

# Fair Work Bill Research Report

Drake International has conducted a national survey of businesses about their understanding and reaction to the Fair Work Bill. The survey was conducted in April 2009.

Almost 600 responses were received, of which half were from businesses with over 100 employees, and half were from business with under 100 employees.

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## KEY FINDINGS

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Organisations indicated that they currently had a poor understanding of the Bill and had not commenced planning for necessary changes:

- Only 3.5% were totally familiar with the Bill, while 64.2% knew nothing or only a little about the new obligations in the Bill.
- 28% were not aware that most obligations in the Bill would apply from July 1 this year.
- Only 4% had already implemented changes to their employment policies and procedures.
- Almost 60% of employers had not yet commenced planning for the changes.

As expected, it was the new unfair dismissal provisions that caused the greatest concern with many employers saying they would recruit fewer staff as a result:

- 25% of employers said they would employ fewer staff as a result of the Bill, with a further 25% still undecided.
- Interestingly, small employers with under 15 employees reacted most strongly, with 41% saying they would employ less staff. This may be a precaution against employing over 15 staff and thereby becoming covered by new unfair dismissal provisions.

Employers were also more likely to increase their use of temporary staff as a result of the unfair dismissal provisions:

- 21.3% said they would increase their use of temporary staff, with 25.9% still undecided.

Unfair dismissal red tape was also a concern:

- 20% said that productivity would reduce as a result of the unfair dismissal obligations, with 34% not sure about the impact on productivity.
- Concern was greater for businesses with under 100 employees with almost 30% saying productivity would reduce.

Employers were uncertain about the Bill's new obligations with respect to consultation on flexible working conditions (in respect to hours of work), particularly for employees who have young children:

- Only 36.5% said they would be able to increase working hours flexibility for employees.
- If flexibility was increased, 35.4% said productivity would drop, and 23.4% were uncertain.

Very disturbing was the finding that employers were very concerned about their new obligations to employees who had young children:

- 21.3% of businesses said they would employ less staff with young children as a result of the bill, and a further 24.6% of employers were still uncertain about their reaction.
- Smaller employers, with less than 100 staff, were even more concerned; over 30% said they would employ fewer staff with young children.

Businesses also expressed concern about the Bill introducing new obligations and costs for some employers when retrenching staff:

- 19.4% were more likely to hasten retrenchments so they were completed before the Bill was implemented, and a further 17.5% were uncertain about whether they would bring forward retrenchments.
- Almost 25 % of smaller employers, with less than 100 employees, were more likely to hasten retrenchments.

The Bill requires that if employees are employed under agreements other than the relevant award then the conditions of employment must leave employees “better off overall” when compared to the award. Most employers believed that their current agreements would meet this condition:

- Only 4.4% said they had agreements with staff that would not meet the “better off overall” test, and a further 20% were uncertain.
- However, the responses still demonstrated a concern about these new provisions. 34.3% of employers said they would be less likely to increase staff if the new provisions increased employment conditions, and a further 20.4% were uncertain.
- 15.3% said that they would be more likely to retrench staff if employment conditions were increased, and a further 23.2% were uncertain.

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## ABOUT DRAKE INTERNATIONAL

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One of the largest privately owned global HR & recruitment services organisations in the world, Drake is a leader in sustainable HR practice and talent management.

Established in 1951, Drake’s business philosophy is to partner with organisations to help them improve productivity, performance and profitability through recruitment, retention and the development of future leaders and dynamic corporate cultures.

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