

**A STRONGER ECONOMY
A STRONGER AUSTRALIA**



**THE HOWARD
GOVERNMENT
ELECTION 2004 POLICY**

**FLEXIBILITY AND PRODUCTIVITY IN THE
WORKPLACE: THE KEY TO JOBS**



THE NATIONALS

FLEXIBILITY AND PRODUCTIVITY IN THE WORKPLACE: THE KEY TO JOBS

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EXECUTIVE SUMMARY

A re-elected Coalition Government will continue with its current program of workplace relations reform. The Coalition's aim is to create the most flexible and dynamic workplace relations system possible.

Since 1996, the Coalition's workplace relations reforms have contributed to a stable and low inflationary climate. Combined with higher productivity, this has ensured increasing real wages and low interest rates for Australian workers and their families

More people are now in work than ever before in Australia's history. With real wages for full time workers more than 13 per cent higher than they were when Labor was in government, workers are benefiting directly from the country's strong economic performance.

Now is not the time to allow Labor to re-regulate the workplace relations system. Labor wants to impose a centralised, 'one size fits all' approach, where union will be empowered with special privileges allowing them to exercise dominance in the workplace at the expense of all others. This would dramatically reverse the gains that Australian workers and business have made over the past eight and a half years.

Reforming the labour market in Australia is an ongoing task, one which the Coalition remains firmly committed to. In order for more Australians to share in the benefits of our current record levels of productivity and strong economic growth, the Coalition's program of workplace reform must be given every opportunity to continue and succeed.

PART 1 COALITION'S COMMITMENT TO REFORM

The Coalition's Workplace Relations Policy sets out our commitment to further reform the workplace relations system to make it as flexible and productive as possible.

(i) *A More Harmonised Workplace Relations System*

There are six different workplace relations systems with thousands of federal and state awards which creates confusion and costly regulation for business and workers.

The Coalition will investigate ways to reduce the duplication and complexity that currently exists in order to achieve a more simplified and harmonized workplace relations system.

The Coalition is committed to improving business productivity through a more harmonized workplace relations system, thereby creating more jobs and increasing the standards of living of Australian workers.

(ii) *Encouraging Agreement Making*

The job security and high wages enjoyed by Australian workers have been the result of the Coalition's strong economic management and reforms to the workplace relations system, which includes reforms aimed at encouraging agreement making.

The link between workplace bargaining, higher wages, productivity growth, increased job security and low interest rates is widely documented.

A re-elected Coalition will continue to examine ways to assist business, especially small business, to enter into workplace agreements, through simplifying and streamlining current agreement making processes.

A re-elected Coalition will also provide an option for a 5 year collective agreement (current agreements are limited to 3 years) for businesses seeking greater certainty. This would provide greater certainty for both employers and employees, particularly in respect of large-scale infrastructure projects which often have a duration beyond three years and would benefit from the continuity that five year agreements would provide.

The Coalition also believes that Australia's economic prosperity relies on preserving choice and flexibility for employees and employers in relation to the type of employment arrangements that they choose to enter into.

In order to enshrine this concept of choice within the workplace relations system, a re-elected Coalition will amend the objects of the Workplace Relations Act to ensure that the concept of freedom to contract is protected, promoted and enhanced.

This will ensure that both workers and employers understand that they have genuine choice and flexibility to enter into either collective or individual agreements, depending upon what arrangements suit their own individual circumstances.

(iii) *Assisting Small Business to Enter into AWAs*

A re-elected Coalition will continue to strongly support the right of an employee to choose to negotiate his or her terms and conditions of employment directly with his or her employer through Australian Workplace Agreements (AWAs).

The Coalition believes that Australia's economic prosperity is reliant on the preservation of a flexible workplace system that the Coalition has created through the utilisation of AWAs.

In essence AWAs:

- reduce the complex provisions often contained in awards;
- give employees the opportunity to have a direct input into determining their pay and conditions; and
- allow an employer and employee to directly negotiate terms and conditions which best suits their particular circumstances.

In doing so, AWAs raise productivity, efficiency and allow for greater flexibility. It also rewards employees, providing better wages and employment conditions than centralised awards.

Small businesses in particular benefit from the workplace flexibility that flows from the use of AWAs.

In order to increase the uptake of AWAs by Australian workers in small businesses, a re-elected Coalition will provide an extra \$12 million over 4 years to the Office of Employment Advocate (the OEA).

This will enable the OEA to process AWAs in a more efficient and timely manner and also to better promote the advantages of AWAs, especially to workers in small and medium sized businesses.

