



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
JOINT PRESS CONFERENCE WITH LAURIE BRERETON, MINISTER FOR
INDUSTRIAL RELATIONS AND MINISTER FOR TRANSPORT,
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PM: Today, Laurie Brereton and I are publishing a statement on our policy on Industrial Relations. It's called Flexibility and Fairness At Work, it's a history of the process of consensual incomes policy, a history of the Accord, from 1983 about how the labour market has worked in the years, what each Accord did, how it has produced a competitive outward looking, low inflation, high growth economy, strong growth in fact, and increased real wages. And we're doing it to make clear how novel and unique this policy is in the world, that no other developed country has pursued such a policy and when one looks at the rates of growth which we've had during these twelve years compared with the previous seven years of the Coalition, we've doubled the rate of economic growth in Australia and yet we've had a very large decline in inflation. This is an almighty achievement. Show me any country where the rate of growth picks up to twice the speed and you'll see a country with a lot of prosperity, and you can see that now in the stock market, we can see it in the general sense of employment growth, we can see it around the world.

In recent months I've quoted Robert Reich, the US Labour Secretary, who talked about the conundrum of US policy, saying we've had a lot of job growth in the United States but we've got an army of working poor because there's no gatekeeper, there's no-one looking out for the low paid, there are no standards and he made the point that in Europe they've got rigidities and standards but the rigidities are such that they can't get the aggregate employment growth, so there's very low employment growth in Europe, quite high employment growth in America but quite low wages growth, falling real wages. In Australia, we've had the best of both worlds. Strong employment growth, rising real wages and rising household disposable income so we must be doing something right, we think we're doing something very right here. And as the Coalition and their leader has this month made clear that industrial relations and their view of it is a major issue for them so too

have we taken the opportunity to say exactly where the Government stands in terms of the labour market, what our philosophy is, what the record is and where we'll be going in the future.

I might invite Laurie at this point to add to and complement my own words of introduction.

LB: Thank you Paul. There is no doubt this statement reveals in detail the Labor way, the way we've gone about pursuing industrial relations through the life of the Government and it's really the reality of the Labor way in contrast with the rhetoric of the last couple of weeks of John Howard and Peter Reith.

The Labor way of course is known to everyone, it's embodied in the Accord, every Accord from 1 through to Accord Mark 8 and it's embodied in the Industrial Relations Reform Act which has now been operating for law of this nation for almost two years. Everything you need to know about the Labor way is in this document, everything that the electorate needs to know about their security in employment is raised in this document and the Industrial Relations Reform Act. It's the formula that has given us high growth, given us high productivity, its given us low inflation and its given us record low industrial disputation. It's a system that the Opposition of course, as the Prime Minister said this morning, now wish to radically alter. They won't give us more than the rhetoric but I think this document makes a very stark contrast between the reality of Labor and the unknown and the uncertainty of what you would have with a change to the system with the removal of the role of the industrial umpire with this new world of John Howard's of Australian workplace agreements which are now revealed not as agreements at all, not collectively reached but simply individual contracts under another name.

J: Prime Minister you suggested in your speech today that you gave the example of where the IRC would not be able to operate under a Coalition government, yet my understanding of their policy is that the role of the IRC has been downgraded in wage fixation but it would still be there in terms of industrial disputes. On what basis do you suggest this and are you saying that's what will happen under a Howard government?

LB: If I could answer that. It's very clear that under a system of Australian workplace agreements outlined by John Howard re individual contracts, there is no role whatsoever for the Industrial Relations Commission because their role of vetting agreements, as they do at the moment, by applying a specific set of quite strict tests, to make sure workers are not disadvantaged in that the no disadvantage test is fully applied before the agreement comes into existence, would be out the window. This is a power that is being removed from the Commission, it's one thing to say ...

PM: About conditions, wages and conditions, it's a different basis, what he's making is a different basis on which they will be set in which the Commission does not have a role.

LB: That's right and if the Commission cannot deal with the totality of the problem and we have a Commission that fortunately today can, can deal with the dispute, can use it's arbitral powers in this area of contract employment, if it sees fit on a special case basis then what have you got, you've got industrial mayhem and you've got no solution to what this nation faced in December of last year.

J: Mr Brereton will you be changing this policy or refining in any way in the lead up to the election or would you...?

LB: I think our policy is absolutely clear, it's outlined in this document and of course it's embodied in the Industrial Relations Reform Act. Where it's been necessary, we've made a number of amendments to that Act, one of which was to simplify the dealings with unfair dismissal so as to make them as non-legalistic as possible and I might say that that was a change welcomed by employer groups in Australia, but it's a change that of course does not satisfy John Howard who said even as altered, he would remove those safeguards and destroy the protections available to Australian working men and women.

So not only would we have on the one hand individual contracts, but on the other, we'd have the right of the Commission to deal with unfair dismissals using the powers, the external affairs power, greatly reduced.

J: So that's ...?

LB: This is our policy and the Industrial Relations Act is our way.

J: Mr Keating if the Opposition will continually hammer the theme that one of the costs of the Accord in relation to business the Government is continually kowtowing to the ACTU, how do you feel of that issue, on ANL and things like that?

