

**Future of Work: Likely
Long Term Development in
the Restructuring of
Australian Industrial
Relations**

(September 1996)

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ACIRRT Working Paper No. 43
SEPTEMBER 1996
ISBN No. 1 86451 242 3

Style: Michelle Schumacher
Formatting: Davina Park

ACKNOWLEDGMENTS

The authors wish to sincerely thank the following persons who gave their time to be interviewed for this project:

Les Andrews,	<i>Department of Employment, Education, Training and Youth Affairs</i>
Michael Angwin,	<i>CRA</i>
Alex Bashinsky,	<i>Toys 'R' Us</i>
Richard Blandy,	<i>South Australian Development Council</i>
Mark Bray,	<i>Department of Industrial Relations, The University of Sydney</i>
Dexter Dunphy,	<i>Centre for Corporate Change, University of NSW</i>
Sol Encel,	<i>Social Policy Research Centre, University of NSW</i>
Adam Farrar,	<i>Australian Council of Social Services</i>
Bill Ford,	<i>Lend Lease Corporation</i>
John Freeland,	<i>Centre for Vocational Education, University of Technology</i>
Roy Green,	<i>Centre for Employment Studies, Newcastle University</i>
Keith Hancock,	<i>Australian Industrial Relations Commission</i>
Michael Johnson,	<i>Westpac</i>
Russell Lansbury,	<i>Department of Industrial Relations, Sydney University</i>
Ron McCallum,	<i>Faculty of Law, Sydney University</i>
Susan Newell,	<i>Australian Council of Social Services</i>
Gill Palmer,	<i>University of Wollongong</i>
Greg Pattison,	<i>Australian Business Ltd.</i>
Heather Ridout,	<i>Metal Trades Industry Association</i>
Phil Ruthven,	<i>Ibis Corporation</i>
John Revesz,	<i>Bureau of Industry Economics.</i>
Frank Stilwell	<i>Department of Economics, The University of Sydney</i>
Richard Sweet,	<i>Dusseldorp Skills Forum</i>
Louise Tarrant,	<i>Australian Liquor, Hospitality and Miscellaneous Workers' Union</i>
Vernon Winley,	<i>Business Council of Australia</i>

This Working Paper is based on a report commissioned by EPAC. The report was designed to contribute to EPAC's research on changing work patterns in Australia over the next 30 years. The views in this paper do not necessarily reflect those of the funding organisation.

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EXECUTIVE SUMMARY

This report is designed to contribute to EPAC's research on changing work patterns in Australia over the next 30 years.

For ease of analysis, the broad area of examination 'the future of work', has been divided up into three categories:

- the future of employment and its distribution
- the future of work organisation and
- the future of industrial relations institutions.

Findings are based on interviews with various eminent persons in each field according to a structured questionnaire, and upon surveying the relevant literature.

Despite the inherently personal nature of futurology, our interviewees projected a very consistent story of the workplace of 2026 as far as certain key variables are concerned. In summary, these agreed features of the future of work are:

- overall levels of employment will largely depend on how Australia integrates itself with the economies of the Asian-Pacific region
- most employment will be in the services sector
- jobs will be polarised between high skill persons (information technology, computers, engineering etc), and low skill occupations
- employment in the public sector will decline
- the workforce will age
- increases in female participation rates will continue
- the average business unit will become smaller in size
- more operational decision making will be conducted from the shop floor (although strategic decision making will continue to be performed by high level management)
- our industrial relations system will change dramatically, with an increased focus on both workplace level and individual (as opposed to collective) bargaining
- the Australian Industrial Relations Commission will have a reduced macro economic role, and will find itself setting minimum conditions and handling workplace level grievances
- trade unions will no longer have a role in public policy making, but will find their role circumscribed to workplace level bargaining. Structurally, they will be far more fragmented than they are today

- employer organisations will see their role change from collective bargainer to fee-for-service information provider

However, there were other key issues concerning the future of work over which divergent opinions emerged, depending upon the approach to futurology the commentator used. These issues concerned the future distribution of unemployment, working time and income, and the future of trade unions. Opinions on these questions were not so much scattered, as polarised, between two different scenarios.

Most of our interviewees approached the question of the future of work in terms of a continuation of present trends. Based on their knowledge of existing developments in unemployment, working time etc, they project a rather pessimistic worklife in 2026 as follows:

- acute socio-economic polarisation between the highly skilled and the poorly skilled
- most highly skilled workers are overworked (doing lots of unpaid overtime), and increasingly work anti-social (atypical) hours
- the poorly skilled are either unemployable (their jobs having gone offshore) or have their wages driven down to a point that renders them the 'working poor'. They work anti-social hours and are engaged in atypical employment relationships (casuals, homeworkers, self-employed etc)
- trade unions with ever lower unions density are fragmented and of little effect in an industrial relations system that offers few substantive protections for workers
- the wages/social security system does not adjust to the change in working time arrangements and combines to produce inequitable income outcomes for citizens

However some interviewees and writers refused to believe that a continuation or intensification of present trends was the most likely indication of the future of work. Indeed, they believed that the above scenario was unsustainable, and that the future would see a break with the current trend towards individualisation, and a resurgence of collectivism and community spirit. Such developments would see a future of work where:

- the skilled/ unskilled divide is avoided by appropriate industry and training policies
- hours of paid and unpaid work were distributed more equitably

- social unionism emerged to advance the interests of workers, consumers and other community groups
- the wage determination and social security systems adapt to guarantee an adequate minimum income for all citizens

Thus, significant aspects of the future of work boil down to one of two possible scenarios: one based on individual greed, the other based on the common good. So it is that despite the ostensible determinism of the forces of globalisation and technological change, we do have a chance to shape our future. Policy choices made now, either expressly or by default, will impact on work in 2026. To head off the disastrous world of work predicted for tomorrow, the various prescribed policy initiatives of interest groups needs to be thoroughly researched, debated and acted upon today.

SECTION 1: METHODOLOGY

This paper is designed to contribute to EPAC's research on changing work patterns in Australia, with particular emphasis on the projected nature and distribution of work in the next 30 years, and the future of industrial relations institutions.

Because of the broad range of issues to be covered, the report is divided into a series of sections.

The introductory section (section 2) aims to lay a firm foundation for any study of the future of work: it briefly maps out both the past and the present nature of work and industrial relations in Australia, so that predictions about the future can be contextualised and more fully understood. Such an underpinning also allows readers to understand where the forecasters, predictions are coming from: whether they are predicting a continuation of current trends, foresee some radical break occurring, or posit a return to policies and practices that have risen to notoriety in the past.

Section 3 outlines the social, political and economic forces that are expected to spearhead changes in working patterns over the next 30 years. Of the myriad of pressures that can be expected to operate, those selected for analysis are local and world economic growth, globalisation, technological change, changing demographics and changing consumer tastes. The report combines the projections of relevant literature in the field, with the views of participants to a focus group on the topic held in April 1996.

Section 4 goes on to examine how these forces are predicted to impact upon the distribution of employment, work organisation and industrial relations institutions in Australia in the next 30 years. The findings and projections in this section, are based on a synthesis of interviews with various experts on the selected topics.

Section 4A looks at the future distribution of employment. It focuses on where we can expect people to be employed in the future in terms of industries, occupations, and sectors. It looks at the type of employment relationships that will predominate in 2026; the projected age and gender composition of the future labour market; working time arrangements, and the future distribution of unemployment.

Section 4B synthesises opinions on the future of work organisation in Australia. It reports answers to questions asked concerning the future scale of production,

what the typical business unit will look like in 30 years time, who will make business decisions, and what communication methods management will use with its employees. Opinions on the future of task specialisation, training systems, technological change and career paths are also contained in this part.

Section 4C contains predictions for the future of Australian industrial relations. Interviewees were asked to forecast what the system of industrial relations was most likely to look like in 30 years time. They were specifically asked about the future of the Australian Industrial Relations Commission and other specialist employment courts and tribunals. Answers are also reported to questions concerning the future of trade unions and employer organisations, in terms of both structure and function. A final question asked was that of the future of wage determination in Australia.

An extensive literature review was undertaken for this project. Rather than include the literature review as a discreet element of this report, it was considered to be more useful to integrate the literature with the interview findings. Thus what is reported in the text of Section 4 are the answers given by interviewees to protocol questions. Where these predictions reiterate, deviate from, or are complementary to, predictions that have already found their way into the literature, this is noted at the relevant place in the footnotes.

Futurology is a hazardous business, with the very nature of the subject raising some obvious methodological problems. Most obvious is the problem of separating what commentators (both oral and written) *expect to happen* in the future, from what they would *like to see happen* in the future. However, there is a link between these two scenarios, in that if we get our policy settings correct *now*, we can shape the future, so that what we can expect to see in the future, and what we get, are the same thing.

This theme runs constantly throughout this report. However, we have tried to contain Section 4 to what interviewees and the literature expect happen in the future in the absence of government intervention that is markedly different from that evident in current trends. Indeed, we found a startling degree of consensus in this respect. Section 5 of this report summarises Section 4 in terms of alternative scenarios posited by commentators that could be achieved in the future with appropriate socio-economic intervention. A conclusion is also contained in this section.

SECTION 2: INTRODUCTION

Broadly speaking, there are three ways to make predictions about the future. The evolutionary approach constructs the future in terms of a continuation of present trends. The revolutionary approach posits a break with existing directions, suggesting a future that for various reasons, is markedly different to the present. The third approach is the cyclical approach to futurology, where elements of human economic and social evolution are seen to re-occur at various times in our history, and are expected to re-emerge again in the future, depending on certain catalysts.

