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Daily Media Overview



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BOSSES DEMAND ACTION ON PRODUCTIVITY

IR reform 'urgent' for economy

EXCLUSIVE

ROSIE LEWIS

Employers and industry groups have called for urgent industrial relations reform to lift the "ailing" economy, warning that an overhaul must be part of the next big political debate after the passage of the government's \$158 billion personal income tax cuts "to get our nation back on track".

Stepping up the case for change to the workplace system, Australian Industry Group chief executive Innes Willox and Australian Resources and Energy Group CEO Steve Knott said bipartisanism and a conversation about "serious" economic reform were required to increase productivity and confidence.

The chief executives outlined a wish list of six key priorities they want addressed ahead of what is set to be another clash between the major parties over the government's revised Ensuring Integrity Bill and Proper Use of Worker Benefits Bill.

"It is clear our economy is neither robust nor in good health. This situation threatens the strength of our communities and

our ability to continue to lift living standards," Mr Willox and Mr Knott write in *The Australian* today.

"Key indicators across the board point to deteriorating national productivity being a major contributor to slowing growth and rising unemployment and underemployment. As the RBA warned on Wednesday, interest rate cuts alone won't do the heavy lifting.

"The Prime Minister recently raised the need for business groups to make the case for industrial relations reform, and we intend to rise to that challenge."

Demands to overhaul the IR system come as Labor pushes back against a new version of the controversial Ensuring Integrity Bill, which was reintroduced to parliament last week by Industrial Relations Minister Christian Porter after being amended to more closely align with reforms in the corporate sector and neutralise

the opposition's criticisms. Opposition industrial relations spokes-

man Tony Burke said the party still had "significant problems with this bill, which will ultimately hurt ordinary workers".

"The government's original legislation was dangerous and extreme and that's why the Senate rejected it. We note they have now rewritten the bill in a bid to address some of Labor's concerns," Mr Burke said.

"We will continue to consult and work through the detail but we will not support a bill that makes it harder for workers to get a fair pay rise. We will not support a bill that could leave workers without the representatives that protect them from wage theft, superannuation theft and dangerous workplaces."

The six reforms business wants prioritised include the passage of the integrity and benefits bill, which was also amended and reintroduced to the house last week.

They say the Better Off Overall Test for enterprise agreements should be changed so it applies to "logical groups" of employees and not every employee, plus a definition of a casual employee insert-

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ed in the Fair Work Act as “one engaged and paid as such”.

Employers are also pushing for

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IR changes ‘urgent for our ailing economy’

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a review of unfair dismissal and adverse action laws to ensure more consistent decisions by the Fair Work Commission, and for enterprise agreements for major projects to apply to the life of the project's construction instead of the current maximum term of four years.

“We do not seek a wholesale re-writing of the Fair Work Act. What we seek are a few key measures, backed by strong evidence, to make the system work better for all,” Mr Willox and Mr Knott write.

“Unduly partisan politics has been a dead weight on substantial reform in recent years and has led in some cases to poor or non-decision-making.

“These issues should be front of mind for all our political leaders. With economic confidence low and unemployment on the rise, failing to act on productivity-enhancing measures carries significant national risks.”

Mr Porter has flagged a review of the nation's workplace system, which would take six to nine months and could see the government legislate changes before the 2022 federal election.

He used the start of the 46th parliament last week to set what he called a “major test” for Anthony Albanese through the reintroduction of the industrial relations bills.

“Clearly, the biggest barrier to reform in this area is the Labor Party,” Mr Porter said yesterday.

“The government respects the role of unions which do the right thing by their members and the wider community and which operate lawfully.

“But unions which continually

flout the law, such as the CFMEU, which has a track record of breaching industrial laws at a rate of three times a week, need to be held to account.

“Is Labor seriously suggesting that we look the other way when it comes to repeated, serious law-breaking by unions and their officials?

“It's time for Labor to demand that its key support base, the union movement, show respect for the law and for Labor to act against rogue elements of its union movement. The best way it can do this is to support the ensuring integrity bill.”

The bill would make it easier to

ban union officials and deregister unions that do not comply with the law, and introduces a new public interest test that must be satisfied before registered organisations can merge.

The government also wants better financial governance and transparency of registered organisations and associated entities, including worker entitlement funds that hold an estimated \$2 billion in entitlements such as redundancy money.

Employers say the money they contribute is being “siphoned off” by unions.

Both IR bills have been referred to a Senate committee, which is not due to report until October 25.

An Australian Council of Trade Unions spokesman said the movement wanted penalty rate cuts re-

versed, a living wage introduced, the “failing” bargaining system fixed by giving workers greater support and bargaining power, and a reduction in the number of insecure jobs.

The ACTU lashed the definition of casual work as proposed by employers, saying it should “not

be for employers to arbitrarily determine this as the government has proposed”.

“We support multi-employer bargaining as suggested by (Australian Small Business and Family Enterprise ombudsman) Kate Carnell — this should be an available option for workers and their unions,” the spokesman said.

“The regressive bills that the Morrison government has introduced to the parliament are dangerous and extreme.

“They undermine people's right to freedom of association.

“It is important that people are free from government and employer interference so they can join unions and elect representatives who fight for pay rises and to protect jobs and workplace safety.

“Weakening working people's rights by reducing protections from being unfairly dismissed as well as allowing employers to make permanent jobs casual will reduce the job security of all workers.”

Mr Porter said as part of the IR review, he would consult union leaders and industry groups “to discuss what improvements can be made within my industrial relations portfolio to increase jobs and wages growth and strengthen the economy”.



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SIX-STEP PATH TO REFORM

*The IR system
must be tweaked
to expedite our
economic recovery*

**INNES WILLOX
STEVE KNOTT**

It is clear our economy is neither robust nor in good health. This threatens the strength of our communities and our ability to continue to lift living standards. Key indicators point to deteriorating national productivity being a major contributor to slowing growth and rising unemployment and underemployment.

