

# Administered Flexibility: Restructuring the Metal Industry Award

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## Abstract

*In recent years National Wage guide-lines have attempted to facilitate the implementation of a system of "administered flexibility". The Efficiency and Restructuring Principle adopted in March 1987, and the Structural Efficiency Principle adopted in August 1988, have been the major instruments of this attempt. In different industries and enterprises these principles have resulted in differing outcomes and approaches. In some industries, such as the chemical, steel and aluminium industries, restructuring has taken place at a company and/or enterprise level. In other industries such as metal fabrication, road transport, building and construction, a "blue-print" industry approach has been adopted. This paper examines award restructuring in such a "blue-print" industry.*

## 1. Introduction

In recent years a major focus of industrial relations has been award restructuring. The attempt to harness both normative and economic forces by way of a National Wages system determining guide-lines establishing the parameters for less centralised award negotiations has been termed "administered flexibility" (Plowman and Niland 1990).

Awards vary considerably in terms of responsiveness and content. The form of responsiveness is an important factor in determining the relevance and

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adaptability of awards to individual work enterprises. As a general rule, it may be posited that single-employer-single-union awards are likely to be more attuned to enterprise needs than multi-employer-multi-union-multi-industry awards. There is a range of responsiveness possibilities within these extremes (Plowman 1990). It may also be posited that single-employer awards are more likely to be the outcome of negotiated settlements (for example Section 115 Agreements). By way of contrast, the institutional impediments to modernising and adapting multi-employer-multi-union-multi-industry awards are likely to lead to tribunal involvement in award restructuring. For such awards administered flexibility involves administration, not only in the formulation of national guide-lines, but also in the determination of an industry based "blue-print" or formula for enterprise negotiations.

This paper examines attempts to restructure the Metal Industry Award and to replace that award with the Metal and Engineering (Federal) Award. The name of the award, and of the proposed new award, is a misnomer. The award is a multi-industry one. Not only does it regulate employment conditions of process workers and tradespersons in the metal fabricating industry, it also regulates employment conditions of engineering and related trades (fitters, turners, boilermakers, sheetmetal workers, toolmakers, mechanics, maintenance tradesperson, etc.) in a multiplicity of industries and undertakings. These include the building and construction industry; chemicals, steel and aluminium production; health services; the stevedoring and aviation industries; local government undertakings; and federal and state instrumentalities. The award determines employment conditions for over 400,000 workers in an estimated 10,000 establishments. It is the largest private sector award, and for this reason is the accepted benchmark award. As such, it is an important litmus test of industrial standards. Until the early 1970s the award, and its predecessor, the Metal Trades Award, was also an important pace setter. With the decline in the manufacturing sector's bargaining power, the pace setting role has been taken over by the road transport and warehousing industry awards.

The Metal Industry Award highlighted the inflexibility and anachronism of many awards. It contained an excessive number (over 340) of rigidly defined classifications and provided for 1,800 different rates of pay. Its overly prescriptive provisions limited the capacity for enterprise flexibility. Its language was complex and legalistic. Award classifications were rigid and provided for limited wage, employment and career opportunities. It did not provide for training mechanisms.

There are nine union respondents to the award. These negotiate with the Metal Trades Industry Association (MTIA) and the Australian Chamber of

Manufacturers (ACM) by way of the Metal Trades Federation of Unions (MTFU). The dominant union, the Amalgamated Metal Workers' Union (AMWU), has steadfastly refused to allow award fragmentation by way of enterprise awards. Indeed, through roping-in and other strategies there has been a degree of award consolidation in recent years. A major reason for avoiding award fragmentation is the strategy of whip-sawing between larger employers for improved conditions. When a sufficient number of these employers have conceded the demands, the union has sought flow-ons to weaker bargaining units by way of tribunal adjudication.

Despite these potential barriers to restructuring, unions in the metal industry have been at the forefront of the restructuring debate. Indeed, the AMWU's former National Secretary has become the evangelist of award restructuring. Carmichael has used his position of ACTU Assistant Secretary to influence ACTU policy in the area. The reason for this apparent contradiction is not difficult to find. Award restructuring is a response to the changed fortunes of Australian manufacturing. As the largest union in manufacturing, the AMWU has sustained severe membership loss since the Metal Industry Agreement of December 1981. The viability of the union depends, in large measure, upon a viable manufacturing sector. This is also the concern of other manufacturing unions. The union movement as a whole has been concerned at the decline in total union membership as a result of structural changes affecting an area of traditionally high membership. Arresting the manufacturing decline has, therefore, become a part of ACTU strategy. This, in turn, has led to award restructuring becoming a generalised and National Wage case driven phenomenon, rather than something relating predominantly to the manufacturing sector.

