LABOUR MARKET REFORM IN AUSTRALIA

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Abstract

This paper will undertake an analysis of the current debate in Australia about reform of industrial relations laws. The debate was prompted by the passage through Parliament in December 2005 of the Government's "Workplace Relations Amendment (WorkChoices) Bill". The bill became law in March 2006.

The Australian Government, led by Prime Minister John Howard argues that the new law will make the labour market more flexible, create more jobs, and be good for the economy.

Critics disagree and claim that the law will transfer much bargaining power from employees to employers, diminish working conditions, frustrate and curtail trade unions, reduce collective bargaining and collective agreements and replace them with inferior individual contracts called Australian Workplace Agreements. Critics believe industrially weaker sections of the work force (often synonymous with lower paid sectors) will become worse off.

This paper will endeavour to shed light on this controversy by reference to relevant literature and analysing the experience with "WorkChoices" in its early months, together with similar experiments in labour market deregulation, such as New Zealand in the 1990s.
LABOUR MARKET REFORM IN AUSTRALIA

“Work Choices” : Australia’s new IR Law

INTRODUCTION:
Microeconomic Reform

Over the last 20 years in Australia, New Zealand and many other western countries there has been a strong move by governments (supported by many economists) to transform our economies into something much more like the model of perfect competition taught in Microeconomic Theory. That theory holds that a perfectly competitive economy would achieve the most efficient allocation of our scarce resources. The theory shows that markets will always clear, there should be no unemployment, welfare will be maximized (but only for that given distribution of income) and it is hoped (but not proven) that there will be a high rate of economic growth. Whether our rate of inflation and Balance of Payments will be better or worse cannot be predicted. It seems likely that jobs will become less secure and the gap between rich and poor will grow wider, but again this cannot be predicted from the theory with any confidence.

The theory shows that the main benefit of having a perfectly competitive economy is that all our scarce resources should be employed and allocated efficiently. The price (or wage) at which they will be employed cannot easily or accurately be predicted. But it will fall until the markets clear.

To achieve this benefit, several requirements are crucial. The theory says there must be perfect information about everything economic, and by everybody. There must also be perfect mobility of all resources.

Even if these unlikely pre-conditions were met, the theory admits that the market forces driving a perfectly competitive economy are likely to fail to allocate our resources efficiently if there are any costs or benefits external to transactions (e.g. pollution) or if there are joint costs in producing goods, or increasing returns to scale, or if property rights cannot be clearly defined or are common to several parties, or if non-payers cannot be excluded, or the good is a public good, etcetera. Thus, there is a long list, well recognised, of reasons why markets will fail to allocate resources efficiently even if we had perfect information and mobility.

1 which essentially means that every industry in the country would comprise many small firms each producing the same product. All workers would also compete with one another. There would be only individual contracts and no trade unions.
So, given that perfect competition offers mixed results (successes and failures) why have so many governments been trying to reshape their economies in its mould over the last 20 years?

My answer to this is two fold. Firstly, I think many political parties (especially the more right wing ones) largely believe microeconomic theory. Its claim that it will allocate our resources most efficiently seems well based on convincing science. Most economists, including many of their advisers, also believe in microeconomic theory because it is all they have learnt. Few universities these days teach any alternative economic theory.

Secondly, and more cynically, to the extent that perfect competition and neoliberalism can be achieved, members of the rich and powerful classes of society (many of whom are aligned with ring wing parties) are almost certain to benefit from neoliberal policies. There is much evidence (some in cited below) that free market right wing policies skew the distribution of income disproportionately in favour of the upper classes. The rich get richer.

**Pursuing perfect competition (neoliberalism) in the 80's and 90's.**

There are hundreds of examples of the implementation of neoliberalism, from many countries, that could be described. But a few local ones (from Melbourne, Australia) will suffice.