Irrespective of which method of predicting the future is used (and our interviewees used combinations of all three) one point is very clear: the future needs to be contextualised with a clear understanding of both the present, and the past. Before we can look 30 years into the future, we need to know where we are in 1996, and appreciate how the present differs from , say or and even 1896. . The following is a necessarily cursory glimpse at the distribution of work, work organisation and industrial relations at each of these three points of time.

1896¹

The 1890's saw Australia, in the depths of depression. The gold rush was over, and unemployment soared to a peak of 28.3% in Victoria in 1893. Foreign debt was around 180% of GDP. The economy focussed on competing with imports, rather than aiming to export. Life expectancy was about 50 years. The average working week was about 54 hours, and employment was largely casual and insecure. There was a core workforce in manufacturing who enjoyed the benefits of a regular wage, holiday pay and paid sick leave. However this was only a small proportion of the labour force in highly skilled or high trust occupations.

Primary production was of course the backbone of the economy, but manufacturing was beginning to develop. Industry was generally small scale, although there were some large scale employers. Most jobs were unskilled, and even those that were in skilled employment found the skill component of their jobs eroding as manufacturing began the shift from craft production to factory employment with the introduction of new technology. The labour process was controlled personally and directly by the employer/owner, or his delegate, the foreman.

¹ The information contained in the following three paragraphs is extracted from G. Patmore (1991) *Australian Labour History*, Melbourne: Longman Cheshire, p 138-9.

Industrial relations were decided at the workplace. There was little state intervention in the regulations of wages and conditions of employment (compulsory arbitration and wages boards were yet to be introduced). Generally, employers unilaterally set wage rates according to their perception of the labour market, and sometimes negotiated directly with their employees. Trade unions were beginning to gain momentum, but were thwarted to a large degree by employers and the state, neither of whom recognised union's role in industrial relations. Union density in 1890-1 was between 20-23% in Victoria and NSW. Employer associations lacked any continuity, and came together to meet waves of union militancy or threats of state intervention.

1966

By 1966, the Commonwealth of Australia was in the midst of the post-war boom that was to last until 1972. Unemployment simply wasn't an issue, never rising above 2% between 1945-1972, despite numerous recessions.² Our overseas debt in 1966 was a mere 3% of GDP. Employment for males was for 40 hours a week, 48 weeks a year, for life, with career paths possible by working one's way up the ladder. Female participation in the paid labour market was on the increase, with 27% of married women participating in 1966, albeit at unequal rates of pay. The birth rate was 33% higher than the rate in 1996, and the 1966 labour force was generally younger than it is today, with 30% of the population under 15 (today 21%), and 8.5% over 65 (today 12%).

The primary sector had begun to decline in importance (although 57% of total exports were rural), and the services sector was beginning to expand. Larger scale enterprises (such as GMH, Woolworths, BHP, Myer, Coles, NSW Railways) were becoming more common, although smaller sized enterprises were still a feature of the Australian product market. The general expansion of industry brought with it the adoption of some scientific management techniques to control the labour process, and the rise of management and personnel functions as career options for some employees. Technological change was racing through many factories, banks etc, with simple electronic devices leading to labour replacement, higher volume production, and some deskilling. Training was largely on the job, or through the apprenticeship stream. Only 22% of school students completed year 12 in 1966, and fewer still went on to tertiary education.

The Conciliation and Arbitration system at federal and state levels was firmly entrenched by 1966, with industrial relations regulated and conducted at a highly

² *Ibid* pp.150-151

centralised level. The arbitration system gave unions recognition in Australian industrial relations, and they flourished over this period in terms of density. Unions were however fragmented, there being literally hundreds of registered unions in 1966, many with a very small, membership. Although nearly 20 years old in 1966, the ACTU had yet to emerge as a peak body of any serious concern. Wages were determined by the Australian Conciliation and Arbitration Commission, although overawards were a recurring feature of these years, and were negotiated at the workplace level. The criteria used to determine the award wage varied over the post-war period, but by 1966 was that of a basic wage (considered to be that necessary to sustain a working man, his dependent spouse, and 3 children), plus a variable margin for skill. This formula of course led to gender inequities in pay, as females were considered not to have a family to support, and so deserved a lower income.

1996

In 1996, the economy is buoyant in terms of economic growth, but since the 1970's this has no longer guaranteed full employment. Unemployment has been a feature of the labour market for the past 20 years, with the current rate hovering around 9%. The foreign debt is about 39% of GDP, and macro policy has been increasingly preoccupied with its reduction. Primary production only accounts for 23% of our total exports, with the services sector rapidly expanding. Australia has consciously tried to increase its exports of goods and services, and in an era of little protection, has been subject to a productivity push to increase its international competitiveness. Employment has been casualised and outsourced. Many persons are now employed by transnational corporations. Hours are increasingly atypical, and there is now more unpaid overtime. The population is aging, young people are entering the workforce later, and older people are retiring early. More women are participating in the labour force³.

Work organisation has been driven by the need to compete, and empirical evidence available suggests considerable change in work organisation is taking place in Australian industry.⁴ Rapid technological change in the fields of electronics, information and computer technology are revolutionising both the manufacturing and the services sector. Work practices are being restructured. Management structures are being reorganised. The average manufacturing plant size has decreased, dual labour markets have continued to feature in the Australian labour market, and are possibly more pronounced than in the past.

³ For statistics to support these assertions, see Section 4A.

⁴ Callus, R.; Morehead, A., Cully, M.; and Buchanan J. (1991) *Industrial Relations At Work: The Australian Workplace Industrial Relations Survey*, Canberra: AGPS, pp. 331

72% of all school students are staying on to complete year 12, and five times as many students commenced tertiary studies in 1996 than in 1966.

1996 may well prove to be a watershed year for Australian Industrial Relations. For the past 10 years, the alliance between the ACTU and the Federal Labour government has spawned gradual decentralisation of Australian industrial relations, culminating in enterprise bargaining: workplace level wage determination that is overseen by the arbitration commission (the Australian Industrial Relations Commission - hereafter AIRC), and underpinned by comprehensive awards as minimum conditions. Over this period, unions amalgamated in structure, such that in 1996, there are really only about 16 industry/occupationally based unions, each with enormous numbers of members. Despite this rationalisation, their unity over the 1980's in the Accord process, and their unprecedented role in public policy, they have experienced a steady decline in membership over the last 15 years, with density down to about 36% across all sectors, and about 25% in the private sector.

The election of a conservative government in March 1996 and the passage of their *Workplace Relations Bill 1996* will certainly have implications for industrial relations. Vowing to increase the flexibility and the workplace focus of industrial relations, the Bill retains awards as a safety net to enterprise level bargaining, but the content of those awards will be only 18 core conditions. The AIRC will only be able to scrutinise agreements that are negotiated by a union: non-union employment contracts (which are permissible) will not be protected or even seen by the AIRC. Workers can choose to belong to any union they wish, or to be represented by any person or body they wish (this may not necessarily be a union).

This then is the background against which our interviewees are predicting the future of work. Will the future of work be simply a continuation of these 1996 trends? Will we see some kind of revolutionary break from present trends? Or will we see future work recycling ideas and practices used at various times in the past? This is precisely the question put to interviewees. However, before moving on to report their responses (Section 4), section 3 will outline the forces which are predicted to be operating in the future, and so impacting on work in 2026.

SECTION 3: SOCIAL, ECONOMIC & POLITICAL FORCES LEADING TO CHANGE

The future of work will not develop in an economic or social vacuum. It will be influenced by developments in global and domestic economic, political and social life. Most important will be the general state of the global economy, and how Australia interacts with it. But technological change, demographic changes, and changes in consumer preferences will also form the background against which future changes in the labour market, work organisation, and industrial relations can be expected to emerge. Each will be considered in turn.

(a) Economic Growth

Realised rates of economic growth are of course the ‘demand’ side of the employment equation, and so our rate of growth in the future is crucial to determining future aggregate levels of employment.

Predictions for the rate of world economic growth over the next 30 years are unclear but there is bound to be a series of recessions and recoveries⁵. What is more certain is that the Asian region will experience rapid economic growth over this period: some forecasters have predicted Asia will produce 30% of world GDP by 2010, and 45% by 2050.⁶

As for economic growth in Australia, the Department of Employment, Education and Training forecasts that growth will occur at a faster pace in the next 10 years than it did at any time during the 1970’s⁷. Such predictions are based largely on expectations of an expanded traded goods sector, given the small domestic market, and the expected cutback of government sector spending over the next generation⁸. Australia’s proximity to the projected growth centres of Asia is expected to provide easier access to these markets.

(b) Globalisation

Even though Australia is close to the Asian markets, it will be competing in the global marketplace for goods and services, and this phenomenon is bound to

⁵ Ruthven, P., Larkein, J., Dwyer T., Rameau, C., & Soutter, A. 1995 *Workplace 2010*, Melbourne: Business Council of Australia pp. 6,7 (hereafter, BCA)

⁶ Ibid, See also Department of Employment Education & Training (1995) *Australia’s Workforce 2005: Jobs in the Future*, Canberra: AGPS, pp. 4 (hereafter DEET)

⁷ DEET *op cit.* pp. 7

⁸ *Ibid* p 8

impact on the future of work. ‘Globalisation’ refers to the increasing integration of physical, financial and services markets across the globe, and manifests itself most obviously in the internationalisation of trade and of production, in international money flows and investment and information flows: all of which have escalated to ‘massive proportions’ over the last two decades⁹. Predictions are that future movements in this direction are ‘unstoppable’.¹⁰

What are the general implications of this development on the future of work in Australia?

