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DEPUTY PRIME MINISTER

Minister for Education

Minister for Employment and Workplace Relations

Minister for Social Inclusion

SPEECH

Australian Industry Group

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INTRODUCTION

It's a great pleasure for me to be here today.

Let me start by acknowledging the traditional owners of the land on which we meet - the Ngunnawal people, and to pay my respects to their elders, past and present.

This has been a big year for the Australian Industry Group.

Firstly, happy birthday: I congratulate you on your 10th anniversary, when the Ai Group was created through the merger of the Metal Trades Industry Association and the Australian Chamber of Manufactures.

In ten years, the Australian Industry Group has claimed an important place in Australian public life, making sure the voice of industry is heard across key debates and across the political divide.

In 2008 your voice is more important than ever given the current economic climate. Your companies, represented by the Ai Group, play a key role in building Australia's future prosperity.

I would like to acknowledge the strong, independent and constructive contribution to national policy debate made by Ai Group's CEO, Heather Ridout. Recently, some in the Liberal Party have sniped about the Ai Group's preparedness to engage in constructive dialogue with the Government. There are still many who would cling to the old politics of tribalism.

The truth is the Ai Group has been a strong advocate for the interests of its members across all aspects of public policy making, including the process of developing the Fair Work Bill.

Reflecting the Government's commitment to cooperative workplace relations, the Fair Work Bill is the product of an unprecedented degree of consultation with employee and employer representatives, not least of which is the Ai Group, as well as State and Territory governments.

During the entire twelve months of the policy development process, the Ai Group's contribution was consistently persuasive, positive and substantial.

I sincerely thank Heather Ridout for her very significant contribution, as she participated in both the National Workplace Relations Consultative Council and the body I established to provide direct business input into this process, the Business Advisory Group, playing an important role in linking the two processes.

I would also particularly like to thank Stephen Smith and Peter Nolan for their significant contribution, particularly in the Committee on Industrial Legislation process in October this year.

I am confident that our extensive consultation with stakeholders has helped us to get the balance right between fairness and flexibility.

Of course, no one side has achieved every outcome it wanted.

In examining the issues that may remain of concern to industry, I would urge you to stand back and to look at the Fair Work Bill as a whole package.

The Fair Work Bill lies very much at the political centre. It will provide a fair and flexible framework to accommodate the needs of employers and employees.

I want to use this opportunity in speaking to you today to highlight some key points.

Bargaining

The key feature of the system is bargaining in good faith at the enterprise level.

A significant proportion of medium to large businesses are already well established in a

bargaining culture.

There is no return to the automatic arbitration of disputes as provided for in previous federal systems and in current State systems.

Workplace determinations can only be made in clearly defined exceptional circumstances.

The Bill provides for good faith bargaining – including the obligation to meet and consider each others' proposals and refrain from capricious conduct. It is important to note that these obligations cut both ways – they apply equally to unions.

And, of course, these obligations do not require either side to make concessions or sign up to an agreement they do not agree with.

Employees can be represented in the bargaining process by their union and employers – as is fair and proper – must respect this choice. And it *is* a choice – employees can be represented in bargaining by any person they nominate.

There will no longer be 'union' or 'non union' agreements – all agreements will be made directly with employees. Where fifty per cent of employees approve an agreement, the agreement is made.

As promised in Forward with Fairness, the Fair Work Bill outlaws pattern bargaining. Industrial action in support of pattern bargaining is clearly prohibited and an injunction can be sought direct from the Court.

Flexibility

The system is flexible.

Existing enterprise awards, as well as existing enterprise NAPSAs will be a part of the new system. We know from AiG's strong representations on this issue that many businesses were keen to retain their current arrangements.

As well as common law contracts, individual flexibility arrangements can be made on top of an award or an enterprise agreement and will be a valuable tool in attracting and retaining staff by being able to accommodate individual needs.

Low paid stream

We went to the Australian people at the last election with a clear commitment to help low paid employees and their employers to gain access to enterprise bargaining and the benefits it brings.

