

Submission  
No 29

## INQUIRY INTO IMPACT OF COMMONWEALTH WORKCHOICES LEGISLATION

**Organisation:** A Future for Our Kids  
**Name:** Mr Adrian Catt  
**Telephone:**  
**Date Received:** 30/05/2006

---

**Theme:**

**Summary**

# A Future For Our Kids

## Submission

To

Standing Committee on Social  
Issues

Legislative Committee

*Inquiry into The Impact of  
Commonwealth WorkChoices  
legislation*

## **Contents**

- 1. Preamble 3**
- 2. A Future for Our Kids 4**
- 3. Introduction 5**
- 4. Real impediments to the Economy 8**
- 5. Negative impacts of work choices 12**
- 6. Conclusion 21**
- 7. Appendix A Future for our Kids Issues of concern 22**

## **1. PREAMBLE**

A Future for our Kids is pleased to provide this written submission to the standing committee on social issues Legislative committee's Inquiry into the impact of commonwealth Workchoices Legislation. This piece of legislation attacks the rights and conditions of Australian workers, directly opposing one of our key goals in providing the next generation with a better community than the one we inherited.

It is very important that the NSW government, along with the other states, community groups and individuals, highlights the inequity and unfairness of the Commonwealth's Workchoices legislation. There are very few people that are happy with the bill passed by the commonwealth last year, apart from those that would directly benefit from removing employee rights and privileges.

In fact the passing of this bill has probably been the single most unpopular piece of legislation passed in this government's term of office, more unpopular even than the introduction of the GST.

In light of the importance of this inquiry, A Future for our Kids appreciates the opportunity to make this written submission, however we would also hope that the committee would take into consideration any subsequent written representation that we may submit as the impacts of this legislation become more apparent, and as the meaning of the legislation is further defined by the courts. Additionally we would like to have the opportunity, if such arises, to make oral submissions to the inquiry.

## **2. A FUTURE FOR OUR KIDS**

'A Future for our Kids' was formed out of a concern that our children do not have a reasonable and sustainable future. We formed this view as a result of, among other things, the policies and lack of vision of the Federal Government. We are a group of concerned parents and community members from around NSW who are determined to change this situation.

'A Future for our Kids' has a mission to create a better future for our children than the one we ourselves inherited from our parents and grandparents.

Our Mission statement clearly shows our purpose;

### **Mission statement**

We believe that Australia has enjoyed one of the highest standards of living in the world. Our Parents and Grandparents ensured through their hard work that we inherited a better life than the one they enjoyed, both financially and socially. We believe that without dramatic action we will not be able to do the same for our children. Our Aim is to provide our children with a better life than the one our parents have given to us.

Therefore we aim to provide for our young people through political action;

1. A top quality education system that is affordable or free.
2. Vocational training to get a variety of skilled jobs (trades and professions).
3. Opportunities to get a job with decent pay and conditions.
4. An economy with highly skilled jobs and a high end labour market.
5. An environmentally sustainable economy and a plan to reduce the impact of industry on the environment.
6. A development plan for our cities and regions including improved infrastructure, transport, high skilled job opportunities and housing.

Unfortunately it is our belief that the future of our children is at great risk. There can be no argument today disputing that the environment is in poor shape, and that countries like Australia and the USA are remiss in their obligation to the world and to future generations by not taking proactive steps to protect the environment by signing the Kyoto protocol, and actively engaging with the community, and industry to reduce energy consumption, reduce clearing and greenhouse emissions.

We also believe that the state of education and vocational training is very poor here in Australia, limiting the opportunities for our children to get a trade or join a profession. Increasingly this is limiting the opportunity for them to even get a job.

We believe that with the Howard Government's initiatives in the critical areas of vocational training, education, urban planning, tax, infrastructure, environment, research and development and Industrial Relations have been sadly inadequate or even destructive, and that if something is not done now, then we will see a continuation of the decline in the living standards of 80% of the Australian population.

## **A Future For Our Kids**

*Political action to get a future for our kids*

It is our contention that left unabated that our children will inherit a country with the worst aspects of a US style economy, with huge numbers of working poor, little or no social benefits. Additionally we will be left with an ageing population that must be supported by their children. We also believe that with the current legislative environment, we will see next to no policing of wages and work conditions, and the elimination or alienation of unions to the point where they can no longer act as an advocate for employees.

A Future for our Kids is determined to act to reverse this trend, to create decent opportunities for our kids to be educated, trained and to get a decent job. We also are determined to see that the next generation will have access to decent and affordable housing, recreational space and time to enjoy it. We want them to be able to travel efficiently and quickly to their places of employment. We also want them to enjoy the benefits of a healthy environment. Finally we want them to have the economic benefits of an economy that is geared towards tertiary employment, and highly skilled secondary jobs that demand high levels of pay and decent job security.

It is out of this paradigm that we have created this submission and based its contents.

### **3. INTRODUCTION**

Australia has a proud tradition of being a fair country and giving everyone a 'fair go'. This has traditionally been reflected in our Industrial Relations systems around the country. We have a one hundred year history of setting wages using a measure on what was required to live comfortably. This led to one of the best standards of living in the world. Unfortunately over the last ten years this system has been slowly and systematically dismantled. The latest part of this dismembering of a 'fair go' is the Work Choices bill.

'A Future for our Kids', are very concerned about shape of our country under the Federal Government's new Workplace Relations Amendment (Work Choices) Bill 2005, and the impacts that it will have on our children. We believe that the Work Choices legislation recently passed by the Federal government is the most significant change in workers conditions in our lifetime. We also believe that it is one of the most draconian pieces of legislation ever passed in relation to Australian Industrial Relations. It is yet another negative step in the industrial relations arena, and is another step in reducing workers and unions rights which began in 1996 with the Workplace Relations bill passed in that year.

