ABBOTT MUST SEIZE THE MANTLE ON INDUSTRIAL RELATIONS REFORM

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The Australian by Josh Frydenberg

We have an overregulated workplace with rising costs and declining productivity INDUSTRIAL Relations reform is the classic Labor wedge.

Labor believes there is a tradeoff in the workplace between flexibility and fairness, and a contest between a greedy employer and a helpless employee.

This is simply not true.

Employers and employees need each other. Without an effective, workable partnership, there is no enterprise, no profit and no job.

This workable partnership is under threat from an overregulated workplace, where unions are emboldened, militancy is on the rise and productivity in decline.

These are problems of the government's own making. In return for union financial support at the 2007 election, the Rudd government's Fair Work Act increased union power in more than 120 areas. Greater right of entry, more authority over greenfield sites and an enhanced ability to restrict the use of independent contractors are just some examples.

Other changes included widening the scope for protected strike action, enabling unions to "strike first, bargain later", and abolishing the Australian Building and Construction Commission, which had been successfully policing acts of lawlessness by the CFMEU and the AWU.

This is Australia's new industrial landscape a throwback to the past, unwinding not only John Howard's reforms (which were responsible for more than two million new jobs and a 20 per cent rise in real wages), but also those of Paul Keating, whose 1993 reforms encouraged enterprise bargaining at the workplace level.

The result has seen productivity slump and costs rise, penalising the very workers Labor purports to represent.

Working days lost through industrial disputes were up 83 per cent in the year to June 2012, levels not seen since 2004, and highprofile stoppages such as the Qantas strike and the blockade at Grocon's Myer Emporium site dominated front pages.

Greater industrial disputation not only creates higher costs for companies that are inevitably passed on to consumers but can also lead to companies cancelling projects in the pipeline.

In the past 12 months Shell, BHP and Woodside have shelved more than $100 billion of investment as the viability of resource projects is called into question.

In May, BHP chairman Jac Nasser said "restrictive labour regulations have quickly become one of the most problematic factors for doing business in Australia". Using BHP's Queensland coal business as an example, he said in the past year alone that business faced "3200 incidents of industrial action" and "received over 1000 notices of intention to take industrial action and then approximately 500 notices withdrawing that action given on less than 24 hours' notice".

BHP's experience is not a oneoff David Peever, managing director of Rio Tinto Australia, has also spoken out on the issue and Santos chief executive David Knox has said Australian labour costs were double those in competing jurisdictions.

This hasn't gone unnoticed by our competitors and global equity investors. Last year Australia fell from 11th to 15th on the World Bank's ease of doing business index and in the World Economic Forum's measure of global competitiveness, Australia fell four places to 20th overall and 123rd out of 144 countries for flexibility in wage determination and 120th in hiring and firing practices.

But despite the chorus of criticism from industry groups, including the Business Council of Australia, the Australian Chamber of Commerce and Industry and the Australian Industry Group, as well as former Labor ministers such as Gary Johns and Michael Costa, the government is in denial.

Julia Gillard continues to pretend that "the best thing about Labor's industrial relations plan is that it will be good for productivity", while Workplace Relations Minister Bill Shorten remains, in Kathy Jackson's words, "Dracula in charge of the blood bank". A former secretary of the AWU, Shorten has become "the minister for unions".

He conducted a Clayton's review of the Fair Work Act, with limited terms of reference that ignored the Department of Finance's suggestion that the implications for productivity be included; has stacked the Fair Work Commission with former union officials (a process still under way with talk of two new senior positions) and is overseeing the government's intervention in a legal case in support of the union movement, which was labelled by one High Court judge in the Bendigo TAPE v Barclay adverse action case as crudely "partisan".

Not to mention his long silence over the Craig Thomson matter, which has raised serious questions about the conduct of senior union officials and the willingness of Pair Work Australia to conduct a proper and timely inquiry.

Since union votes continue to dominate Labor conferences and ex-union officials continue to dominate the Labor caucus even though overall union membership is in freefall it is clear only the Coalition can make the practical changes necessary to our industrial relations system.

Tony Abbott has the track record to do this. As a reforming minister he instigated the Cole Royal Commission, which led to the creation of the Australian Building and Construction Commission. In his book Bcittlelines he identifies the "destructive" elements of Labor’s Pair Work legislation while pointing to industrial relations reform as a road to a more productive and fairer society.

Now is the opportunity for the Coalition to go on the front foot and put forward proposals that make unfair dismissal laws less of a burden on small business, lead to individual flexibility arrangements in the Fair Work Act becoming more attractive to employers and employees, and put the brakes on coercive union power beyond reinstating the ABCC and making unions more accountable through reforms to their governance arrangements.

In doing so, the Coalition will be dealing with the "militancy, flexibility and productivity" challenges faced at workplaces, strengthening our economy and advancing the interests of both employers and employees.

Standing still is not an option.

In today’s challenging economic climate, industrial relations reform is more important than ever and the clock is ticking.

Josh Frydenberg is the federal Liberal member for Kooyong.