PM: How many Heads of Government around the world would like to, as Mr Howard put it, kowtow to their unions for a two and a half per cent inflation rate? This is the sort of nonsense he goes on with about the Government kowtowing to unions as if there is some sort of runaway trade union movement. I mean ... it's a contradiction in terms to say there is some sort of runaway power in the trade union movement with the inflation rate between 2 and 3 per cent. It was 11 under him and you see, they won't step back and recognise the fact, the ideology is so strong, they won't say well look maybe the Government's come up with something in a decade. Twice the rate of economic growth is a

big achievement, I mean look at Germany, they're starting to slow down now they think somewhere between 1 and 2 per cent for the coming year. Look at a lot of these industrial economies, they're growing in Australian terms quite slowly, yet we have doubled the rate of growth that existed under the Coalition and we've cut inflation markedly. Now these things can only be consistent with good wage setting and wage fixing procedures. Ones which have an eye to productivity and I gave the details in the speech, since 1991, since the New Zealand individual wage contract legislation was introduced, New Zealand productivity has gone up by 1 per cent, labour productivity in Australia by 2 and a half. In New Zealand there has been 1 per cent wages growth in Australia there has been 5 and I think you'd think the Coalition would sit back and say well something good is happening here, I mean something novel is being done, but they want to tip it out and they want to go back to a system without collectivity, without the right of people to bargain in a collective way. They want to push people back to a labour market were the employers have the bargaining strength and an individual person is left to the vagaries of the courts.

J: Prime Minister, following the last election that when you suggested you were going to move further on the labour market deregulation, are you pledging and Mr Brereton ... that this is the policy, it will not be changing after the election and you will not be moving to free up the labour market any further than it is?

PM: I think that some of the people who will write about that speech read into it things that they want to see, in fact what was there was the policy we now have and what we've seen under this Government is a movement away from a centralised system to firstly a big change to the structure of awards, a radical restructuring of awards and then amalgamation of unions and then to a system of enterprise bargains which are productivity based with the safety net underpinning it, that's where we've moved. If you go through this document you'll see in the various Accords where we started to move away from the centralised system in a sort of evolutionary way towards an enterprise bargaining based system. This is the point that John Howard has never understood, to get wage flexibility you must have it in a way which is non-disruptive and where all of the community feel they're stakeholders in the process, that's what we have done. This idea that you can cold turkey the system, that's what he tried to do and said he was doing in the late 1970's, and early 1980's, letting it rip. Well it ripped all right, what we had was a wage explosion and then a wages collapse and double digit inflation and double digit unemployment. What the Government has done has moved the system towards an enterprise bargaining based system, what we're saying in here when we talk about the future, on page 3 of the document, we're saying in the future we will see continuing workplace reform to improve efficiency and flexibility through the extension of bargaining and further

reform of awards, sustained commitment to ensuring fairness and effective protection through to the safety net etc. In other words we are seeing tremendous sophistication in our enterprise bargains and I just don't think the Coalition knows about this or understands it and that's why such a high proportion of federal employees covered by federal awards are now part of a bargain so the consistency, I think it's worth just looking through at page 10 of this document where under the Accords 1, 2, 3, 4, you can see where we're starting to shift away from centralised system to an enterprise bargaining system and that's going to continue but we're getting there without industrial disruption and we're getting there with all the appropriate sensible protections.

J: In some areas, Prime Minister, wages in fact are starting to grow too fast now under this system, are you sharing that view?

PM: Well, no, what we want is a high wage low inflation economy, what John Howard wants is a low wage low inflation economy, that's the difference and I mean I just spent a day or two in Singapore and there, the average wage, that's national income per capita is running at \$31,000. Now they haven't run a low inflation country by pushing wages down, they haven't decided to deal with competitors in Asia by having a low labour cost country, that's Mr Howard's view, it's always been his view, what we've always said let's educate our people, produce innovative products, get a premium for them and increase our wages. Real wage increasing but we're seeing still the control of underlying inflation which means there is productivity in the middle.

J: Now that ... ?

PM: I think it's very hard to say, some of it has been the fact of the relative growth of the services sector of the economy which has been more difficult to organise I think, but certainly the growth is there. The most telling statistic I used this morning was household disposable income per capita at 21 per cent over the period, I mean that's the most telling statistic I think about the history of Labor in Government in terms of Incomes in Australia.

J: Should the Government be paying attention to Union membership declining so rapidly?

PM: No, I think that is for employees and their organisations to attend to and to worry about and you know, in some of the areas, in hospitality for instance which had enormous growth in employment in the 80's it was largely unorganised, I mean they were not, those people were not joined up, and as a consequence in that part of the economy it dropped.

J: But doesn't that mean, we have declining union membership, doesn't that mean that many of these people are not covered by any

agreement ... registered before the Commission ... the only alternative they have is the Court system anyway?

LB: No, on the contrary, under the Federal system almost 60 per cent are in agreements and all are covered by an award so they've got the comprehensiveness of the Australian Industrial Relations Commission overseeing the whole of their working arrangements.

J: The Liberals ... that with the IRC and the award system ...

LB: Not at all because they'll introduce an alternative which they call Australian Workplace Agreements which are in reality individual contracts which will be optional and will be used to undermine the whole integrity of the system because any new employee will be faced with the choice 'take the contract or you don't get the job' and as the Prime Minister said in his speech this morning, with 1.7 million Australian workers facing a new employer every year with 40 per cent of the whole Australian workforce facing a new employer in the course of one 3 year term of Parliament, it won't be very long at all before not only new employees but all employees would find themselves under contract arrangements rather than the comprehensive safeguards of the Australian Industrial Relations System.

J: Independent research indicates that up to a third of workplaces have informal agreements anyway as the situation works and you've only got about a 100 EFA's so isn't that the situation in any case in reality ...?

LB: No because we've got a comprehensive award system, one indeed that's being updated at the moment, as you well know the Commission have started their review, the insertion of flexibility clauses into the award system of facilitative clauses into the award system, of majority clauses into that award system as well as the vehicles of certified agreement making and enterprise flexibility agreement making so you've got a totally comprehensive system but one which would have the guts ripped out of it by individual contracts being introduced on a widespread basis as the norm for the first time. Now certainly, I don't deny there are many workplaces who have chosen to provide overaward payments and we welcome that and