



Call for enterprise bargaining to be revived ▶ Simpler 'better off' test ▶ Review unfair dismissal code

# Business urges new work rules

David Marin-Guzman

Workplace correspondent

Employers are calling for the Morrison government to prioritise fixing the enterprise bargaining system and small business dismissal laws as they rally behind the Prime Minister's commitment to take a "fresh look" at industrial relations.

Prime Minister Scott Morrison said yesterday he wanted reform to involve "shared gains" for employers and employees and reflect values of non-unionised small businesses, which he said were examples of collaborative workplaces.

Business groups want the government to address the rapid decline in enterprise agreements, once fundamental to the IR system and its focus on productivity, by removing "unnecessary complexities" and "onerous" approval requirements.

Woolworths chief executive Brad Banducci, whose business of 200,000 employees has previously warned the bargaining system is unworkable, said the laws needed to adapt to contemporary business and worker needs.

"Our shoppers want to shop 18 hours a day and a lot of our team members want flexibility around how they work," he said. "The world is changing and we need certainty."

Small businesses are also pushing for a review of the rules governing dismissals, which hit their 10-year mark on July 1.

Mr Morrison did not promise any new industrial relations reforms at the election but new Industrial Relations Minister Christian Porter said last month that he would seek to improve the system's efficiency, in particular around enterprise bargaining.

In a briefing note sent to Mr Porter on Friday, Australian Mines and Metals Association chief executive Steve Knott said the decline in enterprise bargaining was "the most significant challenge and opportunity for the Morrison government in industrial relations".

Enterprise agreements were brought in by the Keating government in the 1990s, ending a century of centralised wage-fixing through awards. The focus

on enterprises rather than industries aimed to encourage efficiencies and pay increases that better reflected individual workplaces.

Three decades later employers and unions say the enterprise bargaining system is in its death throes and have questioned the benefits.

Agreements in the private sector have dropped by 52 per cent since the Fair Work Act was enacted in 2009, with most of the decline taking place in the past five years.

**Continued p4**

From page 1

## Business urges new work rules

The number of private sector employees covered by an agreement has fallen from almost 2 million in 2013 to 1.2 million in 2018, a decline of 41 per cent.

At present, just 10.7 per cent of the private sector workforce is covered by an enterprise agreement.

Mr Knott, who will meet Mr Porter this week, argued inefficiencies in the system had contributed to the decline of agreements and the bargaining process needs to be dramatically simplified.

"The Morrison government should focus reform efforts on ensuring EA making is retained as a preferred mechanism to facilitate the employment relationship within Australia's IR system," he said in his briefing note.

He proposed the government change laws so that the Fair Work Commission adopted a less stringent approach to approving agreements, complaining the commission's scrutiny was excessive and delaying agreements.

The resources sector peak body also wants a new agreement test that would only require groups of employees to be better off than the award minimum rather than every individual employee, whose incomes can change depending on rostered hours.

Australian Industry Group chief executive Innes Willox has backed a new test, saying "this simple and fair

change would make enterprise agreement making a lot easier for all parties".

Australian Chamber of Commerce and Industry chief executive James Pearson said bargaining was "one of the most pressing and significant problems" for his members.

"Part of the reason why so many participants are deserting the system in droves is certainly attributable to the change in statutory tests [under the Fair Work Act]," Mr Pearson said. He also urged changes to the Small Business Fair Dismissal Code "so that it delivers genuinely balanced outcomes for small business employers and employees".

Labor introduced the code in 2009 to simplify defences for small business under unfair dismissal laws but employers complain it's still too focused on procedure.

"With the Small Business Fair Dismissal Code having been in operation for a decade and continuing reports of its inadequacy and it failing to meet its intended purpose, it is high time the code was reviewed to ensure small businesses are given the certainty they deserve," Mr Pearson said.

The ACTU wants to address agreement decline through sector-wide bargaining powers and opposes changes to the approval test.

In a letter sent to Mr Morrison on Monday, ACTU secretary Sally McManus said it would be wrong to exclude unions from its review of the IR system and raised the possibility of consensus reform.

"No doubt we will continue to have different opinions in important areas of policy but constructive and open dialogue may lead to a narrowing of differences and even consensus on some points," she said. She refrained from advocating specific IR changes but called for urgent stimulus measures to jump-start stagnant wage growth and a softening economy.



They included reversing penalty rate cuts, a living wage set at 60 per cent of median earnings, and removing wage caps for public sector workers.

Modelling by the Centre for Future Work estimated the measures would boost wage growth by 1.25 per cent and household incomes by \$10.2 billion a year, resulting in an \$8.5 billion stimulus effect on consumer spending.

Mr Morrison said he was looking to find “practical” reforms and pointed to his visits to “largely non-unionised” small and medium-sized businesses where staff had worked for decades.

“These are businesses where there’s cohesion, where there’s a shared understanding that the success of the enterprise is their success,” he said.

“I’m keen to see that collaborative common effort that we see in those businesses writ large across the Australian economy.”

Employers also called for laws to prevent regular casuals from claiming permanent entitlements, such as leave, on top of their casual loading.

**Bargaining was “one of the most pressing and significant problems”.**





Scott Morrison addresses the Chamber of Commerce and Industry WA in Perth yesterday; Anthony Albanese after the shadow cabinet meeting in Melbourne; and Philip Lowe at the ANU Crawford forum in Canberra. PHOTOS: AAP, ALEX ELLINGHAUSEN



Brad Banducci: Laws need to adapt to contemporary needs.

EPGA1 AMMA