We believe that the Howard government has only now begun to realise their agenda in this term of office. Had they not been restricted by a hostile senate even more draconian changes would have been made prior to this bill being passed. This can be evidenced by the changes made by the senate to previous bills in this area, to take out the worst aspects of these laws.

We are extremely concerned about the sweeping and dramatic changes that will occur over the next few years as a direct result of the Work Choices legislation. We contend that these changes will be gradual at first. It is only as people enter the workforce, or change employers that they will be forced to accept inferior conditions and pay rates en masse. This is not to say that there are not unscrupulous employers that are currently forcing or coercing their current employees to sign AWAs that whittle their conditions and entitlements away.

Indeed we have seen many cases of this already. We have already seen a fresh juice company (pulp) and a large Australian retailer (spotlight) using this legislation to undermine the conditions of the employees for no reason other than to improve the bottom line of the company.

The Howard government has argued that this legislation was essential and necessary for Australia to remain competitive in a global market. We would argue that this legislation was not necessary in the first place.

It is the belief of 'A Future for our Kids' that the work choices legislation is both unnecessary and unwarranted. We believe that the underlying economic arguments for the introduction of this legislation do not bear up under close scrutiny. Additionally we believe that this legislation is an exercise in both distracting from the real issues, and finger pointing at unions and wages as an issue, when in fact it is

## **A Future For Our Kids**

*Political action to get a future for our kids*

not an issue at all. We believe that the Federal government has a totally wrong concept of what industrial relations are about.

The Work Choices bill and the government thinking simply treats labour as a cost of production. When viewed this way, then the two actions that a responsible producer would take is to firstly, minimise the use of labour, and secondly reduce the price of the labour that is used, with no thought about social responsibility, fair wages or anything else except the companies bottom line.

We would argue that taking this view is detrimental to the employee, the community, economic growth and even to the company over the long term.

We contend that people are not just a component of production, like steel cotton or computers, but rather that people are an integral part of a society, a society that companies need to engage with and be a part of. In this context, the costs of abusing labour through reducing pay and conditions, lead to social costs such as an increase in health expenditure, less time to volunteer and many other negative impacts which this submission will attempt to outline. As we have indicated earlier, this is not the real problem with the Australian economy.

We will address what we believe are some of the real impediments on the Australian economy moving forward. None of these things have anything to do with the work choices legislation, as the legislation does nothing to help the overall economy, just company bottom lines, but are the fundamental issues that will cause a reduction in the Australian standard of living over time if not addressed. These are the issues that the Federal government has not addressed, and if they do not do so they will see an increasing drain on the Australian economy as these problems begin to worsen.



## **4. REAL IMPEDIMENTS TO THE ECONOMY**

The Howard government has argued that these IR changes are all about necessity. They are about fixing a broken system to keep Australia internationally competitive in a global market. There is of course always an argument to be made for improving laws, but in this case the system that we now have is far worse than the one it replaced. However we would disagree with the first part of the government's argument about the necessity of the laws.

'A Future for our Kids' would argue that in a time of record company tax receipts, record company profits, record budget surpluses and record executive salaries, the economic situation is not altogether bad. In addition the growth in GDP has equalled or exceeded many other countries over the past fifteen years.

We believe that the federal government is using these measures to distract from the lack of policy and spending initiatives in areas critical for the maintenance and growth of the Australian economy.

This submission will point out how better objectives could be achieved through properly funding other initiatives. It will also point out what we believe will be some of the negative impacts that this legislation will have on the community and our children.

We believe that much better outcomes in terms of wages growth, GDP and better jobs could be achieved by focusing on other areas of the economy. Specifically we contend that if the areas of Vocational and Educational training, Foreign and guest workers, Infrastructure and Research and development were addressed, the Australian economy and employment conditions would be in much better shape than they will be under the current legislation. Also the areas of Taxation and the environment are also critical areas that have not been adequately addressed, and will lead to significant drain on the economy.

We believe that this legislation is being used by the government to cover and compensate for their lack of coherent policy in other areas.

### **a. Vocational & Professional Training**

A prime area of concern is the dilapidated state of the tertiary and vocational educational sector. We believe that through lack of funding and negative policy initiatives, the Federal government has undermined these two sectors since taking office. There should be no skills shortage in Australia, the fact that we have a shortage in many of our skilled trades and professions is simply testament to a lack of credible policy in these areas.

It is of note that the NSW state government has recently taken steps to address some of the problems in vocational trades, and for that they are to be commended.

## **A Future For Our Kids**

*Political action to get a future for our kids*

The Federal government's policy on this issue seems to be simply not to fund training; the university sector is testament to this. The government is increasing the amount that students can borrow, but is taking no new initiatives to fund the tertiary sector. The government is only funding one off individual projects. It is also concerning that the Federal government is increasingly attempting to pass its funding responsibilities off to the states.

Take the recent proposal, which we note was not included in the recent budget, to fund a medical school at UWS. This would have been an excellent addition to our capacity to train doctors, nurses, radiologists and other health professionals. However the Federal government only offered to fund approximately 50% of the school.

The lack of government initiative also leads employers to take the easy road, and not take on apprentices. Why would an employer pay to train an apprentice, when they will lose them after the second year, and when the cost of training them is so prohibitive? They of course would opt to employ someone who is already trained, even if they came from another country.