The exposure of the once protected Australia economy to international competition has had a profound impact on our economy. Our manufacturing sector has to compete either with the low wages of the newly industrialising countries, or with the high technology of western competitors. Those operating on the low wage basis have largely gone offshore, whilst those operating in high tech markets have been forced to enhance the productivity and skills of their workforce: often by reducing absolute numbers. The point is that while globalisation opens up to possibility of Australia trading in international markets, to compete we will have to change the way our organisations and our labour force operate, and so we can expect globalisation will impact heavily on the future of work.

The globalisation phenomenon raises several other issues that may impact on the future of work. First, it offers the possibility for world policy makers and their citizens to realise that “we are all in the one boat”¹¹: that improving the living standards of our citizens at the expense of citizens elsewhere in the world is not acceptable. Many in the focus group expressed that view that more inclusive, less exploitative global economic exchanges will occur in the future than have occurred in the past.

Second, globalisation may see the nation state becoming both more and less important in determining the future of work. It may become more important as both the manager of national competitiveness, and the mediator between global capital, and local social needs¹². As manager of international competitiveness, the state may intervene with macro and micro policies to ensure Australia’s successful integration into the world economy. As mediator between capital and citizens, the

⁹ BCA *op cit* p 28-9

¹⁰ This was the consensus of the focus group

¹¹ ‘*The Way Forward*’ Paper prepared by the Brotherhood of St Laurence Future of Work Project for the Making it Work Conference, Wesley Conference Centre, Sydney 23-24 May 1996, p. 8 (hereafter Brotherhood of St Laurence)

¹² An interesting exchange of ideas on this topic occurred in the focus group.

state will be called upon to deal with the social effects of globalisation: to ameliorate the harshness of decisions of multinational corporations to preserve living standards and human dignity.

On the other hand, the nation state may become less important in that it may become part of a supra-national state organised around regional trading blocs, such as has occurred with the European Union. The possibility of an Asian Union, and Australia's inclusion or exclusion from it, will of course have profound implication for the future of work in Australia.

Third, globalisation brings with it the increased international mobility of labour. At the moment international positions are confined to high skill executives, bankers (etc) and tradespersons. Most commentators predicted that this will continue in the future, and bring with it a convergence in international labour standards and rates of remuneration: both of which are very important in shaping the future of work.

(c) Demographic Changes and Labour Supply

Another factor driving changes in employment levels and the future of work are changes in the supply of labour: both the number of workers, and their characteristics.¹³ Key changes have occurred to the supply of Australian labour in the past, and are predicted to continue to occur over the next generation. This paper does not attempt to reiterate all the demographic statistics compiled on the subject¹⁴, but merely refers to the dominant labour force trends that have been evident to date, and to those that will influence labour supply in the future.

Over the past 25 years, we have seen a strong growth in the Australian labour force, caused by a high rate of population growth in Australia (one third of which was from immigration). As far as the composition of that expanded labour force is concerned, we have seen the dramatic entry of women into paid employment, albeit much of it part time; the delay in entry of young people into the labour market (as more students pursue post-compulsory secondary education), and an increasing rate of early retirement for older males.

Australian Bureau of Statistics projections predict an easing rate of growth of the labour force, based on a declining rate of growth of population growth (that is not

¹³ DEET argues that in fact it is labour supply rather than labour demand is the prime factor in determining long term employment growth: DEET *op cit* p 5.

¹⁴ For a summary of these statistics, see DEET *op cit* chapt. 1. For the primary source, see Australian Bureau of Statistics (ABS) (1993) *Projections of Populations of Australia, States and Territories* (ABA Cat. No. 3222.0), Canberra: ABS

offset by increasing participation rates). The workforce of the future will be slightly older (aging expected to continue, and further delayed labour market entry by young people), and more feminised (increased rates of female participation predicted). The trend towards increased part-time work is expected to continue at an increasing rate, and it is expected that there will be a reduced proportion of migrants in the labour force (although they will still constitute about 20% of the labour force).

(d) Technological Change

An accelerated rate of technological change has become a fact of life over the past several decades, and all predictions are that it will continue to be a potent force for change in the future. Technological change has several obvious effects on the way work is organised and performed.

Firstly, technology replaces unskilled labour. Thus, there is an reduction in demand for unskilled labour, and the looming spectre of unemployment for the unskilled. At the very least, labour replacing technology puts downward pressures on wages for the unskilled, such that the unskilled will be either unemployed, or very poorly paid. This possibly of social cleavages based upon an increased dispersion of income between high and low skilled workers becomes very real. Such a scenario raises a myriad of questions concerning the ability of our educational and training institutions to generate a skilled workforce, and to continue to reskill it.

Secondly, technological change raises the possibility of increased leisure time for workers, as productivity levels can be maintained using less labour input. Technological change has implications for working time, job sharing and work intensification. Moreover, technological change that liberates us from work in wealth creating industries (eg mining, manufacturing etc) raises issues of wealth distribution, and posits the possibility of the need for a wealth distribution mechanism other than that of a redundant wages system. These and other implications of technological change are explored in later sections of this paper.

(e) Changes in Consumer Tastes and Worker Preferences

The future of work will also be influenced to a degree by the tastes of consumers and the preferences of workers. A general rise in affluence for most of Australia (and indeed in the first world) has sparked increased demand for the provision of

services¹⁵. Entertainment, sports, health/fitness and music are the current growth areas, and this will influence the industry and occupational distribution of employment in the future.

The entry of women into the labour market has also increased demand for services such as food preparation and delivery, maintenance, gardening, laundry, security and childminding services.¹⁶

Concerns about the environment, and the rising prominence of the green movement are a further example of consumer preferences impacting on what and how work is performed. Consumer preferences for leisure time will also be important future determinants of labour market operations.

The rise in affluence has also enabled some workers to choose part-time employment to ensure more time for family commitments. While of course the development of part time employment is not solely at the discretion of the worker, research indicates that around three quarters of persons currently working part time are happy doing so.¹⁷ This indicates that part-time work is largely the choice of the employee; and such choices influence the future of work.

The predicted increase in disposable income for most Australia's in the next 20 years¹⁸, and continued increased in rates of female labour force participation will continue shape labour market outcomes in the future.

(f) Conclusions

It is clear then that Australia does not operate in isolation from the rest of the world, from technological change, from changing labour market supply factors, or from the preferences of its consuming and producing citizens. All these factors form the background against which future national economic policies and individual business decisions will be made.

The rest of this report will now examine what effect commentators consider these forces will have on the nature, distribution and organisation of work, and on industrial relations of the next generation.

¹⁵See BCA *op cit* p. 13 for evidence of the increased provision of services in Australia, and the increase in services as a percentage of world trade. See also House of Representatives Standing Committee for Long Term Strategies (1996) *the Workforce of the Future* Canberra: AGPS, pp.10-11 (hereafter HR).

¹⁶ Ibid.

¹⁷ DEET *op cit*. p. 30.

¹⁸ This was the prediction of various focus group participants.

SECTION 4: THE FUTURE OF WORK

A. Changes in the Future Distribution of Employment

As discussed in Section 3, overall levels of employment in the future will depend on demand side factors such as world and domestic economic growth, and supply side factors such as the size and constitution of the labour force. Our policy settings in response to globalisation will also be crucial. Given this net level of employment creation, the following discussion looks at how that employment (and unemployment) will be distributed.

(a) Future Distribution of Employment Across Industries.

As far as the distribution of work across industries in the next 30 years is concerned, one predominant opinion prevails: employment in services will continue to increase, while employment in agriculture and manufacturing will continue to decline.¹⁹

Such predictions extrapolate from existing trends.²⁰ The technological change and pressures of globalisation that have led to the decline of employment opportunities in our manufacturing sector are forecast to continue. This sector will continue to be a reliable source of wealth for the country,²¹ but it will not produce any increase in jobs²².

Similarly, the changing composition of the labour force referred to in Section 3 (increased participation of women, part-time work etc), combined with the predicted increase in affluence for at least certain strata's of Australian society will manifest itself in increased employment opportunities in the services sector. Household activities previously performed by unpaid female labour will increasingly be outsourced (leading to jobs in restaurants/take-away etc).

¹⁹ This was the general opinion of all interviewees on the topic. Is also manifest in most literature on the topic: see for example DEET *op cit.* p. 13; *Unions 2001: A Blueprint for Trade Union Activism*, Sydney: Evatt Foundation, p. 141 (hereafter *Unions 2001*); C. Handy (1984) *The Future of Work*, Oxford: Basil Blackwell, p. 16.

²⁰ HR *op cit.* p.1-13; DEET *op cit.* p 13; *Unions 2001 op cit.* p. 141, 225; Economic Planning Advisory Council 1993 *Structural Change and Economic Growth* EPAC Background Paper No. 28 Canberra: AGPS

²¹ See the projected contribution of manufacturing to GDP in: DEET *op cit* p 10; *Unions 2001 op cit* p. 203 and BCA *op cit.* p. 13-4.

²² This opinion of interviewees was supported in the literature. See for example; *Unions 2001 op cit.* p 203-4; DEET *op cit.* p. 13.

Concomitant increases in employment in human services - such as child care, care for elderly, family support services, health and education - are also predicted²³.

The current trend of employment growth in retail, tourism, recreation and hospitality is also expected to continue to cater to the needs of affluent Australia and Australian tourists²⁴. There is however, a limit as to how far we can go with services: as one focus group participant expressed it 'we can't live by watching each other play football'. Thus there will continue to be a basic core of production in manufacturing/primary production, but a significantly higher proportion of people will be employed in service occupations.

