

# Contractors: workforce of the future

Independent contracting has stood the test of time, writes **Bob Day**.

**T**he proposed Independent Contractors Act presents a golden opportunity to enshrine in legislation an important element of the labour market.

Hundreds of thousands of independent contractors work in every sector of the economy. They are engaged by business, government and householders in countless ways. They mow our lawns, deliver our parcels, fix our computers, shear our sheep, paint our gutters — they even write much of what we read in our daily papers.

In short, independent contracting provides the perfect model for the kind of entrepreneurial workforce Prime Minister John Howard enunciated during the election campaign. It is this aspect of the post-election industrial relations debate that offers the most promise.

And while the government is right to move quickly to fix the job-destroying unfair dismissal provisions of the current law, just as many — if not more — rewards await the promotion of independent contracting.

Since federation, two distinct labour market arrangements have

evolved. The first is the employer-employee system governed by awards and the IR system.

The second, less understood system, is independent contracting.

It is a system covered by common-law contracts, the terms of which are tailored to meet the needs and aspirations of contractor and customer. The financial aspects of these contracts are flexible and all-inclusive, negating the need for engagement conditions layered knee-deep in legislation.

It's a system that has stood the test of time. In fact, for 40 years the home-building industry has provided the ideal case study. Home building across Australia is predominantly provided through independent contractors working in design through to on-site trades. Average incomes and productivity are high, industrial disputation virtually nil.

The commercial building industry, on the other hand, has been structured around employer-employee relationships and IR law. In comparison, it is expensive and bogged down in inflexible work practices. Productivity loss as a result of disputation is the stuff of legend.

Independent contractors also have the potential to offer ratepayers and taxpayers better value. It was once the case that public servants traded higher wages for job security. Now they demand both, and ratepayers and taxpayers should therefore be given more choice as to who delivers those services.

Already, the number of independent contractors exceeds that of union members and this growth, fuelled by an ever-expanding network of franchise operators and service providers, will continue unabated. This is clearly the workforce of the future.

**“They mow our lawns,  
deliver our parcels,  
fix our computers.”**

■ *Bob Day is a home builder and president of Independent Contractors of Australia.*