event transcript

CEDA
COMMITTEE FOR ECONOMIC DEVELOPMENT OF AUSTRALIA

WorkChoices: Two Opposing Views

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Thanks Gary for that rousing introduction. Can I start by thanking you all for coming today and thank you to CEDA for putting on this event. In the tradition of the football season it appears that I have won the toss and I have elected to go first and I thank David for his indulgence in that. David and I have done similar things to this discussion you'll hear today and I hope you will find it informative. Let me also begin by saying that the role that I play here today is one of the, I guess the senior advisor to the Victorian government on industrial relations. And so what I want to put to you today is the position the Victorian government has adopted in terms of the work choices to date. I'll be talking about some of the things that have underpinned the reason the Victorian government has taken the view that it has and just in case you haven't noticed, the Victorian government doesn't like Work Choices. In fact I would go so far to say it's implacably opposed to it. So I'll be taking you through <inaudible> that position and what it has done in terms of dealing with Work Choices.

Here we go. I will begin by saying in terms of this debate there are those who have said that what's happening with the introduction of Work Choices has been an incremental change. That is that it's been a build on what's been a progress of slow reform, of the industrial relations system over many years. We take a different view, the Victorian government takes a different view and sees it as more of a big bang. The Work Choices changes have been

extremely complex. The new legislation runs up 1700 pages, it's one of the biggest Acts that are now on the books. One barrister I was speaking to recently said it was making the tax Act look like a simple choice for law specialty. And in that context there are concerns for the Victorian government about how employees and how managers are going to deal with this fairly complex legislation

You've also seen in the community disparate groups taking a fairly strong position in opposition to it. You've had people like the Catholic Arch Bishop of Sydney, Cardinal George Pell, I guess known as a conservative within the catholic ranks, challenging Work Choices. And I quote, I don't particularly like the new IR laws because I'm frightened they can be used to force down minimum wages and if that was the case I'd be very disappointed. And the Anglican Bishop Philip Huggins saying let's face it, the system works well enough, it's not as if we've got a system in crisis. It's a good system that's evolved incrementally over 100 years with good moral principles underneath it. So there's been a high level of engagement from the broader community in these changes.

Where is the Victorian government at? Well the Victorian government is on the record as saying repeatedly that it supports a national unitary system of industrial relations. It does still believe that that is the best system to deal with industrial relations in this country. But it has been also very clear to say that it expects it to be a fair system. And it's not the too fine a point on it that he takes the view that the current system as it's founded in Work Choices is not fair. We know that Work Choices acts to exclude state industrial relations systems in other states, obviously not an issue so much for us. It enlarges the federal IR system and it leaves only remnants of the state based systems around the country, except of course for Victoria. The rights of employees and employers have been significantly altered affecting about 80% of the workforce and I think it's very hard for any reasonable person to not say that this has led to, this legislation has led to a significant shifting in the rights, in terms of industrial relations, away from employees and towards employers. There is no doubt that that is what the legislation is designed to do,

whether you think that's right or wrong, but that is what it does do.

The early focus as the legislation came into effect I think said it a lot around the changes to the unfair dismissal regime. We're all familiar with the debate about businesses of less than 100 employees no longer having access to unfair dismissal remedies and we're familiar with the debate about operational reasons being the reason to terminate employees. And that was well played out in the Cowra abattoirs dispute. A new survey that was talked about released by Roy Morgan just last week found that young workers were particularly confused about their employment arrangements. 17% of workers believed they had signed an AWA, but the Office of Employment advocate statistics from recent senate estimates committee show that only 4% had actually done so. So 17% think they've signed one, it's a bit hard to see how that could be the case. 37% of 14 to 17 year olds and 22% of 18 to 24 years have signed something, but were unable to say exactly what it was that they had signed. So there's a fair amount of confusion out there.

