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**Speech to the 2009 Workforce Conference**

## **Labor's Fair Work changes highlight the inconsistencies of their spin**

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### **Introduction**

We have been reminded in recent times about what fine myth makers and propagandists our political opponents in the Labor Party can be.

Kevin Rudd believes that only the Labor Party has ever reformed the Australian economy and the acclaimed reforms of the Howard Government were merely a footnote in the great Australian story of economic advancement.

Reassuringly Mr Rudd was widely criticised for such a silly and mean spirited analysis of our economic history but this display highlights one of Labor's central problems - they are prone to massively over reaching on the rhetoric and then under delivering on the substance.

Labor has made some very large claims about how their workplace relations system will work and how it fits in with some of their larger myths they propagate about now they are governing.

I wish today to have a look at how the substance is stacking up against their rhetoric in the field of workplace relations.

It is in their Fair Work legislation that you can see how hollow some of their rhetorical excess can be.

If I can highlight three examples here today.

Firstly, Labor often claims in the Parliament to be great modernisers and great economic reformers.

Secondly, Labor claim to be pursuing a deregulation agenda that will cut bureaucracy and red tape.

Finally, Labor claims that they are pursuing an agenda with productivity at its heart.

It is the Fair Work legislation that exposes all three of these claims as hollow nonsense.

Labors new industrial relations system is not modern, it is intensely bureaucratic and it will destroy and not enhance productivity.

Today I want to highlight how badly the Fair Work system fails to meet Labors allegedly larger priorities and then talk a little about how the Opposition will do things differently.

### **Fair Work is decidedly retro**

Labor has made much play later of apparently being a very modern, hip and up to date party.

Kevin Rudd is on Twitter and Facebook and they apparently embrace the future with great enthusiasm.

Yet their re-regulation of the labour market is decidedly retro and old fashioned.

It is the first time in the long march of economic reforms that has so increased Australia's wealth that a major reform has been reversed.

The ideology underpinning Fair Work better reflects the class warfare of the 1950s than an outward looking and confident modern nation such as Australia.

At its very heart is Labor's very old fashioned view that Australia's workplaces are presided over by bosses who will take advantage of their workforce at any available opportunity and the only thing that will stop this is a massively increased presence of the unions.

You see this in Julia Gillard's oft repeated accusation that the Opposition wants workplaces where the boss can sack good staff for no apparent reason.

This silliness highlights her retro thinking about how Australian workplaces function in the 21<sup>st</sup> century.

This class based approach is just not the reality for the vast majority of us yet Fair Work seems to have been constructed with this old fashioned outlook in mind.

Fair Work restores the rigidities of previous systems that both the Labor and Liberal Parties had dispensed with in an effort to modernise our industrial relations arrangements.

It is these reforms that created flexibilities that has allowed Australia's unemployment rate to remain so miraculously low during this period of global economic downturn.

Imagine what the unemployment rate would be like now if Labor's Fair Work laws were in place?

Sadly, these changes will ultimately remove the ability for workers and enterprise to work together to minimise the adverse affects of economic downturn – as they have done up until 1 July.

There is absolutely nothing that is modern about Labor's Fair Work regime which takes Australia back to a system that had been modernised by both sides of politics over the past two decades.

### **Re-regulation not de-regulation**

These claims to modernity are equally by Labor's much repeated promises about lessening the dead hand of government across the board.

Labor talked a very big game on how they were going to de-regulate the Australian economy and make life less bureaucratic.

They occasionally still talk about cutting red tape.

They even changed the titles of a Minister and a government department to show how serious they were about achieving these objectives.

Much of Labors agenda has seen little progress, but their big talking on deregulation has translated into actually going backwards.

Rather than de-regulate, Kevin Rudd's Labor has a mania for re-regulation and now want to put government back in charge of the economy.

No one can credibly state that the Fair Work Act is anything other than a substantial re-regulation of the Australian labour market.

Even the most casual of observers would know that Labor's laws return the labour market to a point where it is more centralised and standardised.

In many respects, it prevents advancement and improvement while concurrently penalising innovation.

This one size fits all approach means that workers and enterprise are caught in a straight jacket of a workplace relations system that will stop them from reaching their full potential.

## **Productivity**

Perhaps the most audacious claims for Labor's Fair Work system is that it is part of a wider productivity agenda for the Rudd Government.

One of the most memorable radio interviews I can remember was when Kevin Rudd – who had consistently claimed that productivity would be at the heart of his Governments agenda - was unable to say what productivity actually was.

For the record – it is a measure of output from a production process and Labor's Fair Work changes will reduce that output in a number of ways.

This is contrary to Julia Gillard's claims that the Fair Work system will be good for productivity which were never tested in any way.

They were never put to the test because it was obvious that taking Australia's workplace relations system backwards was never going to enhance productivity.

Two things about the new system will be particularly damaging.

The return to pattern bargaining contained within Labor's system and the bungled award modernisation process are both going to reduce productivity.

Pattern bargaining means that the circumstances of individual workplaces are cast aside in pursuit of industry or sector wide deals.

This across the board bargaining means that individual enterprises will not be able to innovate to reach their potential.

The bungled award modernisation process is also going to destroy the productivity of thousands of Australians businesses.

By trying to lump diverse industries in with each other and by ignoring regional variations – the award modernisation process will decrease productivity as small and large businesses struggle to fit into a one size fits all award.

Increased productivity occurs when business can innovate and find new ways of doing things.

Standardisation can often mean lowest common denominator outcomes.

