



3 September 2008

The Hon Julia Gillard MP
Deputy Prime Minister
Parliament House
CANBERRA 2600

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Dear Deputy Prime Minister

Re. Conversion of enterprise NAPSAs into enterprise federal awards

We are writing to seek an amendment to the workplace relations legislation and/or the Award Modernisation Request to enable an enterprise NAPSA to be converted into an enterprise federal award, by agreement between the parties.

There are very sound policy reasons why this proposal has merit. It appears to be consistent with the Government's workplace relations policy and appears to be widely supported by industry and unions.

Reasons why the proposal has merit

The reasons why Ai Group's proposal has merit include:

1. The award modernisation exercise currently requires that modern industry and occupational awards cover the scope of hundreds of enterprise NAPSAs. This has resulted in the award modernisation process being far more complex than it needs to be. The problems caused by enterprise NAPSAs have not yet been addressed in any meaningful way by the industrial parties or the AIRC in the award modernisation exercise and when this is done there is a risk that the objectives and/or timing of the exercise will be frustrated (eg. the objective to not increase costs for employers and/or to not disadvantage employees).
2. Enterprise NAPSAs typically contain more generous terms and conditions than industry awards and, hence, incorporating them within industry awards could result in cost increases for employers within the industry.

3. All NAPSAs expire on 31 December 2009 and unless a federal award covers the scope of an enterprise NAPSA the employees in the enterprise will be left without an award safety net.
4. Most enterprise NAPSAs have been in place for many years and reflect settled industrial arrangements. It is not in the public interest that such arrangements be disturbed.
5. Commonly an enterprise NAPSA has only one union party – the union which has membership within the relevant enterprise. If the NAPSA is abolished and the enterprise brought within the coverage of a broad industry award with many union parties, demarcation disputes and right of entry conflicts could result.
6. In Labor's *Forward with Fairness Policy Implementation Plan, August 2007* (page 16), the following statement is made:

“Labor understands that enterprise awards have a special status. Many enterprises have worked for years to get their enterprise award in a shape that suits their business. Consequently, Labor guarantees that enterprise awards will continue.”

The reasoning set out in the above statement applies equally to enterprise federal awards and NAPSAs. Many enterprises covered by enterprise NAPSAs “have worked for years to get their enterprise award in a shape that suits their business”.

7. Ai Group has discussed its proposal with several major companies in the manufacturing, steel and mining industries with operations covered by enterprise NAPSAs and it is evident that there is strong industry support for the proposal.
8. Ai Group has also discussed its proposal with various major unions which are parties to enterprise NAPSAs and it appears that there is union support for the proposal.

Importantly, it is proposed that an enterprise NAPSA only be able to be converted to an enterprise federal award with the genuine agreement of the parties and free of any coercion.

We would be happy to provide you with any further information which you may require.

Yours sincerely



Heather Ridout
CHIEF EXECUTIVE