(iv) *Mediation Services for Small Business*

The Coalition recognises that disputes at the workplace are costly, especially for small business, and disadvantage both workers and their employers.

Mediation is a low cost, informal, less adversarial method of dispute resolution that provides parties with more direct ownership of the outcome of a dispute.

A re-elected Coalition will establish a new mediation service for small business.

As a first step, a re-elected Coalition will commit \$2 million to establish a pilot programme focussed on providing small businesses with access to mediation services as a low cost and informal alternative to the Australian Industrial Relations Commission (AIRC).

These new mediation services will be provided under the auspices of the AIRC, which will also undertake the additional function of maintaining a national list of accredited mediators.

The AIRC will provide these voluntary mediation services in relation to collective or individual disputes as a more informal alternative or supplement to the quasi-legal processes of the AIRC.

Small business will particularly benefit from this more accessible and less costly approach in relation to unfair dismissal claims.

At the end of the pilot, the program will be assessed with a view to making the program a permanent fixture of our workplace relations system, if it proves to be successful.

A re-elected Coalition will also provide formal recognition of the benefits of mediation by legislating to enable the AIRC to suspend a protected strike period to allow for a cooling-off period and resumption of work whilst conciliation or mediation takes place.

(v) ***Supporting Small Businesses***

Australia's 1.1 million small businesses are a vital part of Australia's economy, employing over 3.3 million Australians and accounting for nearly 50 per cent of all jobs in the private sector.

The Coalition recognises that continued workplace relations reform is vital to ensuring that the small business sector continues to thrive and prosper.

In particular, small business has consistently indicated a need for reform to **unfair dismissal laws** in order to achieve further employment growth in its sector. A re-elected Coalition will continue to pursue changes to take the unfair dismissal laws burden off the back of small business and protect small business from **redundancy payments**.

A re-elected Coalition will make employment regulations less burdensome on small business and seek **further simplification of awards**.

A re-elected Coalition will require the AIRC to have **specific regard to the particular circumstances of smaller employers** when making decisions that affect jobs, wages and employment conditions in small business.

(vi) ***Strengthening Secondary Boycott Laws***

A re-elected Coalition will continue to oppose Federal Labor's attempts to remove sections from the Trade Practices Act (TPA) that hold trade unions accountable for losses caused to innocent businesses by unlawful strike action, including secondary boycotts or sympathy strikes.

The damage caused by secondary boycotts is typically inflicted on small business which has no direct involvement in an industrial dispute. The small business inadvertently becomes caught in the middle of a larger dispute and their business suffers through no fault of their own.

The Coalition strongly believes that small business must be protected from such actions and is committed to maintaining and strengthening these provisions in the TPA.

In stark contrast, Labor promises to remove the secondary boycott provisions from the TPA which will strip away vital protections for small business and destroy jobs.

(vii) *Providing OHS Advisers to Assist Small Business*

The Coalition is committed to improving occupational health and safety (OHS) in all workplaces. In particular, it is vitally important that small businesses have the necessary support and resources to ensure their compliance with relevant OHS laws and standards.

We know that many small businesses cannot afford the luxury of hiring specialist OHS managers. It is also difficult for small business to devote the time and capital required to achieve full compliance with OHS laws and standards.

At the same time, State government OHS inspectorates are unwilling to provide advice, appearing more focused on prosecuting businesses for OHS breaches.

The Coalition's OHS philosophy is that prevention is far more effective in achieving improved OHS performance than prosecutions.

In order for small business to have access to the necessary resources and advice to make their workplaces safe, the Coalition will provide \$7 million to establish a network of Small Business OHS Advisers to assist small business in complying with OHS laws and standards.

The Small Business OHS Advisers will be fully funded by the Coalition Government but will operate from, and come under the auspices of, the various employer organisations.

The Small Business OHS Workplace Advisers will perform a dual role of adviser and educator but not prosecutor. This will ensure continuous improvement in OHS at the workplace level.

(viii) *Clarifying Right of Entry*

A re-elected Coalition will introduce legislation to tighten up and clarify our existing right of entry laws to protect businesses, particularly small businesses, where unions seek to enter a workplace for an improper purpose.

In particular, a re-elected Coalition will introduce legislation to exclude the operation of State right of entry laws where federal right of entry laws also apply. Further proposed changes to the right of entry laws will require unions to comply with any reasonable request by an employer regarding where discussions

between an employee and a union are to take place in order to limit work disruption.

