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Rebel Joyce threatens IR reform

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* Senator objects to contractor rules * Coalition brawl over changes

The Howard government is heading for a new internal brawl over its proposed laws to exempt 1 million independent contractors from **workplace** laws after rebel Nationals senator Barnaby Joyce raised concerns over their impact on workers.

The government is already facing a revolt among backbenchers who believe the attempts to promote independent contractors are not tough enough.

But last night Senator Joyce expressed his concern that the legislation went too far and would encourage employers to "turn everybody into a contractor".

"If someone is an employee, then they should be an employee," he told The Australian Financial Review.

"But the propensity these days is to try to turn everybody into a contractor, meaning they have to give up super and a lot of other rights and can be put off at any moment."

The new divisions within the coalition over independent contractors come as the government's **workplace** reforms continue to dominate federal parliament.

The opposition and government benches traded bitter blows yesterday over whether workers would be better off under the changes.

And now Senator Joyce's comments raise questions about whether the government will be able to count on his support to pass the legislation, which is already the subject of intense behind-the-scenes conflict over

proposals to exempt NSW and Victorian truck drivers from the legislation.

"As an accountant by profession, I just know that as soon as you stop people getting group certificates, it's going to have a big impact on tax revenue because as soon as you get rid of group certificates people stop paying tax," Senator Joyce said. "We don't want to be creating a great big pool of people like that."

While some coalition MPs are keen to ensure the position of truck owner-drivers is protected - and they are not forced to become contractors under the legislation - others are furious at the exemptions, under which unions will continue to represent the truck drivers.

Backbench meetings were taking place last night to try to resolve the conflicts before today's weekly meeting of the coalition party room.

The party room must approve draft legislation before it can be introduced into parliament. But with parliament due to rise at the end of this week for a six-week winter recess, there is pressure on the government to deliver on a key 2004 election commitment.

The government will rely on the commonwealth's constitutional power over corporations to override state legislation that allows contractors to be "deemed" to be employees, and for state tribunals to rule on unfair contracts.

In May, **Workplace** Relations Minister **Kevin Andrews** announced that the legislation would make concessions for truck owner-drivers in NSW and Victoria and for clothing outworkers because they had long been recognised as having "particular vulnerabilities" that required special protections.

The final legislation is expected to stick to the special treatment for NSW and Victorian owner-drivers, despite recent calls from Liberal MP Wilson Tuckey for it to have uniform national coverage. But there are differing views among transport employer groups on the federal legislation, based on the different laws applying in NSW and Victoria.

The NSW Road Transport Association is making a last-ditch plea for Liberal MPs to override the NSW protections for owner-drivers, arguing that the system is "broke" and needs fixing.

The association's spokesman, Hugh McMaster, said safety concerns arising from deregulating freight rates should be addressed at ministerial and **industry** level, not "determined through the **industrial** relations system".

But the Victorian Transport Association argues that its state law should be left alone because - unlike NSW - it did not deem contractors to be employees and did not set freight rates or goodwill on the sale of an owner-driver's business. "We distance ourselves from NSW on contract determination," VTA chief executive Phil Lovell said.

However, the NSW branch of the Transport Workers **Union** is campaigning hard to keep the state controls, arguing that deregulation would see a "race to the bottom" on rates and safety.

In a rowdy question time yesterday, Labor's **industrial** relations spokesman, **Stephen Smith**, challenged Prime Minister **John Howard** to

guarantee there would be no cuts to minimum pay, after Sydney's Catholic Archbishop, George Pell, said at the weekend he feared the new IR law would force down minimum wages.

Mr Howard said he did not share the concerns of Cardinal Pell, whom he praised as "that very eminent, ecclesiastical figure, for whom I have great regard".

Instead, Mr Howard invoked another well-known Catholic, Shop, Distributive and Allied Employees Association national secretary Joe du Bruyn, to buttress his accusation that Labor was "deliberately distorting the facts in order to create fear and hostility in the community".

He described Mr de Bruyn as "a very good man" who had issued a timely warning against people taking liberties with the truth in the IR debate. Mr Howard also took the attack up to the opposition, accusing both Mr Smith and Labor deputy leader **Jenny Macklin** of misrepresenting cases of alleged employer abuses under Work Choices.

Last week, Mr Smith claimed that workers at an Esselte Australia warehouse in Minto, NSW, would be left \$65 a week worse off for working Saturday shifts under an Australian **workplace** agreement offered to staff.

But Mr Howard said a statement from the company showed that it did not operate regular Saturday shifts, and the AWA offered by Esselte would actually leave staff \$27 a week better off.

Caption :PHOTO: **Stephen Smith** . . . challenged the Prime Minister in a rowdy question time. Photo: ANDREW TAYLOR

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