In the interest of achieving greater efficiency our previous state government split the profitable State Electricity Commission into six sections and then privatised them. This was meant to lead to cheaper electricity for households which, ten years later, has not happened. The State misses out on $300m in profit each year, and the private owners are refusing to build new generating capacity since it is needed in only one summer month when air conditioners are turned on. The private operators prefer to save their money and black out the poor western suburbs for a few hours at peak times. The only winners have been some very large users (big companies) which have managed to negotiate cheaper rates.

The same State Government privatised our trains and trams again expecting the private operators to run them more efficiently. The State Government now has to pay the private operators a larger subsidy (in real terms) than before.

In Mexico an already extreme concentration of wealth and power was intensified by the process of privatization. A group of some 35 businessmen who already controlled nearly a quarter of Mexico's Gross National Product took a leading part in virtually all the privatizations of public utilities – they were the only people who had the money. Here, as elsewhere in Latin America, shares in the new private monopolies sponsored the growth of stock markets where massive speculative profits could be made – again by those who had the money to start with.

In Chile between 1975 and 1979 most of the local banks were sold for a song to the handful of families that already dominated Chile's finance and industry. So disastrous were the results for Chile's financial 'stability' that a programme
of denationalization had to be hurriedly cobbled together. During the second round of privatizations that began in 1985 by far the largest chunk of stock in ENDASA, the electricity utility, was made available to members of the armed forces.\(^2\)

Privatization is supposed to save money but it rarely does. Profits add to costs. And governments can borrow money at lower interest rates, making public financing far cheaper.

- In the Dominican Republic electricity charges jumped by 51% after privatization – daily blackouts followed. The Government was forced to underwrite the private sector due to contract obligations. By 2000 the country owed the power companies more than $135 million.
- The Auditor General in New Brunswick, Canada, found one school built under a public-private partnership deal would have cost $775,000 less if the province had done the work. Half the extra cost came from higher borrowing costs the private company had to pay.
- In Lee County, Florida, the water and sewer system was returned to public control in 2000 after an audit discovered a history of slipshod maintenance. The county estimated costs of $8 million to rebuild the system.\(^3\)

Notice that another example of microeconomic reform (or neoliberalism) not usually recognised as such is the strong preference governments have developed in recent years for monetary policy (mainly varying interest rates) rather than fiscal policy to control the macro economy. Fiscal policy is seen as too interventionist and likely to tilt the playing field. The main examples of new fiscal policy in recent years in Australia have been tax cuts.\(^4\) Reducing taxes and not using fiscal policy are both part of the current neoliberal desire to keep government small and leave the economy to market forces (read big business?).

\textbf{New IR Law: “WorkChoices”}

The Australian Government, led by Prime Minister Mr John Howard (a conservative from the right wing Liberal Party) has recently introduced new industrial relations laws designed to reduce the costs of employing people, reduce wages and other conditions, and make it easier and cheaper to sack workers. Conservative or neoliberal governments believe that working people have over the decades succeeded in pushing up their wages, above the equilibrium levels that would apply in a perfectly competitive market (free of imperfections and free of government intervention). They believe that this has been possible due to the “undue” power and industrial muscle that workers have achieved by joining trade unions and negotiating collectively. See the demand & supply diagram below. Trade unions, according to this view have succeeded in pushing average real wages up from the market clearing level of \(W_e\) to \(W_1\). At this higher level of wages Demand for labour declines from the equilibrium level \(Q_e\) to \(Q_d\), while the Supply of labour increases from \(Q_e\) to

\(^2\) Danni Sandberg, The Pirate Privateers, New Internationalist, September 1994
\(^3\) New Internationalist magazine, April 2003
\(^4\) Mainly for high income earners.
Thus, at the higher (trade union caused) wage, the Supply of labour is greater than the Demand and this causes unemployment equal to $Q_s - Q_d$.

\[
\begin{align*}
\text{Wage } & \quad \text{\$} \\
W_1 & \quad S \\
W_e & \quad D_1 \\
Q_o & \quad Q_e \\
Q_s & \quad Q \\
\end{align*}
\]

\[Q_s - Q_d = \text{ Unemployment}\]

Therefore the new IR laws are designed to frustrate, thwart and weaken trade unions, and to encourage individual employment contracts (called Australian Workplace Agreements or AWAs) instead of the collective contracts typically negotiated by unions.\(^5\)

Individuals usually have less industrial muscle than a trade union. Forcing people to negotiate individually is an effective way of gradually reducing the real value of wages. This might be good for business (who are pre-eminent amongst John Howard’s supporters). But it is not good for employees.

