



PRIME MINISTER

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**SPEECH BY THE PRIME MINISTER
FEDERATED IRONWORKERS' ASSOCIATION
NATIONAL COUNCIL MEETING
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Steve Harrison, National Secretary
Members of the National Council
Delegates

It gives me great pleasure to be in Newcastle again - for a much happier reason than my recent visits - and to see what great progress you have made in restoring your city to its normal life.

We know that it will take time for the physical and emotional scars to mend. I can assure you that we will not

forget the people of Newcastle and their needs as they face this very difficult time.

The cost has been heavy, and for some, tragic, and yet it could so easily have been much greater.

Through luck, and the exemplary efforts of the emergency service personnel, loss of life was kept lower than may have been expected. We all owe these men and women a deep debt of gratitude for their untiring and selfless work in the days following the earthquake. It was in the best of Australian tradition that so many responded to others in hardship and need.

I know, too, that the FIA played its part, with many members willingly giving of their time and money to help victims of the disaster, and with the union making a substantial donation to the Lord Mayor's Earthquake Relief Fund.

When I came to Newcastle six weeks ago, it was immediately clear that special relief arrangements would be necessary. Arrangements have been put in place, with the Commonwealth and State Governments sharing costs equally, to ensure that what must be done will be done, quickly and efficiently.

All the money in the world is of no use of course, unless the will to overcome adversity is there. This will is something that the people of Newcastle have in abundance. It is amazing to see how well you are coping, as a community, with this natural disaster.

Despite the loss of life, damage and destruction across the city, which unfortunately has been exacerbated by the recent flooding in the Hunter region, there is enormous confidence in the future - and rightly so.

I was heartened to read recent results from a Survey of Manufacturing Conditions and Future Prospects of NSW. It shows one of the highest levels of business confidence in Newcastle in the five year history of the survey. The major cause of this confidence is the number of investment projects underway and proposed.

For instance, tourism investment in the Hunter region has stimulated the region's construction industry.

And the region's coal mining industry is looking to the future with optimism, founded on the strong likelihood of firmer coal prices and further productivity improvements.

The Hunter Valley accounts for 30 per cent of our coal production and provides 25 per cent of our coal exports. With continued improvements in areas such as working arrangements, the Hunter Valley will be well placed to enhance its position as a competitive world coal supplier.

Hunter Valley wine producers have also been working hard in export markets. The National Agricultural and Resource Outlook Conference, recently held in Canberra, suggests that total wine exports could earn Australia over \$200 million by the middle of this decade.

Similarly the fishing industry in the Newcastle area landed nearly \$10 million worth of seafood in 1988-89. About \$1 million of this was destined for our export markets.

All this, and I have not yet touched on the backbone of the Newcastle economy - your resurgent steel industry.

You all recall that in the early 1980s Australia's steel industry was an endangered species.

Indeed it was nearly extinct.

When we came to office in 1983 we developed the historic Steel Industry Plan - under which Government, industry, and unions worked as one to ensure first the recovery of the steel industry and then laid the basis for its re-emergence as a world class exporter.

Last March I had the opportunity to see first hand evidence of the renewed investment confidence in the industry - most strikingly, of course, BHP's \$400 million investment in the Newcastle Steelworks that upgraded the rod mill and bloom caster, the world's largest.

At that time I was also aware of the new attitude of co-operation and consultation that accompanied the new capital investment.

Since March the Newcastle Steelworks Development Agreement has come into effect - the most extensive program of workforce consultation ever undertaken in the steel industry.

Through consultation, investment and improved flexibility in work practices, this agreement will lead to greater efficiency and productivity - co-operation that will underpin the continued success of Newcastle's steel industry.

Today, as a result of the reinvigoration of the steel industry to which we have all contributed, the Australian steel industry is less inclined to view export markets as a threat than as an opportunity for growth and diversification.

There are too many doom-sayers and knockers who doubt Australia's capacity to compete on world markets. They should come to Newcastle and see what you are doing, together, to compete in the markets of the world - and to win.

There is good news too in that the Federal Government, in consultation with steelmakers, has negotiated a more favourable outcome under the USA's Voluntary Restraint Arrangement for steel imports.

The VRA has been an irritant to Australia's steelmakers but under the new arrangements, which we hope will be signed soon, Australian steel exports to the US should grow sharply over the 30 month restraint period to about double those we had previously. This could translate into additional export sales in excess of \$200 million - a highly favourable outcome for our steel producers and Australia.

Delegates,

Sometime in the next few months the Government must face an election to win its fourth term of Office. As we go into this election, wages policy and industrial relations will stand at the heart of the differences between ourselves and the Opposition - a point not lost on the trade union movement and employers alike.

Effective industrial relations requires that all parties understand that their legitimate aspirations can best be met when negotiations are conducted in a spirit of constructive co-operation.

Over the last seven years, under the auspices of the Accord, the Government and the trade union movement have given life to this fundamental truth.

The Accord partners can justifiably be proud of the many lasting benefits that have been delivered for Australia and Australians.

With a level of industrial disputation nearly 60 per cent lower than under the previous government, the widespread acceptance of the need for a responsible wages policy has achieved an environment conducive to a dynamic process of growth and change.

As a result, the Accord has fostered the creation of over 1.6 million new jobs since 1983 and unemployment has been slashed from double digit levels that prevailed when we took office to around 6 per cent today.

