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'Return to lawlessness' under new building watchdog

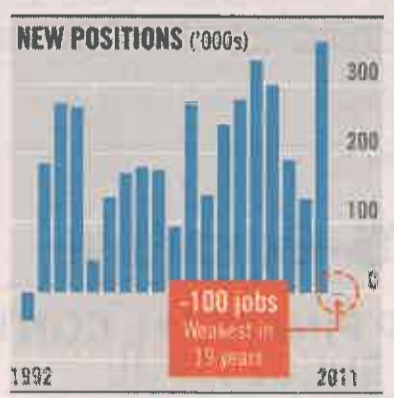
Exclusive
Mathew Duncley
Labor's planned reforms to building industry regulation will bring a "shameful" return to lawlessness and intimidation while raising costs and cutting productivity, former construction watchdog chief John Lloyd says.
In a scathing submission on the

POLITICAL MOVES
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legislation abolishing the Australian Building and Construction Commission, Mr Lloyd says: "The impact on the Australian economy will be

impossible to win. Ten years of effort will be largely wasted."
He cites signs of a worsening in the industrial environment. "The industry's employer parties have expressed concern at the recent deterioration in workplace relations conduct," he says.
Mr Lloyd left as ABCC chief in May 2010 after Labor first pursued plans to crimp the watchdog and subsume it in Fair Work Australia.
Labor's hand-picked panel reviewing the Fair Work Act released a background paper this week that demands proof from critics who say that the act has hurt productivity. But in seeking submissions, the panel made no direct mention of the ABCC.
Workplace Relations Minister Bill Shorten yesterday ignored business demands by refusing to commit to
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Jobs go as confidence evaporates

Adrian Rollins and Jason Murphy
Australia is facing a jobs recession after employment stagnated last year in the worst performance since the depths of the 1990s downturn.
In a sign that global instability and weak conditions in much of the local economy are bearing down heavily on the labour market, there was a net loss of 100 jobs in 2011, the weakest result since 1992, adding to pressure on the Reserve Bank of Australia to cut interest rates next month.
While the unemployment rate held steady in December at 5.2 per cent, the figure masks deteriorating conditions in the labour market, with Australian Bureau of Statistics figures showing that more than 29,000 jobs were lost in December. Almost 40,000 jobs were cut in the closing months of 2011 – the biggest two-month fall in employment in more than a decade.
In a grim prospect for school leavers and thousands of workers in finance, manufacturing and other embattled industries, economists warn that annual employment growth – which has dropped to zero



– could turn negative in coming months.
Big four accounting firm Ernst & Young yesterday joined the growing ranks of finance industry employers flagging plans to cut jobs and delay hiring as the sector wilts under pressure from tough trading conditions.
Ernst & Young said there would be redundancies in its finance team, and
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More give up the search, page 7



Fans still turned out for festivals last year but it's the promoters who are working up the real sweat. Photo: MICHELLE SMITH

Losing it in the dosh pit

Dominic White
Ken West, the founder of The Big Day Out, says he will lose money on the music festival bonanza this year for the first time in its 20 years of peace and love and selling out.
Poor consumer sentiment, sluggish ticket sales, a shallow pool of international crowd-pulling talent and a glut of rival events mean that the "golden age for Australian music festivals" is over.
"A vast amount of events worldwide have sprung up in recent years with festivals being a way of

printing money," West tells *The Australian Financial Review* before today's opening leg of BDO in Auckland – possibly its final appearance in the city.
"Many promoters don't understand the costs. It takes three months for a festival to reconcile its costs: from market stall holders to portaloos and generator companies. We also have 10,000 casual staff and tougher government regulations."
Then there's the bill for the talent. It cost a rumoured \$6 million to secure rapper Kanye West – who

will headline the BDO in Sydney, Melbourne and the Gold Coast – the biggest name in a line-up that's proved a flop with many punters.
"It's a great event again this year ... as far as artists are concerned, it's a sellers' market," says BDO organiser West, who is not the only promoter with a hangover.
Sydney leisure entrepreneur Justin Hemmes has postponed his Good Vibrations dance music festival; Simon Daly, founder of The Falls Festival, is threatening to drop the event in Tasmania unless
Continued page 13

Now bank branch hours face the chop

Andrew Cornell
Commonwealth Bank of Australia will cut opening hours in smaller regional branches in the latest wave of cost cutting in the banking system.
Around 40 branches will be affected, with hours cut from six a day with a lunch break to four, working through lunch.
The shift will result in "limited" job losses, as well as a move from full

CUTTING BACK
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time to part time work for some.
While CBA maintains it has no plans for job reduction programs of the scale announced by ANZ Banking Group and in train at Westpac Banking Corp, CBA retail banking

head Ross McEwan told *The Australian Financial Review* there was a continuing focus on efficiency and review of transactional banking.
"We have been reviewing our cost base, particularly in retail [but] we also have more sophisticated tools we have been using to analyse the activity happening in branches," he said.
Earlier in the week ANZ confirmed redundancies of 130 staff
Continued page 42

IMF may ask for \$8bn

Geoff Winestock
The International Monetary Fund could ask Australia to contribute as much as \$US8 billion to a new \$US500 billion raising to help protect "innocent bystanders" from the euro zone crisis.
The federal government said yesterday it was ready to increase

Australia's exposure to the IMF, but the US and many developing countries are refusing, insisting the euro zone puts more of its own cash on the line.
With the world economy likely to grow at its slowest pace since the
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No promises on IR review

Pip Freebairn and Jason Murphy

Business groups and the union movement are busy preparing submissions for the review of the Labor government's two-year-old industrial relations system, but the government yesterday wouldn't promise to act upon any recommendations made by the expert panel on the Fair Work Act.

