

Just Comment

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Industrial Relations Reforms: Prosperity or Disaster?

From July 1, 2005 the Coalition Government has control of both houses of Parliament. It has been well documented that John Howard views industrial relations change as the most important agenda item in this coming term. What are the changes and what will they mean for workers and their rights?

The Government intends to pass new legislation after Senate resumes in August. Trade Unions claim that the intention is to replace collective bargaining agreements with individual contracts. Unions also argue the terms of current Awards are to be significantly reduced and workers will be left with limited choices, and confronted with arguing their own cases in the face of employer demands. The Government has also dismissed the views of church groups for not being experts and academic researchers for “getting it wrong”.

The Government Campaign

The Government argues that changes are necessary to our Industrial Relations laws for strong economic growth to continue. It has spent an estimated \$20 million in an advertising campaign that argues there will be “more jobs, higher wages and a stronger economy” (see full page advertisements in the *Telegraph* and *Sydney Morning Herald*).

More Jobs?

The Government has not outlined how many more jobs would

be generated by removing the hard won rights of existing workers. A recent Business Expectations survey indicated that 82% of businesses surveyed “thought that there would be no significant difference” in employing more staff as a result of IR changes (*Australian Financial Review*, 12/7/05: p4).

Higher Wages?

The Government claims that workers on Australian Workplace Agreements (AWAs) currently earn 13% more than workers on certified agreements and 100% more than workers on Award rates. In contrast to these figures, John Kobelke, West Australia’s Consumer and Employment Minister, argues that Australian Bureau of Statistics data for May 2004 showed that WA employees working under AWAs earned less on average than employees working under any other type of agreement (*Australian Financial Review*, 1/7/05:p11). The question arises of how wages could be higher if more jobs are to be generated?

Stronger economy?

Just how the economy will be stronger is also not clear. The Government advertisements argue that “we must continue to work together so that our country can compete more effectively in a global economy”. We are not told what IR “reforms” it will take to give Australia a competitive edge. Is the Government arguing that Australia’s wage structures need to be reduced to the level of low-wage economies such as China and India in order to



compete more effectively globally?

Australian Council of Trade Unions (ACTU) Secretary, Greg Combet argues “that good economic performance has been achieved with existing workplace rights” and he challenges the Government to back up its claims that more jobs and higher wages will result from changes to existing IR laws (*Tingle, Australian Financial Review*, 7/7/05).

The Union argues these changes mean...

Though the Government has not released details about the new legislation, the Unions argue that there are a number of bills currently before Parliament which indicate the Government’s intentions:

- Restrict Union Right of Entry (to workplaces and employees right to access a union from their workplace)
- Exempt small business redundancy payments
- Exempt small business from unfair dismissal laws (the government has

expanded this from businesses employing less than 20 to 100 employees).

- Extend ban on union bargaining fees (over riding State IR systems)

A case in point concerns new powers within the Building industry for a Building Commissioner to investigate and prosecute workers, with severe penalties for union activities and industrial action. The Government's intention to centralise the IR system to override state systems will remove union involvement in collective bargaining, and reduce the number of allowable matters in Awards (*see ACTU Union Update No.1, <http://actu.labor.net.au>*).

In 1904 the Conciliation and Arbitration Act "recognised that conflict inevitably arose because of the divergent interests, goals and aspirations of employers and employees" (*Changing Australia: The Union Story, 2005: p 45*). The Industrial Relations Commission (IRC) was established to resolve conflict through conciliation or by arbitration. Awards were devised to govern the conditions of employment. With the advent of enterprise bargaining in the early 1990s the IRC granted increases in the minimum wage for employees unable to negotiate wage increases through enterprise bargaining (*p 47*). Since the late nineties, the Government has revelled in lower unemployment figures, in fact jobs created since then are almost entirely casual, part time and low-paid (*p 47*).

The Government has indicated it will establish a Fair Pay Commission, a body which removes the powers of the

"To call these 'agreements' is a misnomer. An employee who does not agree to be regulated by the terms of a personal 'agreement' entirely drafted and devised by his employer will, at best, have no future in the company and often will be sacked for so refusing"

Hon. J. Macken, AFR, 24/6/05

Australian Industrial Relations Commission (AIRC) to set Awards, and to be an independent arbitrator. The AIRC as an independent body has protected workers and established their rights in law for many years. A Government appointed body governing the terms of Awards may leave workers vulnerable and many entitlements under threat. The Award system provides a fair basis for all workers beyond the control of governments.

Industrial Relations Experts

A group of 17 academic researchers from Australian universities, experts in IR have recently come together to respond to the Governments proposed IR changes arguing that these reforms will be damaging. Their arguments cover 11 issues:

- employee rights
- corporatisation of labour laws,
- compromising the "safety net",
- increased wage inequality,
- weakened job security,
- unfair dismissal,
- negative impacts on women and families,
- questioning productivity gains,
- learning from New Zealand's failed experiment,
- the meaning of "deregulation" and "unified system",
- how best to meet the challenges

They conclude these changes will be detrimental to workers by undermining workers rights; will deliver a flexibility that in most cases only favours employers; will at best do nothing to address work/family issues; will have no direct impact on productivity; and will disadvantage the individuals and groups already marginalised in Australian society. (*<http://www.econ.usyd.edu.au/wos/IRchangesreportcard/>*)

Researchers not only argue that these changes fail to address labour and skill shortages or the productivity slowdown, but also warn that the fabric of Australian society will be damaged. This research indicates a future of poorly paid jobs with irregular hours, little job security and the worsening of work-family life situations.

In comparison to other developed nations casual work has drastically increased in Australia. This affects the development of skills; it provides little security now or in the future for retirement. There will be further casualisation of the workforce as individual contracts demand more from workers, with less predictable hours, no annual leave, and dismissal that could occur at any time (*<http://www.econ.usyd.edu.au/wos/IRchangesreportcard/>*).

The Honourable James Macken, former Judge on the Industrial Commission, argues that such changes are completely contrary to Christian values and the Catholic Church's teachings. He argues that Catholic Social Teaching has continually argued for fair conditions for workers and for workers rights to be upheld. Many Church groups have made clear their concerns.

The Government argues that the Unions are scaremongering and the academics have got it wrong, while churches are simply being dismissed as not having a right to voice their views. However, some business leaders and politicians are now also expressing their concerns, so it is important to consider all views.

"Catholic social teaching... (holds that unions) are indeed a mouthpiece for the struggle for social justice, for the just rights of working people in accordance with their individual professions... the right of association is the natural right of the human being... the formation of unions cannot be prohibited by the state because the state is bound to protect natural rights, not to destroy them"

John Paul 11, quoted by the Hon. J. Macken, AFR, 24/6/05

Just Action

- Talk to the Union and other workers in your workplace and if you have concerns ask for further information.

- Further reading:

<http://www.airc.gov.au>

<http://www.actu.asn.au>

<http://www.oecd.org.au>



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