

[[Previous](#)] [[Major News - Federal Politics - Workplace Issues](#)] [[Next](#)]

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Industrial awards slashed in IR shake-up

Author: Mark Skulley

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The federal government will push ahead with the detail of its sweeping **workplace** changes over summer, releasing a suggested model for slashing the 4000 **industrial** awards regulating the labour market.

A taskforce headed by Australian **Industrial** Relations Commission senior deputy president Matthew O'Callaghan is expected to soon recommend ways of simplifying the century-old award system, which has some 40,000 job classifications.

It is understood Mr O'Callaghan will suggest the Australian and New Zealand Standard **Industrial** Classification as a model for award simplification, a plan that would vastly reduce the number of awards by basing them on **industry**-wide groupings rather than craft-based demarcations.

The ANZSIC system was developed by the Australian Bureau of Statistics and its New Zealand counterpart and identifies business groups with similar activities.

Seventeen divisions are broken down into about 150 **industry** classes. For example, the mining division comprises seven classes, including coalmining, metal ores and mining services.

Workplace Relations Minister **Kevin Andrews** declined to comment on the proposal but said the government wanted to investigate an **industry**-based approach that established "horizontal equity across various awards".

Mr Andrews told The Australian Financial Review the review was not an exercise in "slashing wages" but aimed to have "some broad banding in [job] classifications".

The taskforce would report on its broad approach in March, rather than next month as originally planned, but was still on track to issue its main report by July, he said.

Awards have declined in importance with the shift from centralised wage fixing to enterprise bargaining, but about 20 per cent of the workforce relies on awards for wage setting. About a third of part-time workers rely on awards.

The new Fair Pay Commission will use the review to bring down its first ruling on minimum pay and conditions in the spring of 2006, after taking over that role from the AIRC under the Work Choices legislation.

Trade unions are trying to sidestep the FPC by taking pay claims to state **industrial** tribunals and the AIRC, with three such cases up for mention this week.

The FPC is required to pay greater attention to the effect of pay rises on the unemployed and the underemployed, a requirement expected to lead to lower award rises than the AIRC has handed down recently.

Mr Andrews said the government would argue that the lead role should be taken by the new FPC, which was clearly the intent of the new federal **industrial** laws.

"I'm saying to the Labor state governments that they should not be encouraging premature, out-of-the-ordinary applications to state tribunals because the last thing we want is a situation where wage increases are a cause of inflation," Mr Andrews said.

"If state Labor governments are concerned, ultimately, for the welfare of workers . . . then they ought to be as mindful as we are that inflation will do more damage to the welfare of workers in their state and they should act responsibly."

The possibility of wide-ranging wage cases being run through state tribunals will also ring alarm bells for Labor state treasurers, who have upset public sector unions in the past by trying to limit pay rises to the inflation rate.

KEY POINTS

- A system developed by Australian and New Zealand statistics bodies may form a job classification model.
- That system involves about 150 classes, compared with the award system's 40,000 classifications.

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Section: News

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