One interviewee noted that the exact industry composition of the labour market beyond 2000 will crucially depend on the policy options future governments pursue and implement. Although there are structural forces behind the change in the labour market, 'globalisation' & 'technological change' do not of themselves mandate a particular response: the challenge lies in the hands of the policy makers²⁵.

(b) Future Distribution of Employment Across Occupations

Future changes in occupation will result from the changed employment patterns both within and across industries. However, pressure from both these sources seem to be pushing the occupational distribution in the one direction.

The increase in employment in the services sector will see employment predominantly in either high skill service occupations such as engineering or agricultural services, telecommunications, information technology, and human services²⁶, or in low skill service occupations in wholesale and retail. Unskilled jobs in industries such as textiles, clothing and footwear were predicted to disappear with technological innovation. Thus a bifurcated workforce - divided on the basis of skill - was consistently referred to by interviewees as the most likely scenario in the future. While dual labour markets are not a new phenomenon in the history of work in Australia, most predictions are that this development will be exacerbated in the future (if preventative policies are not set now).

²³ This consensus was comparable with the industry growth predictions of the BCA *op cit* p. 16, and DEET *op cit*. vii.

²⁴ Ibid.

²⁵ This proactive stance was repeatedly referred to in the literature: eg Brotherhood of St Laurence, *loc. cit.* p. 1; Handy *op cit.* p. 154; BCA *op cit.* p. 2

²⁶ This prediction is supported in BCA *op cit.* p. 16

One interviewee suggested that the affluent of society would spark demand for niche market craft goods, leading to employment in ‘neo craftist’ occupations such as hand made-clothing, ceramics etc.

Within industries, the drive to become competitive will see firms either embrace new technology and information systems, and so upskill their workforce, or be forced offshore. Thus, the trend away from manual to mental/clerical labour in Australia will continue. We can expect to see an increase in managerial, professional and para-professional occupations, and a decrease in trades and labouring occupations²⁷.

(c) Future Distribution Across Sectors : Public, Private and Community?

There was general agreement that employment in the public sector, as traditionally defined, would continue to be rolled back in the next decade or so. One commentator was prepared to cap public sector employment at 10% by the year 2026. Others noted that the expected shift to ‘privatisation’ in the next 30 years did not automatically spell an end to government regulation or control: the private sector needs some regulation, and employment can be expected to be generated here.

It was also suggested that the nature of government spending and intervention will change in the future to that of ‘servicing’ the private sector. Thus, rather than conducting enterprises themselves, the public sector would intervene by providing infrastructure, and giving other support to private sector developments.

Although it was generally expected that the public sector would be cut back in years to come, this was not considered by all interviewees to be a desirable or inevitable state of affairs. The size of public sector employment is clearly a policy choice to be made depending on what social outcomes are desired. It was argued by some that Australia’s public sector is small by OECD standards, and an eventual increase in employment will be necessary to remain a viable economy. The deregulationist alternative of cutting back public sector employment and services, and creating and ignoring a vast pool of unemployed, may become a self defeating strategy, as repressive state forces would have to be employed to maintain stability and security for the affluent (as is currently occurring in the United States²⁸).

²⁷ All such predictions concerning occupational distribution were quite consistent with DEET’s detailed analysis of this aspect of the future labour force: see DEET *op cit* ch 3.

²⁸ Freeman R ‘Why do so many young American Men Commit Crimes and What might we Do About It? 1996 *Journal of Economic Perspectives* 10 (1) Winter: 37-38

There was not much optimism amongst commentators for a growth surge in the community or non-profit sector. These services would continue to merge with the public sector.

It was largely expected that the predicted growth in household and other human services would come from the private sector, depending of course, on government policy settings.

(d) Changing Employment Relationships: Distribution Across Full-time, Part time, Casual and Permanent Workers in the Future.

If unchecked by government intervention, the current trend towards atypical employment patterns²⁹ was predicted by all interviewees to continue, possibly at an accelerated rate. Permanent, full time employment was felt to be on the way out for those employees in non-strategic parts of the labour market. Part-time and casual work will increasingly become the norm³⁰. A feature not referred to by interviewees, but one that continually appeared in the literature was the projected increase in self-employed persons in the future labour force.³¹

The nascent development of individual contracts, the predicted growth of the services sector, and the increase in female participation rates are the forces that were located as underpinning such labour market developments.

Alternative scenarios were put forward by two commentators. One argued that government industry policy could be set in a manner that encouraged competition on a high quality/high skill basis, which would remove the necessity for employers to casualise that comes from competing on the basis of the cost of labour inputs. Thus, industry and industrial relations policy settings would affect that type of employment relationships we could expect to see in the future.

The other scenario put forward in response to the spectre of increasing casualisation and atypical employment patterns (and attendant marginalisation) was one positing the need for a common basis for employment. It was suggested that the social dimension of labour might reassert itself after 15-20 years, and more cohesive and socially integrated basis and patterns of employment would re-emerge.

²⁹ For evidence of this trend, see Bray, M and Taylor V, (1991) *The Other Side of Flexibility: Unions and Marginal Workers in Australia*, Sydney: ACIRRT; and *Unions 2001 op cit.* p 224-5.

³⁰ For a correlating written opinion, see DEET *op cit.* p 29.

³¹ See for example DEET *op cit.* p 35.

(e) Age and Gender Distribution of the Future Workforce

The continuing rise in female participation rates into the future³² was thought to be contingent upon the provision, cost and standard of child care, aged care, maternity benefits and household services.

As far as the age dimension of the future workforce was concerned, delayed entry into the labour force, either through unemployment or education was predicted for young people, with first jobs will not being secured until early 20's for most people³³. Clearly the cause of delayed entry could lead to profound polarisation of living standards of these people in the future.

For older workers, the dependency fears of an aging population were referred to³⁴, but several commentators predicted that working life would continue to ages exceeding the norm today. The current phase of early retirement/voluntary redundancy was forecast to end as pensions are replaced by superannuation which will become harder to access. Those in high skilled, non-manual occupations would possibly continue working beyond the age of 65³⁵.

(f) Working Time

It has recently been noted that despite the prevalence of unemployment, many of those who do have a job are working more and more hours per week³⁶. Increased levels of overtime, much of it unpaid, and excessive hours for salary based employees (managers, professionals) are rapidly becoming a feature of today's labour force³⁷. Coupled with these developments has been the increasing use of atypical working time: more part-timers, continuous shifts, weekend work, extended trading etc.

It is generally expected that in the future, we will see a continuation of this trend. Full time employees are forecast to work more (unpaid) hours, especially the

³² DEET has also projected this trend *op cit.* p. 24.

³³ This is also the opinion of Handy *op cit.* p. 61-6.

³⁴ For statistics, see note 14

³⁵ This was not the opinion of most writers in the area. Handy for example predicts a steady erosion of working life (based on redistribution of working time) leading to an earlier exit from the labour market: Handy *op cit.* p. 61. DEET suggest that those who will be 65 years old in 20 years time will be wealthy 'baby boomers' who can afford early retirement: DEET *op cit.* p. 27.

³⁶ Freeland, J. 1993 'Employment, Unemployment and Social Protection: Australian Futures' in *The Employment White Paper: A New Social Charter?* UniyaDiscussion Papers No. 1 pp. 95 - 105; *Unions 2001 op cit.* p 234

³⁷ See ACIRRT (1996) 'Overwork and Unemployment: An Analysis of Australian Trends and the Potential for Work Sharing' Paper prepared for the Brotherhood of St Laurence Future of Work Project, Sydney: ACIRRT, p. 9 (hereafter ACIRRT).

higher skilled, whilst the less skilled may be worked less³⁸. Outsourcing and restructuring in the drive to compete, technological change, and the provision of 24 hour services is expected to force continuation of casualisation and the breaking down of traditional working time arrangements.

However, while the market imperative seems to be pointing in the direction of more working hours for those employed, spread across an increasingly diverse range of times in the week, it was argued by some that social imperatives may push in the other direction. The projected polarisation between persons working too many hours, and persons not working at all, may lead to social pressures to redistribute paid work (and as a corollary, unpaid domestic and community work), through various policy initiatives³⁹. Such strategies were argued to be both part of the solution to the impending unemployment crisis, and to the overwork crisis, and the obvious problems associated with both forms of lifestyle.

(g) Distribution of Unemployment in the Future

Opinions varied on the levels and distribution of unemployment likely to be present in the future, and on the appropriate policy settings needed to avoid wide scale unemployment.

One commentator predicted that full employment would return to the western world by 2005. This conclusion was based on a theory that unemployment is caused by a mismatch between skills supplied, and skills in demand. Thus, eradicating unemployment is about making sure we educate and train tomorrow's labour force for the industries and services that will be required tomorrow⁴⁰. Earlier introduction of training programmes to school students, deregulation of the labour market, and eliminating impediments to hiring and firing, were the policy options suggested for facilitating the predicted fall in unemployment.

³⁸ Such opinions are also predicted by the BCA *op cit.* p. 34. The less skilled will find their jobs replaced by technology, or located offshore where labor costs are lower.

³⁹ See for example the work of ACIRRT *loc cit.* p. 34 Freeland *loc cit* pp. 99-102; Brotherhood *loc cit.* pp. 19-32; ACOSS Commission for the Future of Work 1996 *A Future that Works for All of Us: Goals and Strategies for Australia Final Report*, Sydney: Australian Council of Social Service (hereafter ACOSS).

⁴⁰ This echoes the line taken by B. Gregory (1990) *Jobs and Gender: A Lego Approach to the Australian Labour Market* Discussion Paper No 244, November. Canberra: ANU, Centre for Economic Policy Research.

