



COMMENTARY KEEP POLITICS OUT OF THE IR DEBATE

Both main parties are denying business the reforms needed to boost productivity

STEVE KNOTT

HERE we go again. In recent days, the Prime Minister has said that industrial relations will be in focus during the lead-up to the federal election and that she will take the IR fight to Tony Abbott.

Sound familiar?

This rallying cry for the political support of the PM's union comrades diverts attention from the fact her IR laws are fast becoming a major barrier to doing business in Australia.

The Opposition Leader also entered the debate recently with the same tired platitudes about the position of the IR pendulum and the need for flexibility.

Here we have a background of international economic uncertainty and falling domestic productivity and the best our political leaders can come up with is a re-run of the 2010 "Work Choices will be back/Work Choices is dead" debate.

Australia deserves better, much better.

When Australia's IR system refused to embrace enterprise bargaining in April 1991, then ACTU secretary Bill Kelty rightly said there was no reason for the trade union movement to eat this vomit. The resource sector supported the ACTU's position at the time as the sector had been enterprise bargaining for decades.

In 2012, the appetite for swallowing poor IR policy outcomes hasn't changed.

In choosing to play politics rather than act in the national interest, both main parties are denying business the necessary IR reforms to boost productivity and sustain Australia's economic prosperity.

Also disturbing is that the government, in tandem with unions, is seeking to silence any criticism of its workplace laws, even from respected people such as Productivity Commission chairman Gary Banks, Reserve Bank governor Glenn Stevens and the chairman of Australia's largest company, BHP Billiton's Jac Nasser.

Banks said there was a strong case for including workplace laws in a productivity review. The Construction Forestry Mining Energy Union responded by calling the Productivity Commission a "taxpayer-funded right-wing think tank", while Workplace Relations Minister Bill Shorten rejected Banks's suggestion that national competition rules be applied to the labour market.

So there is paralysis on the IR debate on both sides of politics, despite incontrovertible evidence that the existing laws are reducing productivity and detracting from co-operative workplace relations.

Clearly the government is too beholden to its union constituency and some of its union-funded Greens partners to make meaningful changes, while the Coalition has been burned at previous elections and is trying to neuter the inevitable re-run of the "return to Work Choices" arguments.

Yet everyone in IR circles knows Abbott was never a fan of Work Choices and won't go back there.

With ongoing industrial unrest continuing to wreak havoc on Australian workplaces, our leaders need to stop obscuring the real issues.

An example this week is the Toll-Coles union picketing, with

work sites blockaded and workers denied access to do their jobs. To date, Fair Work Australia has

refused to stop such picketing. This inaction feeds into the intimidation and financial damage to industry and enshrines a perception that unions are above the law.

Coupled with the delay in holding past and present Health Services Union officials to account, inaction on militant union activity and the government's appointment of former union bosses to 12 of 17 FWA positions, the business community is losing confidence in the institution of FWA.

Industry fears more IR window-dressing when the Workplace Relations Minister hands down the results of the Fair Work Act review later this month, but it is an opportunity to make meaningful IR legislative changes.

A good starting point would be to fix failed attempts to deliver flexibility to businesses and workers through individual flexibility arrangements. It is sad and surprising that any mention of flexibility is dubbed by the PM and unions as employer code for "stripping pay and conditions".

This argument doesn't wash in a high-paying industry such as the resource sector where competition is already intense for scarce labour and wages have risen significantly in recent years. Average wages in the resource sector are above \$125,000 and many tradespeople are earning more than \$300,000 on oil and gas construction sites.

Flexibility does not equate to fewer and lower-paid jobs. When direct employee-employer agreements were in place during

the Howard years, almost all underpinned by a no-disadvantage test, real wages grew by 12 per cent and employment increased substantially. Such agreement-making encouraged innovation and was a circuit-breaker to union negotiations where militant officials were often stuck in the 1970s with their trumped-up ambit claims.

Under the Fair Work regime, the same union officials are proudly boasting wage outcomes are being achieved with no consideration of workplace productivity issues.

In a modern and mature economy, an exchange of views about necessary IR change is not about diminishing workplace rights and should at least be dignified via a considered debate. Simple legislative fixes would reduce our escalating industrial conflict and improve Australia's international workplace relations standing.

Matters such as allowing employees to enter into agreements directly with their employers as long as they have an adequate safety net, breaking the union monopoly in agreement-making for new projects, restoring a strong workplace cop on the construction beat and ensuring a majority of employees supports strike action before it proceeds would make all the difference.

Robust discussion about the key drivers of productivity and efficiency should be encouraged. Those attempting to silence the debate for political reasons, who suggest there is no room for improvement to the IR laws, are ignoring opportunities to strengthen the economy and uphold workers' rights.

The Fair Work Act review is a golden opportunity for both political parties to listen to industry and make the necessary changes. Will any of our leaders step up to the task or will workplace conflict be the only thing to flourish in years to come?

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

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