



## AUSTRALIAN CHAMBER OF COMMERCE AND INDUSTRY

Opinion Piece for "The Australian" by ACCI Chief Executive Peter Hendy on the Workplace Relations Forward Agenda - 19 October 2004

### STAGE IS SET FOR SOUNDER IR FUTURE

By Peter Hendy - Chief Executive, Australian Chamber of Commerce and Industry

THE possibility that the Howard Government will secure a workable majority in the Senate provides a historic opportunity to further improve the way we work and the contribution our work makes to our economy and society.

By any measure, the past decade has been a success story for industrial relations reform. These are reforms delivered by Labor and Liberal governments: first by the Keating government in 1993 legislation, then significantly accelerated by the Howard Government, principally in 1996 legislation.

Nonetheless, if you can think of the road to reform as travelling from Melbourne to sunny Queensland we've got about as far as Albury-Wodonga. Since 1996, we've stopped absolutely dead. Basically, the past seven years have seen no important structural advances in reforming the industrial relations system. This is because of Senate obstructionism. About 28 bills have been blocked in the Senate that would have delivered even better outcomes than the 13.3 per cent real wages growth since 1996 and the fall in the unemployment rate to 20-year lows.

The argument that we've had enough reform and that we've already had a significant boost in labour productivity growth is a Moby-Dick-sized red herring. Recent OECD projections on labour productivity growth for 2003 have Australia at 2.2 per cent growth, below the OECD average and less than leading countries such as the US and the UK – and well behind 5 per cent in South Korea. Australia is, at best, one decade into our transition from the nine-decade-old system.

The Prime Minister has already indicated that workplace relations reform will be a particular focus of his new Government. The Coalition's workplace relations policy released during the election campaign includes a clear policy program. The reform priorities identified are necessary and complementary to wider policy commitments on skills, vocational training and economic management. Particularly welcome are proposals to simplify and improve agreement-making and bargaining processes, legislate to protect independent contracting and build a more harmonised national system of work regulation.

On their own, however, these proposals won't completely deliver the fundamental structural change Australia needs. A bolder and more integrated approach to labour market reform is needed. Employers support wider, more fundamental improvements to our labour market and employment regulation. The Australian Chamber of Commerce and Industry's detailed

agenda for reform, Modern Workplace: Modern Future 2002-10 Blueprint, sets out the key elements.

First, a single national industrial relations system. A system of six separate federal and state-based industrial relations systems has outlived its usefulness. A nine-step process would move to a single national system by 2010, including a national summit to get all the relevant parties together to discuss the issues.

Second, stronger legislation to restrict what would be inappropriate industrial action, such as pattern bargaining, that attacks the concept of enterprise-based bargaining.

Third, the award system should be a truly safety-net system. A minimum conditions act will set out the necessary safety net provisions on pay and leave.

Fourth, as much as possible, agreements should be based voluntarily in the workplace and we would like to see a reduction of the power of the Australian Industrial Relations Commission to arbitrate matters.

And fifth, there should be a charter of mutual regulatory responsibility that would require regulatory impact assessments, such as environmental impact assessments, when governments and the commission set new regulations and award conditions.

A decade from now, this system will lead to higher living standards. And it will lead to a lowering of the unemployment rate close to the average that Australia achieved during the 20 years from 1950 to 1970, when the award system acted more as a safety-net system than anytime since.

What was that average unemployment rate? It was 1.9 per cent. The highest annual rate reached during the period was 3.2 per cent. The economic benefit of such an achievement would be astronomical. There would be 400,000 fewer unemployed people. The savings on the commonwealth budget would be in the order of \$3.6 billion in annual terms. That would free up more money for schools and hospitals. And gross domestic product would be boosted by \$26.4 billion.

Of course, other factors may affect just how low the rate could go. And the interaction of the labour market with the social welfare system will be important. But the rate would fall significantly. How could anybody seriously deny Australia the chance at this sort of future?

*Peter Hendy is chief executive of the Australian Chamber of Commerce and Industry.*