Other commentators suggested unemployment could only be reduced by lowering wages (US style⁴¹), but were still not optimistic that this would lead to the return of 1950's-60's style full employment in the future.

Although stimulating economic growth is often cited as the way to full employment the theory was not universally accepted by interviewees, or in the literature⁴². Freeland in particular argues that there will never be a return to the 'full employment' paradigm of the post-war era, (ie 40 hours a week, for 48 weeks a year, for 40 years)⁴³. He argued that full employment was only ever available for males, and now that women have irreversibly entered the labour market, sharing of the existing employment base is a necessary element in any unemployment eradication programme.

Thus the future unemployment scenario he envisaged was one of two possibilities. We could ignore the impending unemployment and overwork problem that comes from allowing companies to compete on the basis of labour costs in a competitive global economy. Those with higher skills will be overworked, working anti-social hours, stressed, have little time for family or community commitments or to enjoy their material affluence. Those without jobs, and those with lower skills who are poorly paid, are increasingly marginalised, and become restless, and possibly threatening. Society becomes increasingly polarised, with the spectre of chronic unemployment for the unskilled.⁴⁴ Freeland and others⁴⁵ argue that this scenario is neither viable nor desirable in the long term.

Alternatively, we could start getting our industry and industrial relations and other macro policy settings in place right now to avoid such a polarised society⁴⁶. We could implement policies to share the existing paid and unpaid work more

⁴¹ Mishel, L. & Bernstein J. (1994) *The State of Working America*, Armouk, N.Y.: Economic Policy Institute report that the US has experienced at 10.5% reduction in hourly wages between 1977-1989 (p.113), such that by 1993, 26.9% of the US workforce were working for wages that were equal to or below the \$US 6.93 per hour poverty line (pp. 126,7)

⁴² See for example: Saunders P. (1994) *Welfare and Inequality*, Melbourne: Cambridge University Press, p.130; Stilwell F. (1994) 'Working Nation: From B. Green to White Paper,' *Journal of Australian Political Economy* No.33 (June): p. 115. Probert (1994) 'The Employment White Paper: Proposals for New Directions' in *The Employment White Paper: A New Social Charter?* Uniya Discussion Paper No. 3, p. 75

⁴³ See Freeland *loc cit*; this line was also referred to elsewhere in the literature: eg *Unions 2001 op cit.* p. 224

⁴⁴ This future scenario predicted by the BCA *op cit* p. 19

⁴⁵ Eg ACOSS *op cit*; *Unions 2001 op cit.* pp. 184-5, 234-6; Handy *op cit.* Chapt 3

⁴⁶ In the literature of course, views differ as to how to do this. See the suggestions of the BCA in *BCA op cit.*, the union movement in *Unions 2001* Chaps. 9 & 10, and references in note 39

equitably,⁴⁷ in an attempt to create a more inclusive and sustainable Australian society. Such policies were predicted by interviewees to lead to a reduction in long term unemployment after 15 -20 years⁴⁸.

(h) Future Distribution of Wealth

The question of the distribution of future wealth is intricately linked with the question of the distribution of work in the future. In the past, the primary mechanism for the distribution of wealth has been the wages system. But predictions see wealth being generated in industries that increasingly employ fewer people, and jobs being created in sectors that are poorly paid. Most commentators also predict a social polarisation between those who have work and those who do not⁴⁹, coupled with increasing variation of hours and work patterns for those in employment⁵⁰. Gender polarisation over the provisions of caring and domestic work also cut across this scenario⁵¹. This may be headed off with job sharing and redistribution mechanisms, and increasing financial recognition of the value of caring work. But what are the implications of such changes for the future distribution of wealth?

It was argued that non-market mechanisms to redistribute income in the future will have to be explored. The traditional wages mechanism would only be capable of producing inequitable outcomes, and a new basis upon which people have an entitlement to income will have to be explored, while equity is a legitimate social goal⁵². The new negotiators will no longer be solely the unions and the government, but will consist of a more representative corporatist structure. This was seen by some interviewees as an imperative, if all future Australians are to afford and enjoy the increased leisure that ought to accompany our

⁴⁷ Of course not only is paid work gendered, but so is unpaid work, with women still doing the bulk of unpaid domestic labour in the home: see for example McClelland, A. (1993) 'Dimensions of Unemployment in Australia and Effective Responses' in *The Employment White Paper: A New Social Charter?* Uniya Discussion Paper No. 1, p. 68.

⁴⁸ This position seems to be supported to an extent by the research of ACIRRT (1996) *loc cit.* p.13, although the argument is somewhat more complicated.

⁴⁹ A position supported in literature; see notes 44 and 45.

⁵⁰ Eg. BCA *op cit.* p. 19, Handy *op cit.* p. 37.

⁵¹ See note 47

⁵² This line offered by some interviewees is consistent with that of the welfare lobby: ie that at the end of the day Australians need a guaranteed minimum income that is either made up of decent market wage, or a combination of market wage and transfer payments, in recognition of the right to a minimum income and to social participation (see for example Cappo & Cass B *Reworking Citizenship and Social Protection: Australia in the 1990's*, Australian Catholic Social Welfare Commission Occasional Paper No. 1, July 1994, p 13). It should be distinguished from the BCA hopes for the future tax/transfer system: that the wages system should not be the tool of income distribution, that wages should be allowed to be more flexible, and use the transfer payments system to eradicate any resultant poverty: BCA *op cit.* p. 34.

technologically-induced release from the shackles of manual, manufacturing, and domestic work⁵³.

⁵³ This is the end point to which the ‘optimists’ in the literature aspire: see for example Handy *op cit.* p. 184.

B. The Future Of Work Organisation

(a) Future Organisation Of Work⁵⁴

Consistent with the findings in part 4A, consensus coalesced around the opinion that globalisation, technological change, and changing tastes and consumption patterns would ensure that future work would be organised around the services and knowledge based sector.

However, opinions varied widely about the scale of production. Some commentators predicted that 30 years would see the ushering in of post-Fordist small scale production⁵⁵, while others posited the resurgence of the medium sized enterprise. Some suggested that the stand alone factory would disappear with the rise of the mega-corporation, networking on a global scale, exploiting international time differences, and employing an international workforce⁵⁶.

Whatever the size of the organisation, or indeed, whatever its industry location, most interviewees were convinced that future patterns of work organisation would be such as to increase the likelihood of a contingent or peripheral workforce. Lifetime employment and its attendant security is a thing of the past. Changing employers, occupations, countries, upskilling, team work, outsourcing and individual contracts is the future of work, further implications of which will be explored below. Working from home was also frequently cited as a predominant feature of 21st century work.

(b) What Will the Typical Business Unit Look Like in the Future?

It was generally expected that as big business inevitably becomes more unmanageable, and as technology becomes smaller and faster, we would see a decline in the size of the typical business unit (albeit with some exceptions).

In most cases, these smaller units would have a greater degree of autonomy over their operations while this technique is successful, and may even be self sufficient

⁵⁴ Most credible literature on this subject is not of the futuristic kind: indeed academics are still struggling to agree on definitions of current developments in work organisation, rather than to predict into the future: for an excellent summary of this literature, see Chapter 1 in Kitay, J. and Lansbury, R. (eds) *Towards New Employment Relations in Australia?*, Melbourne Oxford University Press, Forthcoming.

⁵⁵ See Piore, M. and Sable, C. (1984) *The Second Industrial Divide*, New York: Basic Books

⁵⁶ Although not raised in interviews, there is also a voluminous literature on the possibility of Neo-Fordist and post-modernist production systems operating in the future: see Kitay and Lansbury *op cit.* pp. 20-21 for a review of the relevant literature.

divisions of larger corporations. However, others suggested that there would still be strong central control over finance and other bottom line or highly strategic issues.

In ascertaining trends however, one commentator warned that we should not ignore the fact that there would still be much diversity in the size and management of the 'typical' business unit.

(c) How Will Major Business Decisions Be Made?

Two major tensions were identified with respect to who will make the decisions in work organisations of the future: the tensions between parent and branch, and that between management and employees.

With regard to the tension between parent and branches, it was argued that the struggle for autonomy by branches would continue into the 21st century. Branches may be able to acquire autonomy, but if they make mistakes, they will find power recentralised.

Opinions varied as to who in the future would make decisions as between managers and employees. Some were of the opinion that management would control strategic and financial matters. Others considered that in addition to this control, managers would seek to control operational decision making, although one interviewee acknowledged that this would be procedural rather than substantive control, as it really is the person on the shop floor who knows how best to do the work.

However, the majority of commentators on this point seemed to believe that there will be some devolution of decision making onto the shop floor, consistent with the upskilling of the workforce and the need to get closer to consumers. While this is more likely to concern operational decisions, some commentators did forecast greater employee involvement in strategic decision making, and the engenderment of industrial democracy into the 21 century.

It was forecast that there would continue to be some government intervention in the business decision making process. One commentator even suggested that business decisions in the future would have to take into consideration more than just making a profit: indeed he suggested that organisations would have to factor social and ecological considerations into their business decisions if they were to enjoy corporate longevity.

(d) Employee - Management Communication

It was consistently predicted that despite the advent of new telecommunications such as email, videos, etc., direct, face-to-face communication would still be the preferred and most used method of communication between employees and management in the future.

Even in the scenario for the employee working from home, face to face meetings at regular intervals for directions and social interactions could be expected. It was also suggested that because employees in knowledge and services sectors would be highly skilled, or at least more skilled than presently, management - employee communication would become a more equal and mutually beneficial exchange⁵⁷. Lateral rather than hierarchical communication would be the order of the day, providing a way forward for both parties. Whether this communication would involve representative bodies such as trade unions is discussed in Section 4C (following).