When these are combined, the result is likely to be a decrease in the uptake of the trades and university courses that would provide the skilled workers that we need, and a reduction in the opportunities for children from low income and middle income families to choose a tertiary education or trade.

The government is then quite happy, after sabotaging the sector, to lament the skills shortage and promptly employ trades people and professionals from overseas. If the vocational trades and tertiary education sector had been properly financed, and if the principles of mutual obligation had been applied to employers in relation to training, then this shortage could for the most part have been totally avoided, and the current resentment at foreign workers for the most part been avoided.

Overseas workers often receive inferior conditions and rates of pay when compared to their Australian counterparts. Additionally they also often work longer hours. They therefore could easily be used by an employer to reduce wages of Australian workers.

It needs to be stated here that we are not in any way opposed to foreign workers. However we believe that these workers when used should be paid similar rates to Australian workers. In addition we also believe that any worker who comes to Australia should be able to move here permanently. We also would point out that skilled migration should be used to supplement and expand on our workforce, and should not be a panacea for the lack of vocational and professional training.

### **b. Infrastructure**

In addition we believe that the government has not addressed the infrastructure needs of our country. We believe that the federal government needs to invest money in infrastructure in such critical areas as transportation, communications technology and Research and Development infrastructure.

## **A Future For Our Kids**

*Political action to get a future for our kids*

We believe that the lack of spending and policy initiatives in these critical areas is actually creating a drain on GDP. Properly funding and constructing infrastructure, particularly fast rail, and other mass transportation and IT&C (Information Technology & Communication) is essential in creating the kind of economy that can sustain highly skilled jobs and high wages and salaries.

The Federal government has no strategic plan for where our nation is going in terms of infrastructure, training, employment areas and housing. Why is there no such plan, and why is the government not providing the sort of mass transportation links that are required to keep our economy growing. Regional areas such as Goulbourne, Wollongong, Newcastle, Canberra, Geelong, Albury/Wodonga and Ballarat need to have fast and efficient transportation links to major cities such as Sydney and Melbourne.

Providing transportation infrastructure is critical, as can be demonstrated by the collapse in the growth of areas like the Silicon Valley in the USA.

It is noteworthy and commendable that the NSW Government does have a metro strategy that is well thought out and addresses many of these issues, but without Federal government support this will not see full fruition.

We are also very concerned about the lack of incentives for Research and development initiatives. The incentives provided for private sector research do little to inspire companies to invest in researching and developing new products.

### **c. Tax Reform**

It is our contention that the Federal Government has done very little in the way of tax reform. The taxation system in Australia is an extremely complex and confusing beast. We believe that the Federal Government rather than handing out small tax cuts and bribes each budget, should undertake a review of the entire tax system to make it more efficient. With the introduction of the GST most businesses have had to spend more time and money managing their tax affairs to remain compliant.

We believe that if the Howard government had given more attention to this critical area of the economy then this would lead to great increases in productivity.

### **d. Environment**

The lack of a cogent national strategy to address serious environmental problems facing Australia and the world is something of which the Australian people should be ashamed. The lack of vision by the Howard government in this area is particularly disgraceful.

The Howard government's outright refusal to sign the Kyoto protocol is pathetic. The lack of a clean energy plan and for incentives for reducing household and industry energy use are lamentable. The lack of any serious plan to reduce the rate

## **A Future For Our Kids**

*Political action to get a future for our kids*

of land clearing, and to increase the amount of plantation forestry is also something we should not be proud of.

Additionally the amount of energy and financial resources put towards research into creating a more efficient and sustainable future is minuscule.

We believe that issues such as salinity, erosion and climate change are beginning to eat into GDP in a real way. It is the current generation that needs to address these and other environmental issues. The lack of any serious attempt by our Federal government in this area is a national shame.

As environmental issues and the other areas raised in this section are not directly related to the legislation we will not devote any more attention to them here, other than to note that effective initiatives in these areas could easily have benefited in further growth in GDP over the past ten years and additional and sustainable growth into the future.

## **5. NEGATIVE IMPACTS OF WORK CHOICES**

As stated earlier, we believe that the work choices legislation is simply another piece of legislation in a series of draconian and wide ranging changes that began in 1996. Further we will argue that the legislation is not in the interest of employees, employers, unions, the economy or the community generally.

It is our contention that this legislation will turn workplaces into a dangerous minefield for our children. They will find it difficult to gain many of the rights and conditions that employees in the 90's took for granted.

We believe that the Work Choices legislation will have far-reaching and negative impacts on the shape of the workforce and Australia. We believe that we have only begun to realise the scope and impact of the legislation, however we have identified many actual or potential negative impacts of the legislation. We fear that this may only be a small taste of the negative impacts and influences of this legislation.

Following is an overview of the actual and potential negative impacts of this legislation that we have identified.

### **a. Negative impacts on employees**

#### *Reduction in wages and other conditions of employment*

The opportunity for employers to offer AWAs on a take or leave basis for new employees will have a downward effect on entry level wages meaning that people changing jobs or applying for a first job can and will be forced onto lower wages. Over the medium to longer term this will have a downward impact on the wages and salaries paid to all employees, and will reduce the ability of existing employees to negotiate a pay rise.

Over the medium to longer term, longer term employees will be pressured to accept the lower conditions that the newer employees have had to accept to get employment. Our working conditions will die a death of a thousand cuts over three or more years.

#### *Loss of four weeks annual leave*

The ability of employers to negotiate only two weeks annual leave with employees will mean that gradually two weeks annual leave will become the community standard. We believe that for people to have a decent quality of life, four weeks annual leave is absolutely essential. This is particularly poignant for shift workers and people who work more than the normal amount of hours.