Of course looking at the diagram above, Mr Howard’s analysis seems correct. It looks as though we have to reduce wages from $W_1$ to $W_e$ in order to reduce unemployment and restore equilibrium in the labour market.

But there is an alternative solution. The Demand and Supply curves are not fixed. They shift over time for several reasons (e.g. rising income and population). Thus if the Government were to add to the demand for labour by increasing its expenditures on civil works (e.g. a Very Fast Train between Melbourne and Sydney) or to introduce other job creating programs, the demand curve would shift to $D_2$. This way we could cut unemployment without

\(^5\) This is clearly explained by Kenneth Davidson, “No place for unions in the new IR club” in
having to reduce people's wages and other benefits and without having to casualise the workforce as Mr Howard is doing.

In March 2006 the French Government was planning to reduce unemployment in a similar way (but not as harshly) as the Howard Government by making it easier to sack young people. After widespread protest and violence, the French Government ditched this approach and instead chose to introduce programs designed to provide more jobs for young people. This approach to reducing unemployment seems fairer and more compassionate though it is likely to be much more costly to the public sector.

The Australian “WorkChoices” Legislation

Firstly, the name “WorkChoices” is largely a misnomer. The only choice lies with employers and they can choose to offer a collective or individual contract. But in presenting the new IR law, the Howard Government described it as providing workers with a choice.

The legislation does not require employers to offer prospective employees a choice between a collective (union) agreement and an individual one. While many collective agreements will continue, bosses are not compelled to offer them or update existing ones. Many workers (especially new and young ones) are likely to be offered only an AWA (an individual contract). Due to their lack of bargaining power, often their only “choice” will be to take it or leave it and search for another job. This is already happening at my university.

Individual contracts are likely to offer inferior conditions of employment. In fact, there are only five conditions that must be offered, namely:-

- A wage, which must be at least $12.75 per hour (less for workers under 21)
- 4 weeks annual leave (but 2 can be taken as cash instead, which poorer people will often choose)
- 10 days per annum sick leave (medical certificate needed)
- 38 hours per week (on average)
- unpaid parent leave of up to 52 weeks

At present under collective agreements most workers enjoy many other benefits. For example:-
- payment for public holidays
- rostered days of
- overtime payment (double time)
- higher rates (often double) for working on public holidays and weekends. These rates are called “penalty rates”.
- paid maternity leave
- 3 months leave on full pay after 10 years service (called Long Service Leave)
- 15 days sick leave
- higher rates for casual or part-time work
• in some industries workers receive meal, travel, clothing and tool allowances
• redundancy pay (extra money if you are sacked to help you live till you find your next job. The amount is related to your length of service.)

Bosses don’t have to offer any of these conditions. In the past they offered them because unions pressed them to do so. Individuals, starting a new job, have to try and make the boss offer them. To the extent that individuals are unsuccessful, wages and working conditions in Australia will decline. Then Mr Howard will have succeeded in achieving “equilibrium” in the labour market. (ie. We and Qe in the earlier diagram).

Is a decline in Australian wages necessary to compete with China and India? May be, but note the following:-

1. Australia's wages have always been higher than these countries, including in recent years when they have been exporting a lot of manufacturers.
2. The Australian economy and labour market have been performing very well as is.
3. There has been no suggestion that the employment conditions of high income earners including politicians will decline. 6
4. Wages are only one of the costs of production. We can and often are more efficient with our technology and capital.
5. With much of our production (perhaps half) we don’t have to be internationally competitive because it must be produced locally (e.g. electricity, public transport, retailing, most health and education, etc.) and
6. If wages decline so does aggregate demand, sales, production and GDP.

