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Productivity has become the new buzzword

Article by James Pearson CCI, West Australian column

For years now, even while Australia's and Western Australia's economy has grown, the productivity of our workforce has flat-lined.

The problem is real and increasingly serious. But it is not new.

We live in a world in which it is getting easier and cheaper to buy products from overseas, whether from our local store or online.

As long as the quality meets our expectations and the price is right, then the public will buy.

More and more of our services are provided, directly or indirectly, by people who don't live in our town, our state or even our country.

Who made your car? What airline flew you on your last holiday? Where does your mobile phone come from? Where are your favourite TV programs produced?

That's globalisation at work. It is not just consumer goods. It applies equally to supplies of equipment and know-how to design and build the world-class resources and civil construction projects underway in Australia.

Free trade and investment flows have helped to deliver rising living standards not just in Australia but across the world.

But the flipside is that, to stay wealthy, countries have to stay competitive. For a country that has a relatively small population which enjoys a high standard of living, such as Australia, that means we have to find ways to increase our productivity.

This is a challenge for both employers and employees, for business owners and their workers.

Our managers must find ways for their staff to work more efficiently. Our workforce must be able to produce goods and services more competitively, supported by relevant, flexible and fair industrial relations laws.

This is true in every industry, but especially so in firms which are struggling to retain good staff.

It is a challenge for the union movement. They can work with employers to deliver outcomes that could save, and even create jobs, but that will only come from flexibility and innovation.

It is also a challenge for governments, but their response to date has been uneven.

At last week's COAG meeting, Federal and State leaders agreed to more measures to cut red tape for business.

And there is more emphasis, at federal and state level, on investment in skills and education.

Yet we are still shackled with an industrial relations system that doesn't give businesses the flexibility to adapt quickly to changing market conditions; public investment in infrastructure has been hostage to the demands of politicians holding the balance of power; and we are still waiting for genuine, well planned tax reform.

It's time to free up Australian businesses so that they can compete.