

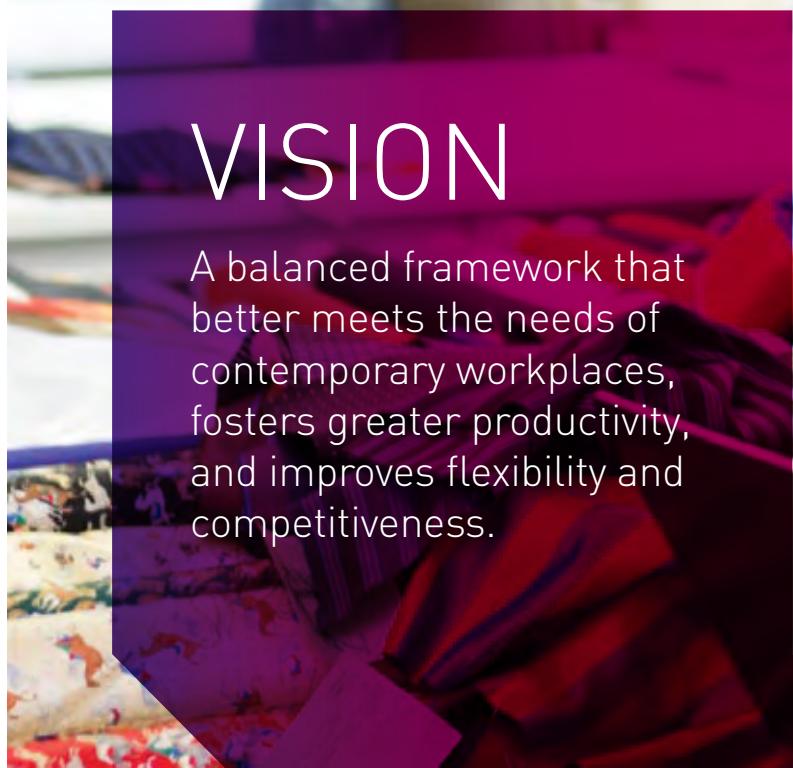
WORKPLACE RELATIONS VISION AND ACTION PLAN

Charting the future for a framework that meets the needs
of contemporary workplaces and a modern economy



VISION

A balanced framework that better meets the needs of contemporary workplaces, fosters greater productivity, and improves flexibility and competitiveness.



One of our core functions as Queensland's peak body for small business is to advocate for ways we can make it easier for businesses in Queensland to compete, grow, and employ.

CCIQ IS DETERMINED TO ACHIEVE WORKPLACE RELATIONS REFORM



WORKPLACE RELATIONS LAWS MATTER TO SMALL BUSINESS



Our pledge

CCIQ surveyed over 1,000 Queensland businesses to assess the impact of Fair Work Laws. The results of this survey are a snapshot of the kinds of reforms Queensland businesses want to see to the Fair Work Act.

This action plan is the substance of our pledge to Queensland businesses. We will advocate for workplace relations laws that are:

- Simple and easy to use;
- Deliver the appropriate balance between employers and employees;
- Conducive to achieving improved economic and employment outcomes;
- Responsive to the needs of employers, employees, and the broader economy; and
- Improve flexibility, thereby increasing productivity, sustainability, and competitiveness within contemporary workplace environments.



"Businesses, unions, and government must collectively recognise that the workplace relations framework can be better designed to meet future challenges, and find common ground based on the spirit of cooperation in the interests of competitiveness and long-term economic stability."

Nick Behrens,
Director of Advocacy & Workplace Relations

DOING BUSINESS IN 21ST CENTURY WORKPLACES

Australia's economy is currently facing an extraordinary time of transition. To meet the challenges of the future, as well as take full advantage of existing opportunities, Australia must act now to design a workplace relations framework that confronts the weaknesses in our current system, and shapes a framework for a modern economy.



