



The first battle of the war

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The business sector is moving inexorably towards a declaration of war against the Gillard government. A war to be fought for survival — on both sides. But yesterday's unusual joint letter from four top business organisations, demanding the government abandon proposed amendments to the Fair Work Act, was not such a declaration.

The letter from the the Business Council of Australia, Australian Chamber of Commerce and Industry, Australian Industry Group and Australian Mines and Metals Association argued its case very robustly, even aggressively. But it stopped short of an ultimatum.

Further, the statement was very focused on the proposed amendments to the Fair Work Act, and only those amendments. It did not canvass broader unhappiness with the act or the industrial relations environment. It also had a specific and urgent ambition: to

head off the amendments passing into law this week.

On that basis one might conclude this business coalition was intended to have a very short life. It would either succeed this week or not. Either way, it would not live even into next week.

But regardless of the result the government would still have declared war on business, and employers specifically. And the only way for one side to unilaterally opt out of a war is to surrender.

For business, it will be a war on several fronts, of which Fair Work-industrial relations is perhaps the most important and urgent.

The amendments capture the problems playing out across government and business First, that the Gillard government is unambiguously and aggressively anti-business. These changes come after the carbon and mining taxes. They come as Julia Gillard personally set out to demonise 457 visas so critical to business.

All this adds up to a devastating boost to business costs and further restricts the flexibility business needs to survive in a tough competitive world — as well as abandoning business tax reform.

Some of the the proposals — compulsory arbitration and union right of entry — break promises that they would not be countenanced.

This feeds into another problem: we now have a prime minister whose survival is in the gift of the unions — indeed of one union, the AWU. And one unionist, Paul Howes. It is Howes who has the leash around Gillard's neck and the Fair Work proposals show how she responds to his tug.

For business, victory this week, and more obviously a defeat, won't change this reality. Business might think it's only on the brink of war. In fact it is already at war. A formal declaration would only be symbolic.



Julia Gillard with Paul Howes in October 2011. Picture: Kym Smith