In developing the chronology of award restructuring in the metal and engineering industry this paper is divided into five parts. The first part examines the impetus for award restructuring in the industry, the Metal Trade Industry Association's proposed compact with metal unions, and the application of the two-tiered wages system to the industry. The second part of the paper examines the Structural Efficiency Principle adopted at the August 1988 National Wage case, and the early attempts to replace the Metal Industry Award with the Federal Metal and Engineering Award. The third part of the paper examines the 1989 National Wage Reviews and the ACTU's successful strategy for the adoption of a "blue-print" or national framework for the implementation of award restructuring. The fourth part of the paper documents the Structural Efficiency variations of the Metal Industry Award. The concluding section makes a number of observations based upon an analysis of restructuring in the metal industry.

## **2. The MTIA Compact and the Two-Tiered Wages System**

In December 1981 the MFTU and MTIA concluded a one-year agreement which appeared to provide major gains to unions. Wages were increased by \$25 per week (11.9 per cent) at the fitters' rate and proportionately for other award classifications. A further mid-term adjustment of \$14 a week for fitters (5.7 per cent) was to follow from July 1, 1982. Tool and other allowances were increased. Standard working hours were reduced from 40 per week to 38 per week.

The negotiations leading to the December Agreement took place in the "resource boom" climate generated by the Fraser Government. That projected boom was quickly replaced by one of international gloom. Within weeks of the Agreement which reduced working hours, in many establishments unions were seeking the introduction of the "short-term" week. This provides for employees to be paid for time worked, rather than for the full working week specified by the award. Despite this strategy metal workers experienced great job losses. Between 1981 and 1983 nearly 100,000 jobs were lost in the metal and engineering sector (MFTU, 1988a). Both unions and employers had failed to recognise and respond quickly enough to changed circumstances. Metal employers were squeezed between higher labour costs and shrinking markets. The demise of tariff protection, the deregulation of the financial sector, the floating and devaluation of the Australian dollar, the decline in the volume and price of Australian commodities, and the greater penetration of manufactured imports had led to a new order. That new order required greater international competitiveness. By 1986 Australia's ballooning balance of payments difficulties placed further strains on the economy and the manufacturing sector.

Concern for the metal and engineering industry's viability led to the MTIA proposing a Compact with metal unions in December 1986. The Compact was designed to change the industrial relations culture and to make the industry internationally competitive. It sought to promote the interests of the industry in five ways: encouraging harmonious industrial relations; creating an environment conducive to investment and commercial viability; increasing employees' disposable income without adding to industry's costs; developing the skills and capacities of employees; and enhancing the industry's image and reputation for quality products (MTIA, 1986).

In its proposed Compact the MTIA recognised the "need to effect major changes in the current approach to training and career development". It called for greater labour mobility, the removal of barriers to enterprise efficiency, better workplace consultation, the establishment of dispute settlement procedures, the restructuring of award classifications, the removal

of restrictions on male part-time employment, the greater flexibility in working hours, and the merging of unions. Thus the proposed Compact canvassed the major areas which have come to be associated with award restructuring: training and skill formation, multi-skilling, career structures, award reclassification and broad-banding, consultation, the removal of restrictive work practices and job demarcations, and employee consultation.

In the same month in which the MTIA was seeking a Compact with metal unions the National Wage Bench was deliberating on national wage policy. In the previous National Wage Decision handed down in June 1986 the Commission had reaffirmed its commitment to the indexation system which had formed an integral part of the Accord since 1983. However, the rapidly deteriorating balance of payments situation had caused the government to move away from support for full indexation. It sought a discounting of the imported elements of the Consumer Price Index and offered the ACTU tax concessions in return. This led to the ACTU proposing a two-tiered wages system. Such a system was supported by the Government and the Confederation of Australian Industry.

In March 1987 the Commission handed down new wage guide-lines which incorporated the two-tiered system. The first tier consisted of a general across the board wage increase of \$10 per week with provision for a further possible increase of 1.5 per cent six months later. The second tier, with a cap of four per cent, was an inducement to workplace restructuring. To this end the Restructuring and Efficiency Principle was introduced. This stated, *inter alia*,

- (a) Increases in rates of pay or improvement in conditions of employment may be justified as a result of measures implemented to improve efficiency in both the public and private sectors.
- (i) Changes to work practices and changes to management practices must be accepted as an integral part of an exercise conducted in accordance with this principle.
- (ii) Other initiatives may include action to reduce demarcation barriers, advance multi-skilling, training and retraining, and broad-banding.
- (iii) Changes to working patterns may be necessary ...

(AIRC 1987a, p. 13).