ECONOMY IN TRANSITION



LABOUR MARKET

Sharp rise in youth unemployment and shifts in employment demand

Downturn in the resources sector, re-balancing the two speed economy as the non-mining sectors gain increased access to labour and capital



WORKPLACE TRENDS

Continual adjustment of notions of the 'traditional workplace' and unsociable hours

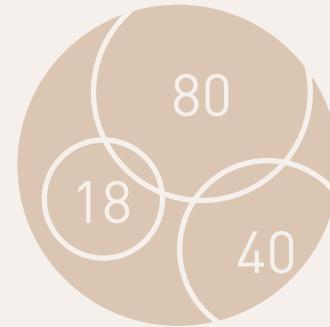


GEO-POLITICAL

'Pivot to Asia' – greater integration into South-East Asia's economic landscape

Playing to our strengths' in servicing the expanding Asian middle class

Free trade agreements



DEMOGRAPHY

Aging population

Requirement for greater workforce participation

Removing employment barriers for young people and marginalised job seekers to meet demand



TECHNOLOGY

Increased global interconnectedness through digitisation resulting in greater exposure to competition and more trade opportunities

The nature of work will change, as well as traditional models of service delivery

Businesses will need to stay competitive through innovative practices

Queensland is perfectly placed to tackle the challenges of the future head on, but requires more balanced workplace policy settings to ensure we come out on top of the productivity and competitiveness challenges of the 21st century. CCIQ believes an attitudinal re-think on how to approach workplace relations reform must be couched in an enduring mutual respect and appreciation for the success of enterprise. A more flexible, adaptive and productive workforce will be key to taking advantage of the opportunities presented by the workplaces of the 21st century.



TOP 5 WORKPLACE RELATIONS ISSUES FOR QUEENSLAND SMEs

Workplace relations are one of the most significant issues facing Queensland businesses as it directly shapes their employment and operational arrangements, and influences their cost bases.

Our survey identified the top five workplace relations issues for Queensland businesses as unfair dismissal, complexity of the system, penalty rates, wages, and lack of flexibility.

4

WAGES

On average, Australia has the most regulated and highest wages system in the OECD (\$US). Wage rises outpace inflation and productivity growth, and is the most significant cost pressure facing small businesses in Queensland. We don't want a race to the bottom on wages, but sensible reform that takes into account an employer's capacity to pay.

2

COMPLEXITY

Queensland businesses want a simple, effective, and relevant system that does not exceed what is necessary to achieve desired results, both for employers and employees. Reducing the prescriptive nature of the current legislation will go a long way towards allaying current compliance costs and enhancing the capacity of employers to focus on running their businesses.

1

UNFAIR DISMISSAL

Unfair dismissal is the number one workplace relations issue for Queensland businesses. Current unfair dismissal legislation is having adverse impacts on all businesses regardless of their direct exposure to an unfair dismissal claim. CCIQ are calling for a true unfair dismissal exemption for small business and heavier onus' on employees to reduce 'go away' payments.

3

PENALTY RATES

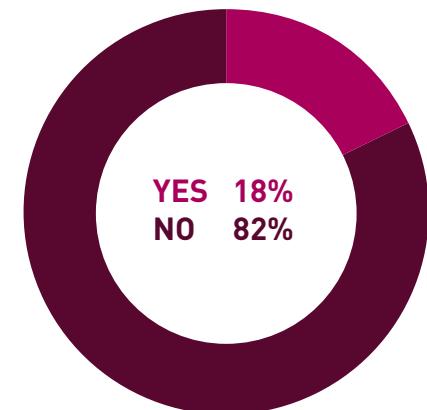
The policy behind penalty rates represents a failure to recognise the requirements of industries operating in the 24/7 economy such as retail, tourism, accommodation, and hospitality. CCIQ argues for changes to penalty rate provisions so as to allow for greater flexibility in businesses that operate outside of standard trading hours. and heavier onus' on employees to reduce 'go away' payments.

