



AUSTRALIAN CHAMBER OF COMMERCE AND INDUSTRY

Opinion Piece by ACCI Chief Executive Peter Hendy in the Sydney Morning Herald – ALP AWA Policy - 13 June 2006

Policy Proves Old Interests Still Hold Sway

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

The announcement by the Opposition Leader, Kim Beazley, that Labor will not retain Australian workplace agreements if it wins government at the next federal election is disappointing. This decision reflects Labor's continued domination by trade union interests that remain ideologically obsessed with the use of AWAs. This is not based on any genuine examination of the wages and conditions on offer under the agreements - it is because unions remain opposed in principle to one-on-one workplace negotiations between an employer and an employee.

Australian employers are looking for a plan from Labor for workplaces in the 21st century - not the 19th. Employers want policies that will help make workplaces more productive, competitive and flexible. This is the only way to guarantee more jobs and higher living standards for all Australians.

Instead, Beazley's decision puts the interests of trade unions ahead of the interests of employers, employees and our economy, and it does nothing to restore Labor's economic credentials following the leadership of Mark Latham.

While business expected that Labor would develop its own policy on individual workplace agreements, Beazley's decision is essentially a head-in-the-sand approach that assumes workplaces have not changed in the past 30 years, the clock can be turned back and the reality of individual workplace bargaining can be ignored. This approach will not produce the kind of industrial relations system Australia will need to prosper in the 21st century.

The reality is, with trade union membership now at 17 per cent in the private sector, and with individual bargaining already entrenched in many sectors of the economy, AWAs are here to stay. The challenge for Labor is to establish a genuine policy on them - and not merely token recognition of individual agreements, which are easily undermined by union intervention or unworkable red tape.

In the past 15 years, Australia has had an impressive record of economic and productivity growth, rising real wages and falling unemployment. This achievement is in large part the result of bold economic and workplace reforms.

An important component of these reforms has been a shift to a system of workplace-level bargaining. Bargaining has helped workplaces increase productivity and develop the flexibility and efficiency necessary to compete in the global economy.



The ALP needs to face facts: in nine out of 10 workplaces, there are no trade union members. However, employers and employees in these workplaces still want to negotiate agreements that deliver higher wages, flexible conditions and greater productivity. They need a statutory mechanism to do this. AWAs are that mechanism.

The agreements do not undermine collective bargaining. Our system of workplace laws allows for collective bargaining, but should it be forced on an employee who doesn't want it? Beazley's decision would deny real choice for employers and employees.

If trade unions don't want to do the hard work of recruiting members and marketing the benefits of collective bargaining, that does not provide a basis for the ALP to achieve their objectives by using the law to wipe out the alternatives.

More importantly, Labor must explain to employees under AWAs why they are losing a bargaining option that has delivered higher wages and more flexible conditions for nine years. Since 1997, more than 860,000 agreements have been approved and more than half a million workers are employed on one.

These people enjoy wages that are on average 13 per cent higher than collective agreements and 100 per cent higher than the wages of employees on awards.

Beazley's decision puts these wages at risk: the ALP policy would cut the wages of thousands of workers. How does this fit with any plan to increase their wages and living standards?