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Industrial Relations 1966-1967

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As I see it, the main purpose in reviewing the events of the past year is to try to deduce from them some lessons for future years. One of the problems in undertaking this task is to sift amongst the wealth of available material in order to find those matters which do contain some value for the future. This necessarily means that one must be selective and deal only with the most significant aspects of the year's activities.

DISPUTES

I take as my point of departure some figures relating to stoppages in the calendar year 1966. I understand that in that period the number of man-days lost directly or indirectly through stoppages was 732,084. This compares with 911,000 in 1964 and 816,000 in 1965, although the three previous years, 1961, 1962 and 1963, were lower than 1966. This 1966 figure represents .20 days, or a little less than 1½ hours, per man employed. This figure has only been improved upon five times since 1939. In summary, therefore, we must say that the year was a satisfactory one from the point of view of total time lost through stoppages. A more detailed analysis of available statistics might tend to suggest that there were rather fewer strikes and that these were of slightly greater duration than in the previous year. However, in my view, any such refined deductions are unhelpful when one remembers how greatly the figures can be affected by single instances.

For example, one of the main factors which produced the figure of 732,000 man-days lost in 1966 was the two-day strike of Victorian Government employees. This directly involved some 80,000 workers. Thus it will be seen that had it been possible at the last moment to avert this particular stoppage the figures would have been quite dramatically different.

The other circumstance which I think is worthy of some attention in this connection relates to the stevedoring industry. Over the last 10 years the average annual loss of time in the stevedoring industry from unauthorized stoppages has been about 109,000 man-days. In the year 1966 the figure was approximately 4,000 man-days, which is about 27 times better. It is 10 times better than that for the previous best year. This will also have played its part in the overall figures and increases the difficulty of making any generalization about the whole of industry.

THE TRADE UNION MOVEMENT

Amalgamations and Affiliations

By far the most important event for the trade union movement was the affiliation of the Australian Workers' Union with the Australian Council

of Trade Unions, from which it has stood aloof for almost 40 years. The affiliation, which was foreshadowed by joint representation in the 1966 National Wage Cases, has undoubtedly meant a strengthening of right-wing elements in the Federal trade union movement. The moderate A.W.U., covering about 180,000 rural, extractive and construction workers, would presumably be entitled to some 70 or 80 delegates at the A.C.T.U. Congress. In addition, because the A.W.U. is a comparatively wealthy union, it will add considerably to the financial resources of the A.C.T.U. This affiliation is certainly one of the most significant industrial events of this year.

The eventual granting of affiliation by the A.C.T.U. to the Amalgamated Society of Carpenters and Joiners (subject to confirmation at the 1967 A.C.T.U. Congress) was not achieved without difficulty. The Building Workers' Industrial Union strongly opposed the grant of affiliation to the 14,000-strong A.S.C. & J., a craft union which grew out of the deregistration of the B.W.I.U. in 1948, and has survived the reregistration of that rather militant organization. This decision of the A.C.T.U., which divided State councils equally, is seen in some quarters as a first step towards eventual amalgamation on an industry basis.

Already, within the building industry, the Federal Executives of the B.W.I.U. and the Operative Painters and Decorators Union have reaffirmed earlier declarations in favour of amalgamation; a working committee set up to achieve this result has added to it representatives of the Operative Plasterers and Plaster Workers Federation. If such amalgamation were approved by the rank and file of the three unions at a plebiscite to be held in June, a powerful single union, which would include a great majority of building industry workers, would result. Some similar moves for union amalgamation within the building industry have occurred at State level in New South Wales and Western Australia. However, the movement towards amalgamation is not free from opposition, at least in the painters' union, where some members are reported to see the proposal as a takeover rather than an amalgamation.

Another example of the trend towards industry unions is provided by the newly formed Printing and Kindred Trades Union. This amalgamation which has been in process since 1961 is now completed. In the Commonwealth Public Service, the third and fourth division Postal Clerks and Telegraphists have amalgamated to form the Union of Postal Clerks and Telegraphists. In the metal trades industry, the Amalgamated Engineering Union and the Boilermakers and Blacksmiths Society are sharing premises and research facilities at Federal level and at the State level at least in New South Wales. Complete amalgamation is under discussion.

The question of white-collar unions affiliating with the A.C.T.U. is still in the air. Mr. Ken Stone, the Assistant Secretary of Melbourne's Trades Hall Council, has been reported as saying that the trade union movement would give "red carpet treatment" to white-collar organizations if they should decide to affiliate. The Administrative and Clerical Officers' Association of the Commonwealth Public Service, in particular, has been giving this matter close consideration.