The Commission identified some of the positive changes it expected to flow from the new principle:

- \* there was to be an examination of restrictive work and management practices in both the public and private sectors to identify areas of inefficiency and to develop means to overcome them;
- \* in situations in which improved efficiency and productivity required the introduction or extension of multi-skilling and broad-banding, these were to be treated by the parties as appropriate elements in the restructuring exercise;
- \* there was to be acceptance of the concept that the reduction in demarcation barriers might be an essential part of restructuring;
- \* in situations where new classifications were needed to give effect to the changes, the parties were to seek appropriate award variations. (ibid)

This decision marked a major change in traditional National Wage determination. Rather than merely adjudicating upon income distribution, this case was also concerned with income generation. The decision, in the view of one metal union, 'only created a number of possibilities rather than awarded firm wage adjustments' (AMWU, 1987). It mirrored, in some measure, the MTIA's proposal to increase disposable income without adding to industry's costs. Further, the decision marked a significant change in the conduct of industrial relations which are characterised by negotiations at the national, industry and sectoral levels. Though the Commission considered that nationally agreed guide-lines could assist in the proper processing of enterprise-based restructuring and efficiency exercises, it stressed that "it [was] primarily at the enterprise level that the objectives of the principle [would] be achieved" (ibid).

By the end of March 1987 the MTFU had responded to the MTIA's proposal for a Compact. It endorsed some of the proposals but sought greater clarification over the substantive issues. In April the MTIA provided further information as well as proposals for the implementation of the two-tiered wages system. The MTIA requested the MTFU to indicate which of a number of proposed variations it was prepared to accept as appropriate trade-offs under the second tier. The MTIA proposed the following trade-offs for consideration: changes to hours of work, greater flexibility in annual leave entitlements, tightening of sick leave entitlements, deletion of Melbourne Cup Day as a public holiday, reduction in overtime costs, changes to shift work requirements and payments, greater flexibility in the use of labour, the payment of wages by electronic transfer or cheque, the provision for the part-time employment of males and "providing that demarcation of work based on union membership, custom or practice or any other artificial basis shall be a breach of the award" (MTIA, 1987a).

Despite intense negotiations the MTFU and the MTIA failed to reach agreement other than on "longer term industry issues" which essentially required government sponsorship to promote the industry and for the Australian Council of Employment and Training to provide the basis for training and career development in the metal and engineering industry.

In essence, the MTIA made demands for longer hours and concessions on other award conditions in return for a three per cent wage increase (no doubt the latter being an ambit claim). The MTFU made claims for industry development through training and efficiency and sought the four per cent wage increase provided by the National Wage guide-lines.

A major area of disagreement concerned the proper application of the Restructuring and Efficiency Principle. The employers maintained that wage increases should only be awarded after unions had conceded changes to employment conditions. The unions maintained that there was sufficient scope to improve efficiency without trading-off award conditions.

On May 12 Deputy President Keogh directed the parties to establish a national framework for second-tier wage adjustments and laid down 10 "rules" for the parties to follow. The first of these concerned the matters to be the subject of national level negotiations. These included some of the matters sought by employers in the Compact - procedures for the avoidance of industrial disputes; the spread of ordinary hours; flexibility in relation to rostered days off; the part-time employment of males; and the payment of wages by cheque or electronic funds transfer. The parties were directed to determine the nature of the issues which were to be negotiated at the plant or enterprise level. Among the issues Deputy President Keogh considered warranted discussion were changes in work methods; demarcation barriers; flexibility in the arrangement of working hours; changes in manning levels; training and retraining; unproductive work patterns; guide-lines for the use of new technology; consultation procedures; the role of supervision; part-time employment of males; wage payments and the use of contractors (MTIA, 1987b).

The national framework was to provide a mechanism for recording plant agreements. Such agreements had to "result in genuine improvement in efficiency and productivity". The national organisations were to refer any areas of plant disagreement to the Commission for assistance in resolving the disagreement. To minimise wage relativity leap-frogging problems, the Commission was to synchronise wage adjustments resulting from plant negotiations in August 1987.

Two weeks later the MTIA and MTFU reported to the Commission. Though each indicated acceptance of the "rules", they had been unable to agree as to the full details of a national framework for negotiations. "Each

submitted a proposed approach said to be consistent with the directions of 12 May but which departed in varying degrees from the guidelines laid down in that statement" (AIRC 1987b).

In the final analysis the Commission itself laid down the national framework for continued MTIA and MTFU negotiations. This national framework included a time schedule. Committees comprising representatives of management, workers and relevant unions were to be established at each plant or enterprise no later than June 5th, 1987; national level negotiations were to be completed by June 12th; and the resultant plant agreements were to be put to the Commission on August 19th for award variations as appropriate.

As an aid to the Committees the MTIA provided a check-list of 51 work practices which could be impediments to efficiency. For its part, the MTFU developed a "Model Agreement" as a guide to shop stewards. This sought agreement for the removal of inappropriate demarcation lines between similar occupations; for the implementation of consultative committees; for the development of company training and retraining programs; for the establishment of export targets; for the introduction and use of new technology and of management techniques; and the changing of identified inefficient work and management practices. The MTFU placed emphasis on the need to form "negotiating committees for the purpose of reaching agreement on restructuring and efficiency changes at the plant level" (MTFU 1987a).

