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PRIME MINISTER

CHECK AGAINST DELIVERY

EMBARGOED UNTIL DELIVERY

**SPEECH BY THE PRIME MINISTER
WORKPLACE AUSTRALIA CONFERENCE
MELBOURNE - 27 FEBRUARY 1991**

Let me at the very outset congratulate the organisers of this important Conference.

It is apparent that you are endeavouring to get to grips, in a serious and genuine way, with an issue of vital importance to the Australian economy - and I applaud you for that.

It is my hope that the lessons learned here will spread out to all enterprises seeking workplace reform and that, by extension, the benefits of reform will be felt and appreciated throughout the community.

The issues under discussion here go to the heart of my Government's reform program.

Creating a more productive and internationally competitive economy - the ultimate goal of our policies - depends critically on fostering more efficient workplaces around the country.

I believe we have made significant progress - but I recognise that we have still got a long way to go.

Because we are engaged not in some piecemeal or halfhearted exercise, but in nothing less than a thoroughgoing transformation of the institutions of the Australian economy and the attitudes of the Australian people to their work.

To illustrate the magnitude of that transformation, I thought it would be relevant tonight if I provided you with some personal reflections on the changes in the industrial relations scene over the last two decades.

Certainly if I look back over that period I see the proof of a massive and fundamental transformation.

In 1980, when I concluded my term as President of the Australian Council of Trade Unions and decided to enter Federal Parliament, the Australian workplace, and the industrial relations system in general, were still broadly dominated by the institutions and attitudes that had characterised the relationship between employers and employees in this country for decades - in some cases, since Federation; in other cases, since the birth of trade unionism in this country.

It was an essentially adversarial relationship, in which each side of an industrial negotiation would interpret success in that negotiation by the amount of concessions it had extracted from the other side.

Inevitably, legitimate campaigns for improved wages and working conditions became poisoned by these deeply ingrained attitudes of competition and confrontation. It was, too often, what is now called a zero sum game: the gains of one side were measured by, and achieved through, the losses of the other.

At the same time, the structures of industrial relations compounded these attitudinal problems. The venerable but archaic structures of craft-based unionism, the Byzantine divisions of jurisdiction arising from Australia's Federal structure, and, where they existed, the antiquated employer organisations, were all relics inherited from a former era. Their relevance to and efficiency in a modern economy was questionable.

And if this were not enough, the Federal Government itself was set on a deliberate campaign of exacerbating these problems and exploiting them for short-term political gain.

I do not mean these comments in a solely partisan way - although it is true, utterly true, that the conservative parties of this nation have never deviated from a philosophy of deliberate industrial relations confrontation; nor do they deviate from it today.

My point is more fundamental. The Federal Government is the largest employer in the economy, the manager of the national economy, and the creator of the legislative environment in which industrial relations are conducted.

If such a body is determined to play the arsonist, as the Federal Government so clearly was in the early 1980s, then the whole economy can be consumed in the flames. And the recession of 1982-83 was indeed a very destructive bushfire.

So both in its attitudes and in its structures, the Australian industrial relations system at the start of the last decade was simply not equipped to cope with the legitimate expectations of the Australian people. A modern economy, undergoing a revolution in technology, and facing the emerging challenges of a dynamic region deserved better.

Today, we can say that a better system is being built.

There have been four major elements at work.

First, and most importantly, there is a new maturity on the part of all employers, employees, their organisations and government in Australia.

I do not pretend that individuals and groups are no longer motivated by self-interest. But I do say that there is a sharper awareness that the unbridled, adversarial, pursuit of self-interest does not yield the desired benefits; indeed that in the long run it is counter-productive and unsustainable.

And there is an increasing awareness that different groups and individuals in fact share many aims that can be advanced by cooperation rather than confrontation.

This is no mere point of sociological speculation. It is a truth, that has been embodied in the Accord between the Australian Council of Trade Unions and the Labor Government, first formulated in 1983.

The Accord has achieved what for Australia previously was an unattainable double: sustained real wage restraint combined with dramatic improvements in the social wage.

Under the Accord, wage restraint means higher profits, opening the door to higher investment and - at an unprecedented rate of growth - more jobs.

Social wage increases have taken the form of, for example, massive improvements in the level of assistance afforded to low income families. At the same time, wage-tax trade offs and superannuation increases have, under the Accord, increased the overall fairness of Australian society, and provided greater flexibility in the choice of outcomes of industrial negotiations.

And from the employers' point of view, put quite simply, the community through the social wage has picked up part of what would otherwise have been their wages bill. That is good for employers - it is good for the community.

In this achievement it is necessary to pay unstinting tribute to trade union leaders who decided, in 1983 and since, not to exercise industrial muscle to achieve immediate wages goals - in other words, not to plunge us back into the high inflation, high unemployment nightmare of the early 1980s.

As a result, the current recession is totally different in character from that which Australians endured in 1982-83. People are certainly experiencing hardship - I have never sought to deny that. But I always make this fundamental point: the hardship today won't be for nought as it was at the start of the last decade.

This time around, we are getting inflation under control. Inflation today is low and falling - with an underlying rate of 5.4 per cent. So the pain now will be a gain later - an enduring gain for the national economy as a whole.

A related manifestation of the new maturity in Australian industrial relations is the dramatic reduction in industrial disputation. The average days lost through strikes is currently significantly less than half the level of the Fraser Government years. That is not some point of idle statistical curiosity but the proof of a fundamental shift in attitudes - of flexibility rather than rigid intransigence.

The second characteristic of our improved industrial relations is related to the first. The new maturity displayed by all sides has allowed a realistic and effective process of tripartite planning to achieve industry-wide and economy-wide goals of fundamental importance.