While the trade union movement (ACTU) and Labour Party are opposed to the harshness of the WorkChoice legislation (e.g. see ACTU web site at end), the Liberal Party and big business are pleased with it.

Yet big business has not engaged in much debate about the details of the legislation. They have not sought to answer the many criticisms made by the trade unions. They make only very general comments like:

"Reforms to employer-employee relations have played a major part in Australia’s economic success. Continued progress (like “WorkChoices”) will mean that Australia has the workplace innovation and productivity needed to keep our economy growing strongly." 7

One might well ask who benefits if we "Keep our economy growing strongly". You might be inclined to say everybody. But this is simplistic. Over 2 million

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6 In fact all Australian parliamentarians have just received, on 1st July 2006, a pay rise of 6.9% which is about double that of inflation and most other wage rises in recent times.
Australians live below the poverty line\textsuperscript{8}, so they haven't benefited much by past economic growth. Another 2 million Australians (that is 10% of us) own about 60% of Australia's wealth. That is six times what they should have if we wanted an equal distribution of wealth and income. So this top ten percent have done very well from past economic growth. Various studies show that the benefits of economic growth go overwhelmingly to the rich. E.g. in the U.S.A. 2/3 of the growth in family income in the 1970's and 80's went to the richest 3% of families. \textsuperscript{9}

Thus the higher economic growth sought by the government and the Business Council of Australia is likely to benefit mainly wealthy people and businesses. And to achieve this poorer working class people are expected to take wage cuts. Is this fair?

**Comparison with New Zealand**

The government has argued that its new IR laws will lead to increases in wages, productivity, employment and GDP. Yet Mr Howard's Industry Minister Mr Ian McFarlane, said in August 2005 that Australian labour costs were too high. "We've got to ensure that industrial relations reform continues so we have the labour prices of New Zealand. They reformed their industrial relations system a decade ago. We're already a decade behind the New Zealanders. There is no resting.\textsuperscript{10}

New Zealand introduced an IR law, the Employment Contracts Act (ECA) in 1991 which, like "WorkChoices" aimed to put most New Zealand wage earners on individual contracts. Subsequently, many New Zealanders lost their overtime and penalty rates. New Zealanders get paid $4 less an hour than Australians on the minimum wage.

While Australia and New Zealand had had similar rates of productivity growth in the decade or so prior to 1991, in the next five years New Zealand's productivity growth was significantly lower. Similarly, Australia's productivity growth slowed in the late 90's following the introduction of Howard's first IR reform (the Workplace Relations Act) which introduced AWAs (individual contracts).

The full time male participation rate in New Zealand fell by 11 percentage points during the 1990's following the ECA. "The ECA did not deliver on labour market participation, productivity or wages and many average Kiwi workers are still reeling from the fall-out."\textsuperscript{11}

\textsuperscript{8} Australian Bureau of Statistics, *Australian Social Trends*, Catalogue 4102.0


\textsuperscript{11} "The Age", 24 May 2005.
The Australian economist John Quiggan sees the difference between individualised (neo-liberal) labour markets, and ones based on collective bargaining as being even more profound. Countries which use collective bargaining and/or centralised wage fixation tend to have higher levels of equality. He compared Australia, the United States, United Kingdom and New Zealand. He concludes "The United States, where the labour market has always had most of the main neoliberal characteristics displays easily the highest inequality. The radical neoliberal reforms undertaken in New Zealand and the United Kingdom in the 1980s and early 1990s show up clearly in rising levels of inequality, overtaking European countries that were initially less egalitarian."\(^{12}\)

More recently, New Zealand made an important IR change back towards intervention and collectivism. The Government raised the minimum wage for young people. For 18 and 19 year olds it rose 69%, and for 16 and 17 year olds it rose, over two years, by 41%.