Under the national second-tier negotiation framework the MTFU and MTIA were required to negotiate on five nominated matters. Agreement in those areas was to result in a variation to the Metal Industry Award so as to facilitate negotiations at the plant or enterprise level. A series of discussions and negotiations on these matters were held in June and July prior to reporting back to Deputy President Keogh in August. At these proceedings the MTFU and MTIA reported that they had agreed on award variations for two of the five matters: flexibility in relation to rostered days off and the payment of wages by cheque or electronic funds transfer. They had not reached agreement in the other three areas. They also reported agreement on a matter not included in the national level negotiations framework - the removal of restrictions on the employment of adult apprentices. At the behest of the Commission the unions also agreed that they would not object to the 'one in, all in' overtime provision being prohibited.

Keogh DP arbitrated on the outstanding three issues - disputes procedures, spread of hours and part-time employment of males - thus providing a framework for plant level negotiations.

By the end of July 1987 nearly 100 plant agreements had been finalised. This figure increased to 750 in September and to nearly 1,800 by December.



The majority of these agreements met the framework requirements and were certified by the Commission. On the basis of these agreements the Metal Industry Award was varied to provide for the four per cent second-tier wage increase. Since not all workplace negotiations had been finalised, Keogh DP arbitrated on the outstanding cases to reflect the general changes agreed to in other establishments (ATUTA, 1988).

Nearly half (47 per cent) of the agreements included provision for training; forty per cent provided for on-going consultative committees; twenty-three per cent gave up existing conditions such as tea breaks, canteen-subsidies; twenty-two per cent provided for new production systems such as Total Quality Control. The majority were modelled on, and followed, the Keogh national framework (*ibid*).

The second tier promoted workplace changes in other industries. Many of the changes or trade-offs appear to be based on the MTIA's 51-item "Hit List". The Department of Industrial Relations estimated that by January 1989 over 80 per cent of employees covered by awards had received second tier wage increases. This figure had increased to nearly 100 per cent by the end of that year (DIR 1990).

The Department identified changes in five major areas which had been introduced: payment methods, flexibility in the use of labour, industrial relations procedures, working time arrangements and management practices and quality control.

Other reports and surveys on the Restructuring and Efficiency Principle arrive at a broadly similar conclusions. These suggest that negotiations had led, or were likely to lead, to improvements in management practices and in the removal of restrictive work practices. There was also general agreement that cost offsets of four per cent or more had been achieved and that these were likely to be permanent. There were also suggestions of an improvement in the industrial relations climate and a positive attitude by unions (CEDA 1987, CWAI 1987, McDonald and Rimmer 1988, Rimmer and Zappala 1988).

Despite these positive outcomes some reservations were expressed. There was concern that there were limitations on any future "trade-off" exercises, particularly amongst the most efficient enterprises.

The views of the major parties were enunciated at the June-July National Wage case 1988. The ACTU considered that the Restructuring and Efficiency Principle had helped to eliminate inefficient practices and to increase flexibility. It had generated significant organisational and attitudinal change. The ACTU supported the continued operation of a principle aimed at restructuring, but felt that it needed a broader and longer term scope so as

to facilitate award restructuring, skill acquisition and changes to work organisation.

The Confederation of Australian Industry (CAI) argued that there had been many benefits from the Principle. It claimed, however, that the Principles's emphasis on restrictive work practices had led to a narrow application of changes by unions.

The Commission itself concluded that the March 1987 principles had been "reasonably successful":

The proper application of the Restructuring and Efficiency Principle called for a positive approach by trade unions, their members, and individual workers and by employer organisations, their members and individual employers. In the Commission's experience some were inadequate for the task. Many others made positive efforts; the best not only derived benefits which produced immediate efficiency and productivity improvements but also laid the foundation for future improvements (AIRC 1988a).

The Commission introduced the Structural and Efficiency Principle, both to facilitate future improvements, as well as to reflect post-second tier developments.

### **3. The Structural Efficiency Principle**

By the beginning of 1988 metal employers and unions had secured government agreement for a proposal to establish a project team to investigate and recommend solutions to resolve the training and career development problems of the metal and engineering industry. The government agreed to contribute \$400,000 per year for three years to the project while the MTIA agreed to contribute \$100,000 per year (Evans 1988). This represented a major commitment to training in the industry by both the government and the employer organisation.

By then the MTIA was also seeking a major overhauling of the Metal Industry Award and its replacement by a new award to be called the Metal and Engineering Industry Award. The award was to be "expressed in concise, non-technical language" and to be introduced in three stages, with increasing emphasis on multi-skilling and broad-banding at each stage.

Stage One would see the incorporation of a new classification to be known as the "Mechanical Tradesperson - Special Classification". This was to meet the need for a higher trade classification and to provide an appropriate level of remuneration. The new award was to provide for the engagement of adult apprentices and for agreement (to be made at the plant or

enterprise level), allowing for the engagement of trainees aged 16 to 18 years under the Australian Traineeship System. It was further proposed that the 349 award classifications be broad-banded to provide for 10 new skill levels created to cover both trade and non-trade employees who would be required to undertake tasks outside the traditional scope of their classifications.