Now let me just consider briefly, let's go back to the Work Choices system and what it is that it actually does. It's by recapping on this that I find is the most powerful statement on why the Victorian government has taken the view that it has, that it remains opposed to it. There is no doubt that the system under Work Choices will promote individual agreements. It promotes AWAs over and above collective bargaining. It is to be expected that in that context there would be more workers who will have to deal one on one with employers and the role of unions and collective bargaining will diminish. The no disadvantage test, the test that has been there since enterprise bargaining came into existence, which is not that long ago, where when you did a new deal, whether it was an AWA, whether it was a collective union agreement, whether it was a non union collective agreement, you had to meet that basic test, is this deal at least as good as the award? A fair test. That test has been eliminated.

The concern that the Victorian government has is that we have in some ways skipped a step in this evolution of what I would call the big bang towards the new system. I put it to you this way, even in the United States you can't contract out of a collective agreement once 50% of the workplace agrees. And like Australia employers and unions in the United States do have some good faith bargaining arrangements requirements. In Australia I see the evolution of the IR system as going something like this. We have historically had the award system in place. As you all know Australia has been quite unique in that situation having such a comprehensive set of minimum terms and conditions. We then moved to enterprise bargaining overlayed on that safety net. In that context one could argue that a regime of having rights to collective bargaining, rights to fair bargaining and good faith bargaining and so on perhaps were less relevant because the award safety net was there. Because we know the imperative for employers and employees to bargain was about saying here is the award safety net, if you want to make changes to that let's get down and dirty and let's reach some alternative arrangements.

We've now catapulted away from that safety net system to one where there is only the five minimum standards which underpin the bargaining arrangements. So the floor has gone, but there have been no rights in terms of bargaining put in its place. So in that sense the Victorian government's view is this is one of the most radical changes to the industrial relations regime that we've ever seen. So what's happening? In terms of AWAs, the Employment Advocate [Peter M surname] a straight shooter, advised the senate estimates hearing that out of a sample of 250 AWAs or about 4% of all the AWAs that were filed from the start of Work Choices on March 27th till end of April, conducted some analysis. What was found was that all AWAs filed in the first month of Work Choices cut at least one protected award condition. One in six removed all of them. 16% of them had expressly excluded the so called protected award conditions and of those the ones that were most often modified were overtime payments, rest breaks and public holiday payments.

Disturbingly 6% of the AWAs failed to make even the annual leave benchmark and the Australian fair pay condition standard. Only

59% of them retained declared public holidays, while 78% of the AWAs provided for a pay rise during their life, remembering their life will be up to five years now, but 22% didn't provide for any rise. So in terms of the Employment Advocate's own assessment, there's some fairly significant concerns about what's happening with the real world looking at implementation of AWAs. We know that unfair dismissal protections no longer apply to workplaces with 100 or fewer workers. We know that the independent umpire, the Industrial Relations Commission has lost its way setting powers and most of its capacity to arbitrate disputes, except in extraordinary circumstances such as determination of bargaining periods. The Australian Fair Pay Commission will set wages and the fair pay and conditions standard which I've been referring, will become the new benchmark. Annual and personal leave, 38 ordinary hours per week per annum, base award wage, unpaid parental leave. This is the new floor.

I should probably add that I think one of the most significant changes in this legislation that is lost on many is the way the legislation will operate is such that while awards will still be there and the federal government was quite correct to say that awards will still remain in place, it is the case that anyone who enters into a new agreement, if you don't know, will effectively break the nexus with their award. So once you've departed the award system, signed up to a new deal, whether it's an AWA, whether it's a non union agreement, whether it's a union collected agreement, then there's no going back to the award system. And again that's because of the change. So the Victorian government starts to look at where are employees on this issue, how are employees feeling about it, are employees excited about the changes at Work Choices, can't wait to get their hands dirty at the bargaining table. We went out and did some research to try and answer that question that we were asked by the government. And what we found in our research that we commissioned of a thousand employees and people looking for work, we found the following.

