



BALANCE PART OF INDUSTRIAL BARGAIN

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By Peter Anderson, Workplace Policy Director, Australian Chamber of Commerce and Industry.

Although the politics of industrial relations has subsided since last year's federal election, the news yesterday that building unions plan to flex their muscle suggests industrial relations will remain a big issue this year.

All employers will be affected by the important decisions that the Parliament will be asked to make when the Federal Government proposes phased changes to workplace laws.

For many employers industrial relations will be even closer to home. Significant sectors of industry face new collective bargaining claims this year and beyond. How industry, unions and the Government respond will be a test of our collective maturity, and the resilience of our economy.

Collective bargaining carries risks and opportunities. The upside is that agreements, once made, can provide a stable set of wages and conditions. More efficient ways of working can bring rewards for staff and lift productivity for businesses. The downside is that economically irresponsible demands can be made, strikes can be threatened or undertaken, rights of individuals can be overridden, and wage gains not matched by productivity can fuel price rises and be lost in inflation. Whether Australia secures the upside of collective bargaining or suffers the downside largely depends on the actions of industry, unions and government.

Employers need to examine ways to lift labour productivity, and to discuss constructive suggestions about working harder or smarter with employees and unions. Saying no to unsustainable union claims is just as important as suggesting ways in which claims could be modified and staff rewarded. Resisting industry-wide bargaining will require strength by employers and industry bodies.

Agreements should be fair, but also assessed for productivity and efficiency gains and whether they pay for improvements in wages or conditions. Unions need to have realistic expectations. Suggestions for improving productivity and competitiveness should not be shunned. Only a productive business can pay its way and offer union members job security.

Most importantly, unions should make sure that bargaining occurs in a lawful, orderly manner. Common claims against multiple employers in an industry - known as pattern bargaining - should not occur, because each business has different productivity and competitive challenges. And strikes, even lawful ones, do no good for anyone and ultimately inconvenience the public, hurt the economy and make jobs less secure.

The Government has an important role because it (with the Parliament) sets the rules for bargaining. The Government will obviously claim a mandate to change workplace laws, but it also has a mandate to act conservatively when it comes to the economy. Make no mistake, workplace laws affect the economy.

The union campaign against Work Choices played on people's fears about corporate power. But the Parliament must ensure that changes to the bargaining rules do not swing the balance too far back towards unions and centralism.

Labor's commitments, before and since the election, to a bargaining system that increases productivity while providing fair outcomes are good. Also positive are the commitments to take a strong stand against strikes and industrial action, with some laws retained such as secret ballots before strikes, bans on strikes during the life of agreements and bans on secondary boycotts.

Worrying to employers, though, is the effect on union behaviour of abolishing Australian Workplace Agreements. A little known fact about the agreements is that the right of employers to offer AWAs has made unions adopt more reasonable bargaining positions.

The risk with any collective bargaining system is that union agendas get too ambitious and that unions try to extract from businesses what they cannot get from the Parliament. Wise heads will need to prevail.

Other changes that the Government plans to legislate over the next two years will also affect bargaining, although industry should reserve judgment until it sees the detail. These include proposals to legislate an obligation on all employers to collectively bargain in good faith, plans to empower a new tribunal to administer collective bargaining rights and settle some disputes, and proposals to allow unions to bargain (and strike) over a wider range of matters.

The fact that the Government proposes a transition to its new system, rather than a big bang, will be important in softening economic effects, but it needs to stick to that plan. Its commitment to consult unions and employer bodies gives it the chance to get the detail right - something Work Choices did not do.

We all need to make the new collective bargaining system work. It is going to be around for a while, and first impressions always make the biggest impact.

Peter Anderson is director of workplace policy at the Australian Chamber of Commerce and Industry.