

# Introduction: Changing Public Sector Industrial Relations in the Australian State

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During the last two decades, governments have restructured their public services. Public administration has been largely replaced by public management, reflecting a more market oriented approach. In line with this pattern of change, the Australia public services at both state and Commonwealth levels, since the early 1980s, have undergone significant change. The aim of this symposium is to explore the dimensions, detail and impact of these developments, tracing the implications of public service reorganisation and operations for public sector industrial relations. The contributions therefore focus on government policies, management and industrial relations and implications for collective organisation and action. Changes in five states and one territory are considered as well as those at the Commonwealth level.

The public sector has been the focus for restructuring in the context of the internationalisation of many economies. In Australia there has been extensive change, beginning in the 1980s and continuing throughout the 1990s. This era could be seen as the onset of public management in Australia. Changes to public sector management, usually characterised as the 'New Public Management', have included: privatisation; cuts in government functions; decline in government revenue; changes in financial management; contracting-out of services; changes in the terms and conditions of employment, including performance management and employment by contract; and devolution and decentralisation (at least in an operational sense) of both management and employment regulation.

The rationalisation for change is usually presented in terms of the modernisation of the state apparatus so as to enable a repositioning of the Australian economy, driven by the perceived demands of globalisation. This presentation of state restructuring points to a much broader debate about the state, and its place in the context of the internationalisation of economies. Claims range from the apparent

irrelevance of the state (Ohmae 1990, 1995) to the continuing importance of the state as a manager of national economies (Boyer and Drache 1996; Hirst and Thompson 1999). For proponents of globalisation, the social relations of labour in civil society are no longer bound by or defined by the nation state, with the result that a 'borderless' world of capital may be in the process of emerging (Ohmae 1990, 1995). Although this particular line of argument can be questioned (Sklair 1995; Hirst and Thompson 1999), one aspect which has evoked comment is that for workers there is now a vulnerability in employment relations which organised and unorganised labour have found difficult to address (Elger and Smith 1994; Edwards and Elger 1999; Waddington 1999).

Within a growing body of literature, there is a set of common assumptions about the appropriate form of the state in an era of globalisation (Pusey 1991; Osborne and Gaebler 1992). This requires the restructuring rather than the abolition of the public sector in different states so as to meet the demands of globalisation (OECD 1994). This framework is functionalist and the process uni-directional. However, it is influential and has underwritten structural

adjustment programs, generalised throughout the world by governments, international agencies and private consultancies (Williams et al. 1995). The debate over state reform and restructuring is further divided between those arguing for the continued relevance of social democratic models of governance (Hirst and Thompson 1996) and liberal market models, although the latter are in the ascendancy in the Anglo-American world (United Kingdom, USA, New Zealand and Australia). Therefore the major divisions which have emerged are between deregulating states and those maintaining forms of governance and interaction with the social relations of production characteristic of the various postwar settlements (Williams et al. 1995). However, a common thread has focused on the idea that the 'New Public Management' is emerging and inevitable (Dunleavy and Hood 1994; Hughes 1994). Such developments have been widespread and there is evidence of interlinkages between and across different nation states (Marsh 1994; Pollitt 1990; Wistrich 1992; Zifcak 1994). The outcomes are not uniform, displaying a variety of disparate and often contradictory trends, prompting the identification of different models of change (Ferlie et al. 1996; Hirst and Thompson 1999).

What is striking about this literature is the almost total absence of discussion of what such developments might mean for the social relations of public sector production and provision. Conversely, when changes in the structure of employment and regulation of employment relationship are the subject of inquiry, the implications for state form and the internal organisation of the state and its own labour process equally are absent (Sabel 1994). Even in those studies where the state has been the focus of attention, the implications of radical state restructuring for its own employment, labour organisation and employee acquiescence or resistance have received little detailed consideration (Beilharz 1994). Moreover, this is almost equally true for works which celebrate the new entrepreneurialism of the state (Osborne and Gaebler 1992), or welfare provision in terms of post-Fordist analyses (Hoggett 1991).