That employees did not feel that they were in a strong negotiating position, despite 70% that believe their skills to be in high demand. 68% thought that they had less bargaining power than

their employer and 64% had never negotiated pay and conditions for themselves or anyone else. 76% did not agree that Work Choice will provide greater choice. So one of the key points that I want to make out of this research is this, for most workers bargaining power, in terms of this survey, what it was telling us is that bargaining power that may come from being in a tight labour market, so while you might have some bargaining power being in a labour market that has skills in short supply, that does not necessarily lead to individuals themselves feeling that they have a greater sense of bargaining power or the confidence to negotiate. And any of us involved in the IR environment would know that to be true.

The real truth is that most workers don't believe and are not in fact in an equal position of bargaining with an employer and it's that fact which makes employees quite vulnerable to unscrupulous employers as a result of this legislation. It is true to say that the Victorian government has a particularly great concern with those employees in the labour market that have the least bargaining power, those that we see and we know from previous research, such as the taskforce that David was involved with in 2000, which looked at who are the most vulnerable employees in the economy at the time of the schedule, so called schedule 1A workers before common rule awards were rolled out across Victoria. And of course what they found is that those employees tended to be congregated in the catering sector, in cleaning, in security and those types of industries. They are the employees who might reasonably expect the most vulnerable result of this legislation.

Just further on the research, 68% of the employees surveyed didn't know which conditions were protected by law under Work Choices, so very disturbing, completely unaware of their rights. 85% of 16 to 24 didn't know and very high percentage, 75% of English as a second language workers fear the changes compared with 58% of English speaking workers. So again just pinpointing some more vulnerable groups. One of the other interesting areas that we looked at was the issue of marketing agents, again those who support the Work Choices legislation say it's ok in terms of bargaining, you don't want to bargain yourself, you appoint a bargaining agent. Most respondents that we

surveyed said that they were unlikely to try to use a bargaining agent. Of that group 59% were concerned using a bargaining agent to prevent the employer from hiring them. 55% they will look like a trouble maker and 51% fear consequences at work and 31% said they feel embarrassed to engage a bargaining agent.

So again in terms of making the system work there's clearly some issues there as to whether bargaining agents will help to even up the scales in terms of bargaining a balance of power. So that's employees, so where is business at. A couple of surveys, The Australian Institute of Management survey of executives found that almost two thirds of them were still confused about Work Choices and given its complexity I wouldn't expect there would be any surprise about that. All good for people like my friend David who is going to be keeping himself busy explaining his way through the complexity to his clients. 61% said the changes would have a negative impact on wages and job security. 70% said the change would make them more selective of future employers and more than half disagreed with the changes. Interestingly about 57% of large companies disagreed with the changes introduced by Work Choices, compared to 47% of small or medium sized companies.

To me what The Australian Institute of Management survey tended to highlight is something that I genuinely expect and hope to be true and that is that most employers will be out there wanting to do the right thing. Most employers will be fair employers and will not be engaging in I guess some sort of bad exploitation just because frankly under this new legislation you can say that anything goes. Our concern, the Victorian governments concern is that when we see situations like the Spotless example at Puckapunyal where there was a contract that was up for negotiation. And Spotless who I've dealt with on both sides of the industrial relations divide, both as an employer when I was in my previous position as director of industrial relations for Department of Human Services. When I dealt with them as a union official prior to that I always found them to be very reasonable players, but they said in writing to their staff that they needed to engage in reducing conditions of employment by around $20 a week for their cleaning and catering staff, which for

these workers is a significant amount of money. Really will hit their hip pocket and that they had to do it, because under the new system, and they specifically referred to Work Choices, that their competitors, they <inaudible> engaging in a race at the bottom and they felt that they didn't follow.

