trade-off, the reality proved to be somewhat different. Analyses of second tier agreements by both Frenkel and Shaw (1989) and Reilly (1989), for example, concluded that many of these agreements did not produce any real productivity improvements or, if improvements were achieved, they were not sustainable. Indeed Dawkins, Duffy and Norris (1988, p. 36) argued that this system gave trade unions an incentive to introduce restrictive work practices in order that these practices could be traded for wage increases in the future.

In 1988, the Commission, recognising the potential problems associated with the two-tier approach, developed the Structural Efficiency Principle (SEP). Under this approach, wage increases were linked to negotiations of award variations which facilitated increases in competitiveness and efficiency of the industry — a process commonly referred to as award restructuring. As noted by Wooden (1990, p. 60), award restructuring was not intended to be enterprise based. ‘It is aimed, by definition, at awards and, by association, at the industry level.’

As with the second tier, the available evidence suggested that the SEP was not effective in achieving productivity gains, at least not in the short term. Partly as a result of the extensive ‘protections’ provided by the system,
and its associated complexities, the SEP was slowly implemented in a limited number of industries. Survey results reported in Sloan and Wooden (1990), for example, indicated a general failure of firms to implement the industry-agreed changes. Similarly, Still and Mortimer (1993) reported results which were broadly supportive of these findings, leading them to conclude that award restructuring had a minimal effect at the enterprise level.

In conclusion, it is now widely accepted that neither the second tier nor the SEP had a significant impact on the way employment relationships in the workplace were structured. Nevertheless, the greater emphasis on workplace performance and productivity helped create an environment in which a more truly enterprise-based system would be more receptively viewed by employers and trade unions as the next progression in industrial relations reform.

3. Formal enterprise bargaining

By the end of the 1980s the environment was one where nearly all of the relevant parties, though not the Commission, were supportive of further decentralisation of bargaining structures. The business community was pushing strongly for the introduction of enterprise-based structures, a position which was being vigorously advocated by the Business Council of Australia (see BCA Industrial Relations Study Commission 1989). Even the ACTU had began canvassing its own version of enterprise bargaining, with support for an enterprise-based bargaining system being a key element of Accord Mark VI, negotiated in 1990.

The Commission, however, was at best a reluctant supporter of enterprise bargaining. It rejected the concept in its December 1990 National Wage Case, drawing criticism from all parties, before finally introducing its own Enterprise Bargaining Principle in October 1991. However, as with the second tier and the SEP, the Enterprise Bargaining Principle was inconsistent with the requirements of the parties. Consequently, in 1992, section 134 of the *Industrial Relations Act 1988* was amended in a way that ensured enterprise bargains did not have to satisfy all of the requirements that had been imposed by the Commission.

Further impetus to enterprise bargaining was provided by the *Industrial Relations Reform Act 1993*. A key feature of the Act was the introduction of Enterprise Flexibility Agreements (EFAs). Unlike the existing Certified Agreements, EFAs could be negotiated without union involvement.4

4These agreements were non-union in the sense that groups of employees negotiated with management, rather than unions and management negotiating (as is the case with certified agreements). It is possible, however, that some of the employees who negotiated an EFA at their workplace were trade union members.
However, although EFAs were designed to increase access to formalised bargaining, only 156 were ever approved (DIR 1996, p. 62). One explanation for the poor response to the additional flexibility provided by EFAs was again the exhaustive ratification process. In addition to passing the conditions for ratification required for certified agreements, EFAs were subject to additional compliance tests (mainly associated with informed consent). Additionally, although an EFA represented the outcome from direct negotiations between groups of employees and their employers, it was necessary to notify relevant trade unions of negotiations which were being undertaken as part of the agreement-making process. This provided trade unions with the opportunity to identify lowly unionised firms which were vulnerable to recruitment campaigns.

Finally, and most recently, industrial relations reform has been provided renewed vigour through the *Workplace Relations Act 1996*. The main development under this Act was that for the first time, agreements between individuals and their employer could be formalised without the intervention of unions. That is, provision was made for employers to formalise the result of their negotiations with each employee. These agreements, called Australian Workplace Agreements (AWAs), may be negotiated with employees on either an individual or collective basis. Unlike Certified Agreements, AWAs can be reached without reference to the Commission, although they are still subject to review by the recently created Office of the Employment Advocate. Furthermore, and unlike informal agreements, the new legislation provides scope for both Certified Agreements and AWAs to reduce individual award entitlements so long as, when viewed in total, the agreement does not represent a reduction in entitlements (that is, employees are not disadvantaged by the agreement). AWAs are also unique when compared with other formal agreements in that they remain confidential to the parties involved (unless otherwise agreed).