In Stage Two it was envisaged that there would be a "refinement of the classification structure by further broad-banding into occupational groups in such a manner as to produce a recognisable career path". There was also to be the identification and definition of trade streams such as electrical/electronic, mechanical and fabrication. There would be job descriptions for each of the occupational groups in each stream as well as a statement of the education and training requirements for each group. There would also be negotiations over wage levels and vocational training leave.

In Stage Three further refinements would take place including reductions in the number of occupational groups within the trade streams (*ibid*).

The provision of trade streams was a recognition of the problems of seeking multi-skilling when a number of unions, each jealous to guard their own membership, was involved. In particular, the Electrical Trades Union made it clear that it was not prepared to allow members of other unions to encroach into its areas of operations. The union was particularly opposed to "cross-trade multi-skilling" (ETU 1988).

The MTFU also sought the establishment of a new award. Its claims, served on the MTIA in April 1988, noted that "the central objective of the MTFU is that the new Metal and Engineering (Federal) Award 1988 is operational no later than January 1990. Individual plants would then negotiate an Award Implementation Agreement to move from the old Award to the new Award" (MTFU 1988b).

The MTFU envisioned the new Award as having nine basic or generic classifications, each of which would have several sub-levels within them and include training requirements. It reaffirmed the view that "negotiations and work value assessments should be the basis for initiating a career structure in the Award". Central to the career structure should be three trade streams - electrical/electronic, mechanical and metal fabrication (*ibid*).

Developments in the metal and engineering industry were again overtaken by, and absorbed into, National Wage Principles. In August 1988 the National Wage Bench handed down new wage guide-lines which provided for the Structural and Efficiency Principle which would "be the key element in a new system of wage fixation". The new Principle was to "provide incentive and scope within the wage fixation system for parties to examine their awards with a view to establishing skill-related career paths; eliminating impediments to multi-skilling and classification broadbanding;

creating appropriate wage relativities and ensuring flexible working patterns (AIRC 1988).

The Commission noted that it was "not intended that the principle will be applied in a negative cost-cutting manner or to formalise illusory, short-term benefits. Its purpose is to facilitate the type of fundamental review essential to ensure that existing award structures are relevant to modern competitive requirements of industry and are in the best interest of both management and workers". The Commission did, however, expect that restructuring would be done at "minimal cost". The Structural Efficiency Principle, which replaced the Restructuring and Efficiency Principle adopted in March 1987, states:

### **"Structural Efficiency**

Increases in wage and salaries or improvement in conditions ... shall be justified if the union(s) party to an award formally agrees(s) to co-operate positively in a fundamental review of the award with a view to implementing measures to improve the efficiency of industry and provide workers with access to more varied, fulfilling and better paid jobs. The measures to be considered should include but not be limited to:

- \* establishing skill-related career paths which provide an incentive for workers to continue to participate in skill formation;
- \* eliminating impediments to multi-skilling and broadening the range of tasks which a worker may be required to perform;
- \* creating appropriate relativities between different categories of workers within the award and at enterprise level;
- \* ensuring that working patterns and arrangements enhance flexibility and the efficiency of the industry;
- \* including properly fixed minimum rates for classifications in awards, related appropriately to one another, with any amounts in excess of these properly fixed minimum rates being expressed as supplementary payments;
- \* updating and/or rationalising the list of respondents to awards;
- \* addressing any cases where award provisions discriminate against sections of the work-force". (ibid)

Shortly after this decision was handed down, the government sponsored the Metal Industry Mission to the United Kingdom, Sweden and Germany to assist the process of award restructuring. The Mission comprised six representatives from the MTFU, three from the MTIA and three from the Department of Industrial Relations. The Mission was charged with the following Terms of Reference:

"The Mission should examine issues relevant to the restructuring of the Metal Industry Award, and the international competitiveness of the Australian Metal and Engineering Industry. Such issues should include:

1. new processes of work and management organisation and their contribution to productivity, international competitiveness and quality assurance;
2. associated arrangements in classifications, accreditation, public and private sector training arrangements (and the interface between them) and remunerative incentives for skill acquisition;
3. demarcation tensions between unions and the processes for their resolution;
4. education/training arrangements which are designed to facilitate the implementation of change in these areas;
5. consultation arrangements and participative practices at the plant/enterprise level and their success or otherwise in dealing with these issues;
6. the nature of any transitional arrangements entered into to accommodate the above; and
7. forms of relevant government involvement (and assistance if any) and their success or otherwise". (DIR/MTIA/MTFU 1988)

The Mission's report was presented to the Minister in September 1988. Entitled *Towards a New Metal and Engineering Industry Award* it made recommendations regarding each of the terms of reference. It also provided the basis for both the MTIA and the MTFU proposing separate frameworks for the establishment of a new award in December 1988 (MTFU 1988b; MTIA 1988).

The MTIA proposal envisaged a new classification structure consisting of eight occupational groups (including two groups of trainees and supervi-

sors) and fourteen discrete levels of skill and training. It called for four technical streams - mechanical, fabrication, electrical and electronics.

