IR rollback

Labor’s industrial relations legislation to ‘roll back’ much of the previous Commonwealth government’s WorkChoices laws, ‘strike a fair balance between the interests of employers and employees.’ That’s the view of the Commonwealth opposition deputy leader and workplace relations shadow minister, Julie Bishop.

The surprising backdown appears to be a defeat for Bishop, who has supported the Coalition’s policy to retain Australian Workplace Agreements (AWAs).

The Workplace Relations Amendment (Transition to Forward with Fairness) Bill 2008, tabled in parliament by Industrial Relations Minister and Deputy Prime Minister Julia Gillard, will ban new AWAs and replace the former government’s ‘fairness test’ with a ‘no disadvantage test.’

If the Coalition really has dropped its objection to the industrial relations legislation it means AWAs will be abolished once a Senate inquiry into the laws finishes this month.

Bishop has not, however, closed the book on AWAs, and says the Coalition will seek to amend Labor’s legislation to extend the period of time its proposed individual statutory agreements will run from two years to a maximum of five years.

Labor’s transitional bill, which creates Individual Transitional Employment Agreements, or ITEAs, would enable employers to keep employees on individual agreements until 31 December 2009 – if they had staff employed on AWAs before 1 December 2007.

It’s unclear whether Bishop wants ITEAs to reach their nominal expiry date five years after they are formed, in 2014. It’s also unclear whether the Coalition will block the government’s legislation in the Senate if Labor refuses to accept the changes.

Three strikes and you’re out?

STEVE HOLDEN REPORTS ON INDUSTRIAL ACTION IN WESTERN AUSTRALIA, VICTORIA AND THE NORTHERN TERRITORY.

More than 40 schools in Western Australia closed for the day in late February when teachers who were members of the State School Teachers Union attended a half-day stopwork meeting despite being ordered not to do so by the Western Australian Industrial Relations Commission (IRC). The full bench of the IRC will consider prosecuting the union over the stopwork meeting. WA Education Minister Mark McGowan said the union deserved to be prosecuted by the IRC because it broke the law.

The union is pursuing a wage increase of 20 per cent for state school teachers over three years. The government has offered a base 13.6 per cent increase – up to 22 per cent, depending on teachers’ experience and difficult-to-staff location – over three years.

McGowan wants to introduce a new top base pay of more than $90,000 a year, which would include a performance-based pay component for teachers with more than nine years’ experience who demonstrate ‘some merit.’

In Victoria, meanwhile, members of the Australian Education Union (AEU) took strike action in February and March, following similar action in November, in pursuit of an annual 10 per cent wage rise over the next three years. The Victorian government is offering 3.25 per cent.

More than 10,000 striking state school teachers met at Melbourne’s Vodafone Arena to begin a campaign of 35 four-hour rolling stoppages from February until April to put pressure on the Victorian government in negotiations for a new agreement on teacher pay, workload, class sizes and contract employment.

According to Mary Bluett, president of the AEU’s Victorian branch, Victorian state school teachers have not had a pay rise since October 2006. The top of the salary increment for a Victorian state school teacher is $65,414 a year. In Queensland it’s $69,225; in Western Australia it’s $71,067; and in NSW it’s $75,352.

Victoria’s state school teachers were joined in strike action last month by more than 4,000 Catholic school colleagues that closed or disrupted more than 130 schools.

Pay increases for Victoria’s Catholic school teachers have matched increases for colleagues in the state school system since 1997. Catholic school teachers have been negotiating a new enterprise agreement since last November.

The Northern Territory branch of the Australian Education Union is also considering strike action in support of a pay increase of 15 per cent over two years and more flexible working conditions. The NT government last September offered 10 per cent over three years.

Keep in mind, this industrial action is occurring at a time when high employment and skill shortages are increasing competition for graduates and forcing employers to target older graduates. According to the Australian Association of Graduate Employers, graduate vacancies have increased by 10 per cent annually since 2002, up 11.2 per cent this year. Sectors facing the biggest shortage are engineering, information technology and accounting.

Whether education joins them remains to be seen.
Win-win for government, unis?
AUSTRALIA’S UNIVERSITIES WANT TO CREATE A $6 BILLION FUND, USING HECS. STEVE HOLDEN REPORTS.

Universities Australia (UA), the peak body representing 38 of the nation’s 39 universities, wants the Commonwealth government to increase funding to the universities sector through the creation of a $6 billion fund backed by the securitisation of the nation’s deferred Higher Education Contribution Scheme (HECS) payments. The UA released its position paper on the so-called HECS Fund, called Supercharging HECS: Creating new foundations for the Education Revolution, ‘to inform 2008 Budget deliberations,’ last month.

Under the UA proposal, government bonds would be issued by Treasury, supported by future HECS repayments through consolidated revenue, and the proceeds from sale of the bonds would be used to create a HECS Fund. The investment returns on the HECS Fund would in turn be dedicated to new funding for university facilities and maintenance. Interest owing to investors would be paid from future HECS debt repayments, via the government’s consolidated revenue fund.

Announcing the proposal, UA chief executive Dr Glenn Withers said, ‘A $6 billion fund could be established by the Rudd Labor Government, with an estimated $300 million becoming available annually from the fund to support enhanced university infrastructure and facilities. This would be win-win – for government, universities and the nation.’

According to UA, because the proposed HECS Fund would derive income from secure debt, it would provide a predictable and reliable revenue source for campus improvements and university infrastructure, and would keep Australian investment money in the country.

‘It would ensure that the 1.1 million Australians who are currently repaying a HECS or related HELP debt can be satisfied that they are also directly building universities for the next generation of Australians,’ Dr Withers said.

The proposed HECS Fund would operate with:
- bonds issued by the Australian Office of Financial Management in Treasury
- investment managed by the Future Fund Board of Guardians and Management Agency, and
- investment returns distributed annually at the direction of the Minister for Education according to past HECS student numbers for each university.

Securitisation is the process of converting existing illiquid assets with predictable cashflows, such as loans, into marketable securities, which can then be sold to institutional investors. The UA proposal would raise government bonds based on the future revenue flows that exist from HECS repayments by those with a HECS debt, ‘supercharging’ HECS so that universities can receive both initial payments of HECS, plus further funding based on the security provided by the flow of future HECS debt repayments.

UA says its proposed HECS securitisation program would complement the initiative established by the former Coalition government in the 2007-08 Budget, through the Higher Education Endowment Fund Act 2007 with an initial endowment of $6 billion to support investment in higher education capital expenditure and research facilities and to promote a culture of philanthropic investment in Australian universities.