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Friday 16 June 2006

The Sydney Morning Herald

Pay cuts no good for the country, says Beazley

Author: Phillip Coorey Political Correspondent

Publication: Sydney Morning Herald (5, Fri 16 Jun 2006)

Edition: First

Keywords: **Kim (1), Beazley (1), workplace (4), industrial (1), Stephen (1), Smith (1), John (1), Howard (1), Industry (1), union (1)**

The business lobby's "philosophical and ideological position" that reducing pay and conditions improved productivity and created jobs was wrong, the Labor leader, **Kim Beazley**, has said.

He also said in a letter yesterday to the Business Council of Australia's president, Michael Chaney, that his decision to abolish individual Australian **workplace** agreements if Labor was elected was not economically irresponsible.

"I cannot see how a set of changes whose immediate effect is large cuts in basic pay and conditions for some employees can advance the interests of our nation," Mr Beazley wrote.

"Australia will not prosper by engaging in a race to the bottom against low-wage countries like India and China."

Mr Beazley said agreements foisted on ordinary workers acted as an incentive for some businesses to seek a short-term profit boost by cutting wages and conditions.

"It also forces other businesses to follow suit in order to remain competitive."

Mr Beazley was responding to a letter in which Mr Chaney likened his decision to Mark Latham's 2004 election policy of workforce re-regulation.

Mr Chaney charged that without extensive **workplace** changes, Labor's other policies of tax reform, cutting business red tape and improving infrastructure were meaningless.

Labor's **industrial** relations spokesman, **Stephen Smith**, accused the business council of hypocrisy, saying that when the council launched a campaign last year calling for four areas of reform "never have they said in

their advertising campaigns or in their public statements that nothing counts for anything unless there are AWAs".

In Parliament yesterday Labor cited an agreement offered to NSW warehouse workers for Esselte, an American company.

In return for a pay increase of \$1.25, workers would lose penalties, loadings and conditions such that a full-time employee doing two hours' overtime a week and a Saturday shift would lose \$60 a week, Mr Smith said.

The Prime Minister, **John Howard**, pointed out that jobs and wages had risen under his Government and Labor would be proved wrong over time, just as it had been for opposing the first IR changes in 1996.

"The Leader of the Opposition's rhetoric cannot alter the fact that all the predictions he made 10 years ago were of a piece with the predictions he's making now," Mr Howard said.

"Ten years ago we were told that the world was going to come to an end. We were told that the sky was going to fall in."

Mr Beazley tried to reassure big business by saying common law contracts, which already cover about 30 per cent of workers, would still exist under Labor, meaning the predominantly high-salary earners who benefit from Australian **workplace** agreements could still negotiate individual packages if they wished.

The chief executive officer of the Australian Chamber of Commerce and **Industry**, Peter Hendy, said common law agreements were not as flexible as **workplace** agreements because they must reflect the conditions of an award or **union** agreement. He accused Mr Beazley of "a serious deception of the public".

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