There are two interesting and different questions involved in these developments. The first is the extent to which the white-collar and blue-collar unions can work in double harness. Obviously their economic interests are the same up to a certain point, but beyond that point they diverge quite markedly. It is also a matter of interest to ask where the radicals would be found in such an amalgamation. Some overseas experience would suggest that the manual unions tend to be rather conservative and that it is in the skilled trades and amongst some white-collar workers that left-wing influence is often strongest. There are signs that such a pattern may be developing in this country. Certainly the record of any white-collar organization seeking affiliation with a State branch of the A.C.T.U. would be very closely examined by both the right and left wings of these branches before they voted.

The second interesting question is just how far the creation of industry unions can be taken. I think that small unions, whose interests are similar to those of more powerful unions working in the same area, will find that their days are numbered. Industrial relations has become such a complex and sophisticated field that the days when the union's interest could be properly represented by "one of the lads" are past. Not only in their dealings with employers but also in their relations with, for example, government and the press, unions require research officers and skilled advocates. If they are to attract the right sort of men for these jobs they need a reasonable income. This problem has been highlighted in recent weeks in Victoria where the Trades Hall Council has announced publicly that it is unable to meet its commitments and must increase affiliation fees by over 100 per cent. Unionists in Australia have enjoyed first-class union representation very cheaply in the past. I understand that the average cost is only about one day's wage per year, whereas overseas the comparative figure is often more like one week's wages.

On the other hand, there is obviously a limit to the extent to which industry unions can be created. To put the same thought in another way, there must be some doubt as to what is meant by "industry" in this connection. For example, it is hard to visualize one union operating on the waterfront and comprehending waterside workers, clerks, transport workers, and electrical and mechanical tradesmen. I don't say that such an eventuality is beyond contemplation but only that it is hard to imagine it happening in the foreseeable future. The same sort of difficulties would apply to many other industries where there are broad categories of factory workers, office workers, field workers and transport workers. Amalgamations within these groups are not only possible but probable. Amalgamations cutting across such divisions are much less likely.

It is also worth noting that responsible union leaders have several times warned against mergers for the sake of size alone. They say that a union can become too big and bureaucratic and they point to the fact that strong centralized control of unions is one of the aims of Communism. So in every proposed merger there are likely to be mixed questions of objective desirability and who will "have the numbers".

Demarcation

All this consideration of affiliations and mergers leads me into a field which could give rise to some of our greatest problems in the near future. This is the field of demarcation. I am thinking particularly of the greatly increased use of containers which is likely to affect not only the stevedoring industry but also transport workers, storemen and packers, clerks, and a number of others within the near future. Already logs of claim have been served which sound like a declaration of war on this front. In particular a broad claim by transport workers, seeking coverage of all work "ancillary to" the carriage of containers, could cause a great deal of trouble before it is settled.

The Power Struggle

Finally under this heading there is the continuing struggle within the trade union movement between the militants on the one hand and the moderates on the other. Any application of such labels can, of course, be misleading. So-called moderates can press claims just as vigorously as any militant. On the other hand, militants are often identified with communists and sometimes this also can be very misleading. It would suggest that methods appropriate to dealing with a political problem can be applied to an industrial problem. This is by no means always the case. Very often the political and industrial motives are so interwoven that even the individual trade union leader actuated by them could not sort them out in his own mind. The situation is often complicated by complex clashes of personality and individual bids for power.

However, in spite of all these qualifications it is possible to make some broad generalizations about recent events in Victoria. The Trades Hall Council, under the leadership of Messrs. Jordan and Stone, has taken a firm line with militant unions and shop committees. In the first place it has altered its rules relating to the powers of disputes committees, bringing them under the control of the Executive and the Council, and secondly, as a result of recent stoppages, it has suspended four major unions (the A.E.U., Boilermakers and Blacksmiths, Sheetmetal Workers, and Moulders) from membership until January, 1968. I would nominate this as another major development in the last 12 months so far as the trade union movement is concerned. The chips are really down.

National Wage Levels

The National Wage Cases of 1966 resulted in a basic wage increase of $2 in July. This was followed before the end of the year by an interim margins increase, applied by means of a total wage calculation, which varied between 1 per cent and 2½ per cent of the total wage and represented an increase of $1.10 at the tradesman level. These increases do not appear to have had a marked effect on the level of prices, but their significance must be considered in the light of the nation's difficult balance of payment problems of the present time.

