

**Ai Group Chief Executive, Heather Ridout, on AM – 1 July 2009.**

TONY EASTLEY: WorkChoices was the industrial relations system that many people believe cost the Howard government the last election. Today its successor, Labor's Fair Work regime is in place.

It heralds changes to unions' rights to enter worksites, changes to unfair dismissal laws and gives unions wider rights when negotiating pay increases with employers.

Unions are hoping to use the Fair Work legislation to win a four per cent pay rise for workers in the manufacturing sector - something businesses say Australia can ill afford.

Heather Ridout is the Chief Executive of the Australian Industry Group which covers employers in the manufacturing industry. She's speaking here with our business editor, Peter Ryan.

*HEATHER RIDOUT:* The thing that has to be borne in mind, since the early '90s we've had in Australia a system of enterprise bargaining, not pattern bargaining at the industry level, and if the unions want to return to that kind of regime, that will be very retrograde in economic terms.

And particularly so at the time of the financial crisis where the pressure on individual enterprises is immense and where the diversity of circumstances across enterprises is immense.

So it's going to be very important that we persevere and maintain a real focus on enterprise bargaining.

*PETER RYAN:* Well just looking at the new architecture, how is this going to be managed from both the employers' side and the unions' side?

*HEATHER RIDOUT:* From the unions' side they will undoubtedly send out a pattern claim to many enterprises, but the law means they will have to bargain individually with each of those enterprises.

And if they don't do that and they seek to take industrial action, it will not be protected - that is, it will be illegal. That is the new law, that was the old law and it will be the new law. So the unions are going to have to bargain enterprise by enterprise if they want to make progress in industrial terms.

But also from an employer's point of view, they are going to have to bargain, but they cannot be forced to make concessions and that has been one of the major issues that Ai Group fought to retain under the new system, and that is retained.

*PETER RYAN:* Is there any prospect at all of industry wide bargaining coming back on the table?

*HEATHER RIDOUT:* Well the unions want that, they want pattern bargaining, they want to be able to say we want four to six per cent across an industry and seek that. Now under the current law, the new law, they can make a claim like that, but they cannot seek to take industrial action on an industry wide basis.

That action would be illegal. They can only take it on the basis of an enterprise claim

and that's the system they're going to have to adjust to, and you know, if they want to go backwards and make pattern claims, they will be facing major penalties even under the new workplace relations laws.

*PETER RYAN:* Just to give us an idea of how the system will work, if a union comes to one of your member companies seeking a pay rise across the board, what happens then?

*HEATHER RIDOUT:* The union makes the claim, the employer receives the claim, they then have to bargain in good faith, that means employers have to be willing to consult with the unions, they have to be willing to give them information, sit down and negotiate with them.

But the employer does not have to make concessions, and nor do of course the unions. You cannot be forced to make concessions under this new law but you do have to bargain in good faith, that is, share information and not be capricious about that.

In the event you cannot reach an agreement, the unions can take it to the Commission and seek an order to take industrial action, that action would be protected as long as it's not a pattern claim, as long as it's not seeking unlawful claim.

So they can take industrial action and the employer can resist that action for as long as they like.

*TONY EASTLEY:* Heather Ridout, the Chief Executive of the Australian Industry Group, speaking there with Peter Ryan.