

IR is back to haunt a wary opposition

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- From: [The Australian](#)
- June 13, 2011 12:00AM



The spectre of past industrial relations policies is stalking Leader of the Opposition Tony Abbott. *Source: The Australian*

FEAR is dominating federal politics, with Labor trying to justify its carbon tax by frightening us about "dangerous climate change" and the Coalition, in return, creating fear about the "great big new tax on everything". But one campaign from the past has Tony Abbott running scared.

Internal pressure is mounting for the Coalition to launch a political attack on industrial relations but the visceral fear of another Work Choices scare campaign is holding back the Opposition Leader.

Despite his repeated insistence that Work Choices is "dead, buried and cremated" Abbott is haunted by its spectre rising from the grave.

Workplace reform is the obvious place for him to outline the "positive agenda" so many commentators are urging on him and which many of his colleagues are convinced is necessary.

Industrial relations policy is core business for any conservative but the economic imperative is especially strong now, with close to full employment and warnings about skills shortages and cost pressures.

The Rudd and Gillard Labor governments have re-regulated the workplace and then exited the field. A shudder went through the productive side of the economy when, in a post-budget forum, the Prime Minister answered a query about the challenge of labour market reform by saying simply and stubbornly: "We have created the Fair Work system and it is there to stay."

Ominous signs abound. Industrial strife is brewing in our ports, our airlines and our mining sector; a key decision by the Fair Work tribunal seems to have authorised strike action before bargaining; and there are fears that wage rises in the resources sector will create unaffordable wage pressures elsewhere in the economy.

The unions are reasserting some of the power they lost during the Hawke, Keating and Howard years, and Julia Gillard, a former industrial lawyer, is not going to stand in their way.

So here sits not only a political opportunity for Abbott but an important economic reform challenge; a duty, if you like, for a conservative leader to stand up for labour market flexibility. But what do we hear? Silence.

The reluctance to open up a new front is understandable. When you have the government in a vice of its own making, squeezed daily between its mishandling of asylum-seeker policy and the carbon tax debate, no sensible opposition would want to change the subject.

The political orthodoxy of the vomit theory suggests Abbott's mantra of stopping the boats and the great big new tax is only now beginning to work because it has become so predictable that when we hear it, we reach for a bucket.

But a contrary view is gathering momentum in the Coalition party room. A not insubstantial list of backbenchers and even shadow cabinet members has been pressing Abbott privately to open a public front on industrial relations. There is a sound argument that with the government on the nose, stretched by its own competency challenges and facing looming economic difficulties, there could be no better time to pursue workplace reform.

Liberal MPs argue the first stage would involve a concerted attack on the government's reregulation, highlighting the unfolding consequences and predicting disharmony and cost pressures.

This would force Labor to own any problems, including any link between wages outbreaks and interest rate rises, and set the scene for the Coalition to unveil a policy prescription later.

It would be overstating the issue to say there is unrest at Abbott's reluctance but there is certainly some frustration. Some MPs have approached him directly, others are talking among themselves.

The agitation will continue because some realise that if the opposition waits for business to lead the charge on this debate they might be waiting a long time.

Industrial relations is not just another policy area for the Coalition, it is an article of faith. With the disparate inclinations of the so-called Wets and Dries on issues such as border control and climate change, it can seem at times that a commitment to labour market freedom and battling the unions is the only unifying force on the conservative side. For that reason

alone it is an issue worthy of Abbott's consideration, a positive policy agenda that encourages unambiguous unity.

More importantly, it is perhaps the most crucial challenge for the national economy.

Australia's productivity growth has slipped from 3 per cent in the 1990s to just 1 per cent now, which is half the target rate set by Treasurer Wayne Swan. The slow half of our two-speed economy desperately needs to lift its game, or risk falling further behind, especially if labour costs do increase. Workplace reform is the most obvious opportunity to boost productivity.

It is also a vital cog in the welfare-to-work agenda spruiked by both sides of politics. Unfair dismissal laws are an obvious barrier to employment for the long-term jobless.

Anecdotal evidence suggests the unfair dismissal provisions, understandably, discourage small businesses from giving a chance to people without work histories. Even with longer probationary periods for smaller employers, there is much to recommend a blanket exemption for small business.

And there is huge potential to boost workforce participation, especially for women, through greater flexibility in working hours and practices; an area where Labor's hands are tied by the unions.

Politically, this argument is a gift for the Coalition's crucial base of small business people and the aspirational self-employed.

Former Liberal frontbencher Steven Ciobo and backbencher Jamie Briggs, who was an industrial relations adviser to former prime minister John Howard, have pushed publicly for a debate over workplace deregulation.

Even opposition spokesman for the Treasury Joe Hockey last year said: "Industrial relations reform will never be dead, whether it's under the Labor Party or under us. I think there is merit in looking for ways to improve productivity without reducing adequate protection for employees."

Missing is the opposition spokesman for workplace relations Eric Abetz, who has stuck to the Abbott playbook and concentrated on other issues, such as attacking the Greens.

Labor certainly will leap on the chance to turn the focus away from its own travails to a perceived area of electoral vulnerability for the opposition.

Yet Abbott must reveal a workplace policy before the next election and we can be certain that no matter what it contains or when it is released, it will be dubbed the **Bride of Work Choices**.

Perhaps that is all the more reason to start tilling the ground now, explaining the failings of Labor's re-regulated model and making the case for reform