

Dear Sir / Madam,

I hereby humbly submit my thoughts and opinions on Australia's Workplace Relations System and how it can be improved upon to address issues such as those on unemployment and underemployment, the promotion of job creation, a social safety net and the roles of unions in the labour bargaining table between employers and employees.

Workplace Relations Policies

The government has a goal and indeed an obligation to promote job creation and business growth particularly in the small business sector. I believe that to achieve these goals it needs to adopt a more holistic approach to workplace relations; do not just look at the wage structures and conditions themselves, but also look to ensure that other government systems such as our welfare, taxation and even our education and skills assessment systems are working co-operatively and not in opposition to each other.

The workplace relations system needs to recognise that there is a cost for individuals to work. Such costs needs to taken into account or else productivity gains would be limited. Such costs to work include:

- Opportunity cost of forgone welfare and childcare benefits as incomes increase
- Disincentive to Work when Higher Tax Rates are Incurred
- Cost of Education and upskilling

Our welfare system should not be structured such that it dis-incentivises those from seeking greater work hours or opportunities. I recall a colleague of mine who was then a single mother, who was offered to work greater hours, but chose not to because by earning more she would lose certain social welfare entitlements resulting in her actually going backwards financially by working more. Such a failure in the system creates a cycle of underemployment because government policies themselves hold the nation back in achieving full productive employment and in fact increases reliance on welfare.

Similarly, a high income tax environment, which is higher than the global average, makes us at a competitive disadvantage in attracting high calibre individuals. Such individuals would most likely demand higher salaries than what they would have requested to compensate for the higher taxes that they need to pay. The result of this is that the end-consumer's cost to purchase such services also becomes higher than it needs to be to cover for the higher input/labour costs due to these taxes.

In the same vein, an artificially high labour cost structure also result in higher costs of goods and services. I recall importing some alloy wheels from Germany a couple of years back. The goods were shipped from Hamburg to Melbourne before being sent by rail to Perth. The rail component costs of the delivery costs was the same or slightly higher than the shipping costs from Hamburg to Melbourne; sending an item halfway around the world was the same price as sending an item across Australia. I could not understand this until I thought about the supply chain (port worker, forklift driver, packer, train driver etc) and the costs associated at each stage of the chain. If at each stage of the supply chain, labour costs were higher than the global average, than understandably a cumulative effect of these higher costs means much greater supply chain costs than it needs to be.

To a small business retail operator these high supply chain costs incurred by wholesalers and distributors are passed onto them which means from the outset they are at a competitive disadvantage from overseas retailers who do not incur these higher supply chain costs.

Workplace relations also need to adopt a holistic view with the Education system in accepting people with overseas qualifications. I have spoken to many professionals such as pharmacists, lawyers, architects and dentists who were trained overseas but whose qualifications were not recognised in Australia and who needed to be 're-educated' with some having none of their previous qualifications and experience recognised at all. At best this can be seen as Australia's 'arrogance' and at worse discriminatory. More often than not,

due to these high barriers to re-entry of their profession, and their financial circumstances dictating them to earn a livelihood rather than re-training, these otherwise highly qualified individuals became employed in a lower grade than what they were qualified and capable to do. As a result, Australia loses out by not exploiting the full use of these people's talents. For example, my former dental hygienist migrated from Russia, but was actually a practicing dentist there, she chose being a hygienist because re-studying as a dentist would take too long than her financial circumstances allowed. My ex-colleague was a qualified lawyer from an Eastern European country who migrated to Australia but only became a para-legal. I used the services of an English draftsman who turned out to be a licensed architect in the UK but chose to be a draftsman in Australia because the registration requirements were too onerous.

I agree that we must ensure that, especially in the area of healthcare, certain quality and qualification standards are met. However, the government must ensure and take steps that such 're-education' or 're-training' do not become used as a **protectionist tool** by representative organisation groups such as the AMA, Pharmacy Guild etc to prevent legitimately skilled individuals from practicing their chosen profession. Take the example of Singapore, where one of my doctor friends from the UK recently migrated to. For her to become a practicing GP in Singapore, among minor formalities, she needed to complete 2 years of medical work in public health system at a nominated wage rate. In this way, the Singaporean government gets to keep an eye to ensure acceptable work and skills and at the same time relieve the health system of a shortage of doctors. I note that this issue of qualification and skills recognition is not just confined to the professional sphere but also in the trades such as plumbing and electrical.

Bargaining and the Role of Unions

I believe in Freedom of Association, I believe that there is a place for unions in the workplace should employees demand it, I also believe in a workplace safety enforcer a role which in many years past were only really done by the unions with government largely being absent or turning a blind eye.

It is my understanding that there exists an unwritten compact between unions from entering each others industries or 'turf'. Why is this so? Why are workers in a given industry only able to be represented by a particular union? Every single Australian should be entitled to join a union should they wish to. Furthermore, every single Australian should have the right to form their own employee association with their peers, without fear or interference from another employee association/union. Just as I believe businesses should be open to competition, similarly, unions should also be open to competition by competing unions. I believe the adoption of such practices would ensure that union members are even more properly represented with their interests first and foremost in mind. I believe this will improve workplace productivity and reduce the level of 'sham' strikes for political purposes thus reduce the number of days lost to industrial action.

