

WORKPLACE RELATIONS AMENDMENT (TRANSITION TO FORWARD WITH FAIRNESS) BILL 2008

Second Reading

Mr ROBERT (Fadden) (12.15 p.m.)—It is somewhat ironic that the [Workplace Relations Amendment \(Transition to Forward with Fairness\) Bill 2008](#) is being introduced into the House at a time of record low unemployment across the nation and at a time when we have the lowest level of industrial disputes since records began to be kept over 100 years ago. Indeed, the Deputy Leader of the Opposition made it very clear that in the early 1990s more than 1½ million days were lost due to industrial disputation. In recent times it has virtually gone to nil. This bill has been brought into parliament at a time when real wages have increased by almost 20 per cent, with accompanying increases in productivity, over the preceding decade. Furthermore, the bill has been introduced at a time when Australia has eclipsed other nations—notably Brazil—with large mineral reserves. Australia is now a preferred mineral trading partner. At such a time, with economic prominence on our side, this bill is being introduced.

For the government to claim brazenly that these achievements owe nothing to the flexibility and the stability of our industrial relations system, including the use of individual agreements, is naive and, in all probability, dogmatic. To adequately reply to economic challenges, flexibility in the workplace is fundamental. A hallmark of this requisite flexibility is the concept of an individual agreement, which has been a vital element of employment agreements in this country for almost a decade. The Deputy Prime Minister said in her second reading speech that individual agreements are an unnecessary element of a modern industrial relations system. She further had the effrontery—and, dare I say, the industrial ignorance—to state, in reference to abolishing all individual agreements, that higher productivity and lower inflation would follow. Au contraire, Deputy Prime Minister! One could argue that Cuba's dictatorial left-wing President has left the building and perhaps the Deputy Prime Minister's outdated ideology could follow out the same door. For the Deputy Prime Minister to state that tightening labour markets, reducing industrial flexibility and almost guaranteeing unfettered union involvement in future industrial relations will increase productivity and lower inflation is simply absurd. I think the Deputy Prime Minister has got carried away with her active verbs. She should have stood up and told the truth plainly and used the words 'lower productivity and increase inflation'. But clearly I do not live on planet Gillard—and nor, frankly, do the bulk of businesses.

Individuals must be free to enter into an agreement with an employer. The big question is: why is this right being denied by the government? Why can't a worker organise an agreement with an employer that suits both of their circumstances—unencumbered by a third party, such as a union, or a third party instrument, such as an award? Any argument that individual agreements are somehow inherently evil just because they allow the bargaining away of entitlements for higher wages is clearly defeated, as many union collective agreements have done exactly the same thing. The question is: what is the difference between the union collective agreement and the individual agreement? The answer: union involvement. This bill is not about individual agreements; it is about the individual being involved without the strong-arm tactics of the union.

The deputy opposition leader made it very clear that Work Choices is no longer opposition policy. The government have touted in preceding weeks that they want this bill through parliament in just four weeks. This leaves little to be desired. Four weeks is not nearly enough time to conduct any sort of rigorous detailed economic modelling for a substantive change of this nature—a change that seeks

to strip out the very flexibility that has led to record low unemployment and a record low level of industrial disputation. This bill seeks to reverse in excess of 10 years of modernisation of the Australian workplace. It is clear, however, how strongly the government feel about the importance of this 'back to the future' approach. It is astounding then that the government do not even want to endeavour to ensure that the amendment is economically sound. The government would have you believe this bill is about workers getting their fair share of rights in the negotiation processes between employees and employers, but may I suggest that this bill has potentially greater consequences. It will have the potential to put inflationary pressures upon the Australian economy in a time of increasing interest rate pressure, as the Reserve Bank exercises its monetary policy. It will allow for unfettered wage breakouts in the absence of productivity gains. It will reduce the willingness of employers to expand their employee levels, with a consequential increase to unemployment in the long run. The risk of rushing such changes to our workplace relations system is significant, and changes to the way we interact with our employers and employees frankly deserve greater respect—more so than a hastened process in the name of political expediency.

May I suggest quite strongly that if the government cared so much about working families as their rhetoric suggests, they would encourage the greatest level of scrutiny of this bill and might indeed express some gratitude towards the scrutineers. I strongly contend that a stringent Senate inquiry is the best way to apply this level of scrutiny, in fairness to the working Australians who will be impacted by the government's rushed approach to this bill. It is fundamental and indeed sound economic sense that proper modelling and proper economic reasoning be applied to the assessment of this bill.

