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IR changes to cost taxpayers \$452m

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Spending ; THE BUDGET UPDATE

The federal government will spend \$452 million over the next four years bedding down its **industrial** relations changes with most of the new funding being used to ensure employers and employees comply with new minimum **employment** standards.

The extra funding is one of hundreds of new policy measures, the vast majority involving spending increases, announced since the budget and detailed in the mid-year budget update.

Overall cabinet policy decisions since the budget have reduced **Peter Costello's** bottom line by \$1.83 billion in 2005-06 and a further \$3.88 billion over the remaining three years of the budget's four-year forward estimates period.

On **industrial** relations, the government will provide \$140.7 million over the four years from 2005-06 for increased compliance, enforcement and education activities by its Office of **Workplace** Services.

It said additional staff would be employed by the office to undertake compliance activities, including auditing workplaces to ensure they were meeting the **Workplace** Relations Act's new fair pay and conditions standard, which sets out five minimum **employment** entitlements for all federally regulated employers.

"The fair pay and conditions standard, federal awards and agreements, and state awards and agreements brought into the new federal **workplace** relations system will fall under the compliance regime," the budget update said.

The rest of the \$452 million allocated for **workplace** relations reform includes \$108 million in extra funding for the Department of **Employment** and **Workplace** Relations to carry out policy and legislation development and initial implementation of the changes.

The Office of the **Employment** Advocate will get an extra \$61.2 million over four years to meet an expected jump in its workload because of its expanded role under the government's new legislation in promoting agreement making and in administering the lodging of both collective and individual **employment** agreements.

It will cost the government \$27.2 million to establish and operate the Australian Fair Pay Commission, the new body that will set minimum wages while there will be savings of \$7.3 million due to the scaling back of the role of the Australian **Industrial** Relations Commission.

The Federal Court and the Federal Magistrates Court will get an extra \$28 million in funding over four years to deal with an expected increase in their workloads due to the act's expansion of their jurisdiction over **industrial** relations issues.

Workplace Relations Minister **Kevin Andrews** confirmed yesterday that key parts of its Work Choices Act had been given royal assent, granting it legal force.

The move will establish the new Fair Pay Commission, exempt businesses employing 15 or fewer workers from redundancy pay and create a national regime regulating the **employment** of school-based apprentices and trainees.

Mr Andrews said most of the Work Choices Act would be proclaimed in March 2006.

The other big-ticket items announced since the budget were drought relief (up \$600 million since the budget), the Connect Australia package of spending on telecommunications as a sweetener for the Telstra sale (an extra \$202 million), and grants to encourage fishing business operators to exit over-fished waters (an extra \$111 million).

But, fortunately for Mr Costello's credentials as a fiscal manager, parameter variations added back another \$4.4 billion to the budget balance.

The largest parameter variations were on the revenue side of the equation.

Strong company profits, the higher oil price and healthy **employment** growth all generated stronger than expected tax collections.

HEY NEW SPENDER

Main policy decisions since May budget (cost over four years from 2005-06 to 2008-09)

Connect Australia	\$1.08 billion
Drought assistance	\$643.1 million
Pharmaceutical benefits scheme	\$536.3 million
Industrial relations reforms	\$452 million
Bird flu preparedness	\$264.1 million

Disability support	\$205.7 million
Fishing industry structural adjustment	\$205.6 million
Welfare to work	\$187.1 million
Immigration detention	\$170.8 million
Aviation security	\$134.3 million
Tasmanian community forest agreement	\$133.4 million
ADF deployment to Afghanistan	\$90.8 million
Employee entitlements and redundancy	\$62.3 million

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