(ix) *Occupational Health and Safety Reform*

The Coalition will establish the tripartite Australian Safety and Compensation Council (ASCC) with membership consisting of representatives from government, employer and employee organisations. The ASCC will oversee and expedite the implementation of national OHS standards throughout the country.

A re-elected Coalition will also work to reduce the cost and regulatory burden of workplace health and safety. The Coalition believes OHS systems should be practical and focused on improving safety outcomes, rather than being focused on processes.

(x) *Reform to the Construction Industry*

The building and construction industry is vital to the Australian economy, employing hundreds of thousands of people both directly and indirectly.

The Coalition believes that the building and construction industry should be the same as other industries: free, fair and law abiding. The Coalition has already committed \$60 million over four years to the task of ensuring that the industry is freed of a culture of thuggery and lawlessness.

The Coalition has also committed an additional \$21.7 million in funding over three years for a Federal Safety Commissioner to oversee OH&S on government construction projects.

A re-elected Coalition will continue to pursue the implementation of the Cole Commission's recommendations, which includes a stand-alone Act and specialist commission for the industry.

(xi) *Protecting Independent Contractors*

Hundreds of thousands of Australians provide work in our economy as independent contractors and sole traders. This epitomises the spirit of entrepreneurship, freedom and choice that needs to be fostered in Australia to ensure strong economic growth and productivity.

As a result of the ever-increasing contribution that independent contractors make to our growing economy, the Coalition recognises the need to establish separate legislation which will enshrine and protect the status of independent contractors.

Accordingly, a re-elected Coalition Government will introduce the Independent Contractors Act.

The Independent Contractors Act will legislate to protect and enhance the freedom to contract and to encourage independent contracting as a wholly legitimate form of work.

The Independent Contractors Act will also prevent unions from seeking orders from the AIRC which would impose limits, constraints or barriers on the freedom to operate as a genuine independent contractor.

The Coalition Government is determined to protect the rights of independent contractors. We will not allow union officials to strip these enterprising Australians of the right to choose how they live and work.

PART 2 COALITION POLICY WILL ENSURE HIGHER PRODUCTIVITY, INCREASED WAGES AND LOWER INTEREST RATES

Productivity growth is central to Australia's future well being. Higher productivity ensures increasing real wages while at the same time keeping inflation and interest rates low. Rising productivity also allows workers to achieve a better balance between work and family responsibilities.

When productivity is higher, the whole economic pie is bigger and therefore more people benefit in the form of increased living standards, more jobs for workers and a better economic climate for business to succeed in.

The Australian Bureau of Statistics national accounts data released in August 2004 showed that labour productivity grew by 3.8% over the year (to June 2004). This is the largest increase since the 4.3% trend growth in 1998.

Productivity growth has increased markedly since the introduction of formal agreement making at the level of the enterprise or workplace. From both historical and international perspectives, Australian companies with enterprise agreements have achieved high productivity growth rates in the last eight years.

The move away from a centralised system to enterprise and individual bargaining has improved Australia's economic performance and productivity and has provided greater flexibility to enable business to meet the challenges of an increasingly global economic environment.

Labor's plan to re-impose a centralised wage system in which unions are given the power to force businesses to bargain with them, will result in unrealistic wage demands with no regard for productivity.

The inevitable result of wages which are not linked to productivity gains, is rising inflation and higher interest rates. Higher interest rates will result in a severe blow to the home ownership aspirations of Australian workers and their families.

A re-elected Coalition Government will ensure that high productivity, increasing real wages, choice and flexibility remain the central focus of our workplace relations reform program.

HIGHLIGHTS OF THE GOVERNMENT'S ACHIEVEMENTS

The Coalition's workplace relations reforms have provided more jobs and higher pay for Australians since 1996.

(i) Increased Employment

- Under the Coalition more than **1.3 million** jobs have been created.
- Unemployment is at **23 year lows** (5.5% in May 2004 compared to a peak of 10.9% under Labor).
- Full-time employment is at a record high with more than **6.9 million** Australians in full time work.

(ii) Greater Productivity

Higher productivity growth has delivered increasing real wages, low inflation and low interest rates. This has made the Australian dream of home ownership a reality for many working Australians.

Home loan mortgage rates averaged 12.75 per cent under Labor compared with an average of 7.15 per cent recorded under the Coalition Government.

(iii) Higher Real Wages

Between 1996 and 2004 real wages rose by 13.3 per cent compared with a total 2.5 per cent rise under 13 years of Labor.