(e) The Future of Task Specialisation: More or Less?

It was the universal opinion of all interviewees and in the literature⁵⁸ that the future would continue to see a segmented labour market between those with skills and those without them.

When asked whether interviewees expected tasks to be more or less specialised in the future, all responded that we would continue to see 'both'. Technology would see the increasing task specialisation of highly skilled professional jobs (engineering, medicine, academics) into the future⁵⁹, simultaneously with the multiskilling of shop floor employees doing less skilled tasks. Multiskilling would be essential due to the relatedness of ideas and disciplines in the production process, and also because of the increasing need for communication skills for employees at all skill levels. Managing was one occupation picked out as being likely to become more generalised, and hence multi-skilled in the future⁶⁰.

⁵⁷ This prediction of the interviewees not universally supported in the literature by either neo-Fordist or post modernist academics.

⁵⁸ DEET *op cit.* p. 46.

⁵⁹ DEET *op cit.* ix predicts that the proportion of people who will complete secondary school or obtain a tertiary qualification will rise from 57% in 1994 to 68% in 2005; that the proportion of people in the workforce with higher education qualifications will rise over that period from 22% to 26%, and that the proportion of persons with vocational education and training qualifications would rise from 21% to 22%. (p x). See also ch 4.

⁶⁰ This is also the prediction and the hope of the BCA *op cit.* p. 62-66

A third group in this segmented labour market is the unskilled. These employees face glib employment prospects: see previous discussion in Section 4A.

(f) Providing Training and Learning Systems in the Future

On the question of who will undertake the training provision in the future, interviewees were split over whether we would see employers do more work in the area⁶¹, or whether a mixture of organisations, government and individuals would be jointly responsible for training.

Those of the opinion that employers would come to the fore in training provision and delivery came to this conclusion for several reasons. Firstly, it was suggested that such a complex and firm-specific matrix of skills would be needed in the future, that it would be unreasonable and imprudent to expect the state to provide such training. Secondly, it was suggested that employers were losing faith in the government's ability to predict what areas and types of skills would be needed in the future, and so would have to take on the mantle of training provider themselves. Thirdly, the unsuitability of the classroom as a workplace learning environment was considered to act as an incentive for greater employer involvement in the area.

Others were more sceptical about employers willingness to bear the cost of training, in an era of projected cost rationalisation. They suggested that training provision in the future would be supplied by a mix of organisations and state bodies and schools. However, one commentator pointed out that even though skill formation and training will be desperately needed in the future, government spending in this area was being cut.

How would training be delivered in the future? Three scenarios were suggested. The first involved a continuation of the current trend away from large training departments, towards private providers. The second scenario was one in which schools, TAFEs and universities develop curriculum materials, and organisations are more involved in the delivery of training. The third scenario involved training being delivered through a variety of cooperative programs with universities, learning centres and with other enterprises.

⁶¹ Currently, by far the largest providers of education and training are the three formal, largely government funded systems of schools, TAFEs and universities: DEET *op cit.* p. 53.

(g) Major Technological Change and Innovations Expected in the Future?

When probed about the types of technological change and innovations we could expect in the workplace of the future, the only answer consistently given was that of information technology⁶². Application of cross technologies (eg in biology/electronics for example), and the minimisation and enhanced speed of existing technology were also referred to, albeit to a much lesser degree.

(h) Future Career Paths

A range of opinions were offered on the future of career paths in the new world of work. The point was made by several interviewees that career paths would be nonexistent for unskilled employees, and possible for skilled employees, (although a tension was noted between this possibility and current trends to downsizing and restructuring). The segmented labour market would thus be continued: a development not lamentable in itself, but lamentable if individuals are unable to move between the two segments.

Other commentators saw the future of career paths in far more radical terms. They predicted future career paths - where they existed - would be far more flexible than those that have existed hitherto. Career paths would consist of moves between employers (employers themselves would be networked, enabling this to be more easily accomplished), occupations and even countries. 'Horizontal' career paths might thus emerge for those with the ability to adapt and change.

(i) Future Reward and Payment Systems

When it came to predicting future payment systems, no consensus emerged between interviewees. Some suggested we will see a move towards payment on the basis of skills exercised, rather than on the basis of one's performance. Others suggested the growth of contingency pay such as gainsharing arrangements. Still others suggested that there will be a mix of payment systems in the future as exists today, with employers paying either on the basis of skill, performance, seniority, or even some kind of social wage basis.

However, one opinion concerning the future of payment systems did surface at least more than once, and this centred around the notion that the future would see an increase in non-monetary rewards. Time off, travel, child care, study opportunities, and public acknowledgment of employee performance would

⁶² See also the detailed and complementary discussion on the topic in BCA *op cit.* chapt 5. For a more detailed futurology on the subject, see Rifkin J. (1995) *The End of Work: The Decline of the Global Labour Force and The Dawn of the Post Market Era*; New York: Putnam's

increasingly become part of employee's remuneration. One interviewee raised the caveat that such conditions may only be offered for core employees in full time employment, and as such, would be denied to large parts of the workforce. This would further exacerbate the growing divide between skilled and unskilled workers.

C. The Future Of Industrial Relations

(a) Future of Industrial Relations Institutions

Most interviewees were cautious about speculating on future trends in industrial relations⁶³. Notwithstanding this, some general consensus did emerge over what the future of the system as a whole was likely to be.

Most were of the opinion that the centralised, collective system as we know it would not survive into the future. It was predicted that the industrial relations system would have an *individualised focus*, in line with the current trend towards individualism in general, and individual employment contracts and conditions in particular⁶⁴.

It was argued that since the current system had never really catered for the very groups of workers who were likely to increase in the future (part-timers, casual, the self employed, individual contractors, and small workplaces⁶⁵), this would add impetus to the individual contracts push. But individualisation does not always mean an absence of regulation, and it was generally expected that once a sizeable portion of the population were under individual contracts, there will be pressure for industrial relations institutions to focus on the fairness of bargains between individual contractors. Thus the system would become one more concerned with procedure than substantive outcomes⁶⁶. One commentator suggested that industrial relations legislation would become more like consumer protection legislation, concentrating largely on rights to mediation, cooling off, and procedural fairness.

However, not all were convinced that this individualisation was sustainable or inevitable in the long term, in which case we could expect to see a more generalised return to collective employment relations.

⁶³ A trend also evidenced by the paucity of literature on the subject. Most of industrial relations 'futurology' has been concerned with the deregulation debate: its desirability, and how to get there. Now that this agenda has been all but achieved with the formulation of the Federal Coalition government's *Workplace Relations Bill, 1996*, there is a temporary void in vision in industrial relations literature.

⁶⁴ See for example BCA's predictions of continued deregulation of the labour market and acceleration of contractualism: *op cit.* p. 19.

⁶⁵ See Part 4A

⁶⁶ Such an option was also predicted by the BCA, and their expectations of an increasing "Pontius Pilate" stance in government policy making in general: BCA *op cit.* p. 19.

Even those convinced of the prominence of individual employment relations in the future were not prepared to put collective industrial relations practices totally off the agenda. Collective agreements would always be necessary for big employers (for administrative reasons), would be prevalent in areas of strategic importance or with a history of strong unionism (mines, building etc). They would also become necessary to protect core conditions for lower paid manual employees, outworkers, and overseas guest workers.

However, globalisation of product markets combined with ideology would see a move away from the centralised system, towards *workplace level* collective bargaining for bigger organisations⁶⁷. This is the route taken in New Zealand, but it was submitted Australian structures such as strong unions, the Senate, constitutional provisions and state governments would mean that it would take Australia a little longer to reach the current New Zealand position⁶⁸.

Not all interviewees were happy to totally discard the centralised system. They argued that a reversal in the current deregulationist trend might surface if cyclical trends led to a tightened labour market and resultant wage pressures. We might then see employers rally for a return to a centrally regulated wages system. Specifically, we may see deregulation bottom out after 5-10 years, and industry level bargaining may surface.

It was also suggested on several occasions that we would see an increasing trend towards uniformity and federalism in industrial relations in the future. Interlocking state-federal systems of industrial relations, where Commonwealth and state legislation mirrored each other, was forecast for the future, although it was not expected that the states would increase their power in other fields (possibly taxation).

(b) The Future of Industrial Relations Tribunals: the Australian Industrial Relations Commission

There was a wide range of opinion concerning the future of industrial relations tribunals, although consensus coalesced around the single point that the Australian Industrial Relations Commission (AIRC) would cease to function as we know it, most probably having a reduced role in Australian industrial relations.

One interviewee questioned whether the AIRC and state tribunals could survive at all in the future. She argued that such institutions depend upon support from

⁶⁷ This was also predicted by Naisbitt, J. (1984) *Megatrends* London: Future & Co, Chapt. 5.

⁶⁸ See *Unions 2001 op cit.* p. 6 for details on the New Zealand position.

both the government of the day and employers to ensure their continued operation. Such support was not expected to be forthcoming in the future from either party.

Most obviously, the current government has a commitment to downgrading the function of the AIRC. It is then very hard to recreate such structures, even with a change of policy or government. Similarly, employers could not be expected to give their support to a centralised industrial relations tribunal. Many future employers would be transnational corporations, who want to standardise labour conditions for all employees across the globe, and so are unlikely to be inclined towards an Australian idiosyncrasy imposing different labour conditions upon it.

