



AWARDS MUST TAKE BUSINESS INTO ACCOUNT

Opinion Piece by ACCI Acting Chief Executive Greg Evans published in the Newcastle Herald - 11 June 2009 - Awards Must Take Business Into Account

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OPINION & ANALYSIS

FROM January 1 next year, employers will have a new “modern” industrial award.

While industrial awards have been a common feature in Australia they have applied ad hoc, inconsistently, and inflexibly at the best of times.

Not only did a federal tribunal create industrial awards, but so did state industrial tribunals.

Hence, overlapping coverage has been a complicated fact of life for business.

Over many years thousands of industrial awards, created to fix real and fictitious “paper” (log of claims) disputes, grew exponentially.

Fast forward to 2007, the Government’s pre-reform election policy on industrial relations promised to “modernise” these awards.

An ambitious task that employer and employee organisations knew would cause a fair amount of pain.

While the Government’s written directions to the tribunal suggested a “swings and roundabouts” approach to both employers and employees, the business community welcomed one important condition a modern award was not to increase employers’ costs.

In addition, the tribunal was required to take into account the “public interest” including “the likely effects on the national economy with special reference to likely effects on the level of employment and on inflation”.

The Australian Chamber of Commerce and Industry congratulated the Government for considering the evidence of Restaurant and Catering Australia, which indicated that increased costs and job losses would occur as a result of the Hospitality Industry Award.

The RC&A spent a considerable amount of time and expense to fund independent research and present evidence to the tribunal.

The fact that the Government has directed the tribunal to consider the restaurant and catering industry is significant.

The Government appears to accept the reality that major cost impacts and operational difficulties have arisen as a result of this process.

Fortunately, this has only occurred in a small number of cases, and the Government and tribunal deserve praise.

It is clear that further changes to the process are required to protect jobs and business viability, not only in hospitality but in other vulnerable service industries.

In general retail, smaller operators are facing an average of \$22,000 in increased wage bills where employees are continuing to perform the same duties.

Increased costs will be passed on to consumers or alternatively service levels will deteriorate as a result of job cut-backs or reduced hours.

The Government's award modernisation process should not come at the expense of increasing employers' costs or introducing new or additional inflexibilities. If it does, the Government should have no hesitation in directing the tribunal to have another go.

It would be a perverse outcome that employers, when faced with the alternatives, may prefer the former array of "outdated" awards.

Greg Evans is Australian Chamber of Commerce and Industry acting chief executive.