(iv) Lowest Strike Record in Australia's History

Strikes are at their lowest levels since records were first kept in 1913. 9.3 days were lost per 1,000 employees in the March 2004 quarter, compared to a peak under Labor of 104.6 days lost per 1,000 employees in the December 1992 quarter. Overall the level of industrial action under the Coalition has been three times less than under Labor.

(v) Improvements to the Waterfront

The Coalition implemented major reforms on the Australian waterfront in 1998. The efficiency improvements have been dramatic, with the national five port average crane rate increasing to a record 27.8 container lifts per hour in September 2003, compared to just 18.8 in March 1998. The increased productivity on the waterfront has benefited the whole Australian economy.

(vi) *Reform of the Building Industry*

The Coalition has acted upon 170 of the recommendations made by the Cole Commission inquiry into the building and construction industry. The key Coalition initiative was the establishment of the Building Industry Taskforce. The Taskforce has commenced 20 prosecutions against both unions and employers, seeking to clean up the thuggery and illegal practices from within the industry.

(vii) *Better Bargaining*

The Coalition's landmark reforms in 1996 for the first time gave employers and workers genuine choice between an individual workplace agreement (Australian Workplace Agreement), a collective agreement with a union (on behalf of workers) and a collective agreement with a group of workers (without a union).

(viii) *Improvements to Federal Unfair Dismissal Laws*

The Coalition has continued to pursue opportunities for legislative changes to simplify and better balance dismissal rights and obligations of employers and employees, particularly for small business. Labor has voted against the Coalition's legislation to reform unfair dismissal laws on 41 occasions.

(ix) *Introduced Legislation*

Introduced legislation to:

- increase accountability and members' democratic control of federal unions and employer organisations;
- stop unions from using a federal workplace agreement to require a non-union worker to pay a union 'bargaining fee' (a compulsory union levy);
- make it unlawful for an employer to dismiss a worker for performing emergency management volunteer work (e.g. fire fighting);
- simplify the rules governing transmission of certified agreements;
- provide the AIRC with the express power to grant interim orders to stop unlawful industrial action from occurring;
- increase the power of the Building Industry Taskforce to enable it to more effectively gather information and evidence from witnesses;

- put in place a stronger, more effective OHS compliance and enforcement regime, providing for a greater focus on improved OHS performance and prevention of workplace injuries for Commonwealth employees.

LABOR'S ALTERNATIVE

LABOR'S LEGACY

Under Labor the standard of living of Australian workers and their families went backwards.

Australian employers and employees were shackled by a highly regulated 'one size fits all' system that did not fit the modern Australian economy or our diverse workforce.

Under Labor's system real wages for the low paid fell, unemployment reached nearly **1 million (10.9%)** and unions had more rights than workers.

Dictated to by the trade unions, who Labor will grant special privilege and immunity to, Labor is unable to make the hard decisions that are necessary in the national interest.

Labor also has little interest in opening up the labour market to ensure that there are increased employment opportunities for the low skilled and unemployed. Labor only cares about doing the bidding of those employees who are members of trade unions and who already have work.

Labor has a dismal record when it comes to productivity growth, increasing real wages and maintaining low interest rates for Australian workers and their families.

(i) *Impact of Labor's Policy*

The greatest threat to Australia's prosperity is Labor's plan to re-regulate the workplace.

Labor's determination to re-impose a centralised wage fixing system and a 'one size fits all' approach will lead to unrealistic and inflationary wage claims without any increase in productivity. This will result in rising interest rates and unemployment. This will be a catastrophic double blow to workers and their families.

Labor's plan will destroy jobs and reduce flexibility by:

- attacking and abolishing casual employment;
- deeming contractors to be employees;
- allowing third parties to intervene in your workplace;

- allowing industry-wide strikes;
- abolishing Australian Workplace Agreements and the Office of the Employment Advocate; and
- abolishing the Building Industry Taskforce, which ensures the rule of law applies in the building industry.

(ii) *Imposing a Payroll Tax on Business*

Employers and the taxpayer would pay a new compulsory payroll tax of 0.1% to fund unpaid employee entitlements on the insolvency of another employer's business. Not only does this policy impose a new burdensome tax on business, it will encourage unions to push for excessive redundancy provisions to be inserted into enterprise agreements. It is estimated that this new tax will cost 3,600 jobs.