5

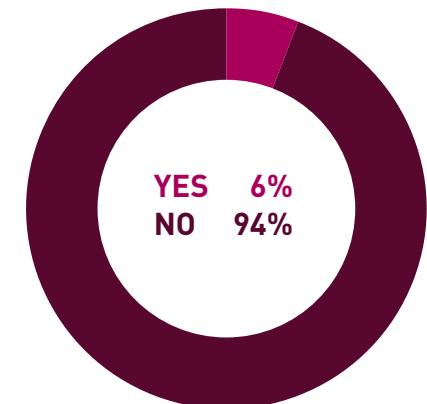
FLEXIBILITY

Flexibility is key to SMEs. A modern workplace relations system must allow employers and employees to negotiate individual arrangements that meet both parties' needs. Queensland business owners need freedom to identify arrangements that increase the take-up of innovative practices that make best use of workers' skills and expertise.

Does the Fair Work Act take into account the special circumstances of small and medium businesses?



Do you believe that the government has got the balance right under the Fair Work Act?



Source: CCIQ Submission to the Productivity Commission Inquiry into workplace relations reform

UNFAIR DISMISSAL

Restoring balance to the
employer-employee
relationship.



Unfair dismissal is the number one workplace relations issue for Queensland businesses.

Businesses told CCIQ current unfair dismissal legislation:

- Made it difficult to make employment decisions for fear of allegations
- Was too onerous in its requirements for proof of employee underperformance
- Prompted reluctance amongst employers to take on permanent employees

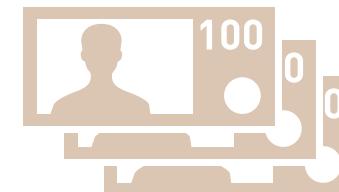
'Go-away money' is also a growing trend. Small businesses told CCIQ that spending time and funds away from their businesses on fulfilling onerous procedural requirements with little certainty of outcome was increasingly not an option.

Small businesses struggle more with unfair dismissal provisions given that they generally lack the resources available to larger enterprises. When small businesses lack certainty, time and money, 'go-away money' replaces the intended procedures and processes due to the inefficiencies of the Fair Work system.

47%



of businesses not experienced in claims held major to critical concern as it is perceived as a disincentive to employ



41%

of small businesses settled unfair dismissal claims with 'go away money'

