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Wage judge tips cuts in welfare

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IR expert warns of low work incentive

WELFARE payments may have to be cut under the Federal Government's new workplace regime, otherwise lower minimum wages would provide no incentive to work, Australia's top industrial judge has warned.

Australian Industrial Relations Commission president Geoffrey Giudice said the Government's new wage-setting body, the Fair Pay Commission, would undoubtedly slow the rate of growth of minimum wages, which would combine with other income-cutting elements of the new WorkChoices laws.

"People with low skills, low bargaining power, are heading for (the five minimum conditions that comprise) the Fair Pay and Conditions Standard, which will have an effect on their incomes," he said. "This will be accompanied by a slowdown in the rate of growth of minimum wages - that's what the Fair Pay Commission is for . . . If those things are going to occur, they'll probably have to be accompanied by a reduction in social welfare, otherwise the incentive to work will reduce."

The Government's Fair Pay Commission will replace the AIRC as the body that sets the minimum wage. The new laws require the commission to have a stronger regard for economic factors to ensure the unemployed and low paid are not priced out of the labour market. The AIRC's primary goal was ensuring fair living standards.

Critics have argued real minimum wages would fall under the commission and that this would not lead to employment growth.

Justice Giudice said the laws could have a significant effect on the incomes of the lowest paid in the community. "I can assure you it's going to affect our society," he said.

The new laws, which were passed by Parliament in December, come into effect this month. A spokesman for Workplace Relations Minister Kevin Andrews suggested the laws could be proclaimed as early as next week, before backtracking. "The legislation is only going to be proclaimed next week so I think any sort of commentary like that is premature to say the least," he said, adding that the Government had no intention of cutting welfare payments. "We have just announced our welfare agenda and we're

sticking to it and we have no plans to make any alterations to it."

Justice Giudice made the comments in a speech to the Australian Mines and Metals Association conference this week, reported by IR online news service Workplace Express.

Justice Giudice, seen as a conservative, was appointed by former workplace minister Peter Reith in 1997 and has rarely entered the political debate.

ACTU spokesman George Wright said the comments were significant. "This is the person who has heard the living wage case for the last 10 years," he said. "And what he's saying is that working families cannot afford to lose things like penalty rates; they cannot afford to have lower pay increases. Yet this is exactly what the Government's changes will do."

Australian Chamber of Commerce and Industry chief executive Peter Hendy said he did not follow Justice Giudice's logic. "It's his personal view," he said.

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