Accepting neoliberal microeconomic theory, one would expect that such a large rise in real wages would reduce the demand for labour (as shown in the earlier diagram). But two economists from the New Zealand Government Treasury Department undertook a careful study of the subsequent data. They concluded "We find no robust evidence of adverse effects on youth employment or hours worked. In fact we find stronger evidence of positive employment responses to the changes for both groups of teenagers, and that 16-17 year olds increased their hours worked by 10-15 per cent following the minimum wage changes."\(^{13}\)

By contrast the Australian Government’s new Fair Pay Commission, which under “Work Choices” will replace our Industrial Relations Commission in setting minimum wages (but now without interested parties being able to submit views) has said that our minimum wage is too high, and so it will postpone any pay rise for twelve months longer than usual."

**EARLY EXPERIENCE WITH “WORKCHOICES”**

The new IR law "WorkChoices" took effect from the end of March 2006. By June the Government’s own “Office of the Employment Advocate” had inspected 6000 of the new individual contracts (AWAs). The Office reported that 100 per cent of them excluded at least one condition or benefit which employees previously enjoyed as part of the (union negotiated) award. 63 per cent removed penalty and overtime rates, and only 59 per cent retained declared public holidays. 78 per cent provided a wage increase, but the pay rises were as little as two cents an hour.

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\(^{12}\) Professor John Quiggan "IR Reforms" monograph, University of Queensland, 12 May 2005, page 9.


"Meanwhile after being in existence for only 3 months the Fair Pay Commissioners have accepted a 4.1% pay rise for themselves."
At Cowra in New South Wales, 29 abattoir workers were sacked soon after “WorkChoices” came into effect. Under the new law they had no access to any right of unfair dismissal. Some of them were immediately offered new jobs on AWAs with significantly less favourable terms. Because of union and community outrage, even the Government mildly rebuked the firm, which subsequently re-employed all workers on their original terms. The Government has since confirmed that in fact the abattoir did nothing wrong in sacking and re-employing more cheaply. So the door is open for more such action by other employers. Telstra, Australia’s largest telephone company (52% owned by the Government) has indicated it is likely to take such action with thousands of employees soon.

My own employer, Swinburne University in Melbourne, has recently done this. Thirteen employees in the Student Union were recently sacked and then about half were re-employed, to do much the same work, on AWAs with significantly inferior wages and conditions.

“Workers at Spotlight will be given a pay increase of just two cents per hour in exchange for losing entitlements like penalty rates, rest breaks and overtime. The Australian owned chain of fabric and homewares stores employs 6000 workers and rakes in over $600 million a year. But new staff will lose up to $90 a week under the terms of Spotlight’s new AWA individual contracts”.14

ANALYSIS

There seems little doubt that the new IR law “WorkChoices” will reduce the wages and benefits of many Australians. Wage cuts are likely to be greatest amongst the lower paid and also the less unionised, because these workers are often unskilled, easily replaced and have little bargaining power.

Seventeen of Australia’s leading academic researchers in IR made the following points.

There are at least four critical labour market challenges facing Australia today:
- Labour and skill shortages exacerbated by an ageing population
- The productivity slow down
- Work – family tensions
- The growth of low paid precarious employment.

On all the evidence available from this wealth of research, there is simply no reason to believe that the Federal Government’s IR changes will do anything to address these complex economic and social problems. The Government’s new law will:
- Undermine people’s rights at work
- Deliver a flexibility that in most cases is one way, favouring employers
- Do – at best – nothing to address work–family issues
- Have no direct impact on productivity
- Disadvantage the individuals and groups already most marginalised in Australian society

14 From the ACTU’s web site, Rights at Work, 27 May 2006. See www.actu.asn.au. This web site describes many similar diddles by employers.
The narrowing of awards and enterprise agreements and the promotion of individual contracts by the Government will significantly enhance managerial prerogatives and diminish the independence and choice available to employees.

