



# Firepower needed in reform fight

**Industrial relations**  
**Two reports give the Turnbull government a chance to return to the reform fray, but the Productivity Commission report should have hit harder.**



**Steve Knott**

After almost two years of frustrated attempts to improve Labor's over-regulated and job inhibiting workplace relations laws, the Turnbull government enters 2016 armed with two key pieces of political firepower to build public and parliamentary support for reform.

The final reports of the Trade Union Royal Commission and the Productivity Commission's review of our industrial relations system will be central to the next election campaign, however only the former identifies a clear path to meaningful change.

Despite the ACTU recycling its anti-Work Choices campaign like a John Farnham farewell tour, in 1229 pages the Productivity Commission actually recommends very little to alleviate the growing harm uncoordinated, excessive regulation is doing to Australia.

Australia is the world leader in imposing red tape on how we work and restrict the rights and choices of individual employees and employers.

In 1904, the Conciliation and Arbitration Act ran to a total of 21 pages. Today's equivalent legislation runs to more than 750 pages, plus a further 1400 pages of supporting regulation and 122 so-called 'modern awards'. In 2009, then-workplace relations minister Julia Gillard not only threw out the progressive reforms of Howard and Keating but also repaid the ALP's union supporters with extended collective bargaining privileges, inflated powers to access worksites, and substandard 'special' governance rules for unions and employer groups.

It is little wonder Australian businesses big and small are constantly buried in stifling workplace bureaucracy and multinationals are increasingly choosing not to invest and do business in this country.

The objectives of the overwhelming majority of employees are actually very simple. They seek fair treatment, safe workplaces, fair pay for fair work, and being productively engaged and valued for performance.

The Productivity Commission should have upheld these principles while also seeking the most productive, globally competitive and modern workplace system that 21st century Australia could aspire to. Instead, it reviewed a plethora of submissions from diametrically opposed interests and indulged in the same 'if everyone is equally unhappy we must have got it right' thinking that has progressively perverted our workplace relations system.

Overall, the review failed to grapple with how our workplace relations system can perform better for employers, employees and the Australian community. It also failed to evaluate Australia's workplace system against nations in which our trade exposed industries fiercely compete.

The World Economic Forum rates Australia a disgraceful 99th of 140 countries on the flexibility of our labour market, 92 places lower than New Zealand which has a comparable historical legacy of industrial relations regulation.

Such an approach doesn't help an Australia facing serious economic challenges.

With Prime Minister Malcolm Turnbull identifying 'innovation' as a foundation for Australia's future, we must not overlook the role workplace relations reform can play as a driver of innovation. The business community has long complained about poor productivity, regulatory overreach and missed investment and employment opportunities as a result of workplace relations laws more suited to the 1970s than the dynamic workplaces of today.

In the resource industry, the regulatory burden has eroded "brownfields agility" for established operators. Employers are shedding jobs faster than otherwise necessary because it is too difficult and costly to change roster cycles, adjust production times, utilise contractors, or alter other key terms and conditions to reflect more sombre prices for the products

and services they provide.

Australia needs a national debate on transformative workplace reform that extends well beyond union self-interest and penalty rates. But the reality is unions are much better at running workplace-based scare campaigns involving massive spending, laser-like focus on marginal seats and a flexible approach to the truth, than business is at building the public case for reform.

With Labor doing all it can to block changes to the self-serving Fair Work system it bequeathed on leaving office, let's hope the Prime Minister has both the will and the tools to deliver meaningful workplace relations reforms, help stem job losses in key industries such as resources, and give his innovation ambitions the best opportunity to be realised.

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