Probably more important than the rise in wage levels so far granted is the black cloud which employers see on their horizon blowing in from

the general directions of Queensland and Western Australia and recently seeded by Mr. Commissioner McCreadie in, appropriately, the aircraft industry. It may have been possible to dismiss the Queensland fixation some two years ago of a tradesman's margin of 155/- as being an isolated occurrence. The Western Australian decision could be explained away on the basis of the absorption of over-award payments, which was understood to be a condition of the award. However, the Commissioner has now brought the same figure into the Federal sphere, and the deluge is awaited. In passing, it seems a pity that after such a full work-value investigation as Commissioner McCreadie undertook, he found himself unable to differentiate between tradesmen whose work is related to the high standards required by considerations of aircraft safety and the others, such as sign-writers and painters, whose work is quite unrelated to the distinctive aspects of this industry. However, there are still a number of points in the judgment on which employers will no doubt rely in arguing that the decision should have no application, or only a very limited application, in other industries.

One other matter worthy of notice under the heading of national wage levels is that 1966-1967 saw the end of the first series of bouts between professional engineers in the red corner and the employers of Australia in the blue corner. When the engineers were fighting in the preliminary classes they had mixed success, although they always seemed to do well when they fought in the main red-brick stadium. However, they had their first main fight in 1959-1961 and won a resounding victory. Their subsequent clashes, as they moved up the salary scale, were not quite as gratifying to them, although they still did well. Last year they took on the Country Roads Board of Victoria and the Melbourne and Metropolitan Board of Works with regard to the salaries of their respective chief engineers. This resulted in determinations of $10,800 and $12,600 respectively. Not long ago this would have been accounted a notable victory but the engineers themselves have seen it as no better than a drawn decision.

It seems that the Association has now decided that next year it will move up in the weights and start all over again. This may well prove to be one of the main determining factors in the fixation of white-collar salaries in the foreseeable future.

Wage Fixation Theory

There have been several interesting developments in this area during the last 12 months. The first of these was the setting up of the Winter Inquiry into work value in the metal trades industry. This provided an excellent opportunity for the application of new ideas on the subject of work value and its calculation. In the first place it gave an opportunity for a reconsideration of the concept of a tradesman, secondly it invited a great reduction in the overall number and the groupings of classifications, and finally it made possible the application of at least some of the modern techniques of job evaluation. Some people, certainly, were enthusiastic about the possibilities of the Inquiry.

Naturally enough, however, the chief concern of the trade union movement has been with quantum rather than theory, and in recent weeks there have been moves by the trade unions to short-circuit the Inquiry by reducing the number of classifications to be studied to four. The inevitable result of this would have been some rationalization and re-assessment but no grass-roots investigation. However, the Commissioner has decided to consider 11 different classifications in the first instance and it may still be that the Metal Trades Award will receive a drastic revision.

The next important development under this heading is the support which has been given to the employers' concept of the total wage. Since this is the main topic of this Convention I think it is unnecessary for me to spend any time on it, and all I propose to do is to suggest that the problem should not be oversimplified. I mean by this that there is not a simple choice between, on the one hand, a total wage as the employers have sought it, and on the other hand the maintenance of separate basic wage and margins structures as have applied in the past. For example, many of the benefits to be derived from the total wage concept are obtained by regular joint hearings of basic wage and margins applications. On the other hand, some of the advantages seen by unions in the retention of a basic wage would be preserved if the interesting notion of a minimum wage, as set out in the 1966 judgment, were developed. Alternatively, the concept of the basic wage might be retained, but it might only be varied at infrequent intervals if it appeared that lower wage earners were suffering comparative wage injustice.

It is convenient under this general heading to note the very interesting and significant decision of the Full Bench of the New South Wales Industrial Commission in the Agricultural Employers' Case, in which it has been decided that that tribunal will follow the lead of the Commonwealth Arbitration Commission in granting wage increases based on general economic grounds, and for this purpose will vary awards during their currency.

Finally, the recent decision in the Clothing Trades Case should be mentioned. It has been said that this case established some new principles on the subject of equal pay for women. The fact is that the employers in this case did not contest the claim that women should receive equal margins for equal work, and this principle was clearly endorsed by the Commission. Employers did, however, contend strongly that, in a number of cases in the industry, although the classifications might be the same, the work of men and women was in fact not equal. They succeeded in these submissions and a quite substantial gap still exists between the margins of some men and women whose descriptions are the same. On the other hand, there were several areas in which there was no real dispute that women were in fact doing the same work as men and they have received the same margins.

The only bearing which this case has on the broader question of an equal total wage for women is that there are some categories in the award where the total wage has been fixed for many years at the same figure for women as for men in order to protect the employment of men in these

classifications. The union expressly disavowed reliance upon any such argument but the Commission nevertheless preserved the existing rates because they had been in the award for so long. This certainly does not represent any decision in principle on the question of equal total wage for the sexes, but the wording of the judgment might be construed as hinting at some such thought.