#### *Less control over work hours and remuneration*

The increased flexibility in employer's rostering and pay arrangements mean that working hours and wages only need to be averaged over 52 weeks if an employee signs an agreement stating such. As stated before with the take or leave approach, many employees will not have the choice of declining. This means that employees

## **A Future For Our Kids**

*Political action to get a future for our kids*

could have to work at short notice, be on call, and be forced to work long hours some weeks, and only a few hours another week. It also gives rise to the risk of employees being paid lower wages during quieter times of the year, regardless of the hours worked.

Potentially this means that an employee might be paid for a 38 hour week, even if they work 48 hours, combine this with the removal of unfair dismissal laws and there is a possibility of getting sacked when the work quietens, effectively giving the employer 10 hours unpaid servitude a week for the length of each employees servitude.

### *Loss of unfair dismissal rights*

Of particular concern is the removal of unfair dismissal rights, and the introduction of unlawful dismissal. These are very concerning, especially for employees in small businesses with under 100 employees. We believe that this makes it too easy for employers to dismiss employees for any reason at all. These aspects of the legislation have already been used to target and dismiss people for such activities as asking for statutory entitlements such as 9% superannuation, and being a trade union representative. In addition the ability to seek recourse using the unlawful dismissal component of the legislation is both time consuming and prohibitively expensive. The government's provision of four thousand dollars towards costs is not nearly enough to meet the actual expenses involved in mounting a legal challenge to an alleged unlawful dismissal. We are additionally concerned that if an employee signs an AWA allowing for averaging of wages, then an employee could be paid only a portion of their wages for six months, and then be summarily dismissed. Later the company could rehire a new employee on the same arrangement and repeat the abuse with multiple employees.

We have already seen a situation where employees have been terminated, and the positions re-advertised. It is also interesting to note that these workers did not get any redress, having their case thrown out this week of the commission.

### *Passing on of education & training costs to employees*

We are also dismayed that as a direct result of these laws, employers will be able to pass on training and education costs to employees. There is absolutely nothing in the legislation to stop an employer charging an employee to train them in a trade or a skill. Getting a degree or trade is already becoming expensive, if the employer then added charges for on the job training this would make it very difficult for young people to get a qualification. Some employers are already exploring this avenue as a possibility.

When this is added to our earlier comments about training and education this is very concerning. We do not believe that this piece of legislation will do anything to increase the number of students attending University; on the contrary we believe that the rates of pay they will be able to demand while studying will be considerably reduced. We also believe that their starting rates on graduating will be lower, and the costs of the courses are going up.

We believe the situation with apprentices is even worse. Employers will be able to ask apprentices to pay up front fees to take them on, invoice them for hours of training and reduce overall rates of pay. Employees will have to take the offer or not

## **A Future For Our Kids**

*Political action to get a future for our kids*

get the job. If they are unemployed they will also lose benefits if they don't sign up for their three years of servitude.

### *Increasing use of casual labour*

Of significant concern is the increasing use of casual labour in the workforce. There has been a drop in the percentage of full time employees from 74% in 1988 to 60% currently. However if you look at the younger end of the spectrum, 60% of our young people are casual workers. While some of these people are casually employed by choice, as they are training or studying, many others simply have no alternative, as they could not find other gainful employment. We believe that the casualisation of the workforce leads to job dissatisfaction and a reduction in job security; these are important issues that must be addressed. We believe that an employee feels more valued if they have the opportunity to be employed as a permanent employee with entitlements to annual leave and sick leave. We also are concerned about the lack of entitlements for casual workers when they become ill.

Add to this the disturbing trend of companies forcing employees to become contractors. The appeal of this for the company is obvious, they can pass off all of the expense of having employees to the contractor, including tools, vehicles and uniforms to the employee. Many companies are using this arrangement to avoid having to pay the Superannuation Guarantee of 9% and also to avoid paying sick leave, annual leave, workers compensation and sick leave.

With the removal of enterprise agreements between unions and employers, one avenue of protecting full time employment has been removed. We find this situation disturbing.

### *The loss of Penalty rates*

The removal of penalty rates is also an issue of concern. We believe that an hours work is not of the same monetary value no matter when it is worked. An hour of work commencing at one in the morning should be afforded a greater rate of pay than an hour in the middle of the day. The same applies on weekends. Other countries such as China and member states of the EU have mandated penalty rates. This puts the lie to any claim by the government that penalty rates reduce our competitiveness. It is our position that employees must be paid a premium for working outside of normal working hours. This compensation is necessary to make employers consider using normal work hours where appropriate, as well as to compensate workers for working unusual hours and missing out on time with their families.

When this is combined with the greater flexibility awarded to employers to set working hours, and we believe that great harm could be done to the physical and psychological wellbeing of employees. For example, there is no reason an employer can't have a worker do two hours work in the morning say from 7am-9am, then work from 11am-2pm and finally from 7pm- 10 pm. Eight hours over a fifteen hour period. Work choices removes all but the most basic policing of the hours of work that employees could be asked to complete. We believe that the legislation would have been even more severe except for the rebellion of certain conservative senators, who made cosmetic changes to this legislation to make it more palatable

## **A Future For Our Kids**

*Political action to get a future for our kids*

Companies like bakers delight and spotlight are already offering Australian Workplace Agreements which effectively reduce workers rates of pay through removal of penalty rates. We find this abhorrent.

### *Use of Workplace Agreements to undermine OH&S provisions*

Another concern that we have is that the work choices legislation could be used to override or undermine OH&S laws. We believe that one worker killed is one too many. This legislation could easily lead to an actual increase in the number of accidents and deaths in the workplace. We believe that the new work choices legislation will make it easy for employers to take an adversarial approach to OH&S issues, and simply dismiss troublemakers who raise work safety as an issue.