Others were more inclined to the view that historical political and social forces will ensure the AIRC's survival, but with a dramatically less intrusive function than that which has existed to date. It may conduct the rudimentary functions of mediation, voluntary arbitration, facilitate bargaining and handle disputes. It would probably also continue to set minimum standards, as this allows them to be distanced from the government of the day. The AIRC of the future would be expected to deal with matters on a more individual basis than currently occurs (following for example of the UK employment tribunal), although much of the work in this area would be picked up by specialist tribunals and employment courts (see below).

These latter commentators were reasonably sure that even if cyclical factors led to employer calls for greater intervention in setting wages and conditions, and the AIRC's role in macro policy regulation is restored, a return to rigid national standards will not eventuate. The old award system will be gone, new awards will be 'leaner and meaner', and workplace level, or possibly industry level, standards will be the level at which the Commission will intervene.

One other interesting issue raised was the ability of the union movement to mount cases and claims in the future to any government tribunal. While organised labour has performed this function in the past, concerns were raised that their declining size and structure may mean they are unable to do so in the future (see below).

(c) Specialist Courts and Tribunals in the Future ?

The new individualised Australian industrial relations would continue to ensure a role for employment courts into the future. Such courts would become more involved in interpreting and enforcing individual contracts, in wrongful dismissals, and in cases involving allegations of discrimination. However, such courts would not rise to any degree of prominence in Australian industrial relations for reasons that have prevented this occurring in the past: courts are too slow, too expensive,

and are complicated by the rules of evidence. The workplace, private or state-sponsored mediation, and tribunals would be the main forum for industrial relations regulation in the future.

Predictions for the future role of the AIRC have been discussed above, with most forecasting a serious decline in the Commission's role. But what of the specialist tribunals that have sprung up in the last decade or so? Interviewees expressed divergent opinions on the subject.

Given the present ideological climate (deregulationism, labour market flexibility etc) tribunals such as the Human Rights and Equal Opportunity Commission (HREOC), and the Anti Discrimination Board (ADB) would not be able to hold on in the future. 'Where would support for such regulation come from?', it was asked. It would not come from government, (the role of which in industrial relations specifically, and in social and economic policy in general, would have declined substantially), and TNC's and other employers would be unlikely to lobby for it. Only society in general would have an interest in supporting such structures, and it was suggested that society would have little control over such matters in the future. Indeed, it was argued that if mainstream industrial relations tribunals protecting basic worker rights were unable to survive, then it would be most unlikely that more specialist tribunals protecting more peripheral rights would thrive in the twenty first century. The specialist tribunals that exist at the moment would either be stifled through funding cuts, or if the opportunity arose, could be abolished altogether.

In contrast, it may be precisely *because* of the foreshadowed demise of the collective industrial relations tribunals that we should expect to see a rise in the more specialised tribunals. The individualisation of employment relations may see new tribunals emerge to protect the interests of workers made particularly vulnerable under such a system (an example offered was domestic service workers), as well as to deal with other employment contract issues on an individual basis. New tribunals may also emerge to deal with issues such as privacy, human rights (etc). The ADB will move on from dealing with sexual harassment, to deal with age discrimination (as the 'baby boomers' age).

Not all were happy with such development of industrial relations regulation, seeing them as a step towards US style politics of legitimacy, where core protection for basic industrial rights was taken away, and replaced with a periphery of esoteric rights that would do little to enhance the day-to-day living standards of the working masses.

Nonetheless, if specialised tribunals do survive or even flourish in the future, what will be their structure? Will we have a multitude of such specialist tribunals, each with its own procedures and powers, or will we see the development of a super tribunal? Although preferences for one structure over the other were expressed, no predictions were made.

(d) Future of Employer Organisations

Whither the structure and function of employer organisations in the brave new world of industrial relations?

(i) Structure

There was some optimism amongst interviewees that employer organisations would survive into the future, albeit with an altered function. While no predictions were made as to whether there would be more or less of them in absolute numbers, the view was expressed that employer organisations which moved with the times would survive and flourish. Those that did not would fall by the wayside in an era of decentralised bargaining.

As far as the structure of the future employer organisation is concerned, it was suggested that organisation along sectoral or industry lines would continue (as such a structure enabled optimum representation of members interests) along with a national focus. This was predicted despite the anticipated deregulation of the future labour market, and the decentralisation of bargaining.

Notwithstanding the above optimism concerning the longevity of employer associations, one interviewee was of the opinion that since many such associations in the services sector seem unable to organise effectively at present, there is little reason to suspect that they will survive in the future - the very period when the services sector is forecast to be pre-eminent. This interviewee was of the opinion that the only way employers who would be organising in the future would be TNC's colluding for various one-off ventures to "roll a country or a competitor".

(ii) Function

Most interviewees were of the opinion that employer organisations would essentially see their function change from collective bargainer to consultant information provider. Consistent with the trend to more individualised workplace bargaining, employer organisations would see their bargaining role circumscribed as the award system declined. (Unless of course, cyclical movements brought a

return to industry level bargaining, in which case employer organisations would simply continue on in their present form). Smaller organisations were an exception since, in their case, some considered that employer associations might still bargain on their behalf.

To avoid their demise, employer associations would take on an increased role in information provision. This would represent an intensification of the movement of employer associations towards becoming information and service providers which has characterised Australian employer associations over the last 10 years (since the decline of the award system). Of the various predictions for the type of information employer associations will be offering in the future, the most common were: labour market information; advice to employers concerning the contracts of both employees and individual contractors, and advice concerning company law and taxation issues.

It was variously suggested that we can also expect a continuation of employer organisation's agitating and lobbying role, as well as their involvement in reviewing and adjusting minimum working conditions.

(e) The Future of Australian Trade Unions

(i) Union Structure

The forecast reduction in employment in areas of traditional union strength; the growth of the services sector, of casual and part-time work and self-employment; and of smaller enterprises⁶⁹ was considered by most to lead to a *continued decline in union density* as we know it, in the future⁷⁰. One commentator put the figure at 10-12% by the end of 30 years (this would be in manual work, where employees' lives are in the hands of their co-workers). Only one interviewee offered the caveat that if employers pushed employees too far in a deregulated and individualised system, then employees could possibly flock back to unions. This latter opinion would, however, seem to be endorsed by the NSW Labor Council's recent Newspan Survey, which showed a significant proportion of the workforce still support unions⁷¹.

⁶⁹ For statistics documenting this trend, see DEET *op cit.* p. 33

⁷⁰ For statistics on declining union density to date, see *Unions 2001 op cit* pp. 107-8.

⁷¹ Goot, M. 1996 *To Have and to Hold: The Crises of Union Retention* Sydney: ACIRRT (forthcoming), found that 67% of respondents to the survey thought Australia would be worse off without unions, and that 48% of respondents would join a union if they were totally free to do so.

Most interviewees predicted that decentralised bargaining would see a decline in size and power of the super unions, disamalgamations, and possibly the end of state branches of super unions⁷². While unions themselves had predicted greater unity in the future, or at least the consolidation of the amalgamation process⁷³, fragmentation was predicted by interviewees to be the order of the day, with the past decade of union unity and a strong ACTU presence unlikely to return. However, employers still need a channel to communicate with their workforce, and workers and society still need some form of collective voice. It was suggested that in the future we can expect to see the rise of new unions (such as staff associations, and of enterprise branches of super unions), as well as non-union workplace groups (such as works councils). Employees would thus be represented by a “mixed bag” of large and small unions, and non-union groups. The latter would be competing with the former for membership.

There might be the emergence of business unionism, or militant political unionism, but more likely would be a blurring between trades unions, staff associations and pressure groups: a structural change finding its ultimate expression in social unionism. It was suggested that this latter development of working and non-working people, coalescing around ‘social wage’ issues such as work and conditions, health, environment, leisure and family issues, might emerge in response to the (possible) foreshadowed changes in the distribution of paid and unpaid work, and the distribution of wealth. The demise of work as ‘male breadwinner working 8 hours per day, 38 hours per week’, (the income from which as crucially determining living standards)⁷⁴, and its substitution by both male and female part-time and casual employment and unemployment was predicted to create a fertile ground for the development social unionism in the future.

(ii) Union Function

Whatever their structure, it was a generally held belief that union function would be dramatically different to the corporatist, policy setting role that the union movement has enjoyed in the past.

Indeed, other than having some input into safety net adjustment and review mechanisms, it was considered that unions would have very little input into social/economic policy at all. One commentator raised the point that as we can expect continued rolling back of public sector regulation of industrial relations

⁷² The latter would be a result of greater uniformity between states/Federal regulation.

⁷³ *Unions 2001 op cit* Chapt. 4 and p. 68.

⁷⁴ This is a thing of the past: see Section 4A.

specifically, and economic and social policy in general, there would be no government social / economic policy for unions to influence.

The future, then, for unions, was considered to lie at the workplace level. Whilst they would continue to handle grievances and represent some members collectively in bargaining (the organisation of casual, part time and service sector workers was considered to be a crucial here), they would see their bargaining role diminished, and would take on more of a role in providing services and giving advice, possibly on a fee for service basis. (This is the path that was also predicted for future employer organisations) .

Unions would be involved in enforcing members' individual rights such as unfair contract, wrongful dismissal, and discrimination allegations. It was also expected that unions would provide site delegates with labour market information for bargaining. If the social unionism model develops as predicted, their role would be to organise both around workplace and non-workplace issues, as both would impact on the quality of life. Meetings would not necessarily take place at the workplace, as varied hours makes this a precarious strategy, and not all constituents would be participants in the paid labour force anyway.

(f) The Future of Wage Determination

Two different scenarios were presented concerning the future of wage determination. An extension of present trends towards deregulation would see a reduced role for third parties in wage setting, or a tightened labour market may lead to a reversal of the existing situation, and a re-emergence of a centralised system of wage fixation (probably at an industry level). The discussion focuses mainly on the former scenario.