And that's again one of the greater concerns for Victorian government is understanding that most like Spotless in that example would want to do the right thing. The environment that it creates could lead to that race to the bottom, particularly as I say in those vulnerable sectors. Will Work Choices grow business? There's a Dun and Bradstreet survey which I'll briefly refer to where frankly and very briefly what business indicator they were most concerned about was not industrial relations, they were worried about fuel prices, they were worried about wages growth, they were worried about skill shortages and they were worried about interest rates. These were the big issues coming in at the 30% range, whereas Work Choices came in at 3%. This is not really where business is showing their concern. And indeed when I was at a CEDA event, an excellent event, it was addressed by Minister Andrews in Canberra just recently, with a lot of big business there, it was interesting to note that after Minister Andrews talked about the legislation and did the run through that I'm he's done many times, the general reaction from business there was well that's interesting, but what are you doing about skill shortages. This was the big issue that they were really coming to focus on.

So coming to the end of my first half of the presentation, before you get to David, Victorian government has not surprisingly, given that it's taken the view that it doesn't like this legislation, it's done a few things about it. It's set up the Workplace Rights Advocate. The Workplace Rights Advocate is now embodied in the form of Tony Lawrence a former barrister and Tony has been out and about, you may have seen some media around Tony. And Tony is out there I guess promoting fair employment practises and certainly drawing attention to employers who I guess seek to use the legislation in an unfair way. Tony's role to be clear, there's been some debate about this, is distinguished from that of the Office of Workplace Services, the federal government's body.

Office of Workplace Services will be out there prosecuting employers who break the law. Tony is not just concerned with those who might be breaking the law, but rather those who may use the laws in an unfair way. The High Court challenge has been heard as we all know and we wait for the deliberation of the High Court and the decision. Who knows when, sometimes this year perhaps. Personally speaking hopefully not in the week before the election or else I expect I'll be very busy.

In terms of the public sector, Victoria as a model employer has moved to preserve award conditions prior to Work Choices, so it's given a guarantee to its public sector workforce that because it believes the award system, it will protect their existing awards through the legislation. It's moved to protect long service leave, long service leave was considered possibly vulnerable as a result of changes, so there's a view Victorian law would protect accrued long service leave entitlements of employees which are in doubt. In particular nurses and other health care workers were concerned, because their entitlement is in excess of the industry standard. And there are also protections for employees being dismissed by employers, because they have access to the benefit of long service leave.

The Workplace Rights Advocate I've already talked about. A little ad there for the Advocate. There's been some TV advertising that you may have seen and some advertising in the print. The Workplace Rights Standard is something that the Victorian Bracks government cabinet passed last year and is a statement of where the Victorian government sees this issue of fairness. On coming into the job only a year ago the debate was still live then about what is a fair system and the Victorian government having considered that has adopted this as I guess an annunciation of what it considers to be a fair system. A comprehensive safety net of wages, conditions, the commission still having roles as an umpire, but there should be an ability to have collective bargaining and a right to take industrial action and equally a right for employers to get relief from it. But there should be freedom of association, the right to join or not join the union and rights to redress for unfair for all and not believe that there should be a lack

of ability for one group to not access it. Equal pay for work of equal value and protection of work and family <inaudible>.

So I'll wrap up there. Let me say this to conclude. The Victorian government as I said at the start has consistently stated that it believes in a unitary industrial relations system as long as it is fair. It doesn't believe that Work Choices is fair and it has offered to engaged in any national consultative process about industrial relations. When I started in this job a year ago I can say to you that I honestly did hope, but to some extent expected that the Commonwealth Government, if it was going to negotiate with any state, it would negotiate with this state, the only state that has genuinely committed itself to a unitary system. The minister, my minister Rob [H surname] was out there day after day saying call me, let's talk about what a fair national system would look like and I could say to you that not at the bureaucratic level, my level, nor at the political level did those discussions ever take place. The phone did not ring and I can only say that from my point of view that is disappointing and that perhaps an opportunity was lost to have a cooperative approach that the federal and state government have shown that they can do on a whole range of issues. Most recently demonstrated at COAG only a couple of weeks ago, and unfortunately perhaps that opportunity has been lost and instead these things have been thought out at the High Court.