The MTFU proposal different in detail rather than in any major way from the MTIA proposal. It proposed that the new award be based on classifications having set educational and training standards. These standards were to be duly accredited and national recognised. Within classifications there would be sub-classifications based on the progressive acquisition of modules of skill and experience (including limited cross-skilling between the engineering streams). The new structure was based on the principle of a career path within each stream, leading from a process worker or tradesperson through to technical officer with a college diploma or experienced engineer.

### *The ACTU Blueprint and the 1989 National Wage Reviews*

The MTFU proposal endorsed, and in part relied upon, the ACTU discussion paper *A Draft ACTU Blueprint for Changing Awards and Agreement*. That blueprint was endorsed by the ACTU Executive in December 1988 and by a Special Unions' Conference in February 1989. The ACTU "blueprint", because of the Commission's "in-principle" acceptance of its basic tenets at subsequent National Wage cases, became an important ingredient in the award restructuring exercise. The ACTU recommended that restructuring proceed following detailed review of the award structure; the formulation of definitions and classifications; the identification of skills exercised in performance of tasks within classifications; the relationships between classifications; the wage rates applicable to classifications; and the training needs of industry and employees.

The aim of such a review was to establish:

- (i) a simplified and modern award structure;
  - (ii) the removal of obsolete classifications and cover new classifications;
  - (iii) a reduction in the number of classifications;
  - (iv) the broad-banding of a range of jobs under appropriate single classifications;
  - (v) career paths for all workers within the award;
  - (vi) links between training, classifications and wages.
- (ACTU 1988)

The ACTU blueprint takes a variant of the proposed Metal and Engineering Award as its model and applies this to the building; transport; warehous-

ing; timber; hotel; retail; clerical; vehicle; textile, clothing and footwear; furnishing; local government; steel; and airlines industries. Its strategy is based upon three considerations: higher wage rates for employee on minimum rates awards; the provision of career structures; and the provision of eight or nine skill levels within each award.

The blue-print classifies these skill levels as:

1. Basic grade skill, under direct supervision, simple repetitive tasks.
2. Multiple tasks, responsibility for own quality.
3. Operator of mechanical equipment, diagnosis, very limited supervision.
4. More detailed technical knowledge and understanding. Work without supervision, involved with intermediate technology.
5. Trade skill or high skill operative. Completed training equivalent to apprenticeship. Successfully complete 100 or 200 hours of Post Trade Training.
6. Special Class Trade - successfully completed 300 hours of Post Trade Training or equivalent.
7. Advanced Trade - completed Advanced Certificate or 2nd Year of Diploma.
8. Technical Officer - completion of Diploma/Degree. (ibid)

In February 1989 the National Wage Full Bench met to review the Structural and Efficiency Principle. The Bench handed down its decision in May. "Most of the parties and intervenors", it noted, "informed the Commission of the progress that has been made in the areas they represent". The Bench added:

The material indicated that progress is uneven and varies from industry to industry and enterprise to enterprise. It also showed that negotiations are proceeding at different levels and that, in some cases, progress is slow because of disagreement over the agenda and procedure. Preparedness to consider change also appears to vary widely. Progress in some areas is considerable but in the majority is minimal. Notwithstanding that, we are satisfied that the principle as framed in the August 1988 decision can and should facilitate negotiations over a wide range of issues and award areas. (AIRC 1989)

At this case the ACTU submitted that the Commission should approve in principle its national framework or "blueprint" which would involve restructuring all awards to provide "consistent, coherent award structures" based on training and skills acquired, and which "would bear clear and appropriate work value relationships one to another". The ACTU sought specific endorsement of proposed wage rates spanning the building, metal, warehousing, road transport and clerical industries.

Employers strongly opposed this "blue-print" approach, claiming that it ignored the distinct needs of different sectors of industry. They also feared that it would result in a rigid system which would reduce the flexibility which formed the rationale of award restructuring. In the final outcome, the Commission endorsed the ACTU proposal (though not the specific wage relationships) because it considered that a national framework would provide a more stable base for on-going award restructuring.

In June 1989 the National Wage Bench again reconvened "to determine whether any wage adjustment should be made having regard to the progress of award restructuring, the tax changes that have been announced, the state of the economy and the extent to which unions are prepared to make the necessary commitments" (ARC 1989b).

The Commission decided to adjust wage rates between \$10 and \$15 per week with a second increment to be added six months later. The commencement date of the first increase was to be the date "on which an award is varied following examination by the Commission of the proposals for restructuring and the giving of commitments". This was intended as a spur to restructuring negotiations. Furthermore, "the second instalment of the structural efficiency adjustment should only be available if the Commission is satisfied that the principle has been properly implemented and will continue to be implemented effectively" (ibid).