(iii) *Increased Union Right of Entry into Non-Union Businesses*

Labor will reward the union bosses by allowing unlimited right of entry for union officials to enter businesses, including small businesses, at any time, even if there are no trade union members employed. Businesses would be forced by law to disclose their books, business plans and financial records to trade union officials.

(iv) *Abolish Australian Workplace Agreements*

Over half a million AWAs have been approved since 1996. Employees on AWAs receive superior wages and working conditions to those covered by collective agreements. Labor policy is to abolish AWAs and strip from these employees the benefits that they and their employers receive from working under the terms of an AWA.

(v) *Businessowners Forced to Negotiate With Unions (Under Labor's So called "Good Faith Bargaining" Proposal)*

Any business owner – including small businesses without trade union members – would be forced by law to meet and negotiate higher over award wages and employment conditions with any union official who makes those demands. This will occur even if the workplace has no trade union members. This will amount to nothing more than compulsory union bargaining on union demand.

(vi) *Empowering the AIRC to Intervene in “Intractable” Disputes and causing a wages explosion*

Labor will re-empower the AIRC to settle “intractable” industrial disputes. Under this system, intractable disputes will be easily manufactured. Labor will attempt to define in legislation what constitutes an “intractable dispute” with the result that unions will be able to easily manufacture an intractable dispute and take protracted industrial action in pursuit of unreasonable wage claims. The AIRC will then arbitrate to settle the dispute resulting in a wages blow out and increased interest rates.

(vii) *Removing the cap on allowable award matters*

Under the Workplace Relations Act there is currently a cap on what can be included in awards so that awards continue to act as a simple and genuine safety net of minimum terms and conditions. Labor plans to scrap this cap which will mean that Australia will return to the days when business, especially small business, was forced to comply with 200 page awards which regulated every hour of every worker’s day. This regulatory burden will decrease business productivity and cost jobs.

(viii) *Restrictions on the Use of Casuals, Part-Time Employees and Contractors*

Labor will seek to restrict the use by business of casuals and independent contractors, because these workers are typically not union members. Labor will force businesses to convert casuals to permanent work after 6 months and legislate to enable the AIRC to deem contractors to be employees. Labor will also attack small businesses with its plan to force them to find part time employment for women returning from maternity leave.

(ix) *Abolish the Employment Advocate*

The Office of the Employment Advocate, which has the legal task of protecting the right of employees to join or not join a union, would be abolished, meaning that no barrier would exist to the re-introduction of compulsory unionism and preference to unionists.

(x) *Abolish Youth Wages*

Youth wages act as a stepping stone for young people into the employment market. Trade unions would be allowed to seek the removal of youth wages in awards, such as in the retail or hospitality sectors – forcing teenagers out of their jobs.

(xi) *Unions Re-Empowered to Take Industrial Action Against Innocent Third Parties*

Labor policy is to remove the secondary boycott provisions from the Trade Practices Act. The result will be that unions will be able to take secondary boycott action against innocent third parties and take industry wide strikes. More often than not those who are affected most are small businesses.

(xii) *Trade Union Bias*

Labor will use taxpayers' money to award billions of dollars in lucrative Government contracts exclusively to 'union friendly' firms.

(xiii) *Industry Wide Strikes Made Legal*

Trade union officials could take legal strike action against a whole industry at one time when any employer in that industry refuses union demands for over award wages or employment conditions.

(xiv) *Abolish the Building Industry Taskforce*

The Building Industry Taskforce was established by the Coalition to stamp out thuggery and unlawful conduct from the building and construction industry. Much of this unlawful conduct is perpetrated by unions and the Taskforce has been successful in prosecuting unions for breaches of industrial law. As a result, the union movement has been successful in lobbying Labor to abolish the Taskforce and end its important work.

What does this all mean? It means Labor will re-regulate the workplace relations system taking Australia back to a time that it should have well and truly left behind.

A re-regulation of the workplace will reduce Australia's flexibility and competitiveness, which will inevitably lead to a reduction in productivity and an increase in interest rates.

Labor's policy is a blueprint for the destruction of the Australian economy.

COSTINGS SUMMARY

Workplace Relations					
Policy Measure	2004-05 \$m	2005-06 \$m	2006-07 \$m	2007-08 \$m	Total \$m
Workplace Dispute Settlement Pilot Programme	2.0	-	-	-	2.0
Assisting Small Business with AWAs	3.0	3.0	3.0	3.0	12.0
OHS Advisors for Small Business	-	3.5	3.5	-	7.0
TOTAL	5.0	6.5	6.5	3.0	21.0