Through enterprise bargaining, businesses gain productivity and service delivery improvements. They keep good staff. Staff morale is improved. Through productivity gains, employees achieve real improvements to wages and conditions.

We know that many employees in sectors like cleaning, community work and security have not benefited from bargaining and have been left behind.

Fair Work Australia will be able to convene conferences, help to identify productivity improvements to underpin an agreement and generally guide the parties through the

negotiating process.

Where bargaining fails and agreement cannot be reached for a particular employer or employers, then Fair Work Australia – in very limited circumstances – can make a workplace determination to resolve the issues in the bargaining.

In order to make a workplace determination, Fair Work Australia must be satisfied:

- there is no reasonable prospect of agreement;
- the employees are employed on substantially on the safety net and have never had a collective agreement;
- it would be in the interests of promoting bargaining in the future;
- productivity and efficiency in the enterprise or enterprises concerns would be promoted; and
- it is in the public interest.

Further, in making a workplace determination, Fair Work Australia must ensure employers are able to remain competitive and must consider how productivity in the enterprise may be improved.

Bargaining fees

Another issue I want to highlight is bargaining fees. During debates in the House of Representatives, some members of the Opposition claimed that we were breaching our election commitments and that the Fair Work Bill allows compulsory bargaining fees.

Can I reassure you here today that nothing – I repeat – nothing in the Bill allows a union to impose bargaining fees.

The effect of the provisions in the Fair Work Bill is exactly the same as the current provisions in the Workplace Relations Act. Both enable genuine fee-for service arrangements, such as those provided by many employer associations.

Right of entry

The Government outlined its commitments on right of entry in detail in the Forward with Fairness policy implementation plan.

The Government promised that our right of entry laws would strike a balance between the right of employees to be represented by unions and the right of employers to run their businesses without interference.

The Fair Work Bill delivers on these promises.

Unions will have to comply with very strict conditions of entry: they must hold a permit; give 24 hours' notice; and comply with strict requirements for conduct on site. Sanctions apply to a permit holder who misuses entry rights or acts inappropriately.

Importantly, where a union exercises entry for discussion purposes, it can only hold discussions with workers who *want* to participate.

We all have an interest in making sure there is compliance with awards. Employees

shouldn't be ripped off. Employers shouldn't be illegally and unfairly undercut in the market place.

Unions have a long-standing role under industrial relations legislation, even under Work Choices, to investigate suspected breaches of awards and to take recovery action to make sure employees are paid correctly.

We are allowing a right of entry permit holder to inspect *only* those documents that are *directly* relevant to investigating a breach of an award or the Act that affects a member of the union.

Any claim this can be used to copy lists of names and addresses of employees is unfounded. Remember that this was the framework used for very many years, all the way to 2005.

Privacy Act requirements apply and any misuse results in a significant fine and the cancellation of the permit.

The right of entry scheme we have put forward in the Fair Work Bill gets the balance right between the rights of employees to join and be represented by a union and the right of employers to run their businesses free of interference.

Simplicity

It is worth noting that the Act is now less than half the size of the previous legislation.

The Department's legal team and Parliamentary Counsel have worked hard to provide simpler laws that are easier to navigate and understand.

We hope that this saves each of your businesses here a lot of money in legal fees in the years to come.

Human Capital Agenda

Each of your companies, represented by the Ai Group, plays a key role in building Australia's future prosperity. You are essential contributors to Australian economic growth and employment.

Your companies, and all Australians, are affected by the events that have unfolded this year in the world's financial markets and there are clearly tough times ahead.

It is now, more than ever, critical to our ongoing prosperity that we make significant investments in Australia's human capital. We are helping Australians to reach our national and individual potential, to achieve a globally competitive and globally attractive economy.

Over the past twelve months, we have made some major advances in pursuing this agenda.

In education:

The \$2 billion Digital Education Revolution will enhance access to new technology in schools across Australia. So far it has delivered more than \$116 million for 116 820 new computers to 896 secondary schools.

