Industrial Relations and Tax Must be Included in PC Inquiry

Community Strong MPs Allegra Spender and Zali Steggall have urged the Treasurer to broaden the Productivity Commission inquiry into business dynamism, arguing it cannot credibly examine business productivity without including critical factors such as tax and industrial relations.

The call comes after the release of the Interim Report, reporting that many businesses nominated industrial relations and tax as significant barriers to business dynamism. Both were explicitly omitted from the terms of reference provided by the Treasurer in May this year.

The Chair of the Productivity Commission, Danielle Wood has said the omission doesn't make sense.

"The Treasurer has put serious blinkers on the Productivity Commission; you can't review barriers to business dynamism without looking at workplace relations," Spender said.

"If we want to be a prosperous economy we have to get to a place where IR is less partisan and zero-sum. Simplification of awards can make it easier and simpler for business to employ people while delivering productivity gains which are what materially boost wages over the long-term" Spender said.

"Small businesses regularly raise industrial relations as one of the key complexities they face. Deliberately omitting this ignores a major barrier. The fact that the PC Chair is criticising the scope of the PC review is telling of the scale of this omission" Steggall said.

Under Section 11(3) of the *Productivity Commission Act 1998*, the Treasurer can amend an inquiry's terms of reference at any time before he receives the final report. The Community Strong MPs are calling on the Treasurer to use this power to ensure the PC's work is comprehensive.

"The Treasurer can and should rectify this glaring omission. This is the perfect opportunity to have depoliticised review of recent industrial relations changes and the settings more broadly", Spender said.

Spender and Steggall argued that the omission was characteristic of a government that had missed the learnings from the Hawke-Keating era to negotiate with unions in exchange for pro-growth reforms.

"Hawke, Keating and Kelty delivered IR reform that benefited both workers and businesses. Since 2022, the Albanese Government has delivered the unions IR wish-list: multi-employer bargaining, same job/same pay, abolishing the building watchdog and legislating penalty rates, but it hasn't asked for anything in return to lift Australia's flagging productivity." Spender said.

"The Government promised award simplification as part of getting Senate support for their IR reviews, but they have not delivered meaningful simplification. Industrial relations needs to move beyond unions vs bosses to honest management of the trade-offs that can benefit everyone. The Albanese government needs to lift its sights on reform."

Media contact: Peter McEvoy 0419 274 417 **06 November 2026**