

Employment standards not new, fair or simple

Labor is moving backwards with IR, writes Des Moore.

WHILE visiting Japan and Indonesia early in June, Prime Minister Kevin Rudd made several pronouncements obviously designed in part to demonstrate his foreign policy expertise. But after these received lukewarm reactions in Australia, with one normally sympathetic leading commentator suggesting a shaky start for our diplomat leader, Mr Rudd felt impelled on his return to make a statement on domestic matters.

This explains his sudden announcement on June 16, with Employment Minister Julia Gillard, of the 10 minimum employment standards to form part of Labor's new regulatory workplace relations policy. However, as these standards will not take effect until 2010 when the substantive regulatory legislation is scheduled to commence, and as the essence of the standards had already been announced pre-election, it quickly became clear their announcement was a diversion.

Of course, Mr Rudd sought to justify the announcement by describing the standards as foreshadowing new, fair and simple conditions that will apply to employment. In reality, though, they are not all new (five exist under WorkChoices in similar form), they will not be fair (the employment prospects of the about 1.7 million Australians who want work or more of it are reduced by the additional regulations employers will face) and they are not simple (even a quick assessment of the 50 pages outlining the regulations confirms they will be a lawyer's paradise).

Indeed, many decisions are left to be made by the proposed new regulatory body, Fair Work Australia (FWA), starting in 2010. These include whether and in what circumstances it will be "reasonable" for the 4.5 million people who now work more than the maximum 38 hours a week to continue to do so - Mr Rudd himself will presumably seek exemption. FWA will also have to work out the detail of other standards such as annual, parental, compassionate and sick leave, notice of termination



DIVERSION: Julia Gillard and Kevin Rudd announce Labor's regulatory workplace relations policy.

and redundancy. Mr Rudd's portrayal of them as "minimum conditions that can't be stripped away" - because they will be in legislative form - is thus highly misleading, as the devil will be in the detail determined by FWA.

The publication of the standards also reveals only a small part of the massive regulatory arrangements to be implemented by Labor. These include a new regime of awards that will set wage levels on an industry basis and possibly also additional legislated standards. This new regime is being developed by the old quasi-judicial Australian Industrial Relations Commission, which demonstrated how well equipped it is (sic) by leaving an unbelievably complex set of more than 4000 awards to modernise.

It is also highly unlikely that FWA will be any better than its predecessor in decision-making. FWA appointees will be applying a system of regulating employer-employee relations based on the same erroneous assumption: that governments need to intervene to correct an imbalance of bargaining

power between employers and employees. This inevitably leads to decisions favouring unions and the down-playing of the role of non-unionists and employers.

Such false bases ignore the competitive environment in which employers operate, with more than 800,000 businesses competing with each other and operating in a workforce of more than 10 million. Businesses as a group cannot force wages or conditions down and, when working conditions are not acceptable to either party, each has reasonable alternative options under a less regulated system. The flexibility of such a system is illustrated by the fact that, of the 2 million who left their jobs in 2005-06, two-thirds did so voluntarily.

But a policy based on imbalance necessarily creates an environment in which trade unions are encouraged to play the game of rights, that is, workers have the right to this or that. In this way the Rudd Government has created a rod for its own back. It not only encourages disputation but it also means the lesser skilled have less chance of

getting a job. This very large group is not a player in the main employment game because it faces wages and conditions that are too high to allow it to compete and which derive from union ideas about members' rights.

This disputative environment is reinforced by media commentators, most of whom report on union pressure for further rights as if union members are the only workers to whom attention should be paid. Most also take little account of the likely adverse reaction of potential employers and hence on employment levels.

Labor shows every sign of fulfilling its undertaking to regulate workplace relations to the letter and of doing so regardless of the likelihood that this can only leave lower employment and productivity levels. In short, a move backwards in time and running contrary to recommendations by the international institutions so admired by Mr Rudd.

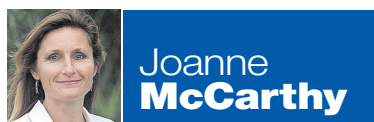
Des Moore, formerly deputy secretary, Treasury, is now director of the Institute for Private Enterprise.

Kiwis on a great road to understanding

I'VE just spent a week in New Zealand paying an average \$NZ2.10 (\$1.98) a litre for petrol, and here are some observations.

