



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**PROOF**

**BILLS**

**Fair Work Amendment Bill 2014**

**Second Reading**

**SPEECH**

**Thursday, 15 May 2014**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

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**Page** 80  
**Questioner**  
**Speaker** Taylor, Angus, MP

**Source** House  
**Proof** Yes  
**Responder**  
**Question No.**

**Mr TAYLOR** (Hume) (17:16): I rise to speak in support of the Fair Work Amendment Bill 2014. In doing so I speak in support of our government making good on its election commitments with respect to industrial relations. Our election promises and, indeed, this bill are about returning the pendulum to the sensible centre. It will give flexibility and choice to employees wanting to depart from rigid employment conditions which do not suit them. It will encourage investment in our construction and resources sectors, not least the housing construction sector, which will be critical to our economy in the coming years. The bill will promote better, more productive workplace bargaining.

More than ever Australian workplaces—and when I use that term I am referring to both employees and employers—need this parliament's assistance in meeting the challenges they face in the 21st century. This assistance cannot and must not come in the form of onerous new regulations and restrictions. It must come by liberating employers and employees from the things that hold them back. Employers need to be able to get on with doing what they do—innovating, growing and making money. More than ever employees need and want flexibility and choice and they want to be in charge of their own destinies. Both sides of politics have been talking in these generic terms for some time now, but this is not flaky rhetoric. These amendments come at a time when our old industries are being torn apart by intensifying global competition and rapidly changing domestic markets.

In 2014 many of the businesses in the retail sector in my electorate and more broadly across Australia compete globally, even in our most remote towns. The internet is revolutionising media, professional services, the public sector and now retail through online competitors. This was absolutely unimaginable 20 or 30 years ago. A century ago, when our industrial relations system was first developed, retailers were not even competing with others in the town next door or on the other side of the city. As we look forward, more and more of our service sectors will become globally tradeable and they will have to win against ferocious global competition.

Many think that the hollowing out of the main streets in our country towns and our cities is a temporary phenomenon or driven by a shift to the bigger centres. Whilst this is partly true, many years ago I saw the

extraordinary uptake of country people to catalogue purchasing and this has translated now to online purchasing in even greater numbers. You only need to talk to any employee or franchisee of Australia Post to understand the pace at which local retail is suffering as a result of online purchasing. Retailers in main streets desperately need to adapt, and fast.

In the resources sector the cost of building a tonne of capacity in the Pilbara has gone from about \$50 to \$200 in the last decade. This has been driven by the rapidly increasing cost of capital projects in this country—half of which comes from wages. Disturbingly these costs have not escalated to the same extent in our competitor countries. We now face a situation where the costs of building iron ore capacity are 25 per cent to 70 per cent lower in competitor countries than Australia—and we start to wonder why we might be seeing the end of the mining construction boom. Meanwhile project delays have exploded. Australia now faces typical delays of over three years to develop a coalmine, as compared with 1.8 years in other countries, including places we might think of as basket cases. As a result, we are losing our share of global resources production. In a report I wrote four years ago I calculated that mining investment would fall this year in a worst-case scenario by about \$10 billion based on the assumption that we would simply hold our share of new projects. In fact, the fall will be far greater—closer to \$40 billion. We are now losing share of global resource projects rapidly, and our economy is starting to pay the price.

Our regulatory environment is stifling. Our project application process is way too slow and our expansions are too slow and too expensive. This might seem remote to many of our electorates, but mining investment has been creating job opportunities directly and indirectly across the whole country for many years. In the Quandialla pub I find workers who travel daily to the Cadia mine near Orange. The owner of the famous Tarago pub, The Loaded Dog, is a fly-in fly-out worker in the coal industry who uses his income from the mines to supplement the huge costs that were imposed on his pub business by the Labor government.

It is in this context, in this economic setting, that this bill seeks to help businesses and employees meet the challenges I have outlined. These amendments are not—I repeat, are not—about cutting wages or reducing benefits. Not one bit. But they are about

increasing flexibility and enhancing productivity. It is worthwhile considering for a moment the political context within which these changes are proposed. We all know that the serious moves towards enhancing productivity in this country began in earnest—as we heard a moment ago—in the Hawke and Keating era. Bob Hawke and Paul Keating, of course, ran largely competent governments. They were both economically literate prime ministers and there was a high level of economic and industry literacy in their leadership teams—a stark contrast to the current Labor crop and their predecessors in the last six years.