The Fair Work review background paper released yesterday outlined a wide range of issues for submissions to consider, including the good faith bargaining rules, unfair dismissal laws, a greater role for compulsory conciliation and the power of unions.

Minister for Workplace Relations Bill Shorten refused to say if the government would act on any proposed changes to the law recommended to the panel.

"I'm not in the business of answering hypothetical questions," Mr Shorten said. "We've got the review, we'll see how that goes."

The review, which will be conducted by Reserve Bank of Australia board member John Edwards, retired judge Michael Moore and legal and legal academic Ron McCallum, opened submissions yesterday on the review, required under the law to take place after two years' operation.

Submissions are due within four weeks. The panel will report to the government by May 31 with any recommendations to change the law.

Mr Shorten has repeatedly defended the Fair Work Act from accusations by business that it harms labour productivity.

The report published yesterday showed that labour productivity had fallen to its lowest level in 15 years in a period coinciding with the operation of the new laws.

The background paper also showed that the number of disputes had risen under the act.

Three business lobby groups, the Australian Industry Group, Business

KEY POINTS

- Bill Shorten has refused to say whether the government will act on any proposals put to it by the Fair Work Act panel.
- It is unlikely the government will want to make big changes to an act that was so crucial to its election.

Council of Australia, and Australian Chamber of Commerce and Industry, have called for changes to the act to increase flexibility and to strengthen the role of individual workplace agreements, which are available under the current act, but with limitations which mean they have not been used in practice.

The union movement has called for more rights for casual workers to demand permanent positions. Construction unions want to abolish the Australian Building and Construction Commissioner.

University of Adelaide industrial relations professor Andrew Stewart questioned whether the government had the appetite to change the law, which was a centrepiece of its successful 2007 election campaign. The Howard government's unpopular Work Choices law was criticised for stripping too much power from employees.

"The government has consistently defended its law against both employer groups and unions that have sought to make changes," he said. "I can't imagine that they will suddenly decide to respond to union requests to meet international labour law obligations, or that they will suddenly cede to employer groups that want to abolish the 'better off overall' test."

"Yet this paper is encouraging all those groups to put forward every proposal on every aspect of the entire workplace relations system within four weeks and with evidence."



Bill Shorten on a visit yesterday to Bertocchi Smallgoods in Melbourne.

Photo: LUIS ASCUI

Reform 'a return to lawlessness'

From page 1

implementing the panel's recommendations after it reports in May. "I'm not in the business of answering hypothetical questions," he said.

With unions backing Labor's dismantling of the ABCC, Mr Lloyd's comments will further stoke fears from some businesses in the sector of a new period of industrial turmoil.

West Australian Housing Minister Troy Buswell said yesterday he was concerned the ABCC would become a toothless tiger, with major implications for the resource-rich state and its big construction pipeline. "As the state which saw the very worst behaviour by the building unions, we are gravely concerned about the federal government's roll-back of the ABCC and the impact that will have on militant union activity," he said.

Victorian Premier Ted Baillieu is working on a new industrial code for businesses that want to win government work as a way to tackle concerns over militant behaviour by unions.

In his submission to the review of the proposed laws, Mr Lloyd says that "coercion, intimidation, threats, low productivity and excessive increases in labour costs will re-emerge with a

vengeance to trouble the industry" under the new regulation regime, and "the industry will no longer be patrolled by a tough watchdog".

Mr Lloyd, now a director at the Institute of Public Affairs, says the establishment of the ABCC in 2005 meant respect for the rule of law was restored but this would be undone under Labor's changes. "The intent of every aspect of the bill is to diminish the capacity to combat unlawful conduct across the industry," he says in his submission, provided to *The Australian Financial Review*.

His key criticisms include: the independence of the regulator will be undermined partly because of powers granted to the minister to instruct the director; the penalties are so substantially reduced that deterrence is effectively eliminated; and the curtailment of coercive interviewing powers.

Mr Shorten did not respond directly but insisted the government would maintain a strong regulator in the building industry and had a demonstrated commitment to "strict regulation of industrial action".

"The government believes that the ABCC needs to be replaced with a new body that is part of the mainstream

Fair Work system, a body that will operate in accordance with community expectations of a fair and just workplace relations system," Mr Shorten said.

Meanwhile, one of Victoria's biggest builders, Grocon, will square off today against the Construction, Forestry, Mining and Energy Union in federal court over stalled pay talks.

The company has put a proposal to its 200-strong workforce for a ballot next week that the union has not endorsed. Grocon head of people and culture John van Camp said the company had negotiated with the union for nine months on a new enterprise bargaining agreement.

But he said the CFMEU was seeking conditions, such as right of entry to sites without notice, that were contrary to federal law.

The CFMEU will ask the court for an injunction to prevent the ballot taking place. In a flier, the union accuses Grocon of attempting to mislead workers and "trying to ram through its shonky" agreement. CFMEU state secretary Bill Oliver said the union was pursuing workers' rights.

with Peter Kerr, Pip Freebairn and Jason Murphy

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