



**FOR MEDIA**

**CRAIG EMERSON**

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**Shadow Minister for the Service Economy, Small Business  
And Independent Contractors**

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**Transcript: Radio National, Saturday Extra  
with Geraldine Doogue**

**GERALDINE DOOGUE:** Now, in all the dramas around the ALP leadership change and the subsequent great speculation game about who'd get what in the shadow portfolio stakes, one particular decision by Kevin Rudd was a touch overlooked this week: for the first time Labor will have a shadow spokesman specifically covering the services sector, small business and independent contractors. It's been handed to one of Labor's up-and-coming highly-educated hopefuls, Dr Craig Emerson, a protégé of former PM Bob Hawke. He holds a doctorate in economics and he hails from the state of the moment: Queensland. He began representing the seat of Rankin in outer Brisbane in the same year his new leader also entered parliament, namely 1998.

But this year he observably tried to stake his claim as an ideas contributor to the ALP—brought out an ambitious book called *Vital signs, vibrant society*, a sort of big personal manifesto. The question is: how will his new portfolio sit alongside Labor's traditional union base and why create such a focus in the first place?

Well, he joins me now in this first week of his new brief. Good morning and welcome.

**CRAIG EMERSON:** Good morning, Geraldine.

**GERALDINE DOOGUE:** Is there a contradiction between the traditional union base and where you're being asked to head?

**CRAIG EMERSON:** No, there's no contradiction at all. Of course, we will maintain our bonds with the trade union movement and, at the same time, we will strengthen our

relationship and appeal to the small business sector and that very rapidly expanding group of people called independent contractors.

I had a look at some figures the other day, because there's sometimes confusion about how many small businesses there are and how many independent contractors and there really aren't any absolute figures breaking them down in those two categories. But the best we can tell is there's three-quarters of a million small businesses employing between one and 20 employees but more than two million businesses with no employees. Now, a lot of those will be independent contractors. So if we say with the businesses, let's say they're employing a couple, it's a huge part of the Australian workforce and rapidly expanding and we feel that those people—that is, small businesses and independent contractors—can be as much a part of a Labor constituency as our traditional blue-collar working base.

**GERALDINE DOOGUE:** But, you know, there has been no relationship as such except a combative one between business and unions, the organised capital base. How do you reconcile the fundamental, ideological gap between those two groups? They've been seen to represent Labor and capital, you know, the two great different forces?

**CRAIG EMERSON:** You're right, but [inaudible] go back a long when that had some truth in it. I really believe that the class distinctions are breaking down and that's a really good thing. Australians don't really think of themselves as working class and capitalists any more. The working people of Australia control one trillion dollars worth of superannuation assets. The working people of Australia control a lot of the share market. Forty-four per cent of working Australians are actively involved in the share market, so they don't really see themselves as workers versus the capitalists any more. That's the sort of language that might have been around before the Berlin Wall came down. And one of my roles is to reassure people that that is well and truly in the past and those class distinctions—the class struggle and the class envy—as far as we, in the Labor Party are concerned, is behind us.

**GERALDINE DOOGUE:** You've said Labor must remember it is part of the broader, labour movement. Now how broad do you see this? I want to know whether you think some of these people you're describing, do they think of themselves as part of a labour movement?

**CRAIG EMERSON:** When we talk about the broader labour movement, we do talk about the organised, unionised workforce. I'm just being very frank here, and we are part of that. But that doesn't mean that we're not part of a group of people who choose different ways of organising themselves in the workplace, namely small businesses, namely independent contractors. There's nothing mutually exclusive about this.

**GERALDINE DOOGUE:** We have, surely, got people seeking to maximise their profits while others are seeking to maximise what they take home in pay. My father was a small businessman. I can tell you, even though he got on very well with his staff, there were constant complaints, you know, about what people wanted to take out from him.

**CRAIG EMERSON:** Well, again, I don't think small business people or your father would have seen himself as a capitalist. He would have seen himself as a hardworking man and that's what small business people are—hardworking men and women—who might employ a few staff or who might not employ anyone, so of course, there'll be negotiations about wages. But I have to say, in the current economy, particularly in the service

economy, Geraldine, for which I do have responsibility, people who are employees in small businesses are likely to be able to command reasonable pay and the small business is likely to be able to give it to them.

And then as we move, though, to independent contractors, they don't employ anyone and many of them have actually come from government business enterprises that have been either privatised or downsized. They might come from factories that have been downsized. And to look at a lot of independent contractors, you'd say, 'Well, there's a blue-collar worker', someone who's a landscape gardener, for example, and their parents may well have voted Labor. They may well have voted Labor themselves and what we want to say to those people—to the independent contractors—is, 'Hey, we're there for you. We're going to make sure that you have a fair go, that you're not burdened by too much red tape and government interference so that you can get on and do what you do best, that is, create wealth and create jobs.

**GERALDINE DOOGUE:** But what about the real ... where the rubber hits the road, is in the new WorkChoices legislation? Are you saying that you will be supporting the AWAs, which is exactly what the former leader Kim Beazley said: he'd rip that up, there would be no support for AWAs, that there would be still a continued emphasis on collective bargaining. Now, where do you stand on that vital issue?