The right of employees to choose to bargain collectively and to require employers to recognise this choice is not protected in Australia – unlike all other OECD nations (including the USA). The effect of the reforms will be to force employees onto individual agreements and deny them access to collective agreements. Australian evidence shows that collective agreements deliver better wages, better employee "voice" in the workplace and better working conditions than individual agreements.

If the Howard Government seeks to establish one national labour law through primarily relying upon the corporations power in the constitution, this will inevitably lead to labour law becoming a sub set of corporations law. In truth, we will be witnesses to the corporatisation of our labour laws. Labour laws seek to balance the rights, duties and obligations of employers and employees as equal legal actors in the processes of work and production. However, general labour laws relying upon the corporations power could not for long maintain this balance between employers and employees. In the fullness of time, these laws will inevitably fasten upon the economic needs of corporations. Their employees will be viewed as but one aspect of the productive process in our globalised economy.

Many workers hired as independent contractors (which is happening apace) will find that their incomes are more uncertain, their hours of work less predictable, access to paid annual leave non-existent and the threat of dismissal ever present. Increasingly workers will have little choice but to accept these forms of employment.\textsuperscript{15}

The Australian Centre for Industrial Relations Research and Training undertook some research comparing AWAs with union negotiated collective agreements and found that wage increases under the latter consistently averaged \textit{1} per cent higher.\textsuperscript{16}

A colleague of mine, Kelvin Rowley, points out that in the last 25 years approximately, which has corresponded to the ascendancy of neoliberal policies in many western countries, GDP and productivity growth has been significantly less (generally about half) what it averaged in the previous quarter century in those same countries. Logically of course we can’t easily prove that the cause of this slow down was the neoliberal policies, but it leaves one wondering.

Tim Colebatch, a well regarded staff economist who has written for “The Age" newspaper in Melbourne for twenty odd years recently drew attention to an OECD study of the performance of different countries’ IR systems. Having previously championed the virtues of deregulating labour markets and making them more “flexible”, a la the American system, the OECD has recanted. It


now says "Different policy packages have yielded equally successful employment outcomes. Some countries have achieved high employment protection and a strong emphasis on activation policies (for the unemployed)." It found that the level of minimum wages had no significant impact upon unemployment levels. It also found that moderate unfair dismissal laws do not hurt employment.

Tim Colebatch concludes that the Howard Government's case for introducing "WorkChoices" is based on false claims.\(^\text{17}\)

CONCLUSION

1. Contrary to the prediction of neoclassical economics (see earlier graph) reducing wages does not necessarily increase employment. Cutting wages is a cost or supply side policy. Keynes rejected such classical economics policies (based on Say’s Law) because he demonstrated well that it is aggregate demand that drives growth of the economy and jobs. Reducing people’s wages reduces aggregate demand and jobs.

2. Deregulating labour markets does not necessarily reduce unemployment. Australia has been deregulating for ten years, but our unemployment rate of 5% is much worse than Iceland (2.4%), the Netherlands (3.6%), Norway (4.0%) and Denmark (4.3%) all of which have much more regulated labour markets.

3. John Howard says his "WorkChoices" law will not reduce wages (despite the growing evidence to the contrary). He claims we should trust that his reforms will increase wages and employment, as his government has already done over the last ten years. He claims that average real wages in Australia have risen 14 per cent under his government, and employment has grown by hundreds of thousands.

Both claims may well be true. But the average is pulled up greatly by top wage earners’ huge pay rises. For example CEOs wages have risen by 229 per cent since 1998. But real wages for ordinary adult workers have risen by only 3.6 per cent between 1998 and 2004.