63%



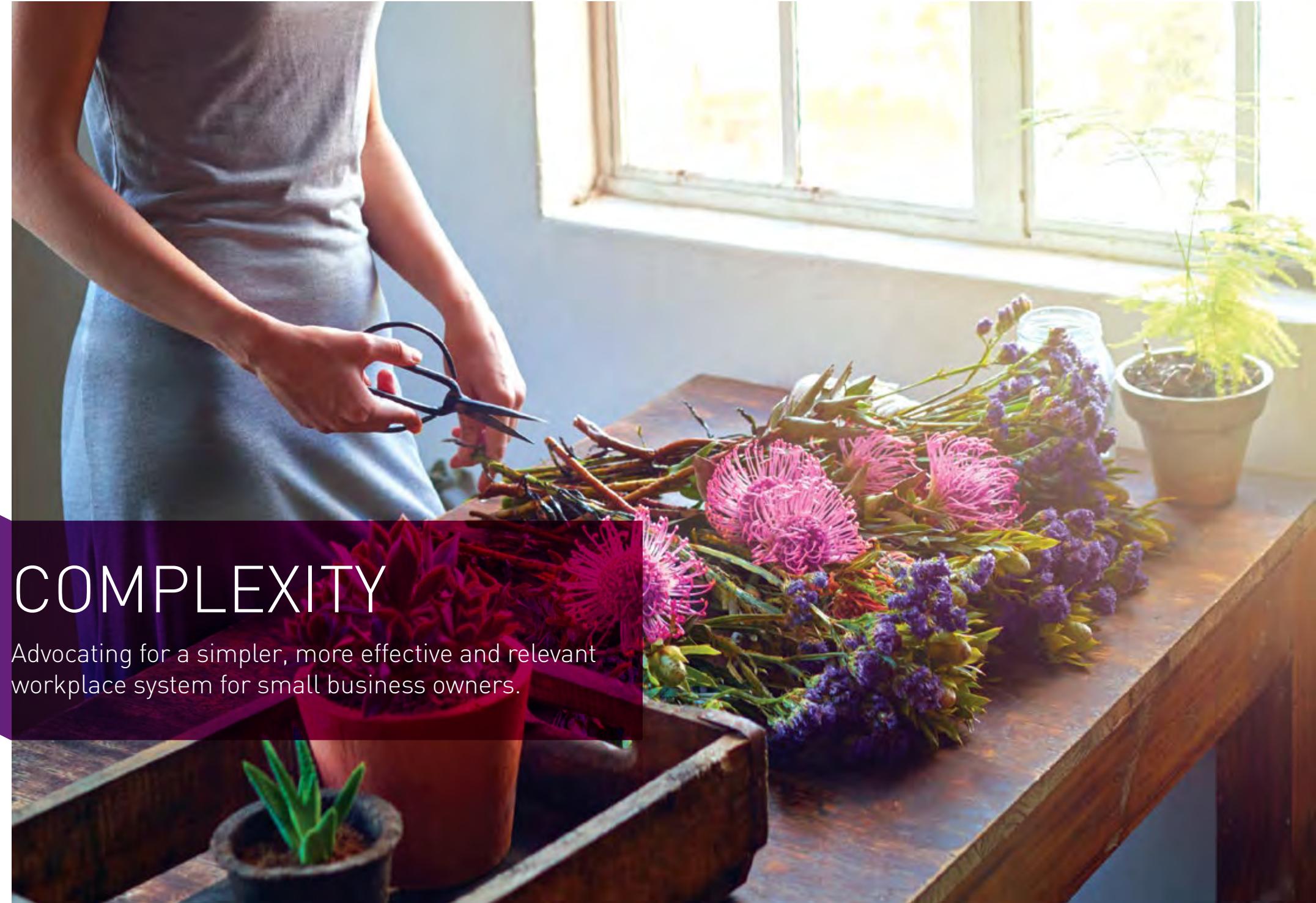
Qld business who have had an unfair dismissal claim expressed major to critical concern with the legislation

SOLUTIONS

- Access to unfair dismissal claims should be subject to reasonable limits that restore balance to the employer-employee relationship
- A true unfair dismissal exemption for small businesses set at 50 employees
- Simpler unfair dismissal process that encourages investigation of claims based on merit
- Dismissal of claims where the Fair Work Commission determines that termination of employment was based on valid grounds

COMPLEXITY

Advocating for a simpler, more effective and relevant workplace system for small business owners.



The Fair Work Act ushered in a new system that dramatically altered workplace relations arrangements for thousands of employers and employees in Queensland.

Small businesses told CCIQ the Fair Work laws:

- Are highly prescriptive
- Do not take into account the unique circumstances of small business
- Go too far in regulating all aspects of the employment relationship
- Are too complex and lack flexibility

With respect to red tape, small business told CCIQ the Fair Work system:

- Had significantly increased their overall compliance costs
- Impacted on business operating arrangements, eroding business profitability and viability

Additionally, the excessive amount of red tape compliance built into the current system is not linked to improved employment outcomes. This impacts all businesses, and a failure to initiate change puts investment and future projects in Australia at risk. At present, international competitors are reaping the benefits while their Australian counterparts are mired in red tape, industrial unrest, and a general lack of flexibility. This is particularly worrying in the context of challenging trading conditions and subdued consumer demand.

SOLUTIONS

- A system that is simple and easy to use
- A reduction in the prescriptive nature of the current legislation
- Measures that will enhance the capacity of employers to focus on running their businesses

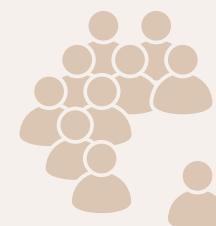
53%

Qld businesses critically or majorly concerned with the complexity of the IR system



82%

believe the current workplace relations system does not take into consideration their unique circumstances



Profitability has decreased or substantially decreased for 61 % of Queensland businesses under the Fair Work laws, even though operating hours for the majority of these businesses (71 %) has stayed the same



64%

Qld businesses experienced increased or substantially increased red tape under the FWA



PENALTY RATES

Reflecting a modern
24/7 economy in the
nation's workplace laws.

