



Productivity won't improve until the system does! (AHEIA OP Ed)

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Stagnating productivity should be focussing government, business and economists on questioning the nature of the nation's present industrial relations (IR) system.

The system is nobbling Australia's productivity.

At the same time it's choking our universities in waves of overlapping regulations. There also are specific provisions relating to enterprise agreements, which preserve antiquated and unproductive employment conditions.

Unless Australia lifts productivity, living standards will stagnate, wages will remain under pressure and public services will become harder to fund.

Yet higher education, a facilitator of improved productivity, has been regulated out of the equation.

Universities educate our future workforce and contribute billions of dollars to the national economy annually.

Artificial intelligence (AI) has added a new dimension to the challenge – and not just in workplace efficiency, but in new operational industrial relations challenges.

Universities are rapidly adapting to AI, redesigning work and embracing new ways of delivering services. However, they can't succeed with one hand tied behind their back while being a servant to increasingly complex industrial relations laws and regulatory regimes.

Universities face:

- complex industrial laws and enterprise agreements;
- regulators with over-lapping responsibilities;
- an obsession with examining their operations through back-to-back inquiries;
- reduced funding, especially in research;
- constraints on funding avenues, such as foreign students; and
- increased operating costs arising from inflation and the need to provide employment environments that make them an employer of choice.

Student expectations are growing. International competition for students, academics and research investment has intensified. Universities must continually redesign work, modernise organisational structures and deploy their people differently to be globally competitive. And they are.

Yet many enterprise agreements make even modest change slow, costly and contentious.

Highly prescriptive provisions governing workloads and the work that can be performed, consultation, organisational change, committee structures and countless operational practices have accumulated over decades. Many now are out of date. Collectively, they have produced workplace instruments that are among the most complex in Australia, and:

- instead of enabling productivity, they constrain it;
- instead of encouraging innovation, they reward rigidity; and
- instead of supporting effective governance, they frustrate it.



So, there's enormous investment in compliance, administration and legal interpretation.

Organisations must be able to modernise work practices to become more productive. Yet universities—the very institutions responsible for educating Australia's future workforce and driving innovation—operate within a system that makes removing outdated work practices extraordinarily hard.

For example, the Fair Work Commission no longer can arbitrate bad or outdated employment provisions from an enterprise agreement, where they're deemed to be less favourable to employees. The effect of the new intractable bargaining provisions in the Fair Work Act is to grandparent antiquated and unproductive provisions, strangling any possibility of genuine productivity improvements.

The consequence is an almost irreversible ratchet.

Restrictions accumulate.

Flexibility disappears.

Productivity suffers.

No organisation, public or private can continuously improve while out of date workplace practices are preserved indefinitely.

A recent Senate inquiry into wage underpayment provided further evidence that the present system is not fit for purpose.

So far as underpayments are concerned, the inquiry reinforced what universities have argued for years: the principal cause of underpayments has overwhelmingly been the extraordinary complexity of industrial instruments, not deliberate actions. Enterprise agreement terms negotiated in different times now are frozen in place as a statutory floor for future bargaining.

Universities have been portrayed as architects of systemic "wage theft". It is a politically convenient, click bait driven narrative, that's now accepted as untrue.

It's fair to ask, why universities across Australia, operating under different regimes, encountered remarkably similar problems.

The answer is obvious. The industrial framework itself is the genesis of the problem.

Unfortunately, the legislative framework makes meaningful reform exceptionally difficult.

The Senate inquiry found what many university leaders have known for years: enterprise agreements and awards have become so complex that, rather than facilitating productive workplaces, they have become barriers to productivity, drivers of compliance risk and obstacles to good governance.

Unfortunately, the legislative framework makes meaningful reform exceptionally difficult.

Government should trust Australia's independent umpire to do the job it was established to do.



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The FWC should be empowered to arbitrate enterprise bargaining disputes by reference to the objects of the Fair Work Act, without statutory constraints that prevent it from balancing fairness, productivity, operational effectiveness, sustainability and good governance. An independent tribunal is far better placed than Parliament to determine what contemporary enterprise agreements should contain.

We must restore the balance to a system that has become increasingly incapable of delivering meaningful reform.

Australia's universities can compete globally when they're applying workplace arrangements designed for this era. They cannot fully harness artificial intelligence, respond to changing student expectations or improve productivity while locked into industrial instruments that prevent sensible, meaningful and prompt change.

The debate about higher education has spent too long looking backwards—towards historical grievances and industrial conflict.

Australia must look forward.

The question is not whether universities should change, it is whether our workplace laws will let it happen.

Productivity is not created by preserving yesterday's work practices, but by giving institutions the capacity to innovate, adapt and improve.

Modernising enterprise bargaining in higher education should be recognised for what it is: an economic imperative.

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Craig Laughton | (he/him)

Executive Director | Australian Higher Education Industrial Association
phone: 0477 799 149 | craig.laughton@aheia.edu.au | www.aheia.edu.au