While on the subject of women, I should perhaps note the fact that married women are now accorded proper recognition by the Commonwealth Public Service, in that they no longer forfeit their permanent positions as a result of marriage, and special leave provisions have been promulgated to assist them in their part-time activity of rearing a family.

Redundancy

One of the most important developments this year has been the commencement of careful and detailed consideration of the problems of redundancy. It seems anomalous that we should have to consider this problem at a time of full, and in some fields overfull, employment. It seems particularly strange that in a developing country like ours where so much still remains to be done, this should be regarded as a problem at all.

It is probably true that only a comparatively small proportion of workers will be directly affected in the near future by problems of redundancy, but it is clear that the time has come to make some plans for dealing with those who, because of their age, geographic location, or limited skills, find themselves put out of employment by the technological changes which are rapidly descending on us. There are three areas of significant development in the last twelve months.

In the first place, an apparently generous scheme has been foreshadowed for public servants working in New Guinea who are forced to transfer to the mainland as independence draws closer and greater use is made of the indigenous people of the Territory to fill administrative positions.

Secondly, the Gas and Fuel Corporation of Victoria has reached an agreement with the Victorian Trades Hall Council which will certainly be regarded by the trade union movement generally as setting a standard for other employers. No doubt many such employers would regard the arrangement as over-generous and deriving substantially from the bonanza which natural gas represents to the gas industry.

Thirdly, a scheme has been proposed by the National Conference of the Stevedoring Industry which is appropriate to the very special circumstances of that industry. It is theoretically casual in nature but with a registration system which provides a monopoly of work to registered workers. And no man has ever been laid off from the industry because of work shortages. The trade union movement has said expressly that it will not rely upon the scheme proposed for this industry as any argument for the same or similar provisions in any other industry.

Whether the problem is one to be dealt with on an industry-by-industry basis or by way of legislation, such as has been introduced in the United

Kingdom, is a matter which will have to be considered in the course of the next year or two.

The Arbitration System

Finally we must ask how the industrial relations system under which we all operate has survived the year. You may think it has come through well. There have been a number of attacks made upon it by trade union leaders, including the most responsible of those leaders. However, it must always be remembered that maintaining some pressure on the Commission is an inevitable aspect of industrial life as we know it. It is indulged in only slightly less by the employers than by the unions. Even politicians have been known to offer advice. This is not to say that such criticism, when it comes from responsible sources in the trade unions or elsewhere, can be ignored, but simply that it should be seen in its proper context and dealt with on its merits.

The most severe attacks during the year followed the decision in the General Motors-Holden's Case in which the Commission said that it could find no ground of industrial principle for granting the union's application, and that it was not prepared to sacrifice uniformity of industry awards to the various and varying degrees of profitability of individual employers. It is doubtful if the unions were surprised by this result and the case is seen by many as a means to an end rather than an end in itself. To have had any real chance of success, it would have been necessary for the unions to have said that they were confining their application to this particular company. Since it was obvious that success in this application would have been followed by similar claims against other companies similarly placed, this course was not open to the unions and they were left in a somewhat equivocal position.

This does not mean, of course, that the unions may not find some other way of obtaining some benefit from the high profitability of companies such as General Motors-Holden's and I understand that moves are afoot outside the Commission in an endeavour to achieve this result.

This is an example of the great merit of the industrial relations system operating in this country, that is, that it is most flexible. The Arbitration Commission, for all its very great importance, does not constitute the only method of solving industrial differences. Although the proliferation of industrial tribunals due to our federal system is often a nuisance, it also has some advantages in that it tends to disperse the pressures and the strains which are inevitable in any industrial system. Furthermore, there is no reason why collective bargaining should not be availed of in appropriate circumstances—either those in which relations are so good that compulsory arbitration is unnecessary or, paradoxically, those in which relations have become so bad that some new approach is needed. The case that I have in mind here, of course, is that of the National Stevedoring Industry Conference which has recently issued a general report.

There is not very much that I can say at this time about the contents of that report, which is awaiting endorsement by workers, employers, and the Government. But some comments on the conduct of negotiations such as these might be of interest.

There can be no set rules for the game of collective bargaining, but I would suggest the following as a draft, from which there can, of course, be many variations.

(i) All parties directly interested in the subject matter should be represented at the conference. If this is not practicable (perhaps because of the numbers involved) the views of those unable to be represented should at least be heard and fully considered. There must be no suggestion that the conference has not done its job properly.