The removal of unfair dismissal laws could see an employee simply sacked for raising an OH&S issue. This of course is in the long run detrimental to both employees and employers, but the push for bottom line results causes many CEOs and managers overlook the longer term implications in order to satisfy shareholders annual expectations.

## **b. Impacts on Families & Communities**

### *Loss of parenting time*

We believe that as a result of this legislation, children will be spending less time with their parents. We believe that this will have a negative impact on our children. Additionally this legislation over time will reduce the pool of volunteers that provide many of the services our children enjoy, for example sporting coaches and managers, scout leaders and volunteer youth workers all contribute to our children's upbringing in positive ways. We can see a reduction in the number of people being able to perform these valuable tasks, and of those remaining, a reduction in the hours they are able to commit to helping.

We are already seeing many negative social consequences of parents not spending time with their children. Pressure to make mortgage repayment often means that children go unsupervised for extended periods, leading to petty crime, anti-social behaviour and other problems. We believe that work-choices will only make this worse.

### *Less spare time & money leading to bad health*

We are also of the opinion that these laws will reduce the amount of time that individuals will have to pursue hobbies, sport, relationships and religious obligations, due to working longer hours to be financially secure. We believe that this will cause additional strains to families, and lead to a reduction in people's long term health. The cost of this decrease in health will be felt by individuals, industry and government alike.

### *Increasing divorce rates, decreasing savings plus lower birth rates*

It is our contention that the negative impacts on wages and working hours caused by this legislation will in addition to creating more health problems, will lead to increases in the divorce rate, a decrease in savings and a decrease in the levels of home ownership. Additionally we believe that people will have fewer children and have them later in life as a result of financial strain.



## **A Future For Our Kids**

*Political action to get a future for our kids*

### *Reduction in the quality of school education and childcare*

We are already seeing moves by some private sector education providers to place their teaching staff on contracts. These agreements have in some cases included no work no pay. This means teaching staff will receive no pay for twelve weeks of the year, broken up into three two week breaks and a six week break. This will naturally lead to problems with employment in the sector. Both the quality of teachers employed, and the professionalism and dedication they show will be negatively impacted by arrangements of this nature.

It is also apparent that with the corporatisation of the childcare industry that has occurred over the past decade, that childcare workers rates of pay and conditions are being negatively impacted. This is currently leading to the same types of problems that we perceive will happen in the school sector. Many of our best childcare professionals have left, or are considering leaving the sector.

We find these arrangements to be abhorrent in the extreme. We do not believe that teachers will be able to find suitable employment for these periods, nor will they be able to afford the long break without pay.

### **c. Impacts on Unions**

#### *Right of access*

The strict limitations on the rights of unions to access workplaces is also an issue of note. We believe that healthy unions are an asset to the community. Unions often highlight those employees who neglect their obligation to employees. This is not only in relation to wages and conditions, but also in relation to basic human rights. These rights include access to a safe workplace, the right to Equal employment opportunities, the right to not be harassed or discriminated against on the basis of gender, race, age, religion, political belief or union membership for example.

#### *Notification of complainants*

We believe that the current legislation makes it almost impossible for unions to assist in these areas where clear abuses are occurring. It is abhorrent to expect a union to jump through the hoops of the legislation to arrange a visit. These hoops include the exact nature of the visit, and the name of the employees who requested the visit.

How can an employee go to their union to report an OH&S issue, or a sexual harassment issue if the union must inform the employer? It is totally unreasonable; it effectively removes the union as an avenue of redress for wrongs done in the workplace.

#### *Underlying agenda to remove or disenfranchise unions*

We also believe that this legislation is an attempt to undermine and destroy unions. It is interesting to look at all of the punitive measures contained within the legislation and compare the number and value of these measures against unions, employees and employers. When this is done it becomes apparent who is being targeted.

## **A Future For Our Kids**

*Political action to get a future for our kids*

The magnitude of fines that can be imposed on unions also highlights who the targets of this legislation really are.

### **d. Negative impacts on business**

#### *Difficult and costly to implement and comply*

It is also our contention that this legislation is an impost to business. We believe that this encyclopaedic work comprising of the work-choices legislation, its legislation and the mounting decisions of the minister, Australian Industrial Relations commission & the Fair pay commission, make it very difficult for employers to understand and comply with. With the exception of larger corporations, businesses are not in the position to benefit from this legislation.

The case of Pulp juice is an example of this. The AWA that they put to their employees was flawed and therefore employees were able to take Pulp to the commission and get their former conditions re-instated. The cost to Pulp of designing these flawed contracts was obviously money wasted.

#### *Unlawful dismissal costs*

Another hidden cost to business is the cost of defending the new unlawful dismissal cases. These cases need to be heard in a court if they get past the commission. This means that employers potentially could face large legal costs defending an unlawful dismissal case. These cases could take many months or even years to be finalised.

It is our belief that some legal firms are considering the same kind of ambulance chasing tactics that are employed in some workers compensation cases. The no win no fee legal representation that could be offered would see legal professionals seeking some compensation from employers, even if it was by using underhand or nuisance tactics to get a payment.

#### *Reduction in Revenue*

We also believe that the legislation will cause a decrease in the disposable income of many in the economy, and it will have a downward impact on consumer spending. This will hurt business, and may even lead to a cycle of wage cuts and sackings leading to further reductions in consumer spending.