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5 It is possible (although unlikely) that trade unions may be appointed as a bargaining agent in the negotiation of an AWA.

6 When negotiated on a collective basis, each individual covered by the agreement must indicate consent in order that they be covered by the agreement.

7 Although the Employment Advocate has the power to approve or disallow AWAs, in cases where there is some doubt regarding the ability of the AWA to meet legislative requirements such as the no-disadvantage test, the AWA may be referred to the Commission. Unlike certified agreements, the Commission is required to hold submissions on AWAs in closed hearings.
Available data indicate that growth in formal collective enterprise agreements during the 1990s has been significant and substantial. This is illustrated in Figure 1 which shows the number of employees covered by both federal wage and non-wage agreements steadily increasing since 1993. Indeed, between October 1991 and October 1997 around 15,000 federal agreements were formalised by the Commission, with the number of employees estimated to be covered by these agreements reaching an estimated 1.74 million employees (Joint Governments’ Submissions 1997, p. 89) by September 1996. This total represents about 64 per cent of employees within the coverage of the federal awards system and about 25 per cent of all employed wage and salary earners in Australia. In contrast, unpublished data indicate that in June 1993, only 35 per cent of federal award employees were covered by an enterprise agreement.

Growth in the coverage of employees by enterprise agreements has also been apparent within the State systems though, as Quinlan (1996) notes, the spread of enterprise agreements has developed more slowly within the State jurisdictions. In the State systems, at the end of March 1997, around 6,869 collective agreements had been formalised. These agreements are estimated to have represented approximately 800,000 workers, or about one-third of all State award employees (excluding Victoria). As reported in Hawke and Wooden (1998), the rates of coverage (of award-based employees) varied from just 6 per cent in Tasmania up to 39 per cent in Queensland (Joint Government’s Submission 1997, p. 91). In total, therefore, the coverage of

Figure 1 Employee coverage of federal enterprise agreements, 1993–97
Sources: DIR, Wage Trends in Enterprise Bargaining (various issues) and unpublished data.
award-based employees by enterprise agreements throughout Australia would appear to be close to 50 per cent.\(^8\)

Turning to formalised individual-based agreements, far less is known, mainly because negotiating such agreements within the formal federal jurisdiction has only recently become possible — AWAs became operational on 12 March 1997. The evidence to date though does suggest that the uptake is relatively slow, with around 7,500 AWAs covering just 360 employers having been lodged by 31 December 1997. This rate of lodgement is, however, not surprising for the following reasons. First, it is possible that some enterprises which may desire individual-based agreements are currently locked in to collective agreements reached under the previous Act. Second, AWAs represent the first opportunity for formalised individual arrangements between employees and employers. It is possible that certified agreements were readily adopted since they largely relied upon negotiations between trade unions and employers which had a tradition of negotiating wages and conditions of employment under awards. Third, provision of individual agreements through AWAs may stimulate parties to reach individual agreements while failing to provide the incentives for them to formalise these arrangements.

4. The impact of enterprise agreements

The data reported in the previous section highlight what would appear to be, at least on the surface, an impressive shift towards enterprise-based bargaining arrangements. Enterprise agreements, however, can vary enormously in terms of what they deliver, and it is undoubtedly the content and subject matter of agreements which are critical in determining their significance. Buchanan et al. (1997, p. 101), for example, cite data which suggest that in the period prior to the introduction of the Workplace Relations Act only 5 per cent of employees had their wages and conditions determined wholly by (registered) enterprise agreements, a further 30 per cent had their employment regulated by a combination of awards and agreements, 35 per cent were entirely dependent on awards, and 30 per cent were dependent on conditions specified in individual contracts negotiated outside the purview of industrial tribunals. These figures suggest that for the large majority of employees covered by enterprise agreements, the agreement has to be read in conjunction with awards.