As discussed above, it was predicted that the deregulationist trend would continue to see the role of the AIRC largely confined to that of setting minimum wages and maximum hours. This function would continue to be performed by tribunals rather than politicians, so that the latter could be seen to be distancing themselves from this process. The practice of setting and enforcing minimum standards also protects the notion of a level playing field for employers of labour. As discussed above, the Commission and other regulatory bodies and courts would be more concerned with the fairness of bargains struck, than the substantive outcomes reached thereby. Thus it was predicted that the wage determination system, like the Industrial Relations system generally, would centre around process, rather than substantive outcomes.

As far as the foreshadowed individual contracts are concerned, wage outcomes in the future would be dependent on developments in the product market concerned, one's individual labour market position, and one's bargaining skills. It was suggested by several commentators that the latter would be restricted, in the sense that salaries were more likely to be 'reviewed' than negotiated in the future, and that performance pay, as determined by management, would be a large arbiter of market wage outcomes.

Collective contracts would continue to be thrashed out between unions/non-union collectives and management, with less AIRC intervention than has hitherto existed for most of Australian industrial relations history. The AIRC or its 'equivalent' would again be confined to process type intervention, mediation, and the registration of agreements.

It was suggested that the existence of collective agreements alongside individual agreements could lead to the development of as U.S. type union/non-union social wage differential⁷⁵ a differential which will be exaggerated if conservative governments wind back health care, retirement benefits etc, and unions of the future pick this up. Such a suggestion was scotched by another commentator who pointed to the demands of employers for a level playing field as a reason to suspect greater convergence of wage outcomes in the future. This commentator also made the point that while we might see a convergence of wage outcomes due to such factors, we would see a convergence at a low level. It was suggested that TNC's competing in the global economy would undermine or at least put pressure on Australian industrial relations tribunals and parties to minimise (and so standardise) labour costs⁷⁶. The only way out was if such a low wage strategy threatened to produce a crisis of consumption, and firms had to increase wages to ensure markets for their products.

A more general point to be made on the future of wage determination in Australia came out in interviews concerning the distribution of work (see Section 4A), and in the literature on the subject. This was that in the future, there are two possibilities concerning the relationship between market wage outcomes and overall living standards. One possible future scenario is that we will not get our policy settings right (or do nothing at all), that social cleavages will develop based on the market income differentials that will arise between those who have a viable market income, those who are the working poor, and those who are unemployed.

⁷⁵ See Mishel & Bernstein *op cit* pp. 165-170 for evidence of this development in the US.

⁷⁶ Such fears were pre-empted by *Unions 2001 op cit*. p.185, who referred to research demonstrating that Asia-Pacific wage system pays up to 30 times less than the comparable wage in Australia.

The other possible future scenario is that market wage outcomes become an increasingly small part of the social wage. Developments in the tax/transfer system, industry policy and in the distribution of paid and unpaid work opportunities may assume greater importance in determining ultimate living standards, and great social cleavages are avoided. Neither scenario is mandated by the forces of technology and globalisation: definite policy choices will be the ultimate determinant of living standards in the future.⁷⁷

⁷⁷ See discussion following in Sections 5 and 6.

SECTION 5: CONCLUSIONS AND ALTERNATIVE SCENARIOS

Analysis of Sections 3 and 4 reveals a surprisingly high degree of consensus over what we can expect work to be like in 2026.

Overall employment levels will depend upon the level of demand from both the world economy and the domestic economy. If Australia is able to successfully tap into the expanding Asian economy then we can expect healthy growth and healthy demand for labour. If we do not make this transition, then the unemployment consequences described in Section 4A will follow.

Of the equilibrium level of employment that is generated, jobs will be predominantly in the services sector, with occupational spread split between high skill and low skill services workers. Public sector employment will continue to decline. The workforce will age, and female participation rates will continue to rise. Innovations in information technology will continue at a rapid rate.

The typical business unit will be smaller in size, with local branches continuing to struggle for autonomy in decision making. Some decision making will be devolved to the shop floor, but management will retain power over key decisions. Direct communication between management and their workforce will continue, despite an increase in working from home, and the working of atypical hours.

Australia's unique centralised and collective industrial relations system will not survive into the future. Industrial relations (including wages and conditions determination) will be determined back at the workplace level (as occurred prior to 1896). Collective workplace negotiations will occur for larger organisations, or in workplaces where there is a strong union presence. For smaller workplaces, and for non-unionised workplaces, individual contracts will be the norm. The AIRC will thus have a reduced role in Australian industrial relations: it will settle disputes at individual or workplace level, and set only minimum conditions of employment. Employment courts will continue to play a role in ensuring bargains are fairly made, and that they are adhered to. Both employer organisations and trade unions will see a dramatic change in function from collective bargainer to individual dispute settler and information provider.

The above scenario is so consistently predicted and described by commentators that it seems inevitable. But this is not the entire story of the future of work, nor

indeed is it even the most significant component. On questions concerning the future distribution of working time, unemployment, employment relationships, income distribution in 2026 and the role and function of trade unions, rather than consensus of opinion resulting, a clear polarity of opinion emerged. On these crucial questions, both the literature and interviewees could be seen to be predicting a world of work in 2026 that corresponds to either one of the following two scenarios:

(a) Work 2026: The Inertia Scenario

The first scenario is essentially the ‘inertia path’ : that is, that path we are headed if current governments do nothing to alter existing trends.

Australia would fail to make any serious transition to a nation competing on the basis of a high/wage - high/skill strategy. The drive to compete in a global economy on a low skill/labour intense strategy would see pressures for lowering wages for unskilled employees, and increasing levels of atypical employment relations (outsourcing, casualisation, etc) as employers desperately seek labour flexibility. Alternatively, the unskilled jobs would dry up completely and go offshore. The failure of businesses, government and educational institutions to adequately provide skills and opportunities for unskilled workers creates the spectre of unemployment for the unskilled; or the failure of industry and industrial relations policy creates a pool of unskilled ‘working poor’.

The highly skilled find themselves in the private services sector (the sector not generating huge amounts of wealth). The absence of any government inspired job sharing or redistributive mechanisms leaves them increasingly overworked (doing unpaid overtime), with hours spread in any combination over 24 hours a day, 7 days a week, supporting and fearful of a growing underclass of unskilled, unemployed, or working poor. They may or may not have affluence, but will find it more difficult to acquire leisure and family time.

The highest of the highly skilled have bargaining power and are able to negotiate a beneficial employment contract for themselves. The rest are either non-unionised and have adhesive individual contracts imposed upon them (rather than bargained for), or are members of fragmented unions (a minority), who are subject to collective agreements that are negotiated at the workplace level, and subject only to minimum conditions imposed by the state. There are a multitude of specialist courts to which an individual can take peripheral or procedural grievances, but no state institution exists to protect the basic working rights of ordinary people.

The nation-state effectively abandons its role of mediating between global capital and local social needs: it simply abdicates its power to capital. The state has reduced command over the setting of economic and social policy, so lobbying becomes a redundant function of what few pressure groups exist.

Society is segmented into 3 groups: the highly skilled but overworked, the poorly skilled and underpaid, and the unskilled who are unemployed. No serious effort is made to redistribute income or hours or alter the transfer system, and so income and non-work time is unevenly, precariously and inequitably distributed.

(b) The ‘Break From Past’ Scenario

This second scenario is one which requires government intervention and planning to achieve, as it essentially envisages a society based around communitarian concepts and principles that are precisely the opposite to the individual ethos that underpins the ‘inertia’ scenario⁷⁸.

In this scenario, we see government macro and micro policies set early to ensure Australia competes in the global marketplace on the basis of a high skill/value added export base. Our educational institutions make sufficient adaptation, so as to be capable of producing an appropriately skilled workforce, and business does invest in training and the skilling of its workforce. The polarisation in income and employment conditions that is predicted between high and low skill workers thus does not eventuate.

Some commentators even take this scenario further. Unemployment and overwork is largely avoided by job sharing mechanisms. This allows more leisure and family time, and more equal gender sharing of unpaid domestic and community work. Atypical employment arrangements, excessive hours and poor remuneration are avoided by strong social unions, who lobby the pervasive public sector and organise workers, consumers and other persons around these issues. The social imperative for a more collectivised and caring society re-emerges after unsuccessful experiments with more exclusive and individualised social and economic arrangements.

In addition to the participation rights conferred by the right to employment, the tax/transfer system broadens out to complement the wages system, to guarantee all citizens the right to a guaranteed minimum income. Such systems redistribute

⁷⁸ For an explanation of these philosophical concepts, see Burke, C. (1994) ‘What kind of Society Do We Want? Individual Greed or the Common Good’ in *The Employment White Paper: A New Social Charter?* Uniya Discussion Paper No. 3.

income from the industries where it is generated to where the bulk of people work; from high income earners to low income earners, and the unemployed. All citizens participate, command a living income and have enough leisure time to self actualise.

These, then are the options for the future of work in Australia. The very fact that there are options alerts us to the point repeatedly made in the literature and amongst interviewees: that although we operate within the constraints of forces such as technological change, globalisation and changing demographics, (etc), 'we are not in the grip of some technological monster or some invisible hand of economics which will force us down a certain route'⁷⁹

How we change and, hence the future of work, is largely up to us. We need to make choices now about which path we would like the future of work to go down, and how to get there. Many different interest groups have preferred recommendations and policy prescriptions in this respect: informed, well researched choices now need to be made.

⁷⁹ Handy op, cit. p. 154.

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