### **e. Increase in working poor and impacts on charities**

#### *Significantly more people on minimum wage*

It is also our contention that this legislation would lead to an increase in the number of working poor. We believe that the percentage of people on minimum wages will increase over time as employers force more and more employees onto contracts.

#### *Real decrease in minimum wages over time*

We believe that additionally the Fair Pay Commission will not ensure that the minimum wage is able to support the costs of living of these employees. It is our contention that the Fair Pay Commission may consistently award pay rises that are

## **A Future For Our Kids**

*Political action to get a future for our kids*

below the rate of inflation or even freeze wages. This will only exacerbate the earlier mentioned negative impact on consumer spending.

This will force many people to work well over the standard hours of work to be able to meet the basic necessities of living. It will over time also lead to more people working multiple jobs, but still not being able to save or to own a home.

### *Added strain on charities & Social Services*

Additionally we believe that many people will be forced to turn to charities to enable them to meet basic needs. This is increasingly the case already, with demand for the services of charities growing every year.

Charities themselves will face reducing revenues as donations decrease. This will force charities to continue to offer reduced services due to increased demand and declining revenues. Add to this the declining pool of volunteers that run some of our charities and we believe that many of these charities will face a severe crisis over the next five years.

## **f. Undermining of the States**

### *Removal of IR powers from the states*

The States will be negatively impacted by this legislation. It is our firm belief that one of the goals of this legislation is the diminishing of the power of the states. This has been one of the central themes of the Howard government. This legislation is an attempt to remove Industrial Relations powers from the states.

### *Added financial burden to the states*

As we have stated earlier in this submission we believe that the ability of people to volunteer will be reduced. It is our contention that as volunteer services such as the SES, VRA and RFS are less able to provide the valuable services that they do so well, the costs of providing these services will fall to the States and not to the Commonwealth. This will have to be provided for by employing people to provide more and more of these services. We believe that this is just another attempt by the federal government to deliberately destabilise state governments, with the long term aim of diminishing their powers.

### *Another avenue for overriding of state laws*

We also contend that a Federal AWA could be used to override state legislation such as OH&S laws and EEO laws and laws protecting the rights of emergency service employees. The federal government has positioned this legislation in such a way that an AWA may be able to override many pieces of state legislation, not just Industrial Relations laws.

## **g. Increasing incidences of Racism**

We believe that racist sentiment is growing in Australia due to a number of factors. The first of these is the direct fostering of racist notions by the Federal government. The children overboard scandal and the Tampa crisis, along with the overseas

## **A Future For Our Kids**

*Political action to get a future for our kids*

detention of refugees have all been used by the government to divide the community for their own political ends. We strongly resent the implication by the Howard government that refugees are criminals and potential terrorists.

We believe racist sentiments are for the most part bred out of a sense of injustice, which through ignorance is directed at a particular ethnic group or at foreigners in general. It is our contention that the sense of injustice felt by our young people is increasing, due to lack of decent employment opportunities. We believe that the current IR framework does nothing to improve this.

It is our concern that the new work place laws, combined with the government's introduction of guest working visas and skilled migration policy will only exacerbate this situation. Based on the current situation where companies are openly expressing a preference for workers from overseas that are cheaper and more compliant, and based on the fact that many companies are already using guest workers to complete projects faster and cheaper, we believe that the racist sentiment will increase.

With the ability of employers to sack workers or retrench them easily, and the potential for whole workforces to be unilaterally replaced, some employers may choose to use foreign guest workers to do this.

If Australian workers are retrenched and replaced with overseas workers, or if jobs new positions are recruited from overseas without reference to the local employment market, we believe that more people will direct their anger at the people taking up these jobs, and at foreigners in general. It is of course not these people, but the Federal government that this anger needs to be directed at.

We believe that where foreign workers have skills and qualifications that this is particularly unethical. We contend that skilled workers from developing countries being relocated to Australia hurts the economies of the countries they are being removed from. These workers were trained in a foreign country and Australian companies are getting the benefits of that training, depriving the host country of the opportunity to benefit from the labour of the skilled worker. This is only exacerbated by the fact that such arrangements nearly always are as a result of either an abrogation of the employer's responsibility to train their own workforce or an attempt to cut the costs of the labour.

A Future for our Kids condemns both racism, and the Federal government policies that are fostering these sentiments. We believe in a healthy skilled migration programme where people from overseas are allowed to come to Australia to work on equal conditions to those that are already here. We also believe that people who come and work in Australia should be allowed to live here permanently. We are totally opposed to the guest worker concept.

### **g. A drain on GDP**

The Australian economy is heavily reliant on domestic consumer spending and on the exports of our primary industry. It is our contention that this legislation will have a direct negative impact on domestic consumer spending, causing a problem for small

## **A Future For Our Kids**

*Political action to get a future for our kids*

business. It is also our belief that much of the benefits that primary industry will gain will not benefit the whole community, but rather the CEOs of major primary industry companies, the shareholders of these companies may also get a small benefit from the reduction in the costs of production.

It is our opinion that consumer spending will decline over the next decade as a direct result in the lowering or freezing of wages and conditions from this legislation. We also believe that this will result in declining revenues for many of our retail construction and service industries. The end result of this would be a drain on GDP.

### **h. Negative impacts on the Pension and older people**

#### *Real reductions in or loss of the aged pension*

We believe that the aged pension will be negatively impacted by this legislation for two reasons.

Firstly Pensions are set by average male weekly earnings. We believe that this figure will rise at below the rate of inflation indefinitely into the future. We also believe that it is quite possible that this figure will remain unchanged or actually decline.

