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PM's barrowfuls of favours

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Illustration: Eric Lobbecke Source: The Australian

EARLY in 1952, a group of trucking operators decided to protest against the restrictions on interstate road freight imposed by the states to protect their inefficient railways. Placing a copy of the Australian Constitution in a wheelbarrow, the truckers pushed it from Melbourne to Sydney. The journey took 11 days; but that was still two days quicker than a parcel mailed the same day and carried by rail.

The truckers' protest culminated in the High Court, which found the states' restrictions breached the Constitution's requirement that "trade, commerce and intercourse between the states shall be absolutely free".

That decision unlocked dramatic reductions in transport costs, with further gains made through microeconomic reforms beginning in the late 1970s.

Now, with the Gillard government's establishment of the Road Safety Remuneration Tribunal, restrictions on competition in road transport are back. They are not as crude as those the High Court disallowed; but their direction is unmistakable. So are the interests they serve. In the 50s, it was the heavily unionised state rail systems; now it is the Transport Workers' Union, which has long campaigned for controls on contractors and owner-drivers.

The excuse for the tribunal, which has sweeping powers to fix haulage rates, is safety. And possible safety benefits from regulating drivers' earnings have been emphasised by the tribunal's president, Jennifer Acton, a senior deputy president of Fair Work Australia and former industrial advocate for the ACTU.

But Acton's claims are highly questionable. While emphasising the cost of accidents, she never notes that serious accident rates for heavy vehicles have decreased by a third since the early 2000s, with the proportion of accidents due to driver fatigue falling to barely 10 per cent. And thanks to "chain of responsibility" laws, which create incentives for the entire freight chain to take responsibility for managing risk, and to stricter monitoring of driver behaviour, the trend should continue, especially as larger, safer, vehicles are allowed on the roads.

That hardly means nothing more should be done to reduce accident rates. But additional reductions must be achieved cost-effectively. And regulating driver remuneration is a poor way of doing so.

Already, in 82 per cent of fatal crashes involving a truck and another vehicle, it is the other vehicle that is at

fault.

Truckers' earnings will have no impact on those crashes. As for accidents where the truck driver is responsible, studies suggest greater remuneration may actually raise accident rates, as higher hourly earnings induce increased driver hours. Even worse, regulated higher earnings attract more truckers into the industry, leading to fewer fully utilised vehicles, which reduces productivity and dissipates additional earnings in increased costs.

Nor does the damage end there. Higher trucking charges will not only push up consumer prices but hit rural industries, reducing exports and output. And the effects are not trivial: increasing road transport prices by 5 per cent would cut GDP over a decade by more than \$1000 per capita.

That pain would do nothing for safety. But there would be real gains for the TWU. It has prospered under Julia Gillard, with the amount it spends on salaries more than doubling since 2009. Once contractors' rates are controlled and higher, it will be easier for it to gain wage rises for employed drivers.

Moreover, as tribunal regulation makes using independent contractors riskier, haulers will shift to employed drivers, who are more readily unionised. And as cream on its cake, the TWU demands a compulsory "training" levy be imposed on the entire industry, with it co-administering the funds raised.

It is not difficult to see where that would lead. After all, Tony Sheldon, the secretary of the TWU, has form. An independent auditors' report into the "training" fund he previously administered found Sheldon's fund lacked even basic governance arrangements to separate training from other activities. The fund then received secret payments from companies with which he was negotiating agreements. And where did the money go? Among other things to pay for ALP election campaigns.

Little wonder then the tribunal has such enthusiastic Labor support. Sure, along with the restrictions on coastal shipping, it reverses the Hawke-Keating era's commitment to a competitive transport market. But with Labor politics having long since ceased to be a cause and become a career, it is unions such as the TWU that provide the material foundation on which the party rests.

And with electoral Armageddon threatening, the unions loom as its apparatchiks' final redoubt.

Giveaways to unions are consequently proliferating. Recent cases include making aged care funding conditional on securing agreements with United Voice which diverts resources from some of the most vulnerable members of our community; forcing unions on childcare operators which comes at the expense of "modern families" Gillard pretends to defend; and expanding unions' rights of entry and access to compulsory arbitration.

Each is public policy at its worst. But last week's events suggest they are having the desired effect, with the apparatchiks reaffirming Gillard "by acclamation" (as they used to say in the "peoples' democracies"). Not because she is tough; but because she is so reliably supine with the special interests Labor increasingly serves. Those special interests placed her where she is; her arrogant deafness to every other voice in society ensures they will keep her there as long as they can: the past's last best chance in a party that has eaten its own future.

"The behaviour of any bureaucratic organisation", warns Robert Conquest's third law of politics, "can best be understood by assuming it is controlled by a secret cabal of its enemies."

In Labor's case, that cabal is now well and truly in the open; with the costs it inflicts rapidly mounting, the wheelbarrow days are here again.