In conclude with a quote from my mister and I quote as follows, "in Victoria we have called for an industrial relations system that is equitable, productive and best international practise, because the Victorian community wants high skilled, high trust, family friendly workplaces. We are determined to do all we can to turn Work Choices around and lessen its impact on Victoria." And that's what's been keeping me busy for the last year and I expect will keep me busy for a while longer yet. Thanks very much for listening.

DAVID GREGORY

General Manager, Workplace Relations Policy,
Victorian Employers' Chamber of Commerce and Industry

Thank you very much Gary and thank you for those kind words at the outset and thanks also to John Harrison CEDA for the invitation and the opportunity to be involved this afternoon. And can I say also what a pleasure it is to be involved again with Tim, we should do more of it. As you can see he is a very nice bloke, he's clean, he's articulate, he's just got some strange views, but we have been working with him. You heard his expose this afternoon about the step theory of workplace evolution, I think that makes Work Choices the missing link, but we have been doing a lot of work with Tim over recent weeks and months. We feel that he is slightly turning around and I think my comments this afternoon will again be a part of his learning experience and we look forward to continuing that. There is a lot that I've been asked to say in a very short space and time this afternoon, there's no way that I'm going to be able to perhaps cover as many things as you might want to hear about. I have been asked to put an opposing view, I'm certainly going to put some views about what we think about the particular framework and the rationale that underlies it.

I've also been asked to try and provide some views as well about what we are saying to employers about these changes and I will try and do that as well in fairly brief detail. In making these comments I gather that there are many in this room that have been up to their neck in this stuff as much as I have. Many of you will have different views, different perspectives. Perhaps we can bring some of those out in the questions and discussion that do follow afterwards. I know that many of you like I do still have some unresolved issues in terms of how this framework is intended to operate, but you do want to raise those questions again this afternoon and Tim will be happy to deal with any of those issues that you do want to raise. In talking about these changes I think one point that we will undoubtedly, Tim and I agree upon is that they are of particular significance. When you look at 100 years of workplace relations, industrial relations,

regulation in this country, these changes do undoubtedly take the process of change one significant step further.

We have now for almost two decades in this country been working towards the development of a more decentralised workplace relation system, a system that his based upon outcomes developed in individual workplaces between employers, employees and their representatives. Whilst we have been going down that path, I think no argument from me that these changes certainly do take us one very big further step down that path. They do introduce a range of significant shifts in the previous framework of regulation, we have now new arrangements for setting minimum wages, we have a different role for awards, we have a different process for agreement making, changes to the operation of the unfair dismissal laws with now employees in many businesses now precluded from accessing that jurisdiction. And we also see a series of changes designed to try and drive the development of a national workplace relations framework across this country. So no argument about the significance, the magnitude of a number of those aspects of change, particularly when viewed against the background of 100 years of preceding legislation.

Whilst I guess we certainly agree on that point, it is obviously less likely that we are going to agree about the merit of the changes that have been introduced. So some brief comments about why we do support ongoing change and reform in the context of our workplace relations framework very briefly. We do believe that the need for change in this country needs to be seen in the context of changes that are occurring in the global economy and the impact that those changes are having. For example particular upon jobs in the manufacturing sector. Those developments, the threat of global competition do pose a real threat to jobs in this country, to the standards of living that we have come to value and expect. In response we would like to see ongoing change in a whole range of different areas, but certainly change in regards to workplace relations is one particular aspect of the changes. And there are a number of things in the workplace relations context that we believe we would like to see happen. In particular we think that it does make a lot of good sense to move to initiate the

development of a single national workplace relations system, to work around some of those constitutional limitations that have existed in this country that have created a complicated federal system and have also enabled state systems to operate and be sustained at the same time. We believe we have already shown in Victoria how a single system can be developed and the benefits that do flow from that more simplified jurisdiction.