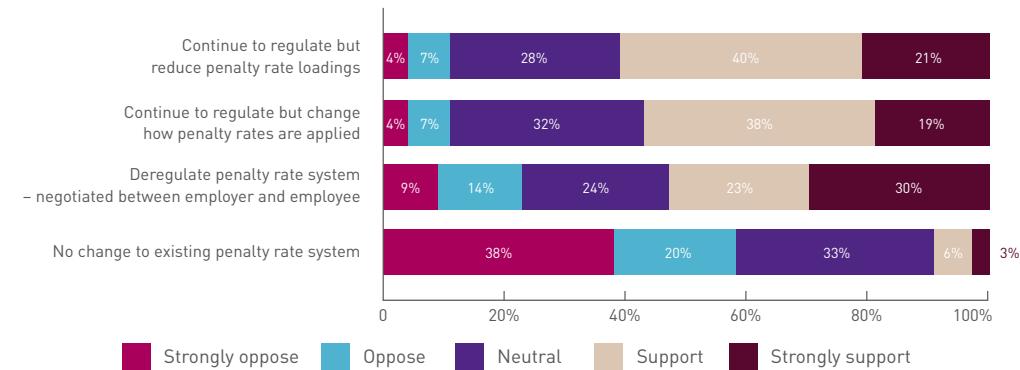


The current penalty rates regime inhibits economic growth by providing a disincentive to employers from having longer trading hours or offering staff additional hours.

Queensland businesses told CCIQ:

- They are seriously concerned about facing increased global competition with the current penalty rates regime in place
- The current system is impacting on their ability to trade profitably, particularly with changing consumer demand
- The impact of penalty rates is more acute for the hospitality and retail sectors
- Continued increases in wage costs force businesses to close for longer periods and/or reduce staffing numbers
- They accept penalty rates as a legitimate labour cost, however want to see alternative approaches for specific industries

In terms of penalty rates, which of the following are you most likely to support?



SOLUTIONS

- Increase the scope in the current system to allow for greater flexibility with respect to the operation of penalty rates, particularly for those businesses that operate seven days per week or outside standard trading hours.

42%

Qld businesses penalties and overtime paid had increased or substantially increased under the Fair Work laws

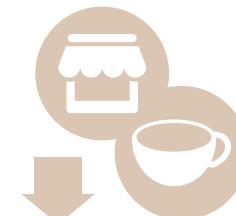
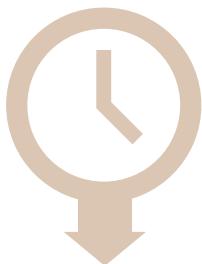


44%

of businesses noted that they have decreased or substantially decreased the number of full time staff

83%

Micro businesses the most affected, with 83 % of these businesses recording reduced operating and employment hours



Majority of small businesses in the hospitality sector (76%) and retail sector (74 %) reduced operating hours and employment hours



WHAT SMALL BUSINESS IS TELLING US?

Wages are the most significant cost pressure for small businesses in Queensland. Queensland businesses told CCIQ that the minimum wage setting process, increases in apprentice wages and junior rates of pay, and the impacts of natural disasters were eroding small business competitiveness. A key consideration for a new workplace relations framework is implementing a system that allows businesses to remain competitive in the global marketplace, and ensure wage setting processes are geared so that they are affordable.

