



► PM plans two-pronged workplace election policy

# Business blasts IR blueprint

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Business has blasted the Productivity Commission's proposed blueprint for the nation's workplace system as an "opportunity lost", with BHP Billiton leading the charge to urge Malcolm Turnbull to seek a mandate for more ambitious policy changes at next year's federal election.

But as unions promised a multimillion-dollar marginal seats campaign on workplace relations, the Coalition refused to commit to supporting any of the recommendation's in the commission's final report into the workplace relations framework, saying it will consult further before considering whether to seek voter backing for "sensible and fair" industrial relations changes.

*The Australian Financial Review* understands the government is proposing a two-pronged workplace policy to take to next year's election. The first component will be drawn from the soon-to-be-released trade union royal commission findings and advocate tougher union governance rules and a renewed push to reinstate the Australian Building and Construction Commission.

The second component is likely to propose what business will regard as "incremental change" picking up some changes proposed in Monday's report including changes to what can be contained in workplace agreements, rules for new projects, alterations to the operation of individual flexibility arrangements and adverse action.

But the government is believed at

this stage not to favour other contentious proposals in the report such as the stripping of key responsibilities from the Fair Work Commission.

While the commission's final report endorsed its draft recommendation to bring Sunday penalty rates in certain industries into line with the lower Saturday rates, Employment Minister Michaelia Cash confirmed that penalty rates would be determined by a current Fair Work Commission review.

Australian Chamber of Commerce and Industry chief executive Kate Carnell said while the commission's final report contained some promising measures, it was "ultimately an opportunity lost".

The report found that "contrary to perceptions", Australia's labour market performance and flexibility was relatively good by global standards, and many of the concerns that pervaded historical arrangements had now abated.

It renewed its call for new "enterprise contracts" to provide for award changes suited to the circumstances of individual enterprises.

It also says the "better off overall test" that applies when workplace agreements are made should be replaced with a no disadvantage test with guidelines.

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The report recommends the Fair Work Commission be split into two bodies, with one to determine minimum wages and awards. It renews support for fixed-term commission appointments but proposes terms of 10 years rather than five years as proposed in the final report.

Ms Carnell said: "The Productivity Commission did not match its own rhetoric for the need for tough IR reform with its final report, and for Australian business, this is not the fix we needed," she said.

"It has simply embraced the current complexity in the system and endorsed more prescription. While there are changes recommended across a range of areas that are worthy of support, bold and forward thinking reforms appropriate for this period of fundamental economic change are missing."

Mike Henry, president of BHP Billiton's coal division, said while some of the recommendations, if implemented, would reduce the amount of time employers spent bargaining and ease project delays, the report did not "adequately capture the full scope of required reform"

Mr Henry said BHP did not agree



with commission's assertion that "multiple forms of employment arrangements" were already available. He said he did not believe the proposal for new enterprise contracts was adequate.

"We would encourage early passage of the limited reforms outlined in the commission's report, but would also urge consideration of the further reforms we believe are required to underpin the competitiveness that will support jobs and economic growth," he said.

Australian Industry Group chief executive Innes Willox warned the government not to be influenced by the union movement's campaign against the changes, saying the recommendations could allow the Coalition to develop a substantive workplace policy.

"It is essential that the PC review not become a wasted opportunity to achieve the necessary reforms," he said. "We urge the federal government not to be swayed by the inevitable union scare campaigns."

Senator Cash said the government would not "play the rule in, rule out game" on the recommendations. "If there is a case for sensible and fair changes to the Fair Work framework, they will be clearly outlined and they will be taken to the next election, and we will seek a mandate from the Australian people," she said.

But unions vowed to launch along campaign against the proposals in the lead up to the election, warning hundreds of thousands of retail and hospitality workers and their families "would struggle to make ends meet" if their penalty rates were cut.

"We have always said the Productivity Commission review was a Trojan horse to attack workers' rights, and this is proof of that," said Gerard Dwyer, national secretary of the Shop, Distributive and Allied Employees Association.

"By adopting the recommendation to create a two-tiered penalty rate structure, the Prime Minister would be creating a second-class workforce."

Australian Mines and Metals Association said the commission had failed employers, employees and the community by "giving our unnecessarily complicated workplace relations system a free pass and not properly considering how it should be fundamentally reformed for the future".



Michaelia Cash confirmed that penalty rates would be determined by the Fair Work Commission review. PHOTO: GRAHAM TIDY