Indeed in 1993, Paul Keating revealed his vision—as we heard a moment ago, as well—for workplaces of the future. There was historic bipartisan acceptance that it was often better for businesses and employees if they were free to bargain at the enterprise level. Labor's 1996 amendments went further, recognising that where there was a good safety net in place it made sense for employers and employees to be free to negotiate terms and conditions of employment without unions. In a stark departure from the past, collective contracts and individual workplace agreements became available without unions if that was what the parties wanted—more bipartisanship; more heading in the right direction. This was good stuff. It recognised that collective bargaining with unions in control of every line item of a contract for all employees across an industry did not make sense for many employment relationships.

Between 2005 and 2007, the coalition learned an important lesson—that in workplace relations, the most effective and lasting reforms are those that are undertaken carefully where solutions are addressing accepted problems. But then a truly, truly terrible thing happened. From 2007 until 2013, during the Rudd-Gillard-Rudd governments, and particularly of the last term of the Labor government, with 'Bolshevik Bill' directing the show as the relevant minister, we lost many of the gains. These were hard-fought, sensible, cautious gains that had been achieved largely by consensus for over a decade—consensus-driven gains for over a decade. In the Hawke-Keating era, the 2007 union wish list would have been seen off as ridiculous ambit claims. They would have been seen for what they were—harmful to businesses, employees and, ultimately, all Australians.

Union officials cannot fathom the concept of individuals having a say in their conditions, even in a collective framework, and even where the employee is better off. Prior to the 2007 election, employment minister Julia Gillard, incited by union officials, quite astonishingly promised to sweep away all individual agreements. However, removing individual flexibility was an unacceptable departure from the

broader political consensus, so Labor changed tack under pressure and promised that their new collective enterprise bargaining would require a flexibility clause. In practice, that clause has failed. It has offered no real benefit to either employees or employers. It is not a genuine flexibility clause at all.

I am pleased to support the individual flexibility amendments in this bill. They enable employees and employers to genuinely agree on changes to awards or agreements so conditions of employment will meet their mutual needs. That is what Labor eventually promised the Australian people prior to the 2007 election, and it is what the unions made sure they could never deliver. I am genuinely pleased that there are many safeguards in this legislation for employees. I am delighted that this will help employees and employers in my electorate, particularly in the retail and services sector, conduct their lives and businesses as they see fit.

Here is one man who is passionate about small business: bakery owner Grant Pearce at Boorowa. He employs 26 staff, many of them casuals. But some of those staff want flexibility to work at times that suit them. However, he cannot afford to pay penalty rates to deliver what they want. It costs him double and a half at Easter and Christmas, yet these are his busiest trading days. We want to allow good people like Grant Pearce, the young people he employs, students and families to work around their busy commitments. Under these amendments, they will be able to trade wages for valuable extra annual leave, which is precious time for working couples who both work full time. These amendments will allow university students to work on days and at times that suit them so that they can hold their jobs and pass their courses.

I am also delighted about the amendments which will remove union veto powers over greenfield agreements. I have already referred to the impediments to getting major projects started in Australia. I am personally very interested in getting any and all projects off the ground, but it is our big projects that have sustained this country through the global financial crisis and beyond. We need them to stay and we need more of them. Under these amendments, investors in these projects will know that if they meet recalcitrant unions in the process there is an end point in sight. After a three-month negotiation, there is an opt-out provision which will enable the employer to take the proposed agreement to the Fair Work Commission for approval, where, I might add, it would then be necessary to apply the 'better off overall' test. There is no downside here for anyone—other than, perhaps, the union officials. There is no decline in standards. It simply enables projects to get up and running so that they can start turning profit, employing more people and generating income tax and

royalties to build better roads, hospitals and schools. That is how it works. It is that simple.

Prior to the 2007 election, deputy opposition leader and employment minister Julia Gillard promised to leave the coalition's sensible and workable right-of-entry laws in place. That did not happen. Labor's retrograde amendments in this space have been abused by union officials in a way that was entirely foreseeable. To those who say that right of entry by business is not a productivity issue, tell that to BHP's Worsley Alumina plant, which had 676 visits by unions in a single year—almost two per day. And tell that to the Pluto LNG project, which saw 200 visits in three months—more than two a day. These kinds of unacceptable intrusions will stop or, at least, they will have an end date under the new laws. This is a very good and necessary thing if we want to maintain our share of global resource projects.

The Fair Work Amendment Bill is about sensible and measured reforms—essential reforms. It comes at a pivotal time: when new industry needs liberating; when capital costs need to come down; and when employers and employees seek flexibility, choice and the freedom to get on with it.

Debate interrupted.