The second negative impact will be the reduction in superannuation payments. The reduction in real wages growth will lead to a reduction in real superannuation contributions under the SGC arrangements. We believe that this will lead to more people requiring the assistance of the aged pension in retirement, causing a severe financial strain on the Federal Government, especially in light of an ageing population. We believe that this will lead to the abolishment, or severe curtailment of the aged pension as a means of support for elderly people.

#### *Added financial and social burdens on older people*

It is an added concern that as a result of their children's working arrangements and financial situation, that they may be forced to take on child minding responsibilities, or to stay in the workforce longer than they planned to assist their children financially.

## **6. CONCLUSION**

It is the belief of 'A Future for our Kids' that the Work Choices bill passed last year is one of the most negative and draconian pieces of legislation that we have ever seen. When combined with other laws in the Industrial Relations arena over the past ten years, we believe that the job opportunities of our children will be dramatically reduced.

We can see that this legislation will lead to lower wages, lower quality of life and poorer health for many Australians. We believe also that the people who will benefit from this legislation are the major shareholders and CEOs of major companies. We do not believe that these people need to gain additional benefits at the expense of the rest of the community, and of the poorest of workers in particular.

We contend that the Fair pay commission will become an oxymoron, as there will be no fairness in the way that they set the minimum wage. We believe that the commission will consistently reduce wages in real terms by either freezing wages, or by awarding increases in minimum wage that are less than the rate of inflation.

It is also apparent by the actions of some employers that these laws will be used to dehumanise workers and treat them as a cost of production, to be minimised at all costs. It is also obvious that employers and the government are using these laws to remove the rights of unions, sack union members and abuse workers human rights.

We contend that the laws should be repealed or amended to remove these negative impacts, to re-introduce awards, remove the right of employers to force people onto AWAs and have a fair determiner of minimum pay and conditions.

We believe that it is ridiculous to have five minimum conditions, and believe that a more comprehensive framework of minimum working conditions should be developed.

Employers should not be allowed to remove a person from employment for any or no reason, even if they only have one or two employees. A new framework should be developed that allows for an avenue of appeal if an employee is sacked for unfair or illegal reasons.

Finally we believe that unions should be allowed to operate in workplaces to protect employees from those rogue employers who would abuse workers rights.

*Written by Adrian Catt  
For 'A Future for Our Kids'*

## **Appendix i**

### **ISSUES OF CONCERN**

#### **1. Quality University Education is out of reach of many Australians:**

Many young Australians find it increasingly difficult to afford a quality university education. The high cost of university fees and the FEE-HELP loans system means that a majority of students are forced into large debts in order to fund their education, while many young people are denied access to university altogether.

In the recent Federal budget delivered on Tuesday 9 May, the Howard Government showed its lack of commitment to young Australians by expanding its FEE-HELP loans system and encouraging further student debt. Under changes announced by the treasurer, Peter Costello, the amount that can be borrowed under FEE-HELP has been increased from \$50 000 to \$80 000 and to \$100 000 for medical students. At the same time, no new funding initiatives have been included in the budget to ensure greater access to tertiary education for those young Australians who simply cannot afford such large debts.

It is also of concern that there is currently no long-term investment strategy to secure the future of our universities. Instead the Federal government has chosen to rely on one-off funding measures for particular research institutes, whilst ignoring the basic needs of universities more broadly.

Note how medical students at the University of Western Sydney continue to be disadvantaged by the failure of the federal government to fully fund the UWS Medical School, despite the increased Federal Government budget surplus. This clearly represents a lack of commitment by the Howard Government, to providing quality medical research facilities, training and education for the people of Western Sydney. Similarly the Federal Government in its ad hoc funding regime, has failed to consider a strategy for allocating funding according to the emerging professional skills shortages displaying a stunning lack of foresight.

Without substantial improvement in federal government support and vision for our children's university education, through the provision of better teaching resources, more university lecturers and a broad based funding strategy, it is difficult to see how the standard of tertiary education can be maintained in the future. With such reckless disregard for the future education of all young Australians, the Howard government has shown it is incapable of providing a positive long-term vision for Australia.

It is the aim of 'A Future for Our Kids' to remind the Howard Federal Government of its responsibility for our children's education and its accountability to the Australian electorate.

## **A Future For Our Kids**

*Political action to get a future for our kids*

### **2. The current skills-shortage crisis and the need to support the training and development of a highly skilled workforce in Australia rather than relying on overseas workers to meet skills demand:**

Currently, there is growing concern by employer groups, economists and unions alike regarding the shortage of skilled workers in Australia, which is placing stress on our economy and upward pressure on interest rates. The Australian Industry Group has predicted that businesses will require an additional 100 000 skilled workers by 2010.

The Federal government response to this skills shortage has been grossly inadequate, with only short-term solutions being suggested, such as the use of overseas skilled workers. No concrete proposals or strategies have been put forward by the Howard government to address this issue in the longer term. Note for example in the recent federal budget, the decline in funding for vocational education and training programs, despite a substantial budget surplus. In the 2006 budget the federal government has also cut \$13.7 million from an incentive scheme for regional and rural businesses, which had been encouraging the use of apprenticeships and traineeships.

As part of our campaign, 'A Future For Our Kids' will aim to promote a broader, long-term strategy to deal with the skills crisis which includes:

- Substantial funding for TAFE and other accredited vocational education programs, to ensure both the standards of training received and the development of a highly skilled and qualified workforce.
- Government subsidies and incentive programs to encourage businesses to increase their intake of apprentices and assume a greater share of responsibility in the development of skilled workers in Australia.
- Investigating an overhaul of the apprenticeship system in Australia to forge better, more cooperative and efficient relationships between business, employees and educational/training programs.