Secondly we believe that it also make a lot of good sense to continue to develop a framework that does allow working conditions, working arrangements, working relationship to be developed in individual workplaces based on the needs of that location and its employees and that again is a principle focus from our point of view. That should be the dominant focus, workplace parties should in turn assume a greater responsibility for dealing with and resolving disputes that might arise in that workplace. And to promote that approach we think that it also makes sense for some limitations to be imposed upon the powers exercised by the Industrial Relations Commission, for some limitations to be imposed upon the scope of awards, so that we can in turn enable, foster that focus upon agreement making and workplace based outcome. So for those reasons we are broadly supportive of the Work Choices thrust, whilst the legislation does a whole range of different things, when boiled down in essence it is about creating a greater capacity. For individual employers, their employees and their representatives, if employees chose to be represented in that way, to as I say to be developing arrangements, relationships, working conditions that are better suited to the needs of that individual business, rather than necessarily relying on what the Industrial Relations Commission tells us we've got to do or rather than necessarily relying upon what terms and conditions of a particular award suggest that we've got to do.

So against that background, what have we been telling employers over recent weeks and months and Gary I could've done without that reference to the 3,000 plus employers that we have been speaking to over recent months. It's certainly been a great boon for our organisation, but it certainly has been an enormous amount of interest, we've been very active in terms of dealing with a whole range of different businesses wanting to know more

about just what these changes involve. So what is the position in regards to most of those employers? There has obviously been a lot of discussions in the media, a lot of information, perhaps an amount of miss information as well out there. I think prior to really getting their heads around this stuff, most employers have some general understanding, perhaps a vague perception that they are a detailed complex, controversial complicated set of proposals. In response we have tried as an organisation to cut through as much of that controversy to leave behind as much of that complication as we can, because I think that there are for most employers probably four or five key aspects of these changes that they need to be able to understand in terms of being able to evaluate just what the changes might mean for them, what they might mean for their employees, what they might mean for the future of their business operations.

So we haven't sought to deal with the process of providing advice and information in an academic or a legalistic way. As I said we have tried to focus on those particular aspects so that employers can begin to evaluate in the context of their own business operations what the new framework might mean for them, what it might mean perhaps for their competitors, what it might mean for their employees and in particular what options, what opportunities it does provide to do things differently. And importantly, because this stuff is not by any means entirely a one way street, we have also been at pain to emphasise just what new obligations these changes do introduce for employers as well. If I could just go very briefly to a couple of aspects of the presentation that we have been using in particular, just to highlight some of the key aspects. We have been at pains to explain to employers the overall objective, these are words taken from a speech the prime minister made when he first spoke to the federal parliament about what the government was intending to do in this area. He outlined the broad objective, he outlined some of the key aspects of change that were going to be introduced in pursuit of that objective. I think that it is important to keep this overall context in mind.

The Prime Minister spoke firstly about the objective, as I already said the focus is just upon outcomes determined in individual workplaces based on their particular needs. He then spoke about

a series of key changes under that broad heading, new arrangements for setting minimum wages and conditions, a more streamlined process for the making of workplace agreements, changes to the role of awards, significant changes to the framework of regulation around unfair dismissal and he spoke about the goal of developing a national workplace relations system. Again just briefly to go to a couple of those and spent new arrangements for setting minimum wages and conditions, it is important to understand that that role is now no longer to be carried out by the Industrial Relations Commission. Minimum wages in this country are now to be set and adjusted by the Fair Pay Commission, a group of five people. Probably going to operate a bit more like the Reserve Bank does in terms of its role in setting and adjusting interest rates. No longer will we be having the public hearings that we've had in the past where we all trip off to the Industrial Relations Commission. A five member body is being established in this case now, a body that is currently involved in research and consultation, it's called for submissions to be provided to it by the end of this week in anticipation of a decision that it is required to hand down prior to the end of November. So some significant changes in regards to minimum wage settings.

