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COMMENTARY

BACK TO THE BAD OLD UNION DAYS

As Qantas discovered, Labor's Fair Work Act is a return to 'fortress Australia'

STEVE KNOTT

THE shockwave from the biggest industrial relations story of last year was finally felt yesterday, as Qantas chief executive Alan Joyce announced an 83 per cent drop in first-half net profit and the slashing of 500 jobs. Earlier in the week Joyce was named the most influential businessman in Australia on the same day that recently appointed Workplace Relations Minister Bill Shorten pleaded with him not to cut jobs.

Today marks the final opportunity for unions, employers, industry bodies and other stakeholders to lodge their submission to the Fair Work Act Review Panel.

Given this focus on Australia's workplace relations environment, the timing of this review is impeccable.

At Qantas, the federal government's Fair Work legislation allowed unions to "slowly bake" the company to the point it deemed necessary to ground its fleet. What did we expect was going to follow? Regardless of which side of the argument you take, there is little doubt the so-called Fair Work regime will go down in history as one of the most contentious pieces of workplace relations legislation in Australia.

Increasing international competitive pressures have seen both Labor and Coalition governments change workplace relations laws since the mid 1980s, embracing enterprise bargaining, collective union, non-union and individual agreement making. Despite the accelerating impact of economic reform, Labor's Fair Work was framed around a return to "fortress Australia", industrial tribunal intervention, pattern union bargaining and the re-establishment of a raft of union privileges.

For the first time in decades we see threats of major strikes and, as at Qantas, this is often as damaging as strike action itself. Employers are also battling actual strikes, union monopoly in collective bargaining, claims such as preference for unionists, union bargaining fees, union payroll deductions, union picnic days, strike pay, union approval of both contractor engagement and their terms and conditions, and so forth.

With such claims now being legitimate, grounds for so-called "protected strike action", together with complex and union-friendly good faith bargaining laws, the union movement is proudly boasting it is back in town.

As the Fair Work review commences, more large Australian employers point to problems with workplace relations legislation as they face restructures and retrenchments; small employers too are being forced to close their businesses in their normal hours, evenings and weekends, due to unsustainable costs associated with penalty rates and restrictive modern awards.

Small businesses are threatening to reduce staff and Alcoa, ANZ and Toyotawere the subjects of commentary around viability and workforce reduction.

The unions blame the high Australian dollar, corporate greed, high energy costs and incompetent management to explain these circumstances.

Meanwhile, Australian companies are losing their competitive advantage in the domestic and international marketplace that, as Joyce publicly declared several times, is undergoing irreversible changes from which we cannot be shielded.

Yet there is little meaningful discussion about the development of a flexible workplace relations system as a source of renewed competitive advantage.

Shorten is a Workplace Minister with a sound knowledge of business fundamentals. Time will tell if he is able to improve our industrial environment.

The Australian Mines and Metals Association believes that efficient and productive workplaces created through a direct, co-operative and mutually rewarding relationship between employers and workers are not a pipe dream. It has just been lost as a minority government appeases its union roots.

An example of problems with the act is reflected in research commissioned by the Australian Mines and Metals Association. Undertaken by RMIT, this research has examined the impacts of the legislation on major resource companies over four six-monthly periods. It shows that 71.4 per cent of resource industry employers surveyed experienced delays in negotiations under the Fair Work Act. Earlier this year, the Australian Human Resources Institute found 65 per cent of its research subjects were taking far longer to strike deals with unions.

This is hardly surprising given the plethora of agenda items that can now be tabled in the bargaining process. The ADJ Contracting case from last year was one high-profile example, as the FWA ruling forced the employer to adopt provisions to actively promote union membership to its workers,

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encourage union meetings among delegates and accommodate unannounced entry to the workplace by union officials.

In 1996, ACTU secretary and now federal minister Greg Combet said: "We used to run the country and it wouldn't be a bad thing if we did again".

With cases like ADJ becoming commonplace, the Fair Work Act seems to have achieved that goal.

Resource sector companies provide good conditions of employment, fair remuneration and fair treatment of employees aligning business and employee interests, individual and organisational objectives. It sounds simple and it is. What is difficult is having workplace relations laws and union privileges not aligned to the interests of the employer and employees, and undermining these objectives.

Now is the time to take action. We need to put aside politics and deliver a workplace relations environment that allows Australian businesses to compete in the global marketplace.

Steve Knott is the chief executive of the Australian Mines and Metals Association.

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