Big Mac Index

Country	Hrly Real Min Wage (US\$) 2013	BM Price (US\$)	BM/hr on minimum wage
Australia	15.61	4.62	3.4
France	12.52	5.01	2.5
Belgium	11.91	4.76	2.5
Ireland	11.48	4.45	2.6
New Zealand	11.23	4.30	2.6
Netherlands	11.22	4.44	2.5
Canada	9.85	5.26	1.9
United Kingdom	9.72	4.02	2.4
Japan	7.67	3.20	2.4
United States	7.25	4.56	1.6
Israel	6.40	4.80	1.3
Spain	4.93	4.50	1.1
Greece	4.35	3.34	1.3
Portugal	3.70	3.79	1.0
Turkey	3.02	4.34	0.7
Hungary	2.53	3.76	0.7
Czech Republic	2.51	3.49	0.7
Estonia	2.44	3.54	0.7
Chile	2.32	3.94	0.6
Poland	2.91	2.73	1.1
Mexico	0.62	2.86	0.2

Source: OECD, The Economist 2013

MINIMUM WAGE PROCESS

The national minimum wage has increased 17.8% or \$97 in the last 5 years, impacting both employment and growth amongst small businesses.

SMEs are particularly sensitive to the impacts of minimum wage changes given the high concentration of minimum wage and award-reliant jobs amongst small businesses, particularly in industries such as tourism, hospitality, retail and manufacturing. Concerns have also been raised that rising wages are outpacing inflation and productivity growth. Queensland employers are frustrated that the rising costs of employment are not being offset by productivity gains.

	2009/10 (no weekly increase)	2010/11 [\$26p/w increase]	2011/12 [3.4% increase]	2012/13 [2.9% increase]	2013/14 [2.6% increase]	2014/15 [3.0% increase]	2009/10 -2014/15
National Minimum Wage	\$543.90	\$569.90	\$589.30	\$606.40	\$622.20	\$640.90	17.80%
Consumer Price Index (Brisbane)	94.8	97.7	100	102.3	104.9	107.5	13.40%
Wage Price Index (Qld)	103.3	107.3	111.3	114.7	117.7	120.6	16.70%
Productivity Index 1. (GDP / hours worked)	95.1	94.6	96.9	100.0	101.5	104	9.40%
Productivity Index 2. (Gross value added per hour worked market sector)	93.0	93.2	96.6	100.0	101.8	104.3	12.20%

Source: ABS Catalogue 5206.0, 6401, 6345.0 & MYFER

JUNIOR RATES OF PAY AND INCREASES IN APPRENTICE WAGES

Queensland businesses told CCIQ that the rise in youth unemployment levels can be somewhat attributed to the significant labour costs for employing juniors under the age of 21. One example is the FWC decision to increase the rate of pay for 20 year old retail workers to bring pay rates in line with adult levels. The implications of this ruling are wide-ranging, particularly for an industry already dealing with the twin challenges of international competition and high fixed costs. Also cause for concern is the dramatic reductions in apprenticeship take up. Employer incentives to take on apprentices have been removed and first year and adult apprentice wage rates have been significantly increased by FWC.

EXEMPTIONS FOR DISASTER PRONE INDUSTRY SECTORS

Queensland is currently experiencing a significant drought event; with almost half of Queensland's agricultural industry located in drought declared areas. As the agricultural industry is a key economic driver in many rural communities, the impact of the drought on the industry has a significant ripple effect resulting in higher unemployment rates, reduced rural populations, and reduced economic activity. At present, there is no capacity for the FWC to take into consideration factors such as natural disasters when setting wages. CCIQ believes the Government must legislate to give the Commission ambit to consider such matters when deciding wage rises.

SOLUTIONS

- Wages must be set at a level that is affordable, does not erode profitability, and does not impact the long-term sustainability of businesses
- CCIQ is not advocating a 'race to the bottom' but sensible acknowledgement that the minimum wage setting process be appropriately geared to take into account businesses ability to pay
- Enhanced wages and conditions be offset by delivering equal benefits through higher efficiency or productivity improvements
- Eliminate the barriers to the commencement and completion of apprenticeships and traineeships
- Exempt industry sectors exposed to natural disasters from award review processes until such as the effects of the disaster are declared to have ceased.

