



AUSTRALIAN CHAMBER OF
COMMERCE AND INDUSTRY

WE'RE less than a week into the year, yet an intriguing industrial relations challenge has been presented to Prime Minister Julia Gillard and new Industrial Relations Minister Bill Shorten from an unexpected quarter. Former Labor prime minister and ACTU president Bob Hawke called on the government to reduce the influence of trade unions in the Labor Party.

It's not a call the Prime Minister should have rejected so lightly. Another former ACTU president, the present Regional Development Minister Simon Crean, pressed a similar case when opposition leader a decade ago.

Hawke and Crean made self-evident points that majority control of a governing party by trade unions is not good governance when the halcyon days of majority trade union membership have disappeared. In the private sector, trade unionism is down to 14 per cent.

Labour force changes have been profound. More than one million workers are not even employees but self-employed independent contractors, with small business instincts and a sense of aspiration. Beyond this, successful governments of the globalised era have to be less ideological and support free trade, the middle class, small business and the corporate sector, not just unionists or welfare recipients.

In the business community our concern traditionally has been to limit trade union influence over business decisions and over non-union workplaces where direct employer and employee relations prevail. Traditionally, we haven't worried about the influence of unions in political parties. In light of Hawke's call, we should.

First, the influence of unions is growing not only in the Labor Party but also in the Greens. Now the Greens hold the balance of power in the Senate they determine the fate of workplace legislation. Unlike the more centrist Democrats of the 1980s and 90s, the Greens don't sit between the main parties. Their IR policies are a near carbon copy of the left-wing union agenda that Labor Party conferences and sensible union officials find too extreme.

OUR IR SYSTEM LACKS BALANCE

Unions must not be allowed to dictate a Labor government's workplace policies

PETER ANDERSON

Second, control of political governance means influence over policy to the exclusion of business voices and the equal influence of other citizens. The appeal of a modern political party is reduced if one bloc controls the show. Unions have and can do much good. I believe strongly in freedom of association rights, at home and in other countries. But controlling policy is a different ball game. Blair Labour in Britain knew that and stayed in government for a decade. So did Clark Labour in New Zealand. Both countries have less stifling workplace regulation than Australia.

Last month's Labor Party conference is a case in point. At a time when industrial disputes were rising, trade unions on the conference floor voted to make the laws worse, so unions can strike over management issues such as contracting and outsourcing, and tribunals should be allowed to decide these issues instead of management.

Third, the wrong industrial policies end up damaging the economy and make doing business harder. Industrial relations laws made by governments and parliaments have to balance interests. Unions and business have legitimate but vested interests in that debate. Governments that have IR policies and platforms controlled by one or other vested interest won't get the balance right.

Problems with the Fair Work laws are a case in point. Within two years they are under review because a regulation impact assessment wasn't conducted when they were first made. Experience shows they haven't got the balance right. Eight of the last 10 appointments to the tribunal have had union connections. Bargaining is only allowed to be collective, even though most workplaces don't have a single unionist on staff. Self-employed contractors are pressured to become employees.

Useful as the Fair Work review is, we need to get to the heart of the imbalance in Australia's industrial relations system. We need to deal with causes, not symptoms. At the heart is the politicisation of labour law caused by weaknesses in political governance. Union officials write and then vote up

The influence of unions is growing in the Greens

the Labor platform. Other affected parties, such as business, watch on. The Coalition, when in government, sees Labor's IR system as the handiwork of union officials and has a natural instinct to change it. The pendulum swings, reaction causes overreaction, and business owners implement either bad laws or ever-changing laws.

A solution is for all political parties to operate on a one-vote one-value basis, so one interest group cannot dominate policy. It's an idea tossed around by former Democrat senator Andrew Murray and the Joint Standing Committee on Electoral Matters in 2004. Murray was the Senate conduit that gave Keating Labor and the Howard Coalition their modernising industrial relations laws in 1993 and 1996. He's sat in the IR hot seat and knows what he's talking about.

It hasn't happened because it's a tough call for Labor leaders to take on their own. Ironically, in government the Coalition doesn't force the issue because it is happy for Labor to be seen as a party of union officials. It suits the politics of both sides. But it's not in the national interest.

If people rather than union or business blocs control a political party's IR policy, the system becomes a policy battle between the parties and the members of these parties. Maybe then people and small business owners would be interested in joining and participating in a battle of ideas that set the rules for our economy. And reviewing the Fair Work laws would not be as urgent as it now is.

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