The Fair Work system reduces the ability of enterprise to innovate and do things that benefit the workers and the employers that achieve better results.

If business cannot innovate then how are we going to get productivity increases?

Since the advent of the Fair Work changes I am aware that many businesses have been forced to abandon some of their objectives to increase productivity and ensure jobs are maintained. Sadly there will be others.

### **The Approach of the Coalition**

These three great posturings of Labor about the Fair Work system – that it is modern, that it is less bureaucratic and that it enhances productivity – are the starting point for the Opposition in determining our workplace relations system in the lead up to the next election.

Labor cannot meet the objectives it has outlined for its system and it will be up to the Coalition to present changes that will allow the system to work to achieve these important aims.

In doing so, I want to address some of the views held by various commentators about our current position.

Sadly the debate in Australia today is pretty low quality.

Criticisms of Labor's Fair Work system are generally responded to by saying how bad the old system was rather than directly addressing what are genuine concerns.

Only this time last week I found myself sitting in Parliament, listening to the tired old accusations about Work Choices.

During my time as Shadow Minister, I have learnt that whenever Work Choices is raised by the Government, it is a sure sign that they are either in deep political trouble or we have caught them out.

Both Kevin Rudd and Julia Gillard have recently had to back away from their guarantees that no worker would be worse off under Labors new system.

Apparently this is only a vague objective now.

Lindsay Tanner went on to admit that this guarantee was in fact nothing more than a hollow "comfort promise".

When a full bench of the AIRC, the industrial umpire, found that Labor's award modernisation objectives were "potentially competing", they dragged out the Work Choices bogey.

It appears that only Labor is addicted to Work Choices.

The rest of the sensible and measured world want a debate about industrial relations and how Labor's Fair Work changes are actually working on the ground for Australian workers and their employers.

### **A New System**

As everyone in this room will appreciate, probably more than most, Labor's new workplace laws are just over 11 weeks old and you would also appreciate that only after 1 Jan 2010, will we feel the full force of Labor's system.

The Coalition holds a range of concerns about how the new laws will operate in practice.

Many of these were the subject of debate when both the substantive and transitional Bills were proceeding through Parliament.

But the fact is that it is appropriate to give the new laws some time to bed down and operate on the ground.

The framework of the system is only one of its parts.

The way in which the stakeholders embrace it, the outcomes it delivers, the interpretation by Courts and Tribunals – these are all equally important to determining the success or otherwise of the legislation.

Despite the ominous signs of cracks appearing in the system, there is a long way to go before we can truly stand back and determine where the problems exist and what changes ought to be made.

Labor's new workplace laws will probably be a good example of 'slow burn'.

### **Pragmatism not philosophy**

Both Malcolm Turnbull and I have stated that the Coalition will assess these laws on a number of criteria.

Chief amongst these is the impact on jobs and job creation.

I sometimes suspect that people forget that our workplace system should facilitate employment and employment growth.

Whenever a concern is raised with my office about our workplace laws, the first question we ask ourselves is “how does this impact on the ability for Australian’s to get a job”.

In the view of the Coalition, nothing is more important than this factor.

No other criteria can be used more successfully to determine how the laws operate.

We also want to assess the system based on the claims that Labor made about how it will operate – many of which I have already outlined.

### **Coalition Policy**

A frequent comment is to question what the ‘policy’ of the Coalition is with respect to a particular issue.

People will constantly say “if you were in Government, what would you do?”

Perhaps sometimes people overlook the reality of political life which is that we play the role of an Opposition.

Our job is to hold the Government to account.

In doing this, we can help shape a clear policy which will be announced in the lead up to the next election.

As the alternative Government, we will provide an alternative option than those pursued by Labor, including in the area of workplace relations.

What I can say is that a Turnbull Coalition Government will have a detailed and clear workplace relations policy.

In our first term of Government, we will not make changes to the workplace relations system that is inconsistent with our policy.

We believe that it is important that people are aware of what we intend to do before it is done.

We also recognise that the broader community is experiencing a degree of reform fatigue.

After having two major re-writes of our workplace laws in a few short years, there is much to be said for having a system that provides certainty and familiarity.

We have said before that the Coalition will not be replacing them with yet another new system.

We will instead be looking at improving the operation of Labor's system, by removing the worst aspects as they become problematic, but doing so in a way that acknowledges the need to provide stability and certainty.

It will fall to us to make sure that system can deliver the simple and productivity enhancing arrangements that Labor promised.

Labor wants to attack individual rights in the workplace because they do not fit the one size fits all mentality.

There should be a suite of options that are available to employees to ensure that they can obtain working conditions that suit them and their employer.

Labor wants a system whereby those that excel have to carry those who choose to just make the grade.

We want to help people help themselves – help workers advance and do their best.

In doing so we will be maintaining a comprehensive safety net.

The Coalition Parties are not about taking away entitlements – we want to craft a system that allows people to move forward, to do better and to reach their potential.

We believe in a safety net and our policy will ensure no person can slip below the safety net.

Under the Turnbull Coalition Government, we won't let people go backwards – however we won't suffocate and stymie the ability for those who want to go forward and get ahead.

## **Conclusion**

It goes without saying that our workplace system is of major importance to the Australian economy and society.

It influences what we get paid, our workplace culture, how we go to work, and in many respects determines our place in society generally.

Work and working conditions are fundamental to our existence.

So it is important that we get our workplace system right.

A good starting point for this would be an honest assessment of Labor's new system rather than a series of vague objectives that it cannot possibly hope to meet.