



Submission to Senate Employment, Workplace Relations and Education Legislation Committee.

RE: Inquiry into the Workplace Relations Amendment (Work Choices) Bill 2005

Date: 2 November 2005

From: Abraham Schaffer

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This is a personal opinion in response to the Howard government's Industrial Relations (IR) changes.

- a) The Howard government has produced very little (if any) evidence that the proposed IR changes will produce the benefits and jobs that are claimed. The media campaign is underlined by a 'trust us' theme. This government has proven that it is suspect on trust. Recent transgressions include the Tampa incident, systemic immigration problems, the Iraq War and 'children overboard'.
- b) The proposed changes threaten to upset a delicate balance between the rights of employers versus the rights of employees. A major shift in power towards employers is evident in the proposed legislation. If this were not obvious enough then the fact that employer groups were given a 'sneak preview' of the changes (whilst unions were shut out) makes my statement rather self evident.
- c) The proposed changes threaten to drive down wages for the weak and low-skilled. Businesses (big business in particular) are the big winner from the proposed changes. Ordinary workers stand to lose the most – particularly those with skills that are not in high demand (or who have generic or low skills).
- d) Money spent on selling the IR changes to the community is a gross abuse of taxpayer funds. This is particularly the case given the legislation was in the 'drafting' stages during much of the media campaign. Although such practices have been in operation for some time now, this was the most blatant and extravagant example of promoting government policy before it has been tabled in parliament.
- e) The Coalition talks about the need to increase workforce participation (ie single parents, older Australians, etc). A hostile IR environment, where the low-skilled are given short shrift, is not conducive to increasing participation. Indeed, it is likely to decrease participation rates.
- f) Australia's relatively strong economic performance in recent years has been, in part, because of a relatively harmonious IR environment (in balance). This legislation threatens to upset this balance. Indeed, the Howard government has not produced a convincing argument that further reforms are required given that the current IR environment appears to be producing economically salutary results as it is.

- g) John Howard argues that his past record is his guarantee that workers will not be worse off (ie real wages have grown for the last ten years he has been Prime Minister). Howard's record is patchy at best. He has done little to address the two-tier system that is becoming increasingly obvious in Australia (ie the haves versus the have-nots). Meanwhile, big business is booming under Howard's watch. The proposed IR changes promise to accelerate these trends. Further, the Howard government has been the beneficiary of some very favourable economic conditions during its terms in office – largely driven by outside factors (ie a booming China, booming resources). This has accelerated wages, particularly for those at the top. This more accurately explains the increase in wages under the Howard government.
- h) Howard says it is an employee's market. This claim is contestable at best. If it were true, it may only be ephemeral (should an economic downturn occur). Howard's argument that employees can readily leave an employer with whom they are unhappy is fine for the highly skilled. The same cannot be said for the low skilled and disadvantaged in our community.
- i) The IR changes threaten to undermine Australia's way of life. Although this may sound like a cliché, it does hold some truth. Australians are interested in creating a society, not just an economy. These IR changes will heavily impinge on workers' ability to arrange their leisure and free time, further eroding the fabric of our society. Arguably, this creates further division and social dislocation with all the attendant costs associated with disenfranchised and dysfunctional communities.
- j) Australians do not want to go the way of the USA with its huge disparities in income distribution. The proposed IR changes threaten to accelerate social divisions between those who can bargain with their high skills versus the rest.
- k) The unfair dismissal laws fly in the face of any sense of social justice. They promise to exploit the young and vulnerable. A revolving door employment environment is likely to result in driving down wages at the low end of the employment market. Employers merely need to say 'if you don't like it leave. We've got other low skilled workers who can do your job for equally low wages'.
- l) Finally, the Fair Pay Commission, from what I can glean, lacks teeth and is likely to become a rubber stamp committee. It will be far inferior to a proper IR Commission that protects the rights of both employers and employees (ie Department of Industrial Relations).

*Frank Schalk*