

Australian government under mounting pressure to deliver workplace “reform”

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7 January 2012

The Australian corporate elite has begun the New Year by intensifying its demands that the Gillard government make far-reaching changes to workplace relations via a five-month review of its Fair Work Australia (FWA) legislation that commenced on January 1.

During the first week of 2012, front-page articles and editorials in the *Australian* and the *Australian Financial Review* have called for a series of measures to prevent any challenges by workers to so-called “management prerogatives.”

Overall, these measures seek greater “flexibility” to scrap all restrictions on the exploitation of workers’ labour power, and the removal of clauses that permit workers to oppose restructuring or out-sourcing at the expense of jobs, conditions and workers’ basic rights.

Driving this campaign are dual concerns. The first is the deepening of the global financial crisis that began in 2008. Amid mounting signs of slowdown in China, adding to the shocks of the European credit crunch and continuing US stagnation, the Australian ruling class must start to bring production costs and social relations into line with the austerity and cost-cutting offensives being waged against workers across Europe and America.

The second concern is that the offensive that Australian employers began in 2011, spearheaded by mass sackings in the steel industry, the grounding of the Qantas fleet to block industrial action, and a continuing wave of lockouts, has already been met with growing resistance by workers.

The *Australian Financial Review*’s January 5 editorial declared there was “little appetite within the government to fix the Fair Work Act to take account of the complaints from the business community that it is skewed too far in favour of union rights and is limiting management prerogative.” In a thinly veiled threat to Prime Minister Julia Gillard, it said she was either “a weak leader or simply does not understand how urgently political or

economic reform is needed. Or both.”

Australian Chamber of Commerce and Industry chief Peter Anderson told the *Australian* that the government must fix “flaws” in the FWA Act that had permitted workers to oppose contracting out and corporate restructuring. “That is a first-order grievance for us,” he said.

Three prominent corporate chairmen—Leigh Clifford of Qantas, Lindsay Maxsted of Westpac and Graham Kraehe of BlueScope Steel—made similar demands. Kraehe, whose company has just retrenched nearly 1,500 workers, said he was “very concerned about the lack of flexibility in the current industrial relations system, which really takes us back to the Hawke and Keating reforms.”

The FWA review has become a vehicle for the escalating pressure on the minority Labor government to impose a new wave of “economic reform” to deepen the free-market deregulation that began with the Hawke and Keating Labor governments from 1983 to 1996. There has been acute criticism of the failure of the review’s terms of reference to specifically mention the need to increase productivity.

Since being introduced in 2009, Labor’s FWA laws, enforced by the trade unions, have helped slash labour costs and bolster profits in the wake of the 2008-09 crash. The FWA legislation prohibits all industrial action, except during enterprise bargaining periods, and permits the government or its FWA tribunal to shut down any action that threatens major corporate interests, while allowing employers to lock out workers without notice.

Despite the policing of these restrictions by the unions, however, the level of industrial disputes has risen over the past year. During the September quarter of 2011, the number of working days lost in disputes rose sharply to 101,300. The level remains low historically (1.6 million days were lost in 1991), but four times higher than in 2007, the year the Labor government took office. Half the

days lost were in the education, health care and social welfare areas, where the federal and state governments are also carrying through deep cuts to jobs, services and conditions to satisfy the financial markets.

So far, the unions, working hand-in-glove with the Gillard government, have managed to utilise the FWA laws to isolate every struggle and impose a series of sell-outs. But fears in ruling circles that working class resistance could erupt out of control were highlighted by November's Victorian nurses' dispute, in which the state's nurses twice defied FWA orders to call off protest action.

Before Christmas, Gillard reshuffled her cabinet, promoting two former union bosses, Bill Shorten and Greg Combet, to head super-ministries covering workplace relations and industry. The elevation of Shorten, who has many corporate connections, was particularly aimed at addressing business concerns over the FWA laws. An *Australian* editorial said Shorten had an opportunity to prove he had the "strength of character" to be a prime minister, in the mould of Hawke and Keating, who "introduced enterprise bargaining which created workplace flexibility."

Shorten's first assignment was to intervene, with the assistance of the Maritime Union of Australia, and shut down industrial action by port workers after a lockout by stevedoring company POAGS. His next task was to take charge of the previously scheduled FWA review.

Shorten immediately sought to assure business that he was paying close attention to its views. He told a media conference that he "read the pages of *the Australian* and the *AFR* [*Australian Financial Review*] to see what editorial advice I'm receiving there." This week, in response to the stepped-up media campaign, Shorten made it plain that productivity would be central to the review.

Among the specific demands by employers are stronger "flexibility" clauses or individual contracts to dismantle such fetters as penalty rates, shift allowances and regulated hours of work. They also want the scrapping of an "adverse action" section in the FWA Act that has been used to challenge management decisions to discipline or threaten to sack workers for planning industrial action. In order to facilitate corporate restructuring, employer groups are further pushing for the outlawing of clauses that oblige purchasers of businesses to retain existing pay rates and conditions.

Shorten announced that the three-member review panel would be headed by John Edwards, a Reserve Bank board

member and ex-HSBC chief economist for Australia and New Zealand. Edwards was Keating's economic adviser from 1991 to 1994, during which time Keating worked closely with the Australian Council of Trade Unions (ACTU) to impose the enterprise bargaining system.

The ACTU has welcomed the review, declaring that the unions would call for limits on the lockout powers of employers, and for greater use of the FWA tribunal to arbitrate industrial disputes. While promoting the illusion that FWA judges are "independent umpires," the unions are seeking to strengthen their capacity to keep workers straitjacketed within the FWA framework. Facing growing rank-and-file discontent, the union bureaucrats are anxious to head off explosive confrontations that could get out of their control. ACTU media releases have denounced lockouts as "reckless," "provocative" and "counterproductive."

In an address to the pro-business Committee for the Economic Development of Australia last November, ACTU secretary Jeff Lawrence appealed for a more cooperative partnership between business and the unions, because "unions support a real productivity growth agenda." He argued that the FWA laws had ensured there were fewer days lost to industrial action than the previous Howard government's WorkChoices legislation. This, he said, was "the most proven method of achieving higher productivity."

These remarks underscore the agenda of the unions in the FWA review: to preserve their privileged position within the industrial relations system by touting their services to government and big business as the best means for suppressing the resistance of workers to the deepening assault on jobs, conditions and living standards.



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