The Steel Plan rescued the Australian steel industry from virtual shut-down and has allowed Australia to become an active and competitive exporter of steel products.

In the Passenger Motor Vehicle industry and in textiles, clothing and footwear, we have been able to achieve considerable tariff reductions - for the overall benefit of the Australian economy. The restructuring this has forced on the industries - with pain for particular producers and employees - has been eased by tripartite consultation leading to effective retraining and improved work practices.

And in industries where more recently the Federal Government is tackling the essential issues of micro-economic reform - on the waterfront, coastal shipping, and land transport - progress is being made not through confrontation but through careful preparation and consultation with all the parties who will be affected by change.

The third characteristic is that the inherited and antiquated structures of our industrial relations system are being overhauled.

Rigid and outdated awards are being restructured into modern schemes that reflect the training and skills of the workforce and the requirements of a technologically advanced, competitive economy.

Spectacular improvements have been seen in the metal industry, where the number of job classifications has been reduced from more than 300 to 14 broad bands. The Australian shipping award has been reformed to allow reduced crew levels, improved career paths, broadbanded job classifications and better training programs.

Throughout the economy, award restructuring will deliver to employers increased productivity, better industrial relations and a more highly skilled and adaptable workforce. Employees will achieve greater job variety, better pay, incentives to enhance their skills and new career paths. And it has to be understood that none of this is possible without the co-operation and commitment of managers, unionists and employees.

At the same time we are rationalising the structures of unions themselves. Recent legislative amendments increase the minimum size of union membership for registration, while also providing for speedier, more effective amalgamation procedures. A modern union structure rationalised along industry lines reduces the number of unions with which an employer would need to negotiate and minimises the possibility of futile demarcation disputes.

The ACTU Executive has supported the Government's efforts to rationalise union coverage and has made union rationalisation through amalgamation a major objective of its strategy for the 1990s. So far this financial year 41 unions have taken action to rationalise their coverage, with 5 of these amalgamations successfully completed.

An example of progress to date is the amalgamation of the Amalgamated Metal Workers' Union with the Association of Draughting, Supervising and Technical Employees to form the Metals and Engineering Workers' Union. In the health sector, the Hospital Employees' Federation of Australia has amalgamated with the Health and Research Employees Association of Australia to form the Health Services Union of Australia.

Five unions in the banking, insurance and wool-broking sector are proceeding with a proposed union amalgamation that will substantially rationalise union coverage within the sector. It is anticipated that the pace of reform will accelerate now that the legislation is in place and with continued government assistance to facilitate the legal processes. Approximately 80 unions are expected to be affected by the recent amendments.

We are also moving to rationalise State and Federal industrial relations systems, including through the dual appointment of senior members of the State Industrial Tribunals to the Australian Industrial Relations Commission. This will allow disputes to be referred from one tribunal to another and will enable joint sittings.

Clearly there is much more than can be done here. The process of Federal-State rationalisation that I initiated through the Special Premiers Conference last year may produce a complete referral of State industrial relations powers. This would be a decisive and effective solution to a deep-seated problem and it is certainly an outcome I would be happy to consider. I note that some States, though not all, favour a referral of their powers in this field.

A fourth broad characteristic of the emerging Australian workplace is the widespread acceptance of the relevance and the importance of education and training.

A clever country is one whose international competitiveness depends not just on the physical resources of the country but on its human resources. A strong skills base means a workforce that is capable of innovation, of adaption to new technologies, of opening new industries; it means an economy capable of earning export income through the quality of its ideas and its commitment to intellectual excellence.

We are becoming a more clever country. School retention rates have risen dramatically; the Training Guarantee is lifting industry investment in training; and new Cooperative Research Centres are being developed in the universities and research laboratories of the nation.

And let me make this vital point. Becoming a clever country doesn't happen by government fiat; job skills are not something that can be bought off the shelf. What it requires ultimately is that each of us take responsibility for doing our own work smarter and better. It will only be when our workplaces are imbued with that kind of determination that we will be a truly clever country.

This conference is one valuable means to that goal.

Ladies and gentlemen,

You will all be aware that the Government is working to produce a significant statement on economic and industry policy. I will be delivering the statement to Federal Parliament on 12 March.

Incidentally, I believe it to be desirable that I should address, briefly, expectations about the 12 March statement.

In it, I will make broad comments about our economic strategy and I will announce some new measures to facilitate the kinds of further change we need to make to enhance our economic prospects. I will address the issues and the challenges involved in equipping Australia to become an efficient, competitive economy in an increasingly competitive world.

The statement will not be some slick and immediate answer to the pain of the recession. But it will be directed to ensuring that we capture, in permanent form, the gains that can come from this period - particularly lower inflation rates comparable with our competitors, and, within that context, an environment for sustainably lower interest rates.

Naturally I cannot go in any detail to the substance of the statement.

But I want to make this point, of relevance to this conference.

It should be apparent from all I have said this evening that I believe Australia has turned an historic corner in industrial relations.

With the adoption of a more cooperative approach to industrial relations, Australia has opened the door to the kinds of positive developments I have outlined tonight - a new maturity in the conduct of industrial relations, a renewed capacity for tripartite planning, an overhaul of the inherited institutions that determine the shape of the workplace; and a new emphasis on education and skills training.

As someone who spent the majority of my pre-Parliamentary career in industrial relations, I know the magnitude of the change that has been wrought.

It is, quite simply, not the same system as the one in which I was a practitioner.

To this extent, we are already proceeding down the right path. We do not need a U-turn. Our determination must be to ensure that we are continuing to get the right answers in place for the future.

I am confident we will work our way through this difficult period. I am grateful for the practical contribution you are making, through this conference and through your commitment to workplace reform, to the attainment of the broad national goals we all seek.

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