One of the central questions arising out of the debates about globalisation is the place of labour in this process and the forms of resistance that may be emerging (Waterman 1999; Waddington 1999). More specifically, these

developments raise questions about the ways in which workers in the public sector organise and operate. A pivotal feature of the dynamic of restructuring is the impact on the labour process and industrial relations, and this has been largely neglected in research. Workers and their collective organisations are important both objectively and subjectively: first, to the extent that the process of restructuring alters the terms and conditions of employment and, second, to the extent that reactions of workers and their organisations to these changes alters and affects process and outcome. While there is very little examination of the place of state sector trade unions in this process, some have argued that the paradox of state restructuring is that it lays the foundation for processes of union renewal (Fairbrother 1996, 2000). These absences are surprising and worthy of investigation in view of the size of the public sector, both in terms of employment levels and as a purchaser of labour services in increasingly deregulated labour markets.

The collection of papers in this issue has significance because they address the lacunae in these studies, focusing on labour and management, in a variety of ways. Further, by examining these questions in the context of the public services in states, territories and at a federal level, the various strands of restructuring in the Australian state as a whole are presented. While these issues are pursued in these articles in various ways with differing emphases on managerial strategy and employee response, it is important to open up a line of analysis that allows comparison to be drawn between the different political constituencies that make up the Australian state.

A useful analysis is presented by Thornthwaite and Hollander (1998:xx), who argue in relation to public service industrial relations that a divergence in approach became evident between the 'collectivist' model of 'a two-tiered arrangement of awards overlaid by agency agreements, and trade union involvement' and a de-collectivist model involving 'a greater choice of mechanisms, including individual agreements, and an erosion of the representative capacity of trade unions'. The former is more evident in South Australia, Queensland, New South Wales and Tasmania while the latter is evident in Victoria, West Australia and the Commonwealth. In the latter

cases there were switches from conservative social democratic regimes, with partial neo-liberal agendas, to more explicitly free market regimes.

The critical point to note is the fact that the organisation and structure of the state institutions became a focus of attention. In each state to varying degrees there has been a common pattern of reform. There are two key elements to these reforms. First, there was a process of public sector restructuring which involved a recomposition and reorganisation of managerial hierarchies, towards a decentralisation of responsibility, particularly for operational activities and increased flexible work relationships. Second, these reforms were accompanied by legislative change in industrial relations regulation, involving an increased focus on regulation at the workplace level, albeit within guidelines laid down by the ultimate employer: government itself (O'Brien 1999; O'Brien and O'Donnell 1999, 2000). Such developments had important implications for unions in the Australian public services, ranging from public servants working in budget-funded agencies and government-owned corporations to teachers and public health workers

An examination of the Australian public services draws attention to two related aspects. First, there is a particularity to Australian industrial relations procedures and arrangements with respect to management and labour that requires explanation. The distinction between state and federal raises questions about models and transferability of knowledge between and within parties and layers of government. Second, central to these developments are the way in which different governments pursue strategies of union inclusion and exclusion in order to achieve their goals. In part, depending on the political complexion of the government, trade unions have been drawn into, or distanced from, the process. Such developments point to ways in which unions become conduits for state policies or face marginalisation.

The contributors to this issue address these themes in different ways. The first overall question refers to the apparent decentralisation of operational activity in the Australian public services. The paper by O'Brien and Fairbrother, examining the Australian Public Service (APS), draws this out in a sharp way. In a study of the last three decades, the authors demonstrate the

way the federal public sector has been the focus of government policies has had the effect of promoting an explicitly managerial employer and an increasingly individualised workforce. However, this process was not one-way and was bound up with the reassertion of centralised financial and strategic control. Similarly, the study by Junor of the Australian Capital Territory provides an opportunity to examine complicated processes of state restructuring in a focused way. The relatively recent creation of the elected assembly and the construction of a separate public service highlights the different relationships involved in the process of public sector restructuring. Among the themes that are addressed is the tension between decentralisation of managerial hierarchies and the retention of central financial control. In the case of ACT the Chief Minister's Department was the vehicle for this pattern of reorganisation, whereas in the case of the APS the Department of Workplace Relations acted as the principal supervisor of decentralised workplace relations.

These various aspects are illustrated in the case of Queensland. In common with the trends in public sector reform over the last two decades, there has been a process of centralisation and decentralisation of the Queensland public services. Under both Labor and National governments public services was partly deregulated and decentralised. The argument by Hollander and Thornthwaite is that these processes must be understood in the context of the shifts taking place in the federal approach to industrial relations, as well as at a state level. The process of change involved two elements, an internal reorganisation of public service managerial hierarchies and the promotion of decentralised workplace relations. Under the Labor government elected in 1998, there is a move to recentralise industrial relations, in the course of which the managerialist emphasis of the previous governments is less prominent. Such moves, however, do not point to a return to traditional social democratic agenda, but rather to the reorganising of the state with the tacit support of labour.