### **3. The prohibitive cost of obtaining trade qualifications:**

Another related concern for the future of young Australians is the increasing financial burden placed on apprentices and trainees in obtaining trade qualifications, which has discouraged many young people from either starting or completing their training. This is reflected in declining retention rates for apprentices, with some industries recording more than 20% of their apprentices dropping out before the completion of their qualifications in the first two years.

At a time of skills shortage it is vitally important that the Australian government encourage and support young Australians to gain trade qualifications. It is therefore extraordinary that the Howard Government has decided to cut its spending on training and TAFE, transferring the financial cost of apprenticeships and trade qualifications to young Australians. In the 2006 federal budget, spending on skills programs and training declined from 0.76 % in 2005 to 0.73%. This decline will continue under the Howard government with funding dropping to 0.67% of the federal budget by 2009-10.

Such cuts in government spending will further exacerbate the skills shortage crisis by driving young Australians into other professions or overseas. It will also result in the lowering of teaching and training standards adding a further barrier to the creation of a skilled Australian workforce.

'A Future For Our Kids' will campaign for the development of a strategy which provides incentives for young Australians to gain trade qualifications rather than discouraging them, through for example:

- The removal of TAFE fees and training costs for trainees and apprenticeships and the creation of incentives targeted at areas of skill shortage. This will include support for the Australian Labor Party's Skills Accounts.
- Support for a Trade Completion Bonus for apprenticeships to be paid upon the completion of their qualifications, in order to increase retention rates after two years.
- Making apprenticeships more attractive by improving apprenticeship wages and conditions.

# A Future For Our Kids

*Political action to get a future for our kids*

## **4. Work Choices is unfair, exploits young workers and undermines job security:**

The new Work Choices legislation introduced by the Howard government represents one of the greatest attacks on the future of young Australians in recent times and is of major concern to

'A Future For Our Kids'. Work Choices not only undermines job security, wages and working conditions but also diminishes the basic rights of all working Australians to 'a fair go'.

Under Work Choices Australian workers are no longer automatically entitled in their individual contracts to the same wages and conditions as previously found in Awards. Instead employers are only required to include five minimum conditions as part of the new workplace agreements, denying Australian workers such award conditions as :

- Penalty rates for weekend and shift work
- Overtime and other allowances
- Career structures
- Public holidays
- Redundancy pay
- Meal breaks
- Access to unfair dismissal laws

Work Choices also directly attacks the right of workers to collectively bargain to improve wages and conditions, leaving individuals to negotiate over whatever terms are offered by their employer.

Young Australians are particularly vulnerable in this case as they often have limited knowledge and experience with which to negotiate a fair employment contract. Even more alarming is the fact that under Work Choices, employers offering Australian Workplace Agreements can arbitrarily determine pay and employment conditions without seeking approval from union representatives, or even their employees.

The new federal workplace legislation has also drastically undermined the system of legal protection offered, to workers and employers alike, by the independent umpire of the state and federal Industrial Relations Commissions. By strictly limiting the ability of the Industrial Relations Commissions to intervene in and resolve disputes between employers and workers, the Howard government has ensured Australian workers remain unprotected from abuse and exploitation by employers.

Finally, Work Choices has made illegal many legitimate union activities which previously safeguarded employees conditions at work, denying Australian workers even further workplace protections against employer abuse. Note for example how Union officials, under the new legislation, can be fined \$33 000 simply for asking an employer to include in an enterprise agreement ;

- remedy for unfair dismissal
- union involvement in dispute resolution
- or for any claim the Minister decides should be illegal.

'A Future For Our Kids' believes that under the Howard Government's Work Choices legislation there will be no future for young Australians. We are dedicated to campaigning for an end to Work Choices and the restoration of a 'fair go' in the workplace.

## **A Future For Our Kids**

*Political action to get a future for our kids*

### **5. The lack of a broad national plan for urban and regional development:**

'A Future For Our Kids' is also concerned that as yet the Howard government has failed to outline a clear national strategy to foster, support and direct the growth of urban and regional development in Australia. In order to meet the changing needs and infrastructure demands of all Australians in the future, it is essential that an effective plan linking urban and regional development initiatives is investigated and implemented.

The current lack of foresight and vision inherent in the Howard government's approach to regional development can be evidenced in the short-term, one-off funding measures, offered to specific infrastructure projects in the recent 2006 federal budget. Note however that even this funding fails to ensure the completion of certain major projects such as the Hume Highway upgrade. Whilst such extra funding is welcome, it cannot be considered a real solution to the problem of Australia's long term economic and infrastructure requirements, which are so crucial to the future development and stability of Australia's regions.

'A Future For Our Kids' believes that any national strategy must incorporate and integrate the needs of different regions across Australia, as well as addressing simultaneously economic, infrastructure and environmental issues, in order to firmly secure the future of all young Australians.

An excellent example of how this might be achieved can be found in the Sydney Metro Strategy of the NSW State Government, which identifies the key development issues needing to be addressed in Sydney in the next 25 years. In particular, the Sydney Metro Strategy emphasises the importance of ensuring that funding for future regional development is distributed equitably and according to need, such as in supporting the growth of new, highly skilled industries and jobs in Western Sydney.

'A Future For Our Kids' will campaign for a similar approach to regional development being supported at a federal level by the Australian Labor Party, which has already outlined a plan for a national infrastructure body called Infrastructure Australia.

It is vital to the wellbeing of all Australians that the Federal Government plans responsibly for the future now.

*Written by Ngairé Kirwan  
For 'A Future for Our Kids'*