The \$2.5 billion Trade Training Centres in Schools Program will help increase the number of students achieving Year 12 or an equivalent qualification and address skill shortages in traditional trades and emerging industries.

The new National Education Agreement, concluded last week at COAG, creates an unprecedented opportunity for ambitious school and education reform in Australia.

This Agreement, worth more than \$42 billion, signs up all Governments in Australia to shared accountability for a common set of outcomes and targets – something which we have not had before.

It has lifted the Commonwealth's contribution to primary education by \$635 million, correcting a long term underinvestment and reinforcing the importance of the primary years.

And perhaps most important, it commits all Governments and all school systems to a revolution in school transparency, working to the same set of requirements for publishing individual school performance, information about the student population and comparison with like schools.

Together with this year's successful progress towards a National Curriculum, these reforms create the platform for a new era of transparency, accountability and improvement in Australian schools.

In addition, COAG established National Partnerships targeted at teacher quality (\$550 million), disadvantaged school communities (\$1.1 million) and literacy and numeracy (\$540 million) – ensuring that these areas receive injections of Commonwealth funding to drive State investment and a focus on delivery.

In the area of teacher quality, I have called for interest from leading employers to support a national program to train high-achieving graduates to teach in some of our most challenging schools before developing their careers in other sectors. I have been very encouraged by the response so far.

In early childhood:

We are also making significant investments in early years education to provide families with access to high-quality affordable early education programs and child care.

We know this is key to achieving positive outcomes for Australian children and ensuring each Australian child is given the best possible start in life.

In higher education:

And investments are being made in Australian universities.

- The Government has spent \$500 million under the Better Universities Renewal Fund to help Australian universities rebuild their campus infrastructure;
- The Education Investment Fund will deliver new capital expenditure, and renewal and refurbishment to Australia's higher education and vocational education and training institutions;
- A major Review of Higher Education – the Bradley Review that will report to the Government this year;
- Phasing out full fee places so that entry to higher education is based on merit,

- not on ability to pay;
- o A \$238 million Scholarships for a Competitive Future program to increase the number of graduates in areas of skills shortages; and
- o \$779 million in support for students studying the critical disciplines of maths and science, early childhood learning and other priority areas.

In vocational education and training:

Skills Australia has been created as a new independent statutory body to provide direct advice from industry to Government on current, emerging and future workforce skills and workforce development needs.

Again, I thank the Ai Group and Heather Ridout for a significant contribution to this initiative.

The Australia Government has strengthened the role of Industry Skills Councils, which will provide up-to-date intelligence, advice and ensure industry is at the centre of Australia's training system. The councils have received an increase in funding of \$83.2 million over five years.

The Productivity Places Program has seen more than 60 000 job seekers enrolled. The Government's total commitment to the Program has risen to more than \$2 billion with 701 000 new training places being created over five years.

In employment programs:

Australia's employment services will be reformed to provide a more effective service for job seekers and employers, to ensure job seekers receive individually tailored support to find sustainable employment, and employers are better assisted to fill vacancies with suitably skilled workers.

And we are addressing disadvantage:

New investments will help more Australians enjoy the dignity and social benefits associated with work. Targeted programs will assist more Indigenous Australians and those with a mental illness or disability to engage in the economic and social life of their community.

Conclusion

May I conclude by saying, I look forward to an ongoing cooperative relationship with the Ai Group in the years ahead as the Government and industry work together to achieve what must be our common goals:

- o Ensuring Australian children have the best start in life;
- o Lifting schooling standards for children across Australia;
- o Helping Australians get further education and skills, to help people get the jobs they want and to make sure Australia can compete internationally;
- o Ensuring individual help for individual circumstances to help the unemployed to find and keep work, and to help businesses find the staff they need;
- o Providing training to address skills demands in local areas; and
- o Last, but not least, seeing the effective implementation of the Fair Work Bill, to provide Australia with a workplace relations system which is fair and balanced and provides a stable foundation for future economic growth and security.

Thank you.

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