The paper by Provis and Strictland on South Australia draws attention to both the process of managerial change within the South Australian public services as well as the importance of union compliance. It is argued that the approach to South Australian industrial relations has been

characterised by a government commitment to a cautious process of reform. Following the Thornthwaite and Hollander (1998) analysis this was a collectivist stance predicated on a continued retention of award procedures, the introduction of agency agreements and trade union involvement in the process. The analysis points to different patterns of change. The first in the early 1990s involved moves towards enterprise bargaining and the second was towards the introduction of managerialist reforms. In this case the aim appears to secure reforms involving union compliance, if not support. Initially the reforms in the public service, involving the development of agencies, privatisation and outsourcing, were accompanied by variable wage settlements. Towards the end of the decade wage disparity among agencies had become a problem for both management and public sector unions and a mechanism for wage parity was instrumental in dampening opposition to managerial reforms.

The South Australian contribution also highlights the second general question in relation to public services restructuring, that is, how unions are involved or marginalised in this political process of change and reform. In a study of the New South Wales public service, O'Donnell argues that there is a shift taking place from the earlier period where the emphasis was on a process of decentralisation and managerialism to a reformed system where independent tribunals become the vehicle for wage determination. However, as illustrated, this is a complicated process since it is accompanied by the continued promotion of managerialism. The new social democratic agenda is worked out in a distinctive way. What is illustrated is the way the Labor governments seek compliance via the wage measures for an ongoing managerialism. The mechanism for these accommodations is the Memorandum of Understanding. This effectively is the formalisation of an approach to state employment where the objectives of greater managerial discretion over the organisation of labour is obtained at the cost of an accommodation over the terms of the employment relationship, particularly wages and working conditions. One of the notable features of the reforms is the intersection between industrial relations practices and procedures and the restructuring of the state apparatus. This relationship is played out in

different ways in each constituency considered in this symposium.

As with most governments there was a move in Western Australia to decentralise the industrial relations system through a diminution of third party tribunals and of unions. This change came about when a Coalition government was elected in 1993. This initiative accompanied the restructuring of the state, in the form of privatisation, contracting out and the flexibilisation of the workforce. The paper by Bailey, Berger, Fells and Horstman discusses, in particular, how these changes were predicated on and characterised by the marginalisation of union involvement in the process. Significantly, the restructuring of the Western Australian state involved a substantive centralisation of the employment and industrial relations practices while shifting a greater responsibility for the operation of these processes to managers. A department was charged with these responsibilities, which together with a Cabinet Standing Committee became the overseer of labour relations in the public sector. The unions in the public sector found it difficult to confront these developments, losing members, although they gradually developed the practices that enabled them to respond to these changes.

These themes are sharply illustrated in the case of Victoria where the ongoing character of the process of public services restructuring is evident. The focus of the O'Neill paper is on the radical and dramatic reforms by the Coalition Kennett government, from 1993 to 1999. The argument is that the Kennett government attempted to managerialise the public service by promoting an extensive politicisation of the Victorian public service, by removing the very processes of distancing highlighted in O'Donnell's account of New South Wales. This was the politics of union marginalisation and political centralisation. In contrast, the election of the Bracks Labor government, following widespread disaffection with the Kennett government, faces a series of telling questions about the future organisation and structure of the Victorian public services. Thus far, the Bracks government approach has focused on an attempt to maintain the managerial focus of the reforms, but with the agreement and support of the Victorian Public Service Federation. However, this approach is still developing and it is likely that the government will face

challenges as it tries to square the tensions between centralisation and decentralisation as well as union involvement and marginalisation.

While the coverage of the Australian state is not complete, with both Tasmania and the Northern Territory not included, despite concerted efforts by the editors to include contributions from these political constituencies, the patterns are evident. The Australian state, as elsewhere, has been the focus of government policies aimed at repositioning the Australian state in relation to the emergent internationalised economy in which it is located. While there is no fixed process of state restructuring, two clear patterns are evident, one resting on union compliance and the other on union marginalisation. In view of this it is likely that the process of state restructuring will remain at the forefront of political debate and concern.

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