Similarly, I believe that union officers be subjected to the same penalties and governance laws as officers of publicly listed companies. A number of unions have become national organisations with sizable assets and cashflows and akin to a large national corporation. I feel it is the duty of the government to ensure that there are proper checks and balances to ensure proper governance of members' assets. Why is this important to Workplace Relations? Having a strong union which is properly governed ensures that members are secure in the knowledge that when unions enter the bargaining table on behalf of their members, this same union is working for them with their interests at heart. I am not suggesting that at the moment unions are currently not doing this, but better governance laws is always good. It also puts the larger unions on the same playing field as national corporations.

I am concerned about the perceived use of safety as a bargaining tool for unions to demand greater concessions and financial gains for its members and the union organisation itself. Such activities, if indeed correct (I hope this is not the case), denigrates the unions and their place in Australian history as a proponent of workplace safety. Maybe a separation of powers be considered into union powers? One arm or even a different association will engage in bargaining discussions with employers on workplace conditions whilst another altogether separate association or division will look into workplace safety solely. Why is this important to workplace relations? I believe that this will lead to a reduction of safety issues being politicised

as well as allowing better negotiation outcomes for both employees and employers without compromising workplace safety.

Wages Structure and Policy

State and Federal System

The two system wage rate system should be maintained (I am from Western Australia where the State Government here has not relinquished such powers) or such powers being fully handed back to the states. Having such a system gives the states control to be more competitive where required; to lower or increase the minimum wage taking into account their state's economic health. Australia's states do not have equal division of resources, manufacturing capabilities, or people. As such, more often than not, one state may be economically suffering a mining bust while another state may be seeing a recovery in their manufacturing sector. States which retain their right to set their own wage rates allows such states to respond more quickly during economic crises and allows the benefits of economic booms to be also enjoyed by those on minimum wage.

Minimum Wages & Award Wages

The current minimum and award wage structure is too complicated. Among minimum wage rates itself there is a variety of sub-categories from age defined rates, qualification rates, disability rates, to full time and casual loading rates. The productivity commission should seek to streamline these various sub-categories. I feel that it is unfair for those under 18, who have been fully trained and are fully qualified in the job that they undertake, be paid less than those over 18. This is ageist and should be reviewed. I still believe however, that regardless of age, those being trained be entitled to only reduced rates of pay that may be below the minimum wage.

The definition of the minimum wage itself may need to be reviewed. I note that Mr Tom McDonald's submission to this commission dated 25th February 2015. I respect the comments that Mr McDonald has made, on the minimum wage that it was originally conceived (in 1907) to be based on requirements of that one sole wage to sustain a family of husband, wife and three children. I believe that given the context of time that it was entirely appropriate that the minimum wage be based on this definition, and what was considered fair and reasonable for the time. I do not know if the minimum wage is still based on this definition or what is currently considered fair and reasonable. I do note that things have changed a lot since 1907, more people are living single lives or in single parent homes, those in a 'traditional' family unit often have two partners either both working full time or with one working full time and the other part time and they are now also much smaller than in 1907. We must ensure that the definition of the minimum wage remains current and appropriate for today's globalised world and takes into account the vastly different lifestyle choices that people today enjoy rather than the limited scope defined in 1907. This may mean the minimum wage be deemed higher or it may be deemed to be lower, whatever the outcome it should be based on today's current social fabric.

On the existence of Award Wages, I see them as archaic relics of the past and should be reconsidered in their use in Australia's Workplace Relations System. I see Award wages as a second tier minimum wage system by stealth. They are often quite complicated and onerous on the employer to implement, especially for small businesses (for memory the cleaners award dictates how many dollars extra one needs to pay the cleaner for every toilet bowl they clean). Often award rates are significantly higher than minimum wage. My belief is this, if the minimum wage is the wage at which someone is able to earn a fair and reasonable wage, why should the government be involved in dictating any additional monetary or other benefit above this minimum wage rate? If the discrepancy between the award and minimum wage rate exists, then as a business operator there is less money in the pool of resources to reward those individuals who are performing well, instead what happens is that both performing and underperforming workers are paid the same rate.

On Penalty Rates, I draw your attention to belief that the minimum wage be something which is fair and reasonable. Again then why should the government be involved in a matter which provides monetary benefit to employees above the fair and reasonable threshold? Some people may argue about the sanctity of weekends, about unsociable hours and the like. I believe that penalty rates should be abolished. If a business wants to open outside general 9am – 5pm hours and cannot find workers to do it for the minimum wage, then the law of demand and supply will force him to increase the unit price he is willing to pay his workers above the minimum wage until someone agrees to it and all without government regulation. Furthermore, the workplace is becoming global, people are doing business with others across different time zones, more people are demanding flexible work hours to accommodate their personal lives, so why should it be different for businesses. Businesses need to be able to adapt to changing consumer and employee demands and trends without the government financially penalising them for their efforts. Why should an employee be forced to endure peak hour traffic and gridlock simply because if they wanted to work outside these defined hours their employer will be forced to pay them more. Indeed staggered shifts hours will help relieve congestion during peak hours and is one such by-product of a flexible workplace. On the argument of it being unsociable to work weekends, some people actually desire working on weekends, for example school and university students studying Monday to Friday would probably prefer working Saturdays or Sundays, stay at home parents may want to get out of the house after a week in the house attending to their children and household duties, and at the same time earn some money towards the family's holiday plans. Christmas is a sacred time for Christians and would unlikely be prepared to work on Christmas day, but to a Buddhist or Hindu, the importance of such a date may not be as strong. As such in the current era we find ourselves, I cannot see any strong cause for penalty rates to still exist.

I thank you sincerely for your time in reading my opinions and I hope in some small way it has contributed to the Productivity Commission's review onto Workplace Relations.

Sincerely Yours,

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