

Chief executives should push IR reform

by Steve Knott

The Australian business community is looking to the Productivity Commission Review to address fundamental problems within our industrial relations system, but the reality is the Coalition won't waste political capital on workplace reforms that don't have broader community support. It's increasingly clear the former

Rudd/Gillard governments' deliberate re-regulation of work in Australia is failing our nation and is adversely affecting real people and real jobs. Yet the need for urgent industrial relations reform is still not being effectively sold to the general public.

Australian employees – including the 88 per cent of the private sector that is non-unionised – can only dream of an unemployment number beginning with "3" and the substantially higher real wage growth of the Howard era.

Facing comparable economic challenges with today, former workplace relations minister Peter Reith's 1996 industrial relations reforms were somewhat of a watershed. For the first time since Federation, employees could make individual workplace agreements with employers without trade union involvement or the supervision of an industrial tribunal sadly lacking in business expertise.

With sectors such as the resource industry embracing the opportunity for direct employee engagement, increased flexibility and new, more productive ways of working, unemployment decreased and real wages increased, and the living standards of working Australians rose markedly. This continued with the introduction of WorkChoices in 2006 despite the legislation lasting just 12 months.

However, in contrast to the ACTU's highly effective Your Rights at Work campaign, which aggressively sought to re-insert unions and tribunals back into the employer-employee relationship, outside of the resource sector the business community remained largely mute about the benefits of workplace reform and the risks of labour market re-regulation being urged by trade union/ALP propaganda.

Even worse was the fact the leadership in some sectors felt compelled to kowtow to union militancy and chose to remain within the formal structures of union and employer collective bargaining, despite the Reith/Howard legislation offering them alternate direct employment arrangements.

The result is that in 2015 businesses are closing, unemployment is rising, real wage growth is declining and productivity is in the toilet. Yet, aside from some calls for the Coalition to again tackle industrial relations reform, we are hearing little more than a peep about misleading and damaging union-run and union-sponsored political campaigns.

Businesses fighting to remain competitive understandably bemoan the labyrinth of unnecessary and costly workplace regulation and inconsistent decisions from Fair Work Commission members or full benches often stacked to the gills with ex-union officials. Challenges include employee protections with uncapped compensation and that treat employers as "guilty until proven innocent", union monopolies on new major project agreements, excessive union access to work sites and constant strike threats – all do little to inspire business confidence.

So where are the business leaders promoting the benefits to our community of operating under modernised, more balanced work regulation?

Within this framework, employers rarely directly campaign for Coalition-sponsored workplace reforms. Unions, on the other hand, are openly politically active in both financial contributions and on-the-ground support for the ALP and even the Greens. This was clearly on display at last month's

ACTU Congress, where support was drummed up for a \$13 million political war chest that will be directed at 35 marginal seats.

However, the recklessness of their claim that workers and employers need unions and industrial tribunal supervision is rarely exposed.

As a business community, we must acknowledge that being industrial relations policy-pure in opposition isn't an acceptable position for the Coalition. The Prime Minister is sticking to his pre-election commitment to not undertake significant workplace reform during his first term and won't risk falling victim to another cashed-up ACTU campaign.

The market, however, doesn't sit idle and is sending a clear message that Australia is a high-wage economy, with low productivity performance and is increasingly viewed as an expensive place to invest and do business. The past 12 months has seen 61 major resource projects worth at least \$80.4 billion withdrawn from our country.

Business needs to engage the community and more effectively support good policy on its merits, without fear of being labelled partisan. The case needs to be made that urgent workplace reform is in the national interest, and in the interests of all working Australians and their families.

Until we make such a case and build wider community support, workplace relations reform will continue to be viewed as nothing more than a poisoned political chalice and Australia won't benefit from the change we so critically need.

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