

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

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Labor spotlights bright side of IR

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The Opposition's strong stand on AWAs may just turn the electoral tide for **Kim Beazley**

THE biggest and most persistent criticism of **Kim Beazley** is that voters do not know what he stands for.

Well, now they do.

His promise on Sunday to abolish Australian **Workplace** Agreements cuts through the communications clutter like few of his pronouncements have. It has had more effect than his frequent promises to "rip up" the new **industrial** relations laws, to introduce a new "unfair dismissal" provision and to restore the right to collective bargaining.

The furious reaction to the announcement on AWAs had something to do with it. Employers rounded on him, which is not surprising since this form of individual contract stacks all the cards in their favour.

John Howard issued a statement within a few hours condemning Beazley's "rollback", called the media to Kirribilli House the following morning for another blast and took up the cudgels again in parliament.

The Prime Minister's strategy is clear enough: he wants to knock the wind out of Beazley's sails before he makes real political headway. Because on this issue Howard is vulnerable. It is not Beazley who has taken the risk on **industrial** relations: it is Howard, who went further with this legislation than political prudence demanded. That provided an opening for the Opposition on a core Labor issue. Beazley would not have been a Labor leader's bootlace if he had not taken a stand on a measure that will cut the pay and conditions of many low to middle-income earners.

Perhaps the Government was caught off guard by how quickly employers took advantage of the new legislation. But it could not have been surprised by what they did. Howard never promised that no one would be worse off,

because he could not credibly do so. Rather, he argued that the move to AWAs would increase pay on average and create more jobs. It was a line he maintained when the retail chain Spotlight offered an employee 2c an hour extra in return for removing conditions worth \$90 a week. Howard pointed to the new outlet Spotlight opened in western Sydney where it hired people who had been on the dole.

But Spotlight's plans for the new store were drawn up long before the legislation came into force. Even if Howard can convince the unemployed they will have brighter prospects under AWAs, there are many more in jobs who will feel threatened by the potential loss of pay and conditions. They include low and middle-income earners who are swinging voters and Howard battlers hard pressed by mortgage payments and petrol prices.

That the threat is real is clear from the sample taken of 250 of the 6263 AWAs lodged in the first two months of the new legislation. All removed at least one award condition and 16 per cent took all of them away, apart from the core provisions in the legislation. Sixty-four per cent took away leave loadings, 63 per cent penalty rates, 52 per cent shift loadings and 41 per cent did not retain declared public holidays. Eighty-four per cent included pay above the standard rate but it is not clear how many of these involved an actual wage increase and, if so, whether it was much above Spotlight's 2c. At first blush, the response to Beazley's scrapping of AWAs was an extraordinary overreaction. On March 31 there were an estimated 538,120 AWAs, covering only 5 per cent of the work force.

But their true significance is that they represent the future of Howard's brave new world of **industrial** relations. The whole point of the new legislation is to encourage their use, particularly by removing the "no disadvantage" test that previously prevented AWAs undercutting awards.

The effect of AWAs is to increase pay for those whose skills are in demand and reduce it for the unskilled and low skilled, for whom the competition for jobs is fiercer. The trend is clear even from the figures Howard likes to quote: that earnings for employees on AWAs are an average 13 per cent higher than those on collective agreements. This breaks down to a 19 per cent rise for managerial employees and 5 per cent for non-managerial employees. Moreover, Griffith University **industrial** relations professor David Peetz argues that the figures are distorted because people on AWAs work longer hours on average and are concentrated in industries with high average earnings. Other surveys support Peetz's contention that people actually do worse on average on individual contracts.

Beazley's challenge is to avoid the perception that trying to hold back the tide on **industrial** relations will be just as meaningful as promising to roll back the GST. He has to mount a convincing argument that throwing out AWAs does not mean rejecting a more flexible work force as a means of improving productivity.

He has a credible case to put. A Labor government would retain common-law individual contracts, which presently cover 30 per cent of the work force. These cannot undercut awards or minimum wages but otherwise can include or exclude any provisions that suit employers and their employees.

Beazley says he will ensure that collective agreements and awards can be varied to meet individual needs, such as the operational requirements of the employer or rewarding individual effort through performance-based pay. Existing AWAs will run their term if both parties want them to continue. Beazley will not attempt any move back to separate fully fledged

federal and state **industrial** systems, whatever the High Court's ruling later this year on the states' challenge.

Beazley's pitch over the next 18 months will be fairness, including through protection against unfair dismissal, a safety net of minimum conditions and the right of employees to bargain collectively. There is many a slip 'twixt cup and lip, but it has the potential to win him the election.

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Section: Features

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