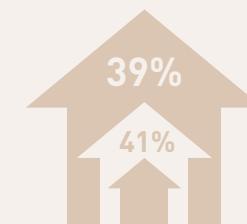
49%

Wage levels and increases are a major to critical concern for 49 % of Qld small businesses



39%

41%



Small businesses are more sensitive to wage cost pressures, with a lower level of concern amongst medium businesses (41%) and large businesses (39%)

79%

of Qld business indicated approval for linking wages with increases to productivity when asked



25.5%

Apprenticeship commencement numbers down 25.5% year-on-year





FLEXIBILITY

Embracing workplace flexibility.

Flexibility is key in small and medium enterprises. A modern workplace relations system must allow employers and employees to negotiate individual arrangements that meet both parties' needs. The ability of employers to put in place flexible working arrangements has been one of the greatest casualties of the Fair Work Act.

As a consequence, employers support a return to statutory individual agreements (subject to certain protections), or simply for the conditions around Individual Flexibility Arrangements, already in the Fair Work Act, to be relaxed so that they are fit for purpose.

Importantly, this would include allowing IFAs to be offered as a condition of employment, and extending the notice period for their termination.

Either IFAs or individual agreements must also be subject to the Better Off Overall Test.

Business owners need freedom to identify arrangements that increase the take-up of innovative practices that make best use of workers skills and expertise.

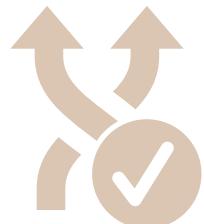
SOLUTIONS

Amend the FW Act to better provide for the negotiation and implementation of individual flexibility arrangements (IFAs) that give genuine flexibility to employers and employees:

- Ensure IFAs can be offered as a condition of employment
- Allow IFAs to contain trade-offs between financial and non-financial benefits
- Increase the scope of flexibility terms to include a greater number of matters to which an IFA may relate (i.e. those matters that are directly relevant to the employment relationship), and limiting the scope of matters that rest outside of the direct relationship between employer and employee

60%

support making Individual Flexibility Agreements a condition of employment



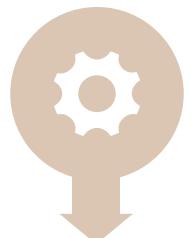
45%



Workplace flexibility has decreased or substantially decreased for 45 per cent of Queensland businesses as a result of the Fair Work Act

5%

of Queensland businesses recorded improvement in productivity under the current Fair Work laws



DELIVERING A WORKPLACE RELATIONS FRAMEWORK FOR THE FUTURE

A vision for a better system.



We are taking charge of the workplace relations agenda in Queensland to get better outcomes for the businesses of this State.

CCIQ wishes to coordinate a workplace relations agenda in Queensland in order to compel politicians in Canberra to recognise the importance of workplace relations laws to small and medium businesses in this proud State and the rest of the country.

Queensland businesses' vision is for a workplace relations framework that:



REDUCES RED TAPE AND COMPLIANCE COSTS:

Queensland businesses want a simple, effective, and relevant workplace relations system. Reducing the prescriptive nature of the current legislation to allow for the adoption of best practice methods will go a long way towards allaying the current compliance costs and enhancing the capacity of employers to run their own business.

EMBRACES WORKPLACE FLEXIBILITY:

The workplace relations system needs to embrace flexibility as the key factor for delivering mutually beneficial outcomes. We need a workplace relations system that can be tailored to the needs of extremely diverse and dynamic workplaces.

DELIVERS THE APPROPRIATE BALANCE BETWEEN EMPLOYERS AND EMPLOYEES:

A system where the rights of employees are balanced against the rights of employers, with adequate protections in place to ensure the sustainability and fairness of the system.

DELIVERS PRODUCTIVITY IMPROVEMENTS:

Enhanced wages and conditions need to be offset by delivering equal benefits to employers through higher efficiency or productivity improvements.



CCIQ delivers actions through its purposeful and multi-pronged advocacy agenda. For almost 150 years we've been the voice of Queensland business, with a primary focus on advocacy. Our advocacy team has built an enviable reputation in this regard, and has always worked tirelessly to ensure Queensland is the best place for you to do business.



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