



Liberal Democrats

Policy: **Labour Market Regulation**

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The Liberal Democrats believe Australians should be free to enter employment and service contracts without government interference.

Policy

The LDP would:

- Abolish the ban on low paid work, referred to as the minimum wage.
- Abolish minimum employment conditions, referred to as the national employment standards (while retaining occupational health and safety rules).
- Abolish minimum wages and conditions for employment in certain industries and occupations, referred to as awards.
- Remove 'unfair dismissal' restrictions (while retaining sexual harassment rules), and remove rules preventing dismissal of employees for failing to carry out their duties.
- Allow individuals to be represented by a union provided membership is voluntary.
- Remove restrictions on negotiating employment contracts, including obligations to negotiate with unions and restrictions on agreements between employers and individual employees.
- Remove industrial relations provisions restricting how employers carry out their business, including requirements for union entry onto premises.
- Remove restrictions on workers operating as independent contractors if that is what they prefer.

Discussion

Industrial relations laws hurt employees and employers and cause unemployment and dependency. They only help union leaders, lawyers and bureaucrats.

Industrial relations laws include rules on minimum wages and conditions, rules on the wages and conditions in various industries and occupations, rules on how employers carry out their business, rules on how employment negotiations are conducted, and rules on how employers hire and fire employees.

These rules stop businesses from offering jobs, and from offering the best opportunities to the best employees. This creates unemployment and underemployment as well as reducing the potential for people to find a job that is most rewarding for them. This hurts the poor, and makes us all poorer.

The idea that good work and good pay can be assured by government decree is a con peddled by lawyers, unions and government. What secures an employee good work and good pay is the threat of the employee moving to another job.

The most pernicious feature of industrial relations law is the minimum wage. The minimum wage is a ban on low paid employment. It is set at more than \$30,000 a year, while welfare payments like unemployment benefits, single parent benefits, the age pension and the disability support pension are set at less than \$20,000 a year. The minimum wage hurts hundreds of thousands of Australians who would like more work than what they've got, but are banned from entering into voluntary agreements with willing employers.

In contrast, the number of people from poor households who are regularly paid at the minimum wage are few. Some of them would receive lower wages with the abolition of the minimum wage. However the Liberal Democrats' tax cuts will ensure that none would be worse off. Minimum wage recipients currently pay thousands of dollars of income tax each year, but will pay no income tax under the LDP, which will lift the tax free threshold to \$40,000.