

From South Australia to Buenos Aires in three letters EBA – Paul McCarthy, Mannkal

Paul McCarthy – Mannkal - 4 March 2016

“Wasted talent” could have been the national motto for Argentina when I visited in early 2014. A century ago, Argentina and Australia were on an economic par; today, Australia’s earnings per capita are more than double Argentina’s. Two countries with similarities in geography, access to trade routes, climate, culture, resources and land nonetheless chose very different paths last century.

The evidence is all around Buenos Aires – from the faded grandeur of crumbling and graffiti-strewn buildings to the cacophony of daily political protests, the counterfeit cash passed off by every taxi driver and the bored jobless men sitting in the streets. So you have vast treasures of minerals, some of the world’s best agricultural land and huge shale gas reserves? Too bad if you can’t develop them because foreign investors won’t deal with a country that has a taste for military coups and debt defaults. Argentina could be one of the world’s richest countries were it prepared to put in the hard yards, exploit its strengths and be a best practice economy.

“Best practice”, or its absence, leads us back to South Australia and the defunct Holden plant. Robert Gottliebsen, writing in *The Australian* [here](#) describes the industry-killing roles of the Enterprise Bargaining Agreement (EBA) that governed Holden (and a similar one that is destroying Arrium, formerly Onesteel, in Whyalla.) It’s bad enough that the plant was de-facto managed by the unions, pay rates were ridiculously high and new technology was effectively banned. But the biggest problem lies in how EBAs are perpetuated by the Fair Work Act, in the heart of the system itself.

It was hoped that a buyer would be found to take over Holden’s plant and Belgium-based Punch International soon arrived on the scene. Yet under the “Transfer of Business” provisions of the Fair Work Act, a bad EBA can be passed from one failed enterprise to another – as Gottliebsen describes, like a “virus”. By simply doing similar work to Holden in its former plant, or by hiring a single ex- Holden employee covered by the EBA, Punch could have found the Fair Work Commission ordering it to adopt the very same EBA that had ruined Holden – despite Punch never having been party to the EBA. After killing its host this industrial Ebola would infect any newcomers, leaving Punch to take the only rational option: hold its breath and get out as fast as possible.

This ridiculous state of affairs is what happens when a country is more concerned with protecting welfare than gaining wealth. As any cricket batsman or market trader knows, when you play simply to try to preserve what you already have, you

don't last long. Protecting Holden's former workers destroyed their jobs – now, the system is protecting them out of new jobs. The cost to Australia of deterring foreign investment, destroying industries and keeping people on welfare is monstrous.

Will Australia reform its nonsense industrial relations system, adopt best practice and seize a better future? The alternative is to follow the Argentine route and waste our talent. I hope I haven't already visited our future across the ocean.