

09 February 2015

Workplace Relations Inquiry
Productivity Commission
GPO Box 1428
Canberra City 2061

Dear Sir/Madam,

Submission in Relation to Improvements to Australia's Workplace Relations System

Background:

I am a retired engineer who has spent my working career within the construction industry mainly within Australia. I have been involved in many of the major resource projects within the country and am aware that through high wages and conditions that we (Australia) have become uncompetitive, resulting in the majority of our manufacturing moving off shore and construction works being limited, through the importation of large pre manufactured modules. Generally, manufacturing within this country is at an all-time low.

In spite of the loss of jobs as a result of the transfer of manufacturing off-shore, there has been little recognition by the unions of this fact as they continually push for higher wages and enhanced conditions for their membership.

Objective:

The objective of this submission is to propose a revised system of employment that will both increase productivity and reduce the overall labour cost for manufacturing and construction within Australia.

Proposal:

This proposal will simplify the current workplace relations system through the introduction of a standard working week, abolishment of penalty rates and shift allowances:

1. The readoption as 40 hours as the standard working week as Australia can no longer afford the reduced productivity associated with working shorter weeks. This would equate to a 5.26% increase in production over the current 38 hour week as has become the usual standard in this country
2. Abolition of all penalty rates, shift allowances and other allowances associated with working other than a Monday to Friday day shift. There is no reason why an employee working afternoon shifts, night shifts or at weekends should be paid additional allowances or penalty rates.
3. Any work above 40 hours per week to be paid at single time rates and be untaxed. This will provide an incentive for businesses to offer employees work in excess of the base 40 hours per week as the cost of labour will remain the same regardless of hours worked. In cases where employees work unusual rosters such as in the mining and construction industries, a 40 hour week would be aggregated over the cycle. For example an employee working an 8/6 roster (8, 12 hour days on and 6 days off) would work a total of 96 hours over 2 weeks, being 80 hours of normal time taxed employment and 16 hours of untaxed overtime paid at single time rates over the 2 weeks. Any revenue loss as a result of adopting this approach could be made up through increases to the GST.

Advantages:

1. The majority of the workforce immediately becomes more productive through the re-introduction of the 40 hour working week.
2. There is incentive for businesses to offer overtime (hours in excess of the standard 40) to employees as working additional hours will not increase production costs. In fact working hours in excess of 40 should result in a decreased production costs
3. Many employees will want to work offered overtime as they will receive the full benefit of the addition hours worked. Gone will be the excuses such "I do not want to work overtime as it will push me into a higher tax bracket" or "there is no benefit in working the additional hours because all I do is pay more as tax"
4. The overall unit cost to produce goods in Australia should decrease resulting in Australian businesses being more competitive and hopefully resulting in Australia being less reliant on imports
5. Reduced labour costs will encourage investment in further resource projects here in Australia and make Australia the country of choice for those projects as the adoption of this proposal will provide both reduced start-up (construction) costs together with lower ongoing operation and production costs
6. Business such as restaurants will be able to afford to operate on public holidays and other days when it is currently un-economical for them to open unless they add a surcharge to the bill
7. Increases in production will result in the creation of new jobs within the Australian economy

Disadvantages:

1. Apart from the obvious objections that will come from the union movement, the only disadvantage will be a loss of tax revenue on the overtime paid to PAYE employees. This loss of tax revenue could be made up through increases to the GST.

Conclusion:

Remaining with the current workplace relations systems is both cumbersome and is not providing the best outcomes for Australia or Australian PAYE employees. Adoption the system outlined above has advantages for both employers, employees and will make this country more competitive in the world market. Given the right condition, it may even encourage manufactures that have moved offshore to return home. The proposed changes will minimise red tape and could be introduced in a relatively short time, given appropriate support from all sectors of Government.

Yours faithfully

John Mapleson