\(^8\) It must, of course, be borne in mind that not all employees are covered by awards, and that the proportion of employees covered by awards is, in all likelihood, falling. (ABS estimates suggest award coverage fell from 88 per cent to 80 per cent between 1974 and 1990.)
Indeed, in some sectors, such as coal mining, it has been argued that not only do agreements not wholly replace the award, but that the agreements often only touch upon a narrow range of work conditions (Wooden, Robertson and Cernaz 1996). At a more general level, there appears to be some disagreement about the extent to which agreements vary employment conditions in some substantive way or the extent to which they are simply ‘add-ons’ to awards. The DIR in its 1994 Annual Report into Enterprise Bargaining (DIR 1995, p. 135) adopted the positive stance. A year later, however, the DIR reversed its position, claiming that most agreements were in fact ‘merely “add-ons” to their parent award’ (DIR 1996, p. 126). This latter conclusion appears to be more consistent with other assessments based on other data, including ACCI (1995) and Callus (1997). Indeed, Callus (1997) concludes, based on data from the Agreements Data Base and Monitor (ADAM) maintained by the Australian Centre for Industrial Relations Research and Training, that in recent years ‘agreements have become less detailed and there seems to be less inclination to see agreements as a means of dramatically reforming workplace industrial relations’ (p. 20).

Such conclusions are not unexpected for a number of reasons. First, the federal system of basing agreements on awards through the application of the ‘no disadvantage test’ has limited the incentive for employers to negotiate comprehensive agreements (DIR 1995, p. 126). Under this test, agreements are bound by the minimum entitlements identified in the relevant award.9 Second, organisations without a history of bargaining can be expected to lack the resources or the inclination to develop comprehensive agreements (DIR 1995, p. 135). Third, many organisations may find that existing award conditions do not constrain their workplace operations and hence have little incentive to include these issues in an enterprise agreement.10

It is therefore not clear that enterprise agreements are necessarily delivering outcomes that are greatly different from that which would have been delivered in their absence, either through awards or through over-award bargaining. However, to analyse this question requires data linking agreements to actual outcomes, rather than data on provisions within agreements. Unfortunately, the only relevant data are attitudinal data collected as part of the 1995 Australian Workplace Industrial Relations Survey.

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9 It is now possible for agreements to contain clauses which have lower wages and conditions than those identified in the awards, so long as when viewed as a whole, the agreement does not represent a lower level of entitlement when compared to the award. This test is evaluated by the Commission during the ratification procedures.

10 As reported in DIR (1995, fn. 11, p. 135), data from the 1989–90 Australian Workplace Industrial Relations Survey indicated that only 7 per cent of managers (at workplaces with 20 or more employees) identified awards as a major constraint on industrial relations.
Survey, and it is well established that attitudinal data, particularly in the area of workplace performance, are likely to be affected by substantial measurement error and biases (see Rimmer and Watts 1994a and the subsequent interchange — Crockett, Dawkins and Mulvey 1994; Rimmer and Watts 1994b).

These data were originally reported in DIR (1996, pp. 129-34), and are summarised here in table 1. The performance indicators used are labour productivity, workplace profitability, product/service quality, absenteeism and employee skill levels. The data were collected from a sample of approximately 2000 managers at workplaces with 20 or more employees, though only managers at workplaces with a collective agreement are able to respond. In general, the results suggest that most managers assess agreements as having had either no effect or a slightly marginal positive effect on workplace performance. Only with respect to absenteeism was this not true. The relatively high proportions reporting no impact on absenteeism, however, is not surprising given that the major source of absenteeism at

<table>
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work — illness — is largely outside the control of management (see Drago and Wooden 1995). Indeed, it is possible that if collective agreements are associated with an intensification of work, absence levels may rise, possibly explaining why a sizeable minority reported an increase in absence levels as a consequence of the introduction of agreements.

Callus (1997, pp. 20–1) interprets these data as implying very mixed results. On the other hand, our own interpretation of these data is less pessimistic. The relatively restricted range of response options (just five) will almost certainly constrain responses to the middle three options, given: (i) the many other factors that are likely to impact on business performance; and (ii) respondents to attitudinal survey questions tend to avoid the polar extremes. The relatively large numbers of respondents indicating that outcomes had improved ‘a little’ should therefore be treated as a positive finding.