Employment has grown by hundreds of thousands, but nearly all of it has been casual and part-time. Full time jobs are only inching up. Peter Sheehan and Peter Stricker (of Melbourne University) argue that our method of measuring unemployment understates it by about 50 per cent. That is, unemployment in Australia is really closer to 10 per cent. For example, if the only work you can get is one hour a week, you are classified as “employed”.

\(^{17}\) Tim Colebatch, "Wage cuts won’t boost jobs" The Age, 20 June 2006.
Emeritus Professor Geoff Harcourt (of Cambridge University) said in a recent presentation at my university that Adam Smith believes that for markets to allocate resources efficiently, suppliers and demanders needed to have roughly equal bargaining power. Harcourt also offered the opinion that lower wages will encourage the survival and growth of inefficient firms. The only way they can tolerate greater competition, should it occur in the future will be to cut wages further. He was strongly opposed to Australia going down this path. He is very critical of the neoliberal and IR policies of the Howard Government.\footnote{Professor Geoff Harcourt's presentation “Markets, Madness and a Middle Way” will be published soon by the Centre for Alternative Economic Policy Research, Inc. in Melbourne.} So are 72\% of Australians according to an “Age” newspaper poll. One hundred thousand of them protested against “Work Choices” in Melbourne on 28 June 2006. The Government dismissed the protest saying it had been “just a small number of rusted on unionists”.

Income inequality has steadily worsened under the Howard Government’s neoliberal policies. WorkChoices is the most radical of all these policies, and is very likely to widen the income divide a great deal more. Life will become much harder and less secure for many Australians.

Contrary to the view of 72\% of Australians, the Howard Government sallies forth with a religious fervour proclaiming that “WorkChoices” will make us better off (all of us?) and that it is the only way we can compete with China and India. But is the Government’s religion inspired by the Gospel of St Matthew? “To whomsoever hath shall be given, and he shall have more, but he that hath not, that which he hath also shall be taken from him.”\footnote{The New Testament, Gospel of St Matthew Ch 25 verse 28 ?.} If so, the poor are destined to become poorer (and more numerous) under Howard’s so called “WorkChoices”\footnote{A final irony: WorkChoices has supposedly deregulated Australia’s labour market. Yet it is 2000 pages of new regulations!}.

Finally, it is concerning to note that the Government’s new IR law might place it in breach of its undertakings to various ILO treaties. The Australian Council of Trade Unions made a convincing argument at an International Conference of the ILO that “Work Choices” violates ILO Convention 87 (freedom of association) and Convention 98 (protection of the right to organised collective bargaining). Griffith University academic, Peter Brosnan argues that Australia may also be contravening Convention 26 concerning minimum wages. This Convention suggests that minimum wages in a country should be set according to the general level of wages prevailing in the country. He estimates that the minimum wage should be about 60 per cent of mean adult ordinary time earnings, whereas in fact it is only about 48 per cent in Australia.\footnote{Peter Brosnan, “Can Australia Afford Low Pay?”, monograph, Griffith University, Brisbane 2005.}

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18 Professor Geoff Harcourt’s presentation “Markets, Madness and a Middle Way” will be published soon by the Centre for Alternative Economic Policy Research, Inc. in Melbourne.
19 The New Testament, Gospel of St Matthew Ch 25 verse 28 ?.
20 A final irony: WorkChoices has supposedly deregulated Australia’s labour market. Yet it is 2000 pages of new regulations!
21 Peter Brosnan, “Can Australia Afford Low Pay?”, monograph, Griffith University, Brisbane 2005.
To finish on a bright note: polls show that the Opposition party (the Australian Labor Party) has gained a winning lead since the introduction of "WorkChoices", (the election will be in late 2007) and trade union membership has grown significantly for the first time in decades.

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REFERENCE LIST


6. The views of 17 academics who specialise in industrial relations and labour markets at Australian universities are thoroughly explained on the following web site:

7. Other useful web sites are:
   In favour of “WorkChoices” www.workchoices.gov.au


12. There are many more useful references, but I have not had time to recover and list them all for this early draft. But contact me if you are interested.

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