At this case the Commission again examined the appropriate relativities between awards. Again, it was not prepared to approve the specific relatives sought by the ACTU but did establish a relativity range for 'key classifications'. This relativity range is indicated in Table 1. This relativity range indicates the general acceptance of broad-banding in the metal industry, and union acceptance of appropriate relativities between non-tradespersons and tradespersons in the metal and other industries. The case represented a victory for the ACTU position of a structured or consistent approach between industries over that sought by employers. The latter have sought greater flexibility and have been concerned that the preoccupation with uniformity has inhibited many innovative workplace changes.



**Table 1** *Key Classification Relativity Range, National Wage Case, August 1989*

	% of tradesperson rate
Metal industry worker, grade 4	90-93
Metal industry worker, grade 3	84-88
Metal industry worker, grade 2	78-82
Metal industry worker, grade 1	72-76
Storeman/packer	88-92
Driver, 3-6 tonnes	88-92

Source: Industrial Relations Commission, National Wage Case Decision, August 1989, Print H9100, p. 13.

#### **4. The Metal Industry Structural Efficiency Determination**

Following the National Wage case negotiations in the metal industry continued with several recourses to the Commission. In October 1989 and March 1990, Deputy President Keogh varied the Metal Industry Award in several important respects. These can be classified under labour flexibility, training, classification structure and transitional arrangements.

The award has been varied to provide that employers may direct employees to "carry out such duties as are within the limits of the employee's skill, competence and training" and to "use such tools and equipment as many be required". These provisions contrast with the former ones in which employees performed a narrow range of duties defined by their award classification. In addition, more flexible time arrangements have been incorporated into into the varied award. Ordinary hours of work "shall be worked continuously, except for meal breaks, at the discretion of the employer between 6.00 a.m. and 6.00 p.m." provided that the hours are determined by agreement with the majority of employees. The span of ordinary hours of work has been extended to 10 hours per day. With the agreement of unions and the majority of employees concerned hours may be extended even further, to 12 hours per day. There is provision for greater flexibility with shift work, for continuous operation through the staggering of meal and other breaks, and greater flexibility in the taking of annual leave to minimise disruption to continuity of production.

The amended award states that "the parties to this award recognise that in order to increase the efficiency, productivity and international competitiveness of industry, a greater commitment to training and skill development is required. Accordingly, the parties commit themselves to:

- (i) developing a more highly skilled and flexible workforce;
- (ii) providing employees with career opportunity through appropriate training to acquire additional skills; and
- (iii) removing barriers to the utilisation of skills acquired'.

Employers are required by the award to develop training programmes consistent with current and future skill requirements. Vocational skills are to be developed through accredited courses. The relations between formal qualifications and career advancement is evident from the new award classification structure.

The award variations broad-band over 340 classifications into 14 wage groups ranging from engineering/production workers, who have completed one week's induction training, to professional engineers who have completed degrees. The method of broadbanding is indicated by Table 2. The former classification groups are shown in the first column.

The groups pivot around the C10 classification, that of the Engineering Tradesperson. The wage groups, classification titles, minimum training requirements and wage relativities with the Engineering Tradesperson are indicated in Table 3.

In addition to providing for classification broad-banding and the possibilities for multi-skilling the new award places a premium on formal qualifications, some of which (for example the Production Engineering Certificates) are yet to be developed by TAFE. Accredited formal training is regarded as important, not only as part of the skilling process, but also in terms of qualification portability within the industry, and thus the development of career paths. Importantly, the award provides for career development for non-tradespersons as well as tradespersons. Further, with the introduction of adult apprenticeships, there is now greater scope for non-tradesperson to advance into the trades areas.

The award provides for a transition period from March 1990 to September 1990 for the implementation of the new award structure. This is to enable all parties to familiarise themselves with the new wage classification and definition structure and for each plant or establishment to apply the new wages and classification system. An implementation manual has been produced to assist in the transition from the old to the new classifications.

The award changes represent a new beginning, rather than the end, of the award restructuring exercise in the metal and engineering industry. There is the need to develop the formal courses required for multi-skill; to provide for the mechanical, fabrication and electrical streams; to provide for sub-classifications; to incorporate dispute settlement procedures; to extend further the provisions for labour flexibility; to successfully translate from

Table 2 Metal Industry Award Classification Broad-Banding

<b>Wage Group</b>	<b>Base Rate</b>
<b>Level 14</b>	
G48-47	277.80
<b>Level 13</b>	
E G46-45	285.40
D G49, G44-G42	290.20
C G40	291.60
B G33-38	292.10
A G36-34	294.50
<b>Level 12</b>	
E G41, G37, G33, G32	296.50
D G31-G29	299.80
C G28-G25	304.10
B G24-G23	307.20
A G22	308.00
<b>Level 11</b>	
C G21-G19	313.10
B G18-G15	318.30
A G17, G14-G12	322.00
<b>Level 10</b>	
G10-G8	344.50
<b>Level 9</b>	
C G7-G6	348.20
B G5-G4	354.10
C G3-G2	358.20
<b>Level 8</b>	
G1A	365.30
<b>Level 7</b>	
Reserved	
<b>Level 6</b>	
G1	403.10
<b>Levels 1-5</b>	
Reserved	

