



## Back to the barricades

July 9, 2005

Despite its feisty words on industrial relations, the Government can't hide its bruises. Mike Secombe and Nick O'Malley report.

Polls come and go. The only one that counts is on election day. It is a mantra of the modern politician, uttered ever more frequently as opinion polls proliferate. But now and then numbers come along which do signify something.

It happened on Tuesday, when the *Herald* published figures quantifying the dread most Australians feel when they contemplate the Howard Government's radical industrial relations reform proposals.

Think back to where politics was before Tuesday. John Howard was on holidays. To enliven the tedium of the midwinter parliamentary break for the media, there was the Mark Latham biography kicking the heck out of the Opposition Leader, Kim Beazley. Senior Labor people were again tossing about the names of those who might be dragooned into saving federal Labor. The question was being asked again: what does the Labor Party stand for these days?

All that came to an abrupt halt with Tuesday's poll. To the vast surprise of most of the commentariat and many on both sides of politics, the voters had not been focused on Beazley's job security, but their own. They were not only ahead of the pundits in identifying the real issue, they reminded Labor what it stood for: the interests of the providers of labour, against the interests of the owners of capital. Within 24 hours, the business community had reminded the Government of the corollary: that the Howard Government was supposed to represent *it*, and had not so far done a very good job.

The proof was in the figures. Sixty per cent of people polled for the *Herald* declared themselves opposed to the Government's proposed changes to workplace laws. Only 21 per cent supported them. Most tellingly, noted the ACNielsen pollster John Stirton, two-thirds of those opposed to the Howard plan described themselves as "strongly opposed". "You hardly ever see such a depth of feeling," Stirton said. "It's not impossible that some of these people could shift their views, but it would be very hard to move them."

Rubbing salt in the wounds was the accompanying poll on what people thought of the Government. Satisfaction with John Howard dropped 10 percentage points in July, compared with June. It was the biggest fall in popularity of his prime ministership, the first time his approval dipped below 50 per cent since August 2001. For the first time in more than a year, Labor was in front of the Coalition not just on the two-party preferred vote, but the primary vote, 41-40. After preferences, it was Labor 54, Coalition 46, a 10-point turnaround in a month.

THAT'S quite a set of numbers, and it provoked quite a response. By week's end, the Prime Minister had cut short his holiday so he could wrest control of the selling of the IR package from his earnest Workplace Relations Minister, Kevin Andrews. A Government advertising campaign was urgently rescheduled to begin this weekend - provided, a Howard spokesman said, that it was ready in time. Howard's chief minder, Tony O'Leary, went trawling the press gallery, telling everyone this wasn't a panicked response.

Whatever it says, it appears the Government has been badly stung by this week's events, most of all by a slick advertising campaign mounted by the ACTU. For a few million dollars (compared with the average \$140 million of taxpayer dollars the Government spends on advertising each year) the ACTU got a huge result.

Initially, Andrews pretended he was unconcerned. At lunchtime on Wednesday, as he pitched the package to an audience of business types at the Gadens law firm in Sydney, Andrews claimed to be unmoved by what he called the union movement's "deceitful scare tactics".

"Remember this is a long-distance race; it is not a sprint," he said. "We are looking at six months before we get the legislation through Parliament and a time of implementation. Anyone who charges off into a sprint is not going to get to the end of the race." Less than 24 hours later, the Prime Minister confirmed the advertising campaign would begin this weekend rather than in September.

The decision was made against a backdrop of discord between the Government and its business and industry supporters. The day after the poll, in an opinion piece in the *Herald*, Mark Bethwaite, the chief executive of Australian Business Limited, said the Government's failure to detail its changes and campaign

for them had created the vacuum for the union campaign. Government MPs in turn expressed frustration at the lack of a supporting campaign from business. The head of the Australian Chamber of Commerce and Industry, Peter Hendy - who as a staffer to the former workplace relations minister, Peter Reith, is as close to these reforms as anyone outside the Government - retorted that big business simply couldn't afford a campaign. Hendy, who knows a thing or two about manipulating public opinion, having been Reith's chief of staff through the "children overboard" saga, said he "looked forward to" the Government launching its campaign as soon as possible.

Wherever the blame lies for a sluggish defence of the changes, the Government and its business allies face a hard sell against a cunning campaign. The man orchestrating it is Greg Combet, the ACTU chief blooded in the waterfront battle. Combet is not one of those dinosaur unionists caricatured by the Government. He is smart, restrained, calculated and modern in his approach, and he has learned a lot from previous campaigns.