(ii) There should be an independent chairman whose task is to keep the discussions running smoothly, clear up misunderstandings and ambiguities, bring out the true extent of disagreements and the reasons for them, nudge the parties towards each other in the course of general discussion and, only if it is unavoidable and he is invited to do so, to engage in express mediation or even arbitration. Any such intervention by the chairman should be left to the latest possible minute.

(iii) An agenda should be drawn up at the outset, but should not be inflexible.

(iv) Each matter on the agenda should be taken as far as it proves possible to be taken and points of agreement and disagreement noted. Then it should be put aside to be returned to, along with the other seemingly intractable problems, in the hope that a final process of give and take will clear them all up. All tentative agreements reached along the way should be subject to ultimate general agreement unless otherwise specified. An approach such as this is essential to overcome the difficulty of any party saying agreement must be reached on one matter before some other can be considered.

(v) Shorthand notes should not be taken but full minutes should. After correction these should record not what was actually said, but what each party intended to convey. From time to time matters of tentative agreement should be summarized in writing to ensure that there are no latent misunderstandings.

(vi) All statements relating to the conference should be settled by the conference and issued by the chairman. Apart from this the parties should bind themselves not to make any public statement on the course of proceedings.

(vii) Meetings should be held as often as possible, but there should be sufficient time between them for the parties to confer amongst themselves, and prepare submissions for the next meeting—to be circulated in advance.

(viii) No overall time limit should be set until all subjects have been fully discussed. A time limit should then be set within which agreement must be reached if there is to be agreement.

(ix) If overall agreement proves impossible, the conference should then see what can be salvaged from the wreck.

(x) The conference should not disband until its decisions have been put into practice and are working smoothly.

The other way in which industrial disputes may be settled in our flexible system, failing all else, is by direct government intervention. It is to be hoped that this will seldom be necessary, but it became appropriate recently in the case of the Seamen's Union and the shipping of war supplies to Vietnam and was well within contemplation in the Qantas air pilots' strike. This dispute raised a number of most interesting and difficult problems, but all the circumstances were so special that it did not seem to produce any lessons for industry generally.

SUMMARY

All in all, I think it can truly be said that this has been a year of great interest in the field of industrial relations and that next year holds the same sort of promise. For that matter, what year does not?

REFERENCE

* This article is based on a paper read by Mr. Woodward, Q.C., who is Chairman, National Stevedoring Industry Conference, to the Terrigal Conference of the Industrial Relations Society, May, 1967.

Salary Fixation for Top Management Personnel

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Public Service Board of Victoria

DURING THE last twenty-five years management has become more sophisticated. There has been over the period a dramatic change in the theory and concept of management[1] and at very least a significant change in the practice of management.[2] In the distilling process that management has undergone in recent decades in its environment of an astounding rate of technological and sociological change, many crudities have been eliminated. Management functions have been divided, regrouped, only to be divided and regrouped again. Specialists have been willing conscripts to top management teams, and trained administrators of otherwise non-specialized background have had to adjust increasingly to the fact of an ever-advancing technology creating what is perhaps an uneasy but necessary partnership in top management between specialists such as professionally qualified engineers, scientists and architects, and top non-specialist administrators.[3] In the context of the foregoing I want to make some comments about how and by whom and in what circumstances the salaries attaching to top management posts are determined.

Extraordinary changes accepted in the realm of management theory imply real changes in the role and character of modern-day management practice. Salary fixation in the management area is accordingly, and understandably so, a more complicated exercise now than it was in the immediate pre-war and post-war period. In this paper I am concerned only to deal with salary fixation for *top* management personnel and in this connection I would wish top management to be seen as the, say, six to twelve persons who within any one large organizational structure advise on policy and manage and co-ordinate the structure's main activities in a situation of continuing direct communication with the very top. By "very top" is meant the apex of that isosceles triangle one can almost always draw around a staff organization chart; it is almost always of two equal sides and the length of its base reflects the type of organization which its business activities dictate. In private enterprise the apex is sometimes one man, sometimes a board. In public enterprise or public employment it is sometimes a Board, sometimes a Permanent Head, and almost invariably in both latter cases under a responsible Minister of the Crown.

One of the immutable principles of wage and salary fixation at whatever level is that of comparative wage justice. When the late Sir Raymond Kelly, C.J., referred to it in the 1936 Merchant Service Guild Case[4] he used to describe the principle those well-known words so near and dear to the hearts of industrial advocates everywhere: "the very cornerstone of any system of industrial regulation." Not only is there anchored upon this principle a vertical scale of comparabilities or relativities within, say,