Labor's transition bill seeks to allow extant individual agreements to run their course for up to five years from their signing. It will also allow a second type of individual agreement, an individual transitional employment agreement, or ITEA, to be created for new or existing employees for up to two years. These ITEAs are set to expire universally on 31 December 2009, for those organisations that already use individual agreements. ITEAs will be subject to Labor's no disadvantage test, a test that is supported.

The move to create ITEAs has the potential to provide business with some of the flexibility that it requires to allow projects to be completed within suitable horizons, yet a maximum of two years is far too short. Frankly, anyone who has ever owned and operated a business knows this only too well. Furthermore, the creation of ITEAs is only allowed for organisations that have extant individual agreements within their employment structures. It does not cater for new organisations developing and looking for flexibility. This is a bill that looks backwards and not forwards.

The coalition is seeking to make ITEAs last for five years, simply to provide the degree of certainty for employers and employees that is needed for long-term, diverse projects. Employers cannot operate with a less than two-year level of certainty and a less than two-year horizon on their employment structures. The expansion of businesses that currently use individual agreements will be impeded by the relatively short period of certainty afforded by ITEAs while the government looks to develop its new awards structure.

I warned in my first speech of the dark spectre of union involvement cresting the horizon of Australian businesses. Already, the unions are promoting 'rights' in the draft National Employment Standards such as the ability to take sick leave

apparently without a medical certificate and to take advantage of a whole range of other leave provisions. It is of great concern that Labor's new National Employment Standards and some of the elements of the transition bill have the potential to increase the total cost of employment without providing for productivity gains. This equals higher inflation in any sound economic text. Increasing costs to businesses will feed into higher prices and add to inflationary pressures that will put pressure on monetary policy and hence interest rates. These changes therefore necessitate rigorous scrutiny—the scrutiny of a Senate inquiry.

Labor does not have a mandate to put the economic welfare of Australian families at risk. It fails to empathise with the struggles of employers or to understand that some businesses will not be able to cope with higher costs. Employers in Australia are not all large, faceless publicly owned corporations listed on the stock market. In many cases, they are family businesses, small retailers and service providers. They are sole proprietors who are out not to suppress workers but to follow their dream of setting up a business and building a future for their families. Fifty per cent of employees in this great country are employed by small businesses so, before this reckless government sets out on a warpath against small businesses, it should at least do them the courtesy of having a Senate inquiry.

My electorate of Fadden, together with the other two great Gold Coast seats of Moncrieff and McPherson, is the small business capital of the nation. There are over 11,000 individual agreements in Fadden. The percentage of individuals in Fadden on individual agreements is higher than the national average. This is an agreement between an employer and an employee. This is an agreement between the corner shop owner and the people who come to work that meets all of their requirements. This is an agreement for those in the highly competitive boat-building industry to allow for longer shifts but higher pay which fits in with the workers' requirements and what they are able to do. This is about small business people who run newspaper shops, outlets and private services firms. This is about agreements with employees that meet employee circumstances in a rapidly changing 24-hour world.

We cannot put the livelihood of these small business people at risk. This bill needs extensive investigation. The consequences of this bill need to be understood. The unintended consequences—which, may I suggest, the government has not even begun to consider—need to be thrashed out within the construct of a Senate inquiry. A reduction in workplace flexibility and a return to mandatory collective agreements will increase the rate of strike action. It will increase the risk of the type of wage and inflation break-out that drove the economy into recession in the seventies, eighties and nineties. Frankly, I find it staggering that the Labor government has rejected an offer from the opposition to schedule an additional two Senate sitting weeks in the first half of this year to expedite the Senate inquiry process. Rather than seeking to bully the Senate into rubber-stamping her legislation, the Deputy Prime Minister should respect democratic processes and ask the Prime Minister to schedule additional Senate sitting days.

I understand that a militant union movement wants its pound of flesh. I understand that a militant union movement wants a return on investment for the money it has poured into the Labor coffers. I understand that a militant union movement is agitating for what it wants for getting this government into power. But we must note that, for the majority of businesses using individual agreements, though they will be permitted to use the new ITEAs—the new

individual agreements—the two-year period is too short. It needs to be five years to provide the proper economic horizon those businesses need, irrespective of militant union demands. I clearly reserve the right to fight for new organisations to have the right to enter into individual agreements, noting of course that they will abide by the 10 National Employment Standards. The bill is rushed. It needs sound economic modelling. It needs to take account of the full gamut of intended and unintended consequences. It needs to go to a Senate inquiry. A reduction in workplace flexibility and a return to mandatory collective agreements will increase the number of strikes and the type of wage and inflation break-out that drove the economy into recession over the previous three decades. Only by maintaining individual agreements with a strong five-year horizon will this be averted.