During the waterfront battle of 1998, the ACTU used professional media advice, market research and communications for the first time, in an effort to shift public opinion in favour of the dock workers. He took the lessons into the battles he fought to win pay-outs for sacked Ansett workers, and compensation for the dead and dying James Hardie workers.

So the ACTU enters this public relations battle with not only the techniques of modern politics in its tool kit, but with a leader who, to many eyes, wears the mantle of public defender rather than union firebrand. The ACTU and its media consultants, EMC, have designed a campaign that has been widely applauded in the advertising industry, and compared by some with the Government's own scare campaign linking the Labor Party to higher interest rates during the last federal election.

No doubt it is a scare campaign, but scare campaigns work well only when people are predisposed to believe there is something to be frightened of. A decade of what the *Herald's* economics editor, Ross Gittins, called "employer militancy" has encouraged that predisposition, and that is why, Combet says, the ads have been so effective. They tap into not just the fears but the experience of workers.

"Some of these reforms have been there since 1996-97, like the AWAs, these individual contracts," he says. "A lot of people now have experienced how employers use them. In the research leading up to our advertising campaign, [we found] people know exactly what this is going to mean for them because they are already feeling a lot of pressure. Anything that adds to that will get a hostile reception."

For that reason, he is not too concerned about the Government's attempts to debunk the message. "We haven't lied about anything," says Combet. "Are 3.6 million people going to lose their unfair dismissal protection or not?" He refers to the ad where a young mother, who fears she will lose her job because she can't accept a late order to work, asks in a trembling voice, "Who's going to look after the kids?" Says Combet: "If that woman works at a firm with fewer 100 people [that is, 99 per cent of businesses] is she going to have access to unfair dismissal provisions or not? No. Everything in them is true."

And it remains true, despite the Government's efforts to pretend otherwise. On radio on Thursday, Howard said the ad was misleading because it suggested the woman would be sacked because she had to stay home to look after a sick child. That would still constitute unlawful dismissal, he said. But he got it wrong. In this ad the woman is sacked because she is called to work at late notice - her children aren't sick. That's legal under the proposed laws.

The Government's attempt to put a counter-case has not just been late, but ineffectual. It does not, for example, encourage confidence in the new body which will determine minimum wages when the responsible minister, Andrews, is on the record as saying that Australia's least skilled workers - generally the poorest paid - are still paid too much.

It does not help the cause when Howard refuses to guarantee that workers will not be worse off - saying on radio on Thursday that no prime minister could reasonably make a such a guarantee - only to be shown to be contradicting himself. "I give you this rock solid guarantee," he told an audience of Young Liberals in Canberra in 1996. "Under a Howard government you cannot be worse off, but you can be better off."

It remains the case, however, that the Prime Minister still looks almost certain to get just about everything he wants through the Senate, which he now controls. His Government is banking on people's fears evaporating once the legislation is in place, as happened with the GST. It came in and the sky did not fall.

And the timing could not be better. Even the other side admits the strength of the labour market means many workers will initially be in a reasonable bargaining position, and the nastier aspects of the new laws won't bite until the economy slows. Likewise, the replacement of the Industrial Relations Commission with the new Fair Pay Commission will not cut workers' pay immediately, but will retard pay rises, making them relatively worse off over time. The sky will not fall on most workers, it will descend slowly.

Greg Combet concedes this. "It'll take time in some sectors," he says. "But some people will be affected

very quickly. For example, if you get sacked and you have no unfair dismissal protection, you find out about it pretty quickly. And there are other parts of the economy where this will be felt quite quickly. For example, in the services sector, where you have contract labour hire firms. These firms are by and large labour-cost-only firms - which have no capital costs, or very little - like contract security, contract cleaning, contract catering, contract maintenance," he says.

"The award condition, the legal minimum, is what they pay. But these IR changes remove the award safety net as a minimum standard. There will be only five minimum standards that have to be met. What those companies will do - and it only takes one to start, then the rest must follow or lose market share - is make it a condition of employment that people sign individual contracts, AWAs, on the five new minimum standards. And Bob's your uncle."

And we now know most Australians are inclined to believe him.

This will be a long fight, but at the end of round one, it appears that one side is at least ahead on points.

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