As the Reserve Bank warned last Wednesday, interest rate cuts alone won't do the heavy lifting. A conversation about serious economic reform is needed now, more than ever.

Scott Morrison recently raised the need for business groups to make the case for industrial relations reform. On behalf of our members, peak business representative groups have argued time and again that balanced IR changes are necessary to drive the productivity growth that benefits employees, employers and jobseekers.

The announcement of a review into the system by Industrial Relations Minister Christian Porter is a sensible step to identify areas of concern and inefficiency. Here are some key priority areas we must address.

First, the Ensuring Integrity Bill needs to be passed. Registered organisations and their officials who comply with the law have nothing to fear from these measures. No one can be allowed to regard themselves as above the law, or to operate a business model where penalties for unlawful conduct are regarded as

simply the cost of doing business.

Second, the uncertainty and cost risks associated with the Federal Court's *WorkPac v Skene* decision need to be addressed through defining a casual employee in the Fair Work Act as "one engaged and paid as such". This is the longstanding definition in awards and is consistent with community understanding and industry practice.

The absence of a definition in the act led the court to decide that the common law meaning of a casual applies, which focuses on whether the work is regular and predictable. Today a large proportion of casuals work regular hours and 80 per cent work for small businesses.

Third, the "better off overall test" for enterprise agreements needs to be amended so it applies to logical groups of employees, not to every single employee, as the Productivity Commission has sensibly recommended. Today's test is not workable and a barrier to securing agreements.

Fourth, workers' entitlements in industry funds require better protection. The Proper Use of Worker Benefits Bill must be passed. Super funds are subject to stringent regulations, but other types of industry funds holding billions in workers' entitlements are not subject to appropriate governance standards.

Fifth, unfair dismissal and adverse action laws need to be reviewed. Employers who have a valid reason to terminate an employee should be able to have confidence their decision will not be overturned by the Fair Work Commission, or leave them open to potentially crippling compensation claims.

Sixth, enterprise agreements applying to major projects should be able to cover the life of the project's construction. The

maximum term for an agreement is four years but many projects take far longer. It is disruptive for bargaining over wages and conditions to occur at a critical stage of construction.

We do not seek a wholesale rewriting of the Fair Work Act. What we seek are a few key measures, backed by strong evidence, to make the system work better for everybody.

Unduly partisan politics has been a dead weight on substantial reform in recent years and has led in some cases to poor decision making and sometimes none. These issues should be front of mind for all our political leaders. With economic confidence low and unemployment on the rise, failing to act on productivity carries significant risks.

Innes Willox is chief executive of the Australian Industry Group. Steve Knott is chief executive of the Australian Mines and Metals Association.



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THE AUSTRALIAN

FOR THE INFORMED AUSTRALIAN

Better workplace relations can help living standards

Business must lead the way in making the case for reform

In *The Australian* today, Innes Willox, chief executive of the Australian Industry Group, and Steve Knott, chief executive of the Australian Mines and Metals Association, have started a conversation our nation needs. In response to Scott Morrison's call for business groups to make the case for industrial relations reform, they have set out "a few key measures", backed by strong evidence, about how to make the system work better for everyone. Before ACTU leaders break out the megaphones and marching boots, Mr Willox and Mr Knott are not calling for a return to Work Choices. Nor are they seeking wholesale rewriting of the Fair Work Act. But the review announced by Industrial Relations Minister Christian Porter is a useful first step in identifying areas of concern and inefficiency that are holding productivity and living standards back.

The authors' first priority, the government's Ensuring Integrity Bill that was previously blocked in the Senate, deserves the backing of both houses of parliament. The bill does not target any particular group or body and would cover company directors as well as trade union officials. Allowing for automatic disqualification of organisations for serious criminal offences would lead to better conduct across the economy, including on building sites where the Construction Forestry Maritime Mining and Energy Union has been the recipient of 99.5 per cent of penalties imposed in the Australian Building and Construction Commission this year. Anthony Albanese, unlike Bill Shorten, owes the CFMEU nothing. His determination to see the union's Victorian secretary John Setka out of the ALP is admirable. The opposition and crossbenchers

should support a bill that would rein in rogue behaviour, by unions or bosses. Nor should they forget that the Hawke government deregistered the Builders

Labourers Federation in 1985. At this stage of the political cycle, the labour movement has an opportunity to engage constructively with reform.

The changes advocated by Mr Willox and Mr Knott are primarily functional and practical. It is not unreasonable, as they suggest, to review unfair dismissal to allow employers who have a valid reason to terminate an employee to do so with the confidence the decision will not be overturned by the Fair Work Commission, or leave them open to potentially crippling compensation claims. Nor is there any good reason why enterprise agreements applying to major projects should not be able to cover the life of the project's construction rather than the current maximum of four years. After concern over the issue of holiday double dipping and leave loadings for casuals, who have traditionally been paid at higher rates than permanent employees to cover holidays, the inclusion of a definition in the Fair Work Act to specify who is a casual employee — along the lines of a worker who is "engaged and paid as such" — would be useful for staff and the small businesses that employ most of them.

Important as they will be over the medium term, the government cannot rely on its tax cuts package, investment in infrastructure or the Reserve Bank's record low interest rates to optimise growth. As RBA governor Philip Lowe says, we need "structural policies that support firms expanding, investing, innovating and employing people". A strong and competitive business sector generates jobs and can help deliver the

productivity growth that is the main source of sustainable increases in wages and incomes. Without unleashing wholesale industrial warfare, well-planned workplace relations reforms, taking in measures advocated by industry groups, need to be front and centre of political debate.

