



# TEAR UP ALP'S IR PLAN, NOT WORKCHOICES

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AMID all of the hoopla this week over the industrial relations announcements by Opposition Leader Kevin Rudd and his deputy Julia Gillard, one important voice is being lost: the voice of small business.

A lot has been said about the mining industry, but the ALP has not said much about small business. It should have. Most businesses in Australia are small and medium-size employers. Most workers work for these employers or are self-employed contractors. Small business is the engine room of jobs growth.

Labor has not fixed the serious problems its policy creates for mining companies. Just as bad is the failure to address small business concerns. Indeed, special rules for employees earning more than \$100,000 a year accentuate the unfairness of Labor's policy for small business. It would be hard to find many small business owners or employees who earn more than \$100,000 a year. These hardworking Australians are also entitled to equal treatment.

Labor is not tinkering with workplace laws; it plans to tear them up. Implementing a whole new system would be a colossal headache for small business.

This week's announcement has made that problem worse. Labor is proposing two new systems, a transitional one between 2008 and 2009 and another new one in 2010. Labor is trying to unscramble an egg that can't be unscrambled. That creates red tape.

Small business is also concerned about specific parts of Labor's re-regulation. Tuesday's announcement made no changes to Labor's plan to reintroduce unfair dismissal laws that would affect small employers. That would come at the cost of jobs. Small business owners, already under pressure, would work longer if the risk of employing someone were too great. Instead of full-time jobs, more casual or temporary staff would be employed to minimise the risks. There has been a surge in full-time jobs since unfair dismissal laws were eased and we should keep it that way.

Staff performance can drop at any time and, unfortunately, so can business conditions that may require dismissals and redundancies.

Labor says it would create a fair dismissal code to inform small business when it could and couldn't dismiss staff.

It's an idea intended to provide certainty, but it might backfire.

Previously, governments regulated only unfair dismissals, but under Labor, the government would make the rules covering all dismissals before they happened.

Also of concern is the way Labor's unfair dismissal system would work. The new tribunal would be easily accessed by disgruntled employees because it would be in local shopping centres. An employee who, say, was reasonably sacked from a shop for systemic abuse of customers or staff could go down to the local Centrelink, claim the dole and sue the employer at the same time.

Hearings would be behind closed doors, meaning employee wrongdoing would not be exposed to family, friends or workmates.

This could unwittingly remove one of the biggest deterrents to employees suing the boss, in that they wouldn't have to tell the truth on oath and risk being embarrassed if they were caught lying. Labor's desire for informality might mean more claims were made than under the old discredited system.

In reality, a breakdown in the small business employment relationship can go beyond the extreme situations of theft, fraud or violence (examples cited in the Labor announcement).

Small business people need to be able to address poor performance, poor sales, poor customer relations or simply an inability to integrate into a small workplace. These issues are not quarantined to the first 12 months of employment.

Union power is another unwelcome part of Labor's policy. Most small businesses don't have an "us or them" workplace. People pitch in and there is give and take. Problems are sorted out informally. Union membership is extremely low.

Labor's plan would give unions a foot back in the door by abolishing Australian Workplace Agreements and allowing new collective bargaining powers for payment of wages and conditions above legal requirements.

Small businesses are vulnerable to increased labour costs. It's not unusual for business owners and their family to take home less an hour than their staff, given the hours they work.

On Tuesday, Labor confirmed its plan to increase employment regulation by creating 21 new employment standards. Tribunals would again arbitrate higher wages and conditions across an industry, even regulating when meal breaks could be taken. And small business would have new obligations to deal with employee requests for two years' maternity leave, or for rosters an employee wants, or for requests to work from home or a location preferred by an employee.

If a small business said no to any of this, written reasons would have to be provided.

In several areas Labor has tried to massage its plans so adverse effects on small business would be minimised. Those attempts demonstrate an interest in the small business sector but cannot hide the extra cost and red tape involved in tearing up Work Choices.

IR policy requires hard choices. Where Labor has had to choose between small business interests and union claims, it has usually fallen on the union side of the ledger.

Labor's announcements did not change that. Labor needs to have another go at rewriting its IR policy, this time with the interests of small business in mind.

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