

Question on Notice

No. 305

Asked on Tuesday 22 March 2005

MR WILSON asked the Minister for Employment, Training and Industrial Relations (MR BARTON)—

QUESTION:

How will Queensland workers be affected by the Howard Federal Government's foreshadowed radical changes to the way in which the national minimum wage has traditionally been set by the independent umpire – the Australian Industrial Relations Commission?

ANSWER:

Queensland workers and their families will be the losers if the Howard Government goes ahead with its radical plans to take away the role of the independent umpire in setting minimum wages.

First, let's look at why the federal Government wants to take away the role of the independent umpire? The only possible reason the federal Government could have for changing the way that minimum wages are set is because they think the current minimum wage set by the AIRC is too high. The federal Government is saying to the lowest paid workers in Australia, in Queensland, that \$467.40 a week, \$11.70 an hour, is too much for them to receive in return for their labour and to help them participate in society and support their families.

They are saying "We don't like the fact that the minimum wage is \$467.40 a week, so what we'll do is get rid of the independent umpire that set that rate and give these powers to a hand picked body that will comply with our view that minimum wages should be lower".

What would the conservatives prefer? The \$3 an hour wage they advocated in the discredited Jobsback policy? Perhaps the US system where the minimum wage has been frozen at just \$5.15 an hour (\$6.55 AUD) since 1997? What about adopting the position of the HR Nicholls Society who say there should be no minimum wage at all and workers get whatever the employers wishes to pay?

All we know at this stage is that Minister Andrews has refused to guarantee that workers will not be worse off. However, they like to point out that they are "politically astute" enough to not come straight out and reduce the minimum

wage or abolish it altogether. You would like to think that the motivation for maintaining the minimum wage would be for reasons of fairness and equity, but not in their brave new IR world where fairness is no longer a consideration. Political sensitivities are the only thing stopping the federal Government from drastically reducing the current minimum wage.

However, even if for political reasons, the federal Government avoids reducing the minimum wage below its current level of \$467.40, you can forget about any decent wage increases to support the low paid in the future.

A wage freeze or paltry minimum wage increases are undoubtedly what's on the cards. This means real wages will inevitably decline. We've had the "sandwich and milkshake" tax cuts from the federal Government, watch out now for the "loaf of bread" pay increases if we're lucky.

We can already get a taste of what would happen from the submissions the federal Government makes each year to the national wage case. If the federal Government had got its way during national wage cases since it came to power, workers on the minimum wage would now be \$44 a week worse off. The minimum wage would now be just \$423.40 per week, a 10% reduction on the current level.

Under this scenario, a worker on the minimum wage would have seen their real wages drop by about 2% over this period.

Even this may be too generous for the likes of Minister Andrews. He is now reported as saying that the minimum wage is about \$70 too high and would be better under \$400 per week.

This is what Queensland workers have to look forward to under the federal Government's plans to deregulate industrial relations and strip away the powers of the independent umpire – a reduction in real wages.

This debate exposes the hypocrisy of the federal Government. On the one hand, they like to claim the credit for a period of increasing real wages during their time in office, they then attack the independent tribunal that has awarded those increases and look for ways to reduce the wages of Australian workers.

Sadly, all this shows is a federal Government that has run out of ideas. A Government hell bent on attacking wages and conditions, but unable or unwilling to tackle the real priority areas that need to be addressed in order to improve economic performance and improve the lives of ordinary working Australians.

If the federal Government is serious about improving economic performance, it should be focusing on the real issues that drive economic growth and productivity - investment, infrastructure, education and training, research and development,

addressing skills shortages - making our workforce smarter, not cutting their wages and conditions.

This is where we need to focus our attention – in building the skills of our workforce, not in undertaking draconian industrial relations reforms.