



OPINION PIECE

STATES CAN'T JUSTIFY WASTEFUL IR MISHMASH

Opinion Piece by ACCI Chief Executive Peter Anderson on a National Industrial Relations System as published in the *Australian Financial Review* - 27 August 2008.

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No one liked to see job losses at Ford last week. Although the fundamentals of our economy are strong, business management is becoming more difficult. The Australian Chamber of Commerce and Industry's recent small-business surveys show a slowing economy. That is feeding some job losses and a reduction in working hours in service industries.

Unemployment looks like creeping up in coming months. We cannot control global forces but we can avoid a hard landing. Our living standards still depend on the decisions we as a community allow and require our governments to make.

Right now, policy action is needed to lift productivity and reduce business costs. One and probably two cuts in interest rates by the Reserve Bank of Australia before the end of the year should be on the agenda. The heavy lifting should not all be left to the RBA. A new round of macro-economic and regulatory reform is needed.

The Rudd government has a plan to fight inflation. It touches on the right issues. Key reviews of infrastructure, skills and the tax system have begun. Whether those reviews deliver an integrated package of reform remains to be seen.

Micro-economic reform in Australia depends on co-operation between commonwealth and state governments. To its credit, the Council of Australian Governments has an active agenda. In some areas competitive federalism can help, but on many issues the states are slow to see the national interest. Salvaging a national asset like the Murray River is a case in point.

Last Friday there was another disappointment on industrial relations. The commonwealth, state and territory ministers responsible for workplace relations met for the 77th time. The state governments (other than Victoria) again failed to give the commonwealth the tools to complete a national industrial relations system. Ministers simply instructed departmental officials to continue to meet to finalise views.

Meanwhile, states spend more than \$150 million each year funding duplicate industrial tribunals, bureaucracies, inspectorates, libraries, buildings, judges, commissioners and administrative staff. The world has moved on. States should be using taxpayer money on transport infrastructure, education, health and police forces - not on duplicate industrial relations systems.

There are no more excuses for state governments on industrial relations. No longer can they hide behind a dislike of Work Choices. It is being dismantled by the Rudd government. No longer can they hide behind a distrust for the other side of politics. All governments are now of the same political persuasion. No longer can they say a national IR system is unconstitutional. The High Court has ruled on its legality. No longer can they say it cannot work. It has, in Victoria, under coalition and Labor governments for more than 10 years. No longer is it an ideological issue - major national union and business leaders support a national IR system.

By failing to refer remaining IR powers, state governments undermine a core message from the Prime Minister's 2020 Summit - that we need a seamless national economic market on regulatory matters.

Later this year, the Rudd government will introduce legislation for a new industrial relations system based on its Forward with Fairness policy. A failure of the states to support that new system by referring the remaining IR powers will weaken the impact of that legislative package.

The Rudd government should draw a line in the sand. Consensus-based federalism can only go so far.

Above all, the failure of the states on IR undermines Australia's authority on other critical issues - especially climate change and trade. How can the Australian business community and the Rudd government jointly call on world governments to reach multilateral agreements on trade policy or schemes for carbon reduction when we cannot reach agreements between our own governments on completing a national industrial relations system?

It is a question worthy of national reflection, and action.