

Voters will get to see Howard's way at work

Along with the power to create a new IR system, the Coalition bears a sobering responsibility to make it fair.

AFTER all the anticipation, all the wish lists, Prime Minister John Howard has announced details of the biggest shake-up of workplace law since Federation. The emboldening effect of the Coalition's Senate majority from July 1 was clear yesterday, as an election promise to exempt small businesses employing up to 20 people from unfair dismissal laws was extended to businesses with up to 100 employees. Other key elements had been flagged earlier: a Fair Pay Commission to set wages and further sideline the Australian Industrial Relations Commission; a takeover of state systems; fewer allowable award conditions; greater flexibility in transferring workers to agreements and contracts; and tougher constraints on union activity. The IR agenda that, Mr Howard complained, had been frustrated by the Senate for the past nine years is back, and more. Given the scale of change, the legislation still needs to be properly debated, not just rubber-stamped. This is in the Coalition's interest, too, if only to avoid discrepancies and unintended consequences.

The true test of the legislation will be what happens in the next few years — possibly in tougher times — and how it affects the working lives of Australians. The certainty with which Mr Howard and his colleagues predict its benefits stems more from ideological convictions than from any privileged knowledge of how their brave new world of industrial relations will operate. All the changes cannot be guaranteed to play out as expected. It remains to be seen whether employers really do respond to the removal of unfair dismissal laws and new wage settings with significant increases in hiring. Does organised labour accept the new constraints, or will current low levels of disputation come to an abrupt end? Furthermore, the ageing of the Australian workforce is likely to strengthen the hand of skilled workers, regardless of the IR system in place. Does the cherished goal of workplace reform tackle such issues and increase productivity as effectively as might greater investment in infrastructure, innovation, education and skills training?

The political risk for the Government isn't limited to looming skirmishes with the states. Mr Howard said: "This Government trusts employers and employees to make the right decisions in the workplace." Mr Howard, who is entitled to promote modernising reforms "in a fair and balanced way", said this was "not a wage-cutting policy" and everyone would reap the benefits of productivity and growth. Yet the elimination of some safeguards potentially exposes the more vulnerable classes of workers to the sorts of unfair treatment that some have already suffered from rogue employers. Beyond the Parliament, these policies will be exposed to real-world tests of their fairness, workability and productive impact. Millions of Australians will make their own judgements, based on their experiences in their places of work. Should they conclude they are worse off or treated unfairly as a result, this legislation may come to be seen not as the Howard Government's ultimate triumph but as the moment when it overreached itself.