Source: Australian Industrial Relations Commission, Metal Industry Award 1984, Order 13/10/89, Print H9818

Table 3: Classification Structure: Metal Industry Award

Wage Group	Classification title	Minimum Training Requirement	% of C10
C1	Professional Engineer Professional Scientist	Degree	N/A
C2(b)	Principal Technical Officer	Diploma*	160%
C2(a)	Leading Technical Officer Principal Supervisor/Trainer/ Co-ordinator	5th Yr of Diploma*	150%
C3	Engineering Associate - Level II	Associate Diploma*	145%
C4	Engineering Associate - Level I	3rd Yr of Assoc.Dip.*	135%
C5	Engineering Technician - Level	Advanced Certificate*	130%
C6	Engineering Technician - Level IV	1st Yr Advanced Cert.*	125%
C7	Engineering Technician - Level III Engineering Tradesperson - Special Class Level II	Post Trade Certificate*	115%
C8	Engineering Technician - Level II Engineering Tradesperson - Special Class Level I	66% Post Trade Cert.	110%
C9	Engineering Technician - Level I Engineering Tradesperson - Level III	33% Post Trade Cert.	105%
C10	Employers - Level I Production System Employee	Trade Certificate or Production Eng. Cert.III	100%
C11	Engineering/Production Employee - Level IV	Production Eng. Cert. II	92.4%
C12	Engineering/Production Employee - Level III	Production Eng. Cert.I	87.4%
C13	Engineering/Production Employee - Level II	In-House Training	82%
C14	Engineering/Production Employee - Level I	Up to 38 hrs induction training	78%

\* or formal equivalent

Source: Australian Industrial Relations Commission, Metal Industry Award 1984,  
Draft Order, 19/3/90, Print J2043

the old award classification structures to the new; to reduce the potential for demarcations in a multi-union award; and to improve the industrial relations culture notwithstanding the left wing bias of the dominant union in the industry. These, and other challenges, have yet to be overcome. Above, all there is still the necessity to translate the awards' generalised prescriptions to differing enterprises. Only then will it be possible for the MTIA and MTFU to successfully implement the Metal and Engineering (Federal) Award.

## 5. Conclusion

The award restructuring process is illustrative of the antagonistic-cooperative nature of industrial relations. Mutual survival dictates that employers and employees arrive at accommodative arrangements and substantive agreements which facilitate company viability. The greater the external threats, the greater the likelihood of cooperative rather than antagonistic relationships. The deprotection of Australian industry and other structural changes have heightened the degree and extent of external threat. These threats have accentuated the complementary and symbiotic nature of management labour relations without eliminating the competing institutional needs of management and labour.

Award restructuring is on the industrial relations agenda because of the mutual benefits to both unions and industry. This restructuring has been accompanied by a high degree of cooperation by unions. Indeed, in many cases unions have been the primary instigators of restructuring.

There are major advantages to industry as the result of the labour flexibility which award restructuring could make possible. Not surprisingly, therefore, proactive companies have sought to capitalise on the existing union predisposition. In many instances, however, progress has been much slower than such employers would have liked, particularly in circumstances of multi-employer bargaining.

For unions, restructuring is a means of ensuring greater efficiency, and hence the survival of Australian industry in the face of increased overseas competition. Union survival, at least in the short term, is dependent upon the viability of the traditional membership base. In short, many unions are not interested in award restructuring *per se*, but rather in its potential for organizational survival. Organizational survival, however, requires that unions have some degree of control over the restructuring process and of the likely effects on organizing potential. The latter will result in different unions adopting differing strategies to enterprise bargaining and the fragmentation of multi-employer awards.

It is such considerations which have led to the metal industry being one in which award restructuring has been determined on the basis of tripartite negotiations, and in important areas, by arbitration. The AMWU is a highly centralised organisation with a well-developed and controlled shop steward system. For ideological, egalitarian and strategic reasons it has always contended that "a fitter is a fitter is a fitter". This philosophy militates against the devolution of negotiation rights to workplaces other than within clearly defined and limiting parameters. Those parameters have not come to include wage rates and many other elements which could facilitate enterprise efficiency. It could also be argued that the MTIA has some interest in maintaining some over-riding control, or at least influence, in award restructuring. In such multi-employer situations the Commission has been an important lubricator of change. Market forces alone have not been able to bring about change. A major consideration for policy makers is whether or not complete deregulation, in particular the abolition of industry tribunals, would usher in a more efficient labour allocating system and more cooperative industrial relations. This is not an easy question to determine in the Australian context. If the absence of industrial tribunals did not alter the essential structure, organization and philosophy of unions there is little reason to suppose that they would react more positively to structural stimuli, particularly in multi-employer-multi-union bargaining situations and in the absence of proactive management strategies. Tribunals institutionalise, rather than create, the normative forces which influence wage determination and award structures. Their absence, of itself, will not induce the equilibrating action of market forces.

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