1. It's fair to say you do notice when petrol costs that much but, hey, food is overrated.

New Zealanders did little else but talk about petrol all week, apart from talking about sex (and it was a letdown, after a couple of days of thinking we'd stumbled into some sheep-filled, sex-crazed paradise, to eventually realise the strange things a Kiwi accent does to the number six). Their government is going to take immediate and decisive action by holding a petrol inquiry which will prove, categorically and at great cost to taxpayers, that petrol really is expensive in a country that doesn't produce any, and it's only going to get worse. So next time you throw your hands up at the state of Aussie politics, put them down again. It



ain't any better across the Tasman.

New Zealand insurance companies are suggesting higher premiums for fuel-guzzling big cars, and there's talk of higher car registration costs linked to fuel consumption. There were also complaints from New Zealand's rapidly growing diesel car-owning population hit by a diesel tax originally aimed at trucks and heavy vehicles.

Which leads me to another point. A question, really.

2. Why is diesel fuel in Australia about 30 cents more a litre than unleaded when it's about 25-30 cents a litre less in New Zealand, particularly when Australia is a

petroleum producer and New Zealand isn't, and diesel is less processed - and thus, should be cheaper - than unleaded? And who's making a killing?

This next conclusion is a general point, and not a question.

3. Now this is going to come as a shock to most of you, but our roads really are crap. New Zealand has about 4 million people and 487 trillion sheep, but somehow its government can afford great stretches of bitumen. The pothole and fissure-ridden track we call the F3 freeway was more of an assault than normal on the drive home from the airport. Put up any argument you like - distance, population, climate, I don't care - but somehow, somewhere, it has to boil down to whether governments give a toss or not, and clearly ours don't.

4. You really shouldn't run naked down the main street of anywhere

when you're on holidays, based on the idea you can drop your daks and inhibitions because no one knows you. Someone from home will always be there when you do. Not that we did. It is winter, you know. But at two places in New Zealand there were people from home, just when we were thinking about doing something wild like actually splashing out and buying food after filling the car with petrol. We became aware of one when a booming Aussie voice rang out across a quiet restaurant one evening saying: "I do 90 per cent of my business in Newcastle and the Lower Hunter and the rest on the Central Coast."

And because it was New Zealand, we talked about the sex degrees of separation.

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Topics today



Today's fact

The Nasdaq stock exchange was disabled in 1987 by a squirrel burrowing through a phone line.

Today's word

Sapor (sey-pawr): A quality detected by taste e.g. sweetness. 2. the distinctive taste of a substance. 3. the sensation of taste.

It happened today

From our files - 1959: Education minister Mr Heffron said Wallsend High School would be the most advanced in the state after its completion in December. The estimated cost of the school is \$300,000.

Today in history

1860: Charles Goodyear, US inventor of the vulcanised rubber process, dies.
1867: Ontario, Quebec, Nova Scotia and New Brunswick form the confederation of Canada.
1882: Rolf Boldrewood's Australian novel *Robbery Under Arms* is published.
1946: The US explodes a 20-kiloton atomic bomb near Bikini Atoll in the Pacific.
1994: PLO leader Yasser Arafat ends his 27-year roaming exile, returning to Palestine with all the trappings of a head of state.
2000: The longest cable-stayed bridge in the world is opened, linking Sweden and Denmark and connecting Sweden directly to Denmark for the first time since the Ice Age over 7000 years ago.
2007: Hong Kong marks a decade of Chinese rule with a colourful parade and a mass street protest to call for progress on democratic reform.

Born today

James Cagney, US actor (1904-1986); **Estee Lauder**, cosmetics mogul (1906-2004); **Olivia de Havilland**, Tokyo-born British actress (1916-); **Sydney Pollack**, US actor-director (1934-2008); **John Farnham**, Australian singer (1949-); **Dan Akroyd**, US actor (1952-); **Diana, Princess of Wales**, pictured, (1961-1997); **Carl Lewis**, US athlete (1961-); **Pamela Anderson**, US actress (1967-); **Liv Tyler**, US actress (1977-);



Odd Spot

The Church of Sweden will carry out drive-in weddings lasting about seven minutes at a car rally next month in a bid to make marriage more accessible.

Today's text

A man's life consisteth not in the abundance of the things which he possesseth. **Luke 12:15**