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INDUSTRIAL RELATIONS RE-REGULATION TO ENTRENCH MASSIVE WORKER SHORTAGE

"The federal government's systematic re-regulation of Australia's job market will further entrench the unprecedented, nation-wide shortage of workers, driving up costs for business and fuelling inflation," said Saxon Davidson, Research Fellow at the Institute of Public Affairs.

Earlier this week, the Federal Minister for Industrial Relations, Tony Burke, tabled the government's latest tranche of industrial relations legislation, the *Fair Work Legislation Amendment (Closing Loopholes) Bill 2023*.

The Bill proposes, amongst other matters, to fundamentally change the definition of casual work and will decree that casual workers cannot be workers who have a 'regular pattern of work', which will only increase the red tape burden on businesses currently employing casual workers.

"The proposed changes will make work far less flexible, increases the amount of paperwork for businesses, and puts yet more red tape into the job market," said Mr Davidson.

"The consequence of this change will clearly be that casual workers who have had regular patterns of work will have their lives disrupted by a more randomised work schedule and will likely have less employment opportunities."

The proposed changes will disproportionately affect small and medium enterprises. According to the Australian Industry Group, 80 per cent of all 2.7 million casual workers in Australia work for SMEs.

"The federal government must make small businesses exempt from this aspect of the bill just as they have been from the labour hire provisions of the bill," said Mr Davidson.

It has been a consistent claim of the Prime Minister, and his Ministers, that Australians are increasingly in perilous positions of 'insecure work' and are 'caught' in the gig economy. However, this is inconsistent with the fact that the proportion of Australians who engage in casual employment has been steady for decades, at around 25 per cent for almost 30 years.

"The industries that have been the hardest hit by worker shortage increases in the past three years have been the industries that have the most casual workers, that being hospitality, retail trade, and health care," said Mr Davidson.

"There remain over 431,000 job vacancies across the economy, which is almost double the pre-COVID level, with one in four businesses unable to find the workers they need. At a time when the economy and businesses need flexibility to recover these reforms do the exact opposite."

Economic analysis from the Institute of Public Affairs reveals the worker shortage is costing Australians $32 billion in foregone wages, and the Federal Government $7 billion in income tax.

"Australia is currently on a low ebb in economic productivity, and in the midst of a worker shortage crisis, this is no time to be adding more red tape onto small businesses and making it harder for Australians to enter the workforce," said Mr Davidson.

To download the IPA's worker shortage research click here.

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