



AUSTRALIAN CHAMBER OF COMMERCE AND INDUSTRY

Opinion Piece by ACCI Chief Executive Peter Hendy for the Australian Financial Review - "Call for Work Guarantees Helps No One" - 17 October 2005

Call For Work Guarantees Helps No One

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

Since the government announced the *WorkChoices* workplace relations reform package, a great number of people have expended a great deal of energy to elicit specific guarantees regarding the net impact of reform on all working Australians.

The notion of all workers individually being better or worse off under any workplace relations system is not sensible. We do not ask for that guarantee in relation to businesses and we should not do so in relation to each employee.

We live, work and do business in a modern, market economy. More than 10 million Australians work in over a million workplaces, each with their own imperatives, priorities and circumstances. This is the context in which workplace relations changes will be implemented.

Asking governments for guarantees regarding jobs and incomes for individuals working in private businesses is asking for promises that cannot be kept. Even though their rhetoric often suggests that they think they can, politicians cannot completely control the individuals, businesses or economic forces that create jobs and incomes.

No policy change can guarantee individual businesses will be more or less profitable, or even exist in the future. We can legitimately ask our governments to deliver the most good, for most people, most of the time. In employment, this means maximising jobs, competitiveness, incomes and working conditions.

The recent announcement on workplace relations reform broadly meets these tests.

The lesson of the early 1990s was that failure to reform the labour market contributed to the tragedy of 1 million Australians out of work when the economy went backwards. In 1993, the Keating government then scrambled to change workplace relations laws, but it was too late for the victims of the recession.

Flexible labour market laws, emphasising enterprise-based bargaining, enhance the capacity for people to remain in work in bad times and lessen the risk of hitting bad times. That is because they maximise the chance of productivity trade-offs.

Our previous systems of centralised arbitration left hundreds of thousands of employees worse off, by imposing standardised outcomes where they would have been able to do better through bargaining.

If we do not change our workplace relations laws, we will make it harder for the million plus Australians that the Bureau of Statistics tells us are looking for a job or seeking more work. We are making them worse off every day because unemployment and under-employment remain the greatest source of economic and social disadvantage in our community.

Employee interests are also not being met by being forced into some union agreements. What does union opposition to weekend work do for students balancing work and study? What does a union agreement seeking only wage increases do for someone wanting to change their hours to better balance their work and non-work lives?

What about the employee wanting to agree to flexibilities with their employer who cannot do so without the permission of a union leader they have never met, from a union they have no contact with, and have chosen not to join? What about the mother required under union-sanctioned rules to get all her workmates to agree if she wants to do something so simple as move her lunch hour to pick up her children?

Employee earnings and careers are retarded by the present system. The requirement to offer the same Australian workplace agreement to like employees can rob high performers of extra earnings and recognition. Unfair dismissal laws also rob Australians of working opportunities. These restrictions will now be eased.

Despite the lowest unemployment rate in a generation, more needs to be done. The guarantee we should seek from our policy makers is a commitment to ensuring that our workplace relations laws create productive and sustainable employment for as many Australians as possible.

Workplace relations reform poses significant policy questions to our mature and complex society, economy and labour market. It does a disservice to all points of view to focus on simplistic demands for blanket guarantees.