

MEET THE PRESS

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**Meet the Press
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INTERVIEW WITH WITH HEATHER RIDOUT ABOUT INDUSTRIAL RELATIONS REFORMS, GLOBALISATION OF THE ECONOMY, THE POWER OF THE UNIONS IN THE WORKPLACE.

Extract:

PAUL BONGIORNO:, joining us now, the chief executive of the Australian Industry Group, Heather Ridout. Welcome back, Ms Ridout. Kim Beazley has no doubts what these laws will do - all bad. But does it shock you really that the Treasury yesterday revealed that there's been no economic modelling of the effects of these big changes? After all, the Government modelled the economic effects of the GST?

CHIEF EXECUTIVE, AUSTRALIAN INDUSTRY GROUP HEATHER RIDOUT: I don't think we need more economic modelling. We've had a decade of industrial relations reform which has yielded, along with other changes, very important productivity improvements, real wage increases, more jobs for the economy, so to go to economic modelling, to put a whole lot of assumptions in one end and have stuff come out the other, I think would be a waste of public money.

PAUL BONGIORNO: Do you think that in the sense that a lot of the framework that's led to where we are today will be taken away by these changes and the reason the Government gives for them of course is that we will be economically better off. Why shouldn't we have a model for that?

HEATHER RIDOUT: Paul, you look at where the changes... where the old system came from. It grew out of Federation, it grew out of a century of a closed economy with high tariff protection; we had high immigration, we had a whole lot of things that were all about trying to protect a system that no longer existed. At the beginning of the 21st century, we're a global economy, whether you're operating in the Illawarra or Timbuktu, you're operating in a global economy, and I think industry needs industrial regulation that's

consistent with that. Also we have an ageing population and we have a population that has all sorts of different needs - working family, carers, older parents, older workers wanting to work part-time towards the end of their working career. We have a very diverse workforce and I think those two big changes - the end of the closed economy and the more diverse needs of the workforce and employers - are really the genesis of the 21st Century reforms.

MICHELLE GRATTAN: Ms Ridout, of all the employer groups, yours is probably closest to the unions traditionally. This legislation is very harsh on the unions who are even more excluded from workplaces where that's possible. Do you think it's too harsh in that regard and do you think that the unions' role is just going to be increasingly squeezed out of the modern workplace?

HEATHER RIDOUT: Unions will still have the right to represent workers, they'll still have the right to enter workplaces, they'll still have the right to bargain, they'll still have the right to represent the workers in the industrial commission and before the Fair Pay Commission. So unions - and the right to actually assist workers to take protected action, of course, which is a very important right - so unions will still have a lot of rights under this legislation.

MICHELLE GRATTAN: Do you think the less power unions have in a modern Australian economy the better?

HEATHER RIDOUT: Oh, no. I think unions are an important balancing institution in our society, and will always be that. Only 17% of the private sector are now unionised. If you include the public sector, it's about 24%. I think we have to think that the majority, the vast, vast, vast majority of Australian workplaces are non-unionised. Over the next two weeks we'll be having 2,500 companies - members of ours - go through sessions briefing them on this new legislation and the vast bulk of them do not have unions in their workplace.

PHILIP CLARK: Ms Ridout, the whole package proposes a radical shift in the way that relations between the boss and the employee are operating in Australia. People are ringing me on my radio program - and there've been a lot of them - are terrified that they will walk in there and be confronted with the boss. They know that they've got no power with the boss, no Australian employee knows, if they're up against the boss that they're going to come off ahead. They know that. That's a real fear. It's reflected in the polls and

there's no answer to that in this package, is there?

HEATHER RIDOUT: Well, I think what really have been moving towards, Philip, is a system of enterprise bargaining - for some time, since 1993. Companies are in different circumstances than other companies down the road or in different industries, so we've needed a system where you can drive the sorts of deals at the enterprise level where people can talk to each other either through collective bargaining or through individual bargaining. This legislation takes one more step down that direction, but I wouldn't be so pessimistic about the capacity of people to deal with their own bosses. 40% of the workforce now are on common law contracts. They're dealing with the boss every day...

PHILIP CLARK: But, but...

HEATHER RIDOUT: ..And they're not just managerial employees, they're lower level, all sorts of people.

PHILIP CLARK: Employees tell me this is more and more common - you walk in and say, "I want the job." And they say, "Here are the conditions. You can have a union come along and talk about that if you want, or your accountant or your tax agent or whatever, but these are the conditions. If you want the job, sign. It's take it or leave it." And in tight economic times it's even going to be more so.

HEATHER RIDOUT: The employer doesn't find it easy to get 10 candidates for a job, Philip. You've got a very tight labour market and that's going to continue. So the boss is confronted with a person whose skills he needs, whose capability he needs or she needs. That person cannot have their rights taken away unless it is specifically written into the agreement, that person has seven days to go and get advice about that agreement. So, there are a lot of protections and, frankly, I think we're not going to see a lot of change straight off through this legislation. It will be some years before we start to see this unfold. And by then the economy will have moved more inexorably towards this very globalised state that we're almost in now.

MICHELLE GRATTAN: But one area where we will see change is unfair dismissal. Saul Eslake of the ANZ Bank recently suggested that maybe where the protection on unfair dismissal is needed is in the smaller companies which won't be protected anymore, the employees won't be

protected, rather than the larger companies where protections will still continue. Do you think that there's any grounds for thinking that people will be disadvantaged in these smaller companies now that they've lost these protections?

HEATHER RIDOUT: You know, Michelle, we've put detailed representations to the Labor Party and the Democrats in the lead-up to a lot of that legislation being put in the House. There has been legislation there that was a compromise on the unfair dismissal area to create better law, to stop speculative claims, which was still consistent with ILO standards. They resisted that. As a result, we now have quite tough legislation. In relation to small business, again, people do not want unsettled workplaces. We put 20 affidavits recently to the family provisions test case for small business. They're very good reading about the culture in Australian workplaces and they're not all about some ghastly boss just sort of hounding a person out of their workplace if they don't like the colour of their hair. Also, under this legislation, you cannot be unlawfully dismissed on a range of grounds – for family reasons, pregnancy, discrimination issues etc - and the first port of call for those claims will be a conciliation hearing at the Industrial Relations Commission. We're going to see a lot more of it and I also think we'll see a lot more redress to the anti-discrimination tribunals.

PAUL BONGIORNO: Plenty more left in this argument. Thanks for being with us today Heather Ridout, and thanks to the panel, Michelle Grattan and Philip Clark. Until next week, goodbye.