The role of awards, again awards do remain a feature of the workplace relations system that we have for those that simply want to remain subject to award regulation, awards are going to continue to be a feature of the system. There is however an award review taskforce that is being established to both review individual awards and to review the overall structure of more than 2,000 plus different federal awards that exist at the moment to see how that framework might be overhauled, revamped, rationalised, whatever you want to call it. That group has already made a submission to the Minister Ken Andrews as they are required to do so. That submission has not yet been made public, the minister is however considering what has been put to him. The group is required to complete a further process of review and report by the end of this month and from that we may also see as I say some overhaul of the award framework.

A more streamlined process for the making of workplace agreements. Tim's already touched on some of this stuff. I think this is one of the fundamental aspects that we do need to understand that we have in our system now broken that nexus, that link that has previously existed in the past between awards on the one hand and agreement making on the other. That link that has existed through the no disadvantage test, assessment process. That is no longer part of the system, we are now concerned in regards to agreement making, with whether agreements contain the matters in particular that make up the Australian fair pay and commissions standard. Those five aspects going to rates of pay, annual leave, personal leave, parental leave and working hours. An important part of the new framework not only for agreement making, but we do need to understand that the new fair pay and conditions standard is also relevant for award covered people, because awards must also now reflect these conditions. It is also relevant for award free people, their terms and conditions of employment must also now meet with the matters that make up the fair pay and conditions standard as well.

Perhaps just a couple of points in conclusion. Some significant changes to the operation of the unfair dismissal laws. Again Tim has already highlighted this. They're obviously a controversial part of the changes. We did see even up until the end of last year in Victoria, more than 80 unfair dismissal applications being lodged each week on average in this state. A few years ago that figure was over 100. I haven't seen any more recent figures, but it has certainly been an aspect of our workplace relations framework that has been a particular concern, a particular issue for many employers who have felt that the system was not in an appropriate balance, we see some changes in response to those particular issues as part of this framework as well. Finally the goal of working towards a national industrial relations system. I've already made some comments about that. Fortunately as I've said in the bottom, we are in a unique position in this state because of our referral to the federal government in regards to industrial relations matters, it would be a far more complicated process if we were dealing with this particular issue in other states. So I just simply refer to those four or five particular aspects to highlight, leaving out a lot of the detail that we have been talking to employers about, but to highlight the key themes,

the key messages that we are endeavouring to get across to business about the impact of these particular changes.

How are employers responding? As I've already said I think probably most are coming from a position of significant ignorance, have very little understanding about what the changes do involve. They are now coming to understand that they do have a greater ability, a greater capacity and enhanced responsibility for taking more responsibility for what occurs in their workplaces for the sorts of terms and conditions that do apply. As I've also said though, in terms of that process of evaluation and in regards to what Work Choices involves, they are also coming to understand that it is not a one way street, that there are issues, obligations, responsibilities that employers do need to come to grips with in terms of dealing with their compliance obligation under the new framework. A couple of points just to make in conclusion. In this state in particular we have been something of a melting pot if you go back over the past 10 or 15 years. We have seen a whole range of significant changes in this state, in particular the changes introduced by the Kennett government in the 1990's. We're probably the most radical deregulation of an industrial relations system that we have ever seen in this country. So we still have a fair bit of experience to fall back upon.

I have no doubt that the result of the Work Choices changes is going to mean that we are going to see a much more diverse range of employment relations put in place, developed over time against a background of this new framework. I am however by no means convinced that we are going to see a race to the bottom. I think contrary to the suggestions of many, the suggestions of some, the overwhelming majority of employers do not see gain and improvement in their business operations only capable of being achieved by corresponding loss and detriment being afflicted upon their employees. Most understand and I suggest are increasingly coming to understand that achievement comes about because of arrangements to provide mutually beneficial outcomes for both the employer and their employees. Now time will tell whether much of the detail in Work Choices hits the mark. We do however support the changes that have been introduced on the basis that they do provide a welcomed focus towards a

more decentralised system based upon outcomes determined in individual workplaces and we look forward to continuing to work with employers in this state to achieve those outcomes.

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