



One year on

The impact of the new IR laws on Australian working families

ACTU Factsheet 27 March 2007

Reduced job security for working families

- 3,761,000 Australian workers employed in businesses with less than 100 staff have lost protection from being unfairly dismissed since the introduction of the new IR laws on 27 March 2006.
- 99% of all private sector employers are now exempt from all unfair dismissal laws.
- Another 6,590,000 workers employed in businesses with more than 100 staff are also not protected from unfair dismissal as long as their employer says the sacking is for so called 'operational reasons'.
- An example of this was the sacking of 29 workers at the Cowra Abattoir who were dismissed for 'operational reasons' and offered their jobs back with a 30% pay cut. The Federal Government's Office of Workplace Services found these sacking were legal under the new IR laws.
- A prominent legal adviser to big business said publicly that any large business that sacks a worker for anything but 'operational reasons' would be crazy.
- There has been a 60% increase in workplace-related complaints to the Human Rights and Equal Opportunity Commission since the new IR laws removed these unfair dismissal protections.

1,000 workers a day are being pushed onto AWA individual contracts

- 1,000 workers a day are being put onto AWA individual contracts under the new IR laws, as at the end of 2006.
- Under the IR laws large businesses have been specifically given the power to:
 - refuse to collectively bargain with workers even where that is what a majority of workers in a workplace want;
 - refuse employment to any worker who won't sign an AWA in terms dictated solely by the employer; and
 - refuse to increase the pay or promote any worker who won't sign an AWA individual contract.
- This increase in employers' power to put workers on AWA individual contracts has led to a jump in the number of Australian workers being put on an AWA.



AWA individual contracts cutting workers' conditions

- The new IR laws have scrapped the 'no disadvantage test' which protected workers from having their pay or conditions changed without appropriate compensation.
- AWA individual contracts now only need contain 5 minimum conditions.
- The Federal Government's own report given as evidence to the Budget Senate Estimates Hearings in May 2006 shows that its new AWA individual contracts are cutting the pay and conditions of Australian workers.
- Of all AWA individual contracts surveyed in the report:
 - 100% cut at least one so called 'protected award condition';
 - 22% provided workers with no pay rise, some for up to 5 years;
 - 51% cut Overtime Loadings;
 - 63% cut Penalty Rates;
 - 64% cut Annual Leave Loading;
 - 46% cut Public Holidays payment;
 - 52% cut Shift Work Loadings;
 - 40% cut Rest Breaks;
 - 46% cut incentive based Payments and Bonuses;
 - 48% cut Monetary Allowances (for employment expenses; skills; disabilities);
 - 36% cut Declared Public Holidays; and
 - 44% cut Days to be substituted for Public Holidays.

Wage rises for all full time workers falling behind inflation

- Since the new IR laws were introduced increases in total earnings for full time workers have been falling behind the rising cost of living.
- Compared to the rate of inflation total average earnings for full time adult workers have dropped by -0.6% over the past 12 months since the new IR laws came into effect.
- For full time workers in the private sector average total earnings have dropped by -1.1%.
- The drop in average earnings for women workers in the private sector is -1.8%.
- For more than a million workers on minimum wages, the increase granted to them by the Government's new Pay Commission saw the real value of their weekly wages fall -0.9% behind the inflation rate.

Lower pay for workers on AWAs

- Even with the higher salaries paid to many workers on AWAs in the mining industry as a result of the resources boom, ABS statistics show workers on AWAs earn an average 90 cents an hour less than workers covered by collective agreements (non-managerial workers).



Many workers on AWAs working longer hours

- ABS data released in March 2007 shows that the average weekly hours worked has increased in the past year. Other recent ABS data also shows people in full time non-managerial jobs that are on AWA individual contracts work 2.3 hours a week more than people on registered collective agreements.

Women workers' wages falling behind

- ABS data issued a year after the new IR laws came into affect shows the gap between full time wages for women and men has blown out to \$100 a week.
- Full time women workers now earn on average 10% a week less than their male colleagues.
- This has taken Australia back to the same pay gap in percentage terms that existed in 1978.

41% of Australians already know someone affected by the IR laws

- In only 12 months since the new IR laws have been introduced hundreds of workers have already publicly detailed how they have been harmed by the laws.
- Thousands more examples of workers hurt by the laws have not been detailed in public.
- 41% of NSW residents told an independent Galaxy poll published in the Sunday Telegraph (31 Dec. '06) that they knew a friend or family members who had been negatively affected by the new IR laws.
- 2,100 complaints from workers about the IR laws have already been received by the Victorian Workplace Rights Advocate.

68% of new 'Employer Greenfield' Agreements cut workers' award conditions

- Employer Greenfield Agreements introduced by the Federal Government as part of its new IR laws, allow employers to set work conditions in any new business, part business or undertaking without reference or negotiation with affected employees or unions.
- Employer Greenfield Agreements effectively allow employers to negotiate with themselves the terms and conditions of employment of their workers.
- An estimated 14,400 Australian workers have been put on an Employer Greenfield Agreement since the new IR laws where introduced and the number of employees covered by these 'agreements' is growing rapidly.
- 68% of these agreements eradicate workers' 'protected award conditions'.
- 75% provide no specified wage increases for workers.

Lost productivity

- Despite the Government's claims that its IR laws would boost productivity, labour productivity in Australia (GDP per hour worked) declined by 1.6% in the first six months under the new IR laws and barely recovered in the following quarter.