

IR Bill, Energy plan, Dan Andrews

Innes Willox, Ai Group Chief Executive

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Interviewer: Some employer groups are warning the IR Bill changes will burden businesses and negatively affect the economy. For more, we're joined now by Australian Industry Group Chief Executive Innes Willox. Good morning to you. Is it really as bad as you're saying that it is going to be if the laws get through this week?

Willox: We'll see what comes out of the conversations this week. What we now have is a broad parameter, but there's a lot of detail to fill in and still a lot of unknown. So, we have to work that through, so it's going to be a busy week. But the fact is now that we are almost certain to have multiparty bargaining impacting a lot of the economy. That creates a lot of uncertainty. It creates a lot of anxiety for employers and it also creates a lot of complexity and there's no guarantee of wage increases going up any time soon. Even as a result of this.

Interviewer: You say that it is going to impact a lot of the economy. But actually, 97.5% of businesses have fewer than 20 employees, which is now under the changes by David Pocock, locked out of the multiemployer bargaining process. That only leaves 2.5% of businesses in Australia. So, it's not a huge number of businesses by any stretch?

Willox: It only leaves perhaps 2.5% of small businesses. There are a lot more businesses than just small businesses in Australia. There's also the fact that we have ministerial discretion at play here around who can be roped in around the basis of geography or what is now being called a compatible interest test. So, there's still a lot of uncertainty here. For a lot of businesses who don't deal in bargaining as such, they're going to have to find their way into bargaining very quickly. So, the Government itself, from the data it has produced, has said that there is going to be enormous cost for business, large or small, to conclude the agreements. So, you know, we've got concerns about how it will work. There are issues still to work through like if an employer has a rostering dispute with an employee over hours of work, and the employer gets it wrong or is judged by the Fair Work Commission to get it wrong, no matter their size, they face a \$66,000 fine. We have to work through those issues to ensure that employers aren't crippled and to make sure that they're still in a position to want to be able to employ people.

Interviewer: This is where the review comes in, I guess. Does that give you some comfort?

Willox: So, the review within two years. We don't yet know who would do the review. And if the Parliament was to say – we'll do the review – obviously they'll find that it has worked absolutely swimmingly. So, there might have been a lot of damage done in the meantime. That's what concerns us. At a time when the economy is turning down. So we have to be very careful there.

Interviewer: But there are some saying to that, that there is a lot of work to do here, and fundamentally, both employees and employers, then genuinely just want to work. They don't want to spend years tied up in the Fair Work Commission. So aren't the changes going to provide more impetus to sit down at the bargaining table if necessary and create an enterprise agreement and actually just get it moving faster?

Willox: The issue here is that there is the potential for this to be gamed, for it to be dragged out. So the disputes are dragged before the commission and the commission then makes determinations which, for employers, may not be in the interest of that workplace. And that's of great concern to employers.

Interviewer: Have you spoken to David Pocock since the announcement was made that he was going to sign on to this deal?

Willox: We've been in touch with each other.

Interviewer: Since he made the decision?

Willox: Yes. And everyone knows David, he's a sincere person. He's an honest guy. But unfortunately, politics is often a game of chicken and he's been the first one to blink. And what he's gained in concessions from the Government overall, are more about welfare and less about the workplace. The concern here has been more about the unemployed than the employed. They may have got through other means. He did stand before a group of employers from Ai Group last Monday, a week ago, and promised that there would be no trade-offs. So employers look at that and they're pretty disappointed.

Interviewer: Just briefly to other issues with you, Innes. Reports today of a deal into intervention into the energy sector is going to be put to Cabinet. Certainly, the Prime Minister wants this done as soon as possible. How important is it for business to get some certainty around energy supply and pricing?

Willox: Well, it's hugely important for business to get some certainty around energy supply. And also some downward pressure on prices. We're hearing from employers of up to 400% increases in power bills that they're facing at the moment. Not the 30% or 56% mentioned in the budget. So quantum is beyond that. We understand all of the solutions that the Government are looking at. So that's not great for that, but it is – what is the greatest evil here? Right now, the best thing that governments can do, a re-elected government in Victoria can do, is to start to open up supply. You know, the economics 101 when you have a price problem, you increase supply. And that's what we need to see here and that's probably the best answer there. It's the most likely answer we're going to get from Government. And all of the other ones that we're putting forward around windfall tax, you can see where they're going to go. And there will be other economic implications as time goes on.

Interviewer: Just quickly, Victorian election on the weekend. You've got a Labor government, a pro-union government that's been returned with a healthy majority. What does that say about the business group that's trying to convince on these IR laws and what might it say in the future, does it mean that you're on the wrong side here?

Willox: I hope not, Lisa. What we were arguing for is an outcome for Australians.

Interviewer: But the Victorian election must send a message to you, though?

Willox: The Victorian people have spoken and they've made their choice. I'm a Victorian and they've made their choice and we work with all governments and we always have, always will, and we always try to get the best outcome. We would hope that the re-elected government does work in the interests of all Victorians and we have no doubt that that will not be the outcome.

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