

Industrial relations reform: The Opinions

Date 27/05/2005

Member rating 4/5

The Howard government's industrial relations reforms aimed at creating a more flexible, dynamic labour market have been met with predictable responses from the different groups within the community. Businesses are delighted – particularly small and medium-sized business – whilst the Labor opposition and unions are angry at what they see as a stripping of the rights of many workers.

We grab the responses from the opposition, the interest groups, and the academic and editorial opinion.

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Here is a [summary of the reforms \(courtesy of The Age\)](#), which John Howard described as "one of the great pieces of unfinished business in the structural transformation of the Australian economy". The various responses from papers around the country are linked and summarised below.

- Employment contracts and agreements have to meet only four basic minimum standards: on annual leave, personal leave, parental leave and working hours.
- Federal awards to be cut from 20 to 16 allowable matters.
- Australian Industrial Relations Commission's powers curbed.
- A new Fair Pay Commission to set minimum wages.
- Businesses of up to 100 workers exempt from unfair dismissal laws. Probationary period extended from 3 months to 6 months.
- Tougher penalties for unlawful strikes and industrial action.
- Compulsory secret ballots before strikes.
- New rules curbing the right of union officials to enter workplaces.
- Independent contractors to be protected from unions.
- State powers superseded to create a national industrial system covering 85 per cent of workers.

(*SMH*: "About two-thirds of Australia's 9 million workers are employed in businesses of 100 workers or fewer and 85 to 90 per cent of workers are expected to be covered by the new expanded federal industrial relations system.")

PM: John Howard's full speech is here at *The Oz*. "The Prime Minister fended off claims that workers would be worse off under the proposed changes, pointing to his Government's record of delivering 14 per cent real wage growth since it was elected in 1996."

Labor Opposition: Opposition Leader Kim Beazley said: "What all this amounts to is collapsing the right of ordinary Australians to collectively bargain, to remove from them union protection where the government can do that, and (where) particularly the workforce is at its weakest."

Union response: "ACTU secretary Greg Combet said said millions of workers were set to lose access to award conditions, protection from unfair dismissal and a safety net of minimum" **Unions view the changes** as increasing the chances of worker's being exploited. He said the changes are "a huge free kick for business and a massive kick in the guts for working people". Industrial action has been planned for the week starting June 27.

Australian Workers Union national secretary **Bill Shorten said**, "We are going to come up with ways to fence off union members having their rights ripped off them," he said. "We will do whatever it takes to protect our members."

Business Response: Australian Industry Group chief executive Heather Ridout said the changes were **a crucial step in unlocking untapped productivity**. "The changes are in sync with the needs of contemporary workplaces." Small to medium-sized businesses are delighted with the change as the change in unfair dismissal laws cuts down their hiring (and firing costs) allowing them greater freedom to expand, and/or test new work initiatives.

Business Council of Australia: "The Chair of the BCA's Employment and Participation Task Force, Mr Michael Chaney, said the proposed changes were broadly in line with the three major areas of workplace reform identified by the Council earlier this year. This included changes that provided employers and employees greater flexibility in agreement making; reduced barriers to job creation and participation; and more efficient workplace regulation. "

State responses: Relinquishing control of NSW's industrial relations system is not some thing Bob Carr is willing to do. He believes the current system works fine in his state, where days hours lost to industrial action are minimal.

"The proposed changes were also criticised by other state governments. Victoria's Industrial Relations Minister, Rob Hulls, said they were far worse

than expected. His government had not envisaged that workers would lose overtime, shift penalties, weekend rates, leave loading, redundancy pay or public holiday loading, he said."

Academic opinion: Mark Wooden, deputy director of the Melbourne Institute, and Chris Richardson of Access Economics agreed that the changes **to the unfair dismissal laws made sense** because currently the laws "make people too slow to hire as well as to fire".

Richardson: "The problem is that we have been using our industrial relations system like a welfare system, using companies to try and achieve fairness when that's not what they're good at," he said. "They're good at making money, and we should let the tax and welfare systems get the fairest system we can make."

Wooden, though praising the changes, raised the scary possibility that companies would divide into groups of 100 employees to get around the unfair dismissal laws. "Imagine if McDonald's said every franchisee is a separate business - then they can sack just about everybody they like," he said.

Editorial Opinion:

The Oz editorial claims the reforms do not disadvantage Australians as Labor says, rather they don't go far enough. Claiming a win for all workers, the editorial says that "by reducing the scope of the onerous unfair dismissal laws, the Government is giving unemployed Australians with few skills a chance. Employers will be game to give job seekers a go, knowing they can be simply sacked if they do not work out. Transferring the role of setting minimum wages from the Australian Industrial Relations Commission to a new agency, which is expected to consider economic conditions in setting pay rates, will create opportunities for the low-skilled. It is the job of the social security system, not individual employers, to help people who cannot make enough money in the workplace to support themselves." A similar argument to that of Access Economics.

Des Moore in *The AFR* goes a step further and labels the package "a dud". "The Prime Minister's many undertakings to effect extensive reform raised expectations of pronouncements of increased employment. Indeed, government ministers rightly emphasised this would happen if employers and employees had relative freedom to settle employment terms.

Unfortunately, most of the machinery of restrictive employment regulations remains, as does much scope for troublesome judicial intervention (although which courts will handle the interpretation of legislation and agreements is unclear). Unsurprisingly, therefore, the Coalition makes no claim for increased employment rates. Budget forecasts of slower growth in employment in 2005-06 (and apparently no increase in workforce participation out to 2008-09) will not be upwardly revised." **We republish Des' article here.**

Paul Kelly looks at the scare campaign that will undoubtedly come from Labor and the unions, however he says the John Howard can refer to the reforms of the last 12 years in which his government has provided Australia with "higher productivity, more jobs, higher real wages, the lowest unemployment in 28 years and rising living standards."

Padraic McGuinness is happy to see the role of the Industrial Relations Commission to be reduced, but ask why not abolish the commission altogether.

The AFR has many contribution - these are of most general interest.

* "These reforms are a winner", **AFR Editorial**

* "PM unleashes work revolution", **Mark Davis and Mark Skully**

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