

## **Bill Shorten: an albatross around the ALP's neck**

Peter Reith, The Age, July 13, 2015

Labour needs someone like former British Prime Minister Tony Blair to lead the party

Like me, Bill Shorten went to Monash law school. He should read this extract from Monash University's human resources web page, because so far he seems to have little idea of conflict of interest.

"A conflict of interest refers to a situation where a conflict arises for an individual between two competing interests. These are often, but not exclusively, interests of public duty versus private interests. This refers to a reasonably perceived, potential or actual conflict of interest."

Even without the application of this definition of conflict of interest, Shorten is in serious trouble in the Royal Commission into Trade Union Governance and Corruption. But public opinion could be easily a lot worse for him. He can't really expect people to think that he had nothing to do with some of the murky deals done when he was running the AWU. Money was paid to the AWU from an employer to fund Shorten's election campaign. His defence was that just because money passed hands at the same time as an agreement deal it does not mean the behaviour was inappropriate. That's not how people think. Many think where there is smoke there is fire.

In addition, Shorten has had his integrity called into question by the commissioner and has been publicly forced to meet his obligations, seven years late, under the electoral laws. Meanwhile media reports suggest that AWU files have disappeared and there is evidence that AWU members have been screwed by their union and union bosses.

Whether Shorten lasts until the next election or not, the next election should be a critical turning point for the future of the ALP and the union movement. Today Labor thinks it has a good chance to win next year. But sometimes if a party has successive losses it can be time to confront structural problems.

The Coalition's 1990 election loss and John Hewson became the catalyst for far better policy, best known as Fightback. If Labor experiences the shock of losing in 2016, it could be their leadership and reform moment.

Reform by Labor is not just about Labor; competent political parties, Liberal or Labor, are vital for a healthy political system and sensible policy.

Labor has three bleedingly obvious problems. As a proportion of the workforce the unions are slowly losing membership support and as a result they are losing democratic legitimacy, especially their right to control Labor.

The second problem is that union control over the ALP is distorting policy making because Labor can only develop policy with union approval. A good example of that distortion is Labor's refusal to vote for a cop on the beat to stop the intimidation and thuggery in the construction industry.

And the third big problem is that the quality of leadership is slipping and so it is getting harder for Labor to produce a leader with a vision for the country that meets the country's needs.

In my time in politics, I have seen more and more unionists sitting on Labor's side. The majority of Labor's MPs are apparatchiks who have little experience in the real world and see unionism as a leg up into politics. Look at Labor's recent leaders since 1996.

Kim Beazley was the best of them but had no ticker. Latham is beyond description. Rudd at least won an election, but 30 months later even his colleagues decided he had to go. And then Gillard lost office having been stabbed by Shorten and others. Labor can't afford another Bill Shorten, it should be looking for someone like former British prime minister Tony Blair not Ed Miliband (the British Labor leader put in by the unions) who was thrashed in that country's recent elections. Today's problem with Shorten is the prospect of another narrow-minded union boss.

The development of policy is the other big challenge for Labor.

Labor is delusional about fiscal policy and positively emotional about labour market reform. People like former MP Craig Emerson write about economic reform but can't even mention the importance of labour reform (see Australian Financial Review, June 9, 2015)

Only last week the AFR (July 11) reported the view of the head of Treasury John Fraser, who said: "Recently, we had a visiting international delegation out here looking at the Australian economy". "I was struck that when we talked about economic reform they said our labour market conditions were really good. And then I realised that their point of comparison was Europe!"

It was a neat way of drawing attention to the need to reform Australia's labour market.

Bill Shorten is likely to end up being more of a problem than he is worth. If he loses his leadership in the next 18 months - through the royal commission or an election - he should donate his contribution to politics to the galvanising of the Labor reform he was never able to initiate.

Peter Reith was a cabinet member in the Howard government.