

The covert return of the Industrial Relations Club

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One of the few positive results

of the Howard government's WorkChoices reforms was that the old 'Industrial Relations Club'—the Australian Industrial Relations Commission (AIRC), Australian Council of Trade Unions (ACTU), Australian Chamber of Commerce and Industry (ACCI) and the Australian Industry Group—was put out of business. This opened up the possibility of genuine reform of award and wage regulation in this country.

Unfortunately the new Labor government has provided the IR Club with an opportunity to reimpose its power over Australian award wages and conditions. The decision to put the IR Club back in business is bad news for Australian employers and employees. In the long term it may also be bad news for the Rudd government. The phrase 'industrial relations club', was originally coined by Gerard Henderson to describe the cabal of lawyers, industrial relations commissioners, and industry and union officials that determined what Australians were to be paid for nearly a century.

Wrenching authority from this group in 2006 meant that, for the first time in Australian history, decisions affecting wage and salary earners would be based on thorough economic research rather than sectional interests.

The initial minimum wage decisions of the Australian Fair Pay Commission and the two reports of the Australian Government Award Review Task Force of July 2006 on award rationalisation, although not perfect, revealed all too briefly the superiority of an evidence-based approach to wage decisions.

But when the Rudd government decided to reform the award system, the President of the Australian Industrial Relations Commission, Justice Geoffrey Guidice's first public statement signalled that the Commission will act as a mere conduit for the wishes of the IR Club. Justice Guidice stated that he had 'consulted with the ACTU, the ACCI and AIG ... concerning the best process to be followed by the Commission when creating modernised awards' and 'the classification of industries (and occupations) used in the Commission's panel system will be the starting point for the award modernisation process.' Justice Guidice believes

'The panel system is familiar to commission users and will provide a convenient frame of reference.'

There are two significant problems with this approach.

The government's request was to merely consult with the peak organisations, not carry out their instructions. Secondly, it might be a convenient frame of reference for the IR Club but the Commission's panel system contributes nothing to the task of creating truly modernised awards.

The very reason Australia needs a process to modernise awards in the first place is because the AIRC's panel system of award classification failed. It is the problem, not the solution. The real motivation to retain the Commission's panel system of award classification may be gleaned from this observation of the Award Review Task Force in 2006:

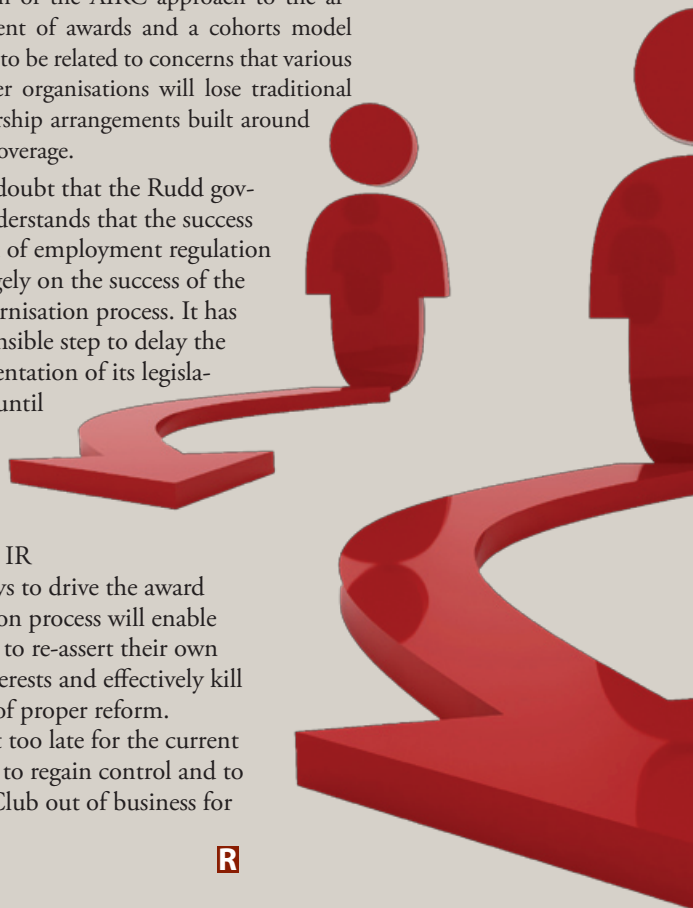
A substantial element in support for the retention of the AIRC approach to the arrangement of awards and a cohorts model appears to be related to concerns that various employer organisations will lose traditional membership arrangements built around award coverage.

There is no doubt that the Rudd government understands that the success of its reform of employment regulation depends largely on the success of the award modernisation process. It has taken the sensible step to delay the full implementation of its legislative agenda until this process has been completed.

However, granting the IR Club the keys to drive the award modernisation process will enable its members to re-assert their own sectional interests and effectively kill any chance of proper reform.

It is not too late for the current government to regain control and to put the IR Club out of business for good.

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