



TRANSCRIPT

ACCI DIRECTOR OF WORKPLACE POLICY DAVID GREGORY ON ABC RADIO'S "PM" PROGRAM - AWARD MODERNISATION - 2 SEPTEMBER 2009

AIRC Ruling Means Wages May Fall

MARK COLVIN: In an embarrassment for the Federal Government, the Australian Industrial Relations Commission says the Government's award modernisation process will work to the disadvantage of some workers.

As recently as last night, the Industrial Relations Minister Julia Gillard said the Government didn't want to see employees worse off under the changes and that employers shouldn't face higher costs either. But the commission has ruled today that those two objectives were potentially in competition.

From Canberra, David Mark reports.

DAVID MARK: In March last year, the Federal Government asked the Australian Industrial Relations Commission to compress almost 2,500 state and federal awards into 130 national ones.

When she made the request the Minister for Employment and Workplace Relations, Julia Gillard, said no workers would be worse off and no employer would face increased costs. It's a claim she repeated on The 7.30 Report last night.

JULIA GILLARD: We set that as an aim of the award modernisation program, we set no disadvantage to employees as an aim, we asked the industrial umpire to do this job for us, we've got five-year phase-in periods for the transition, and we are achieving a reform that Australian employers have begged for, for more than two decades, and for more than two decades...

CHRIS UHLMANN: But those aims are irreconcilable, aren't they? Those aims are irreconcilable. Can your aims be met?

JULIA GILLARD: They are being met, Chris.

DAVID MARK: But in a decision today the Industrial Relations Commission stated that the Minister's objectives were potentially competing.

Andrew Stewart is a Professor of Law at the University of Adelaide.

ANDREW STEWART: There was no way this process was going to result in anything other than some winners and losers.

DAVID MARK: Today the commission announced the means by which the thousands of awards would be modernised. In its decision the commissioners wrote:

INDUSTRIAL RELATION COMMISSION STATEMENT (voiceover): It is clear that some award conditions will increase, leading to cost increases, and others will decrease, leading to potential disadvantage for employees, depending upon the current award coverage.

DAVID MARK: Professor Andrew Stewart.

ANDREW STEWART: Well the conditions decided that modern awards will start as planned on the 1st of January but if you've got a particular employee whose current wages and conditions are higher or lower than the modern awards standard, then there can be a delay in transitioning to the new modern award provision.

DAVID MARK: Employers will have six months to work out how to move to the new standards in areas such as minimum wages, casual loading and penalty rates.

ANDREW STEWART: And then if there's a gap between what the worker currently enjoys under their existing or their old award conditions and what would apply under the modern award, any difference has to be phased out over a period of up to five years.

DAVID MARK: During that time some employees wages and conditions may increase while others will decrease and the same goes for the costs to employers.

Michael Keenan is the Opposition's Spokesman for Employment and Workplace Relations.

MICHAEL KEENAN: Well it confirms what we have always known and that is that the instructions that Julia Gillard gave the commission were impossible for them to fulfil and that is that this process will not increase employer costs or disadvantage employees.

She has bungled this process from day one. There was no way that they were able to fulfil that promise, it was a completely unrealistic thing for them to ask and they've confirmed that today when they said that their objectives that they were given are potentially competing.

DAVID MARK: When it comes to industrial relations it's rare to come up with a decision that makes everyone happy. Today's decision is no exception:

David Gregory is the director of workplace policy with the Australian Chamber of Commerce and Industry.

DAVID GREGORY: I think the bottom line is and it's acknowledged in today's decision is that there will be a considerable sting for many employers in the transition as they move from state-based IR systems to the new federal framework.

There are going to be cost increases for many of those employers and that's going to be disappointing, particularly given the assurances that we had from the Government, right up front that this was not about increasing costs for employers.

DAVID MARK: Unions are also disappointed.

Sharan Burrow is the president of the ACTU.

SHARAN BURROW: Well we certainly welcome the decision by Fair Work Australia to extend protections to take-home pay which includes new employees, that's a good thing.

But I must say, the employers have run a scurrilous campaign. They've overstated the true impact of award changes and it is disappointing that thousands of low-paid workers will have to wait five years for a transition period before they see the full benefit of a lift in their award rates and penalties and we are indeed a little concerned that it's not clear whether or not the application to workers' allowances and other jobs conditions will be penalised or not.

DAVID MARK: Julia Gillard said at the outset of this process that workers wouldn't be worse off, that's not the case is it?

SHARAN BURROW: Well if, as we indicate, there are some workers that lose out from January 1, then we'll continue to argue that because indeed the Government did say that no worker would be worse off, so where we see that there are particular workers for whom the transition provision don't apply, particularly to allowances and other job conditions, that will be an ongoing argument with us.

MARK COLVIN: The president of the ACTU, Sharan Burrow, ending David Mark's report.