Another interesting aspect of the data presented in table 1 is the comparison between workplaces with formal agreements (represented by Part VIB and State agreements) and workplaces with informal agreements (represented by unregistered agreements). In terms of labour productivity, outcome quality and skill levels of employees, informal agreements proved more likely to have achieved positive benefits than formal agreements. Given this result, it is perhaps difficult to understand the incentives for enterprises to utilise formal agreement-making provisions of legislative reforms given that informal agreements may well lead to better workplace outcomes. One likely explanation is that the types of workplaces where formal agreement-making takes place are very different from workplaces where informal agreement-making prevails. Certainly we would expect a higher level of unionisation at the former than at the latter. Isolating the impact of formal agreements vis-à-vis informal agreements will thus require controlling for workplace and firm characteristics. More generally, registration of agreements, at least under the Workplace Relations Act 1996, provides the only mechanism by which award conditions can be legally reduced. Further, registration provides a straightforward and immediate mechanism for enforcing compliance with conditions specified in the agreement.

5. Implications for the agriculture and mining sectors

Given the incremental nature of change, it follows that the consequences for outcomes in all sectors are likely to have been modest, and that it may well be a good deal longer before significant changes in practice and behaviour manifest at the workplace level. However, even if it is assumed that the reform process is already making a notable difference at the workplace level, there are good reasons to expect that the effect of industrial
relations reforms in terms of work practices and outcomes within the agricultural and mineral resource sectors may be more limited than in other sectors. Most obviously, in both agriculture and mining, labour costs account for a relatively small share of total input costs. As documented in table 2, between 1992–93 and 1995–96 labour costs (wages, salaries and supplements) represented 24 per cent of the total gross product in agriculture, forestry and fishing and 29 per cent of the gross product in mining. In contrast, in manufacturing industry labour costs represented around 56 per cent of gross product, while in the services sector it averaged 53 per cent of gross product. It thus follows that reforms which impact on labour costs (through improvements in productivity) will be of less significance to the agriculture and mining sectors than they will be to producers in other more labour-intensive sectors.

It is likely, however, that the impact of industrial relations reform on the agriculture and mining sectors could still be quite different. The main reason for this is the difference in the award and agreement coverage in each of the sectors. Coverage of agriculture workers by the formal system is extremely low whereas in mining it is relatively high. This is potentially of large importance given industrial relations reform is largely about changes to the formalised institutions and processes of industrial relations. Thus, if the large majority of workers within the agriculture sector are not represented within the formal award-based system, they are unlikely to be much affected by the reform process.

Although official statistics on award coverage within the agriculture sector do not exist, low levels of coverage are generally assumed given:

1. the high incidence of self-employment (44 per cent of all agriculture workers were defined as ‘own account workers’ by the ABS in August 1997);
2. the importance of family labour in agriculture (Ferguson 1998);

Table 2 Wages, salaries and supplements as a percentage of gross product by industry sector, 1992–93 to 1995–96

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3. the high proportion of managers employed (59 per cent of all agriculture workers were classified by the ABS as belonging to the ‘manager and administrator’ occupational grouping in August 1997);

and

4. extremely low rates of unionisation (just 6.6 per cent of employees in the agriculture sector in August 1996 were members of a trade union).

In contrast, according to the most recent ABS survey of award coverage, undertaken in May 1990, 74 per cent of employees in the mining industry were measured as covered by awards, determinations and collective agreements. This compares with an all industry average (but excluding agriculture, which was excluded from the scope of the survey) of 80 per cent. It should be noted, however, that award coverage within the mining sector is highly variable. For example, we suspect that, reflecting the higher rates of unionisation in coal mining, award coverage will be commensurably higher in coal mining than in other mining sectors.\(^{11}\)

For similar reasons, the incidence of registered collective agreements is also likely to be relatively low in agriculture, but much higher in mining. Here data do exist (from the Federal Workplace Agreements Database) and our suspicions are confirmed. As reported in table 3, only 0.4 per cent of all employees covered by registered federal collective agreements in 1995 were working in the agriculture industry. By comparison, just over 2 per cent

\(^{11}\) According to the ABS Trade Union Members Survey, 85.2 per cent of coal mining employees were trade union members in August 1996. In the other mining sectors the total rate of unionisation was just 24.6 per cent.
of all employees worked in this sector in 1995, indicating a relatively low ratio of covered employees to total employment in the agriculture sector. In contrast, mining employees represented 1.1 per cent of all employees covered by agreements, which is almost identical to the proportion of total employees working in the mining sector.