The restraint and responsibility demonstrated by Australian working men and women has been reciprocated by substantial improvements in the social wage. Through:

- . the introduction of Medicare, a universal, fair and secure national system of health cover;
- . the massive expansion of child care places;
- . increases in Family Allowances and the inauguration of the Family Allowance Supplement; and
- . significant cuts in personal income tax rates;

we have sought to ensure that the basic living standards of ordinary Australians have been enhanced.

We have also transformed superannuation from a rare privilege for the well-off few to a real and effective means for ordinary workers to augment their retirement income and thereby improve their future living standards.

Indeed, the Government's first initiative of award based superannuation has witnessed a dramatic increase in coverage. Now nearly three-quarters of all workers have access to secure, portable and substantial superannuation. Ultimately all employees covered by awards will have such success.

Delegates,

The history of the Accord has demonstrated conclusively the advantage of achieving change through co-operation and consensus rather than confrontation.

For this reason, the Government will continue to use the Accord as the foundation for structural adjustment and labour market reform.

If we are to make Australian industry more productive, competitive and capable of generating sustained economic growth, while at the same time expanding opportunities for individuals and improving the quality of their work life, the success of the Government's labour market reform program is crucial.

The process is well advanced and much has already been achieved.

Successive National Wage Case decisions have given impetus to a fundamental overhaul of outdated award structures.

Award re-structuring has presented us with a challenge - to achieve better paid jobs and jobs with a better future, through the development of career paths with an increased emphasis on training and skills acquisition and development.

A major investment of time and effort has been undertaken in the planning and development phases alone. Now we face the even more daunting challenge of instituting practical changes at the workplace level.

Our collective commitment to this process will be essential if we are to realise the potential benefits to the fullest.

For that reason and before this audience I want to acknowledge the progress that has been forthcoming from workplaces all over the country. I can assure you that the benefits that will accrue as a result of these historic changes will make the process of adjustment more than worthwhile.

Integral to the success of labour market reform is the process of remoulding union structures at the enterprise level.

The Government is doing its part through the Workplace Reform Program. I am pleased to see that Newcastle is leading the way; later this week my colleague and local Federal member, Alan Morris, will be opening the Hunter Workplace Resources Centre, to assist individual enterprises establish effective work practices.

For too long, Australian industry has been hampered by the fragmentation of craft based unions. Inflexible working practices and frequent disputes over demarcation have too often been the result.

So I want to see open lines of communication maintained between unions, particularly where there is common coverage of skills. Wherever a 'community of interest' can be established at the industry level, union amalgamations should be feasible. This process can be reinforced at enterprise level by unions establishing a single bargaining unit - such as a joint committee - for negotiations with their employer.

In this respect I commend the FIA's own Council for its firm stand in support of the proposal to amalgamate the FIA with the Australian Workers' Union. On that score, I wish National Secretary, Steve Harrison and his fellow Council members all the best in their campaign.

As Steve has correctly pointed out in a recent edition of 'Labor News', "the days when rigid barriers controlled the workplace, based on traditional precepts of what work can be done by particular classes of employees, have vanished".

The bottom line is this - by unifying coverage within the workplace we are able to circumvent the wasteful and time consuming occurrence of demarcation disputes, and we can open up new opportunities for employees to pursue a more flexible and fulfilling career structure.

Gone are the days when an Ironworker may have started out in the industry as a sweeper or tradesmen's assistant and then be forced to remain in that one position for much of his working life.

My friends, I would finish by simply saying this - we are now entering a critical phase in our labour market reform program and indeed in the life of the Accord.

The Opposition has attempted to throw down the gauntlet.

While the mind of the public has no doubt been confused by the Opposition's various altered positions on industrial relations, the fundamental thrust remains the same.

Their original policies called for an end to centralised wage fixation. But that was seen by everyone, especially employers, as a straightforward desire to return to the 1981-82 turmoil of confrontation.

To placate the employers, Senator Chaney last Friday sought to reverse the thrust of Opposition policy by claiming that "... industrial tribunals will remain a major force in regulating wages ... for the foreseeable future."

Senator Chaney essentially stated that workers whose wages are set by the Commission would suffer large cuts in real wages.

But, in an attempt to keep some link with their earlier policies, the Liberals have kept a role for opting out - through so-called voluntary agreements.

So while trying to convince employers that real wages will fall, they still have this profound uncertainty in relation to the nationwide wage outcome. With opting out, as Andrew Peacock has said, "who's to know" how overall wages will be determined.

In fact, the combination of the prospect of large wage cuts in the centralised system plus the promise of opting out for the industrially strong will see a return to the irresponsible, adversarial and confrontationist attitudes so prevalent under the Fraser Government.

The malaise of industrial disputation and the disease of mass unemployment would strike down the Australian economy once more.

Coalition policies will see the abandonment of the consensus based approach to industrial relations. Their undisguised aim is a progressive dismembering of the strength of the union movement.

This is the road that Andrew Peacock would, admittedly in his case unwittingly, lead Australia down.

Collectively, we in the labour movement have the responsibility to ensure that this challenge is resisted.

In the same way that Newcastle has united as a community, to overcome the adversity of nature's wrath, so must we rally nationally, to guard against the man-made catastrophe that would ensue from the pursuit of the Opposition's ill-considered policies.

May I wish you all the very best in your deliberations at this conference.
