Introduction at Ai Group's Annual PIR (Policy-Influence-Reform) Conference

Canberra, Tuesday 13 August

Innes Willox, Chief Executive, Australian Industry Group

Thank you for joining us in Canberra for the next two days of what I hope will be fascinating perspectives and insights into the workplace relations world you inhabit.

Welcome to the many of you who are back for another year of debate and discussion on issues that are central to the success of your business and to the prosperity of our country.

And welcome to those of you joining us for the first time. I hope you all leave here richer for making the journey to Canberra still in the depths of winter.

I joked last year that this gathering was like the Woodstock of workplace relations – such is its impact everybody in the field years on will say they were there even though they weren't.

Maybe this year that can be updated to say it's like Glastonbury where you can hear contributions from right across the spectrum. There is bound to be something here you will like.

The reality is that we are less than 12 months from a federal election and we know that industrial relations will be central to the contest between the major parties.

The last time industrial relations has been so prominent and so divisive in the public mind goes back to the Work Choices debate of nearly 20 years ago.

The choice will stark and real. After closing in on three years of government it can be agreed the Labor Government has gone a long way to upending the national workplace relations system. No doubt it will argue there is more to do.

The coalition will be putting forward an alternative view, no doubt focusing the role of workplace measures on the cost of living and productivity improvements at its centre.

If you just glance at the front pages of our national newspapers over the past week you will see how central industrial relations is to the national debate.

Stories of union corruption and cronyism dominate, along with others on inevitable rise of multi-party bargaining from sectors as diverse as mining to childcare, the NSW Government seeking to get its workforce back to the office; and the realisation by the federal government that it must be the one to fund wage increases in the care sector.

So, it’s fitting we are here today, at an event which has no peer in industrial relations, which is about the contributions employers and their workforces have made to our nation’s strength, prosperity and wellbeing.

I wanted to break these remarks into a couple of areas – the current legislative process which will soon see the introduction of even more change for employers to grapple with; the CFMEU's construction division and its impact on our workers; and the economy and what the future potentially holds.

In particular, I will quickly reflect on Ai Group and its role in where we have come from, where are we now and what is coming.

The changes to the Fair.Work.Act over the past two years have been the most wide-ranging we have seen in our modern workplace in over a decade.

The legislative process has been gruelling, with four significant pieces of legislation being passed in just over two years. 757 pages of densely written legislation in all.

These changes have had a staged implementation with changes starting in December 2022 and the final ones finishing in August next year.

Now is the time to batten down the hatches to deal with the impacts that will rain down on us as employers and Australian workers.

We can already see the disruption that has been caused.

In recent time we have represented industry in over a dozen significant cases before the Fair Work Commission. The proceedings will have implications for how legislation will work in the real world.

Those cases range across industries. They include some cases that affect the awards system at large such as the Annual Wage Review; the so-called Right to Disconnect and new provisions on union delegates rights.

They include specific cases impacting the social and disability care sectors, the retail sector and fast food industry among others.

These changes come at a time of immense upheaval in our national economy as it struggles with persistent inflation, interest rates that threaten to go higher, rising unemployment, key sectors in contraction, supply bottlenecks, surging insolvencies, technology change and declining productivity.

That concern among industry is reflected in the work we are undertaking on your behalf. In June alone, our advice line responded to queries from 22 per cent of our members – one in five.

The top 10 case topics were: managing redundancies; award interpretations; wage rates and allowances; disciplinary action; the annual wage review; managing ill and injured employees; long service leave provisions; understanding aspects of upcoming workplace legislation; personal (sick) leave; and award coverage.

We are seeing very clearly the impacts of these new work regulations bubble to the surface.

It is never going to be more important for our employers to be able to access these resources we provide to support you in navigating what is a world of change and volatility.

While many businesses are doing relatively well, the attributes of openness and flexibility that served us so well for 29 consecutive years of growth, broken only by the onset of the Covid pandemic, are being eroded.

Our labour productivity is now at the same level it was five years ago. If you are standing still, then in economic terms you are going backwards. Declining productivity means we have less capacity to lift supply to help ease price pressures.

It makes it harder to achieve sustainable increases in real wages.

It reduces our international competitiveness at a time of intense competition for investment.

It also makes our businesses much more vulnerable to the reductions in flexibility; the increases in red tape; and the new areas of uncertainty that are being imposed on employers through these workplace changes.

That’s why productivity matters.

I just want to touch briefly on developments on the CFMEU which among other things go to the heart of our productivity dilemma. None of what we have heard or seen is in any way news to anybody with a passing interest in the construction sector.

There is now legislation before the parliament to put the CFMEU's construction division into administration which we support with caveats around the administration's duration, powers and reporting arrangements.

Administration must work effectively if it is to clean up what has become a cancer on our economy and on the union movement itself. It is a preferable first step to deregistration which simply allows the union to operate in a deregulated form or to a royal commission which would take years to complete.

When the union is eventually placed into administration there will undoubtedly be significant push back through the courts, on sites and on streets which will be disruptive, confronting and time consuming. Other unions will also undoubtedly take supportive action in sympathy.

We should brace for more conflict and disorder which will again feed into our productivity problems. But creating productive, safe and collaborative workplaces should be goals for both employers and employees.

This is a time of massive ferment and great expectations on the workplace front.

Over the next two days you will hear from leaders from the government, opposition, employers, unions, regulators and the bureaucracy.

If your working life revolves around workplace relations, where else would you rather be?