As implied above, low levels of award (and agreement) coverage are likely to indicate reliance on informal processes and structures. This in turn is likely to reflect a greater degree of flexibility in the face of external shocks. This is of large significance to the agriculture and mining sectors given the export orientation of both. Unlike many other sectors of the economy, agriculture and mining producers have, for the most part, long been exposed to the forces of international competition. As such, these sectors are highly vulnerable to external shocks. Surviving adverse shocks will require either the presence of greater levels of technical efficiency among Australian producers compared with their overseas competitors, or the ability to quickly adjust factor costs and quantities, including labour. In the mining sector, where work practices vary by mine and are significant determinants of productivity, and especially in coal mining, the ability to vary factor costs and quantities is likely to be much more limited (Foots 1998). Industrial relations reform in this case is potentially of large importance, and undoubtedly underlies the protracted disputes that are still ongoing in the coal mining industry.

Finally, even if industrial relations reform does not bring direct benefits to agriculture and mining producers, indirect benefits may still flow as a result of the impacts of reform on downstream industries with strong input/output linkages to agriculture and mining. Ferguson (1998), for example, discusses in some detail the potential gains for farm profitability that can arise from increased productivity in the meat processing and waterfront industries. Similarly, the mining industry stands to benefit from increased productivity in other sectors, especially rail transport and port services (see BIE 1996, p. 103).

6. Conclusion

Major transformations in the structures and processes that underpin industrial relations arrangements in Australia appeared to have occurred during the last decade. Appearances, however, can be deceiving. The Commission, for example, despite legislative change designed to limit its influence, continues to act as an arbiter of national and award-based minima in pay and conditions and as a means of conciliation and arbitration. Furthermore, while the introduction of enterprise and individual agreements within the awards system is a significant change, it does not yet constitute
a break with past centralised practices given such agreements remain subject to approval by either the Commission, or the newly-formed Office of the Employment Advocate. Moreover, it is not clear that enterprise agreements are necessarily delivering outcomes that are greatly different from that which would have been delivered in their absence, either through awards, over-award bargaining or other informal agreements. Evidence on the content of agreements suggests that many may be nothing more than ‘add-ons’ to the parent award. Survey evidence also suggests only modest impacts on workplace performance, and it could be argued that some of the improvements obtained could just as easily have been obtained through the use of informal arrangements, which have always been available. Ultimately, we do not yet have the data necessary to provide an answer to these questions. Only the changed position and role of the trade union movement can clearly be judged as transformational, with trade union membership rates falling from around 50 per cent in the mid-1970s to just 30 per cent in 1997. In this, however, it is difficult to ascribe a catalytic role to legislative and procedural reform.

The reform process may therefore better be described as evolutionary rather than revolutionary. Change, when it has occurred, has tended to be incremental in nature. As a result it may be a good deal longer before significant changes in practice and behaviour manifest themselves at the workplace level. This does not mean the reforms have not been significant — far from it. As Birmingham (1997, p. 33) observes when discussing the introduction of the Workplace Relations Act 1996: ‘It is a huge step from where we were ten years ago but it is not such a great step from where we were this time last year.’

However, even given change is taking place, there are good reasons to expect that the effect of industrial relations reforms in terms of work practices and outcomes within the agricultural sector may be more limited than in other sectors. The ratio of labour costs to total costs is relatively small, unionisation rates are extremely low, and the coverage of workers by the formal systems is also quite low. These factors combine to increase the likelihood of informal processes and structures. This, in turn, is likely to reflect a greater degree of flexibility in the face of external shocks, which is extremely important given the importance of the export sector to agriculture.

In mining, and especially coal mining, the situation is quite different. While labour costs as a share of total costs are also relatively small, the coverage of mining employees by awards and agreements is quite high. Indeed, in coal mining, coverage is likely to be close to complete. Confronted by an internationally competitive market and diminishing natural advantages, it is not surprising that industrial relations reform is high on the agenda of many coal producers.
Finally, even if industrial relations reform is not of direct significance to agriculture and mining producers, indirect benefits may still flow as a result of input/output linkages to other areas of the economy which have increased potential for improvements in workplace performance. Most obvious here are the waterfront, rail transport, and many segments of the manufacturing sector (such as food processing).

References


Industrial relations reform