**CRAIG EMERSON:** We will allow collective bargaining. We will allow collective bargaining but if people choose to negotiate on an individual basis—and it's not just people on AWAs who are in that category but something like 40 per cent of the workforce—so there's a public perception, I guess, generated by the government that there's only collective bargaining and AWAs. Your father would not have employed people on AWAs. Most small businesses do not employ people on AWAs. They'd just come to their own arrangements with some respect for the basic award conditions, if you like, on rates of pay and ....

**GERALDINE DOOGUE:** Usually tilting at the award, indeed.

**CRAIG EMERSON:** Yes, that's right, and that had worked pretty well. Now, there have been problems with awards. When I say 'pretty well' I don't say 'perfectly'. And so modernising these awards and simplifying them is a process that was in fact started by Labor. But the problem that we have with AWAs is that case after case is being brought to parliament, by Labor, of employers coercing their staff into AWAs and we are very worried about the vulnerable, for example, about cleaners, about security staff, about people working in the hospitality industry who are told: if you don't sign an AWA, you don't have a job.

Now, what we're saying is that surely every Australian, not just some, have the right to collective bargaining if they choose to bargain collectively, if that's their preference. But you see WorkChoices actually denies that right. It's supposed to be a choice but it denies that right because if the employer says: I'm not interested in collective bargaining, whether [inaudible] as represented by a union or by a group of you together, then that's it, it's a veto.

**GERALDINE DOOGUE:** Now, would a Labor government retain the coalition's Independent Contractors Act?

**CRAIG EMERSON:** Well, I want to have a good look at that. I'll explain to your listeners basically what it is. Firstly, it overrides the states which had what were called deeming provisions to deem certain independent contractors employees, to sort of see through sham arrangements where someone leaves work one day as an employee, comes back the next as an independent contractor with absolutely no other change in their pay and working conditions except that the employer no longer has to pay their superannuation. So we don't really see that sham contractor arrangements are a good idea but people who freely choose to be independent contractors deserve our support and will get it. So that's the first thing.

But the second thing, again, and I don't overemphasise the union thing here, but if a group of independent contractors wanted to bargain collectively, say, with a major building company—and we know lots of subbies get done over by major building companies—they can't do that in that they [inaudible] move to a union and say: we want you to represent us  
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**GERALDINE DOOGUE:** This is under WorkChoices as opposed to independent contractors, is it?

**CRAIG EMERSON:** No, no, this is under the independent contractors legislation. So they can't be represented by a union. They can be represented by a law firm. They could be represented by just about anyone else but not a union. So I hope you're seeing the picture that I'm painting here: while Labor might be willing to defend the union movement and other people who organise themselves differently in the workforce, the government, at every turn, is saying a union cannot represent people.

**GERALDINE DOOGUE:** Yes, but there is a little trap there for you because it could be said that this is time for Labor to accept that there is a new type of broker in between maybe the contractor and the big employer and just because it's not called a union, why couldn't the union transmogrify and become this new type of intermediary?

**CRAIG EMERSON:** I do accept the right of any group to represent independent contractors but why ban one group from representing them? And that's what this legislation does.

**GERALDINE DOOGUE:** But in other words, would you like to make it possible for independent contractors to bargain collectively? Is that what you're saying? Is this one of the evolutions in your attitude?

**CRAIG EMERSON:** Indeed. And in fact the government, with small business, has legislated that way. Imagine a small business supplying one of the big supermarket outlets. The government has in fact legislated that small businesses—let's put it frankly—can get screwed down to the absolute dirt in those negotiations; if they're on their own, they can bargain collectively. They can bargain collectively. Well, why wouldn't we contemplate that for independent contractors?

**GERALDINE DOOGUE:** Okay, just some specifics: rights like maternity leave, annual leave, weekend penalties, overtime, et cetera. Small business is constantly saying that these are the sort of add-ons that they want removed, that they can't afford. Yet they're traditionally the sorts of things that unions want preserved and it's very interesting what the independent contractors take as a given in their new lives. That's a real challenge for

Labor, isn't it? How do you keep everyone happy in this zone outside that basic, basic core wage?

**CRAIG EMERSON:** We keep people as happy as possible by giving them the greatest freedom, by allowing them to make their own arrangements. And the truth is in relation to unions and small business, Geraldine, very few unions negotiate with small businesses because there might only be one or two people involved. It's a very costly exercise. So any kind of view that small businesses are forever coming up against unions in negotiations is probably not accurate. It's not really worth it for the unions and if small businesses don't want it and people get on with their lives and make their own arrangements between employer and employee and good luck to them, Labor says: genuine choice is what we support. We support freedom and choice.

**GERALDINE DOOGUE:** Look, thank you very much indeed. I've no doubt we'll be speaking to you more next year.

**CRAIG EMERSON:** Thanks very much and thanks for the opportunity, Geraldine.

**GERALDINE DOOGUE:** Okay. Dr Craig Emerson who is Labor's new shadow spokesman for services, small business, and independent contractors. Do let us know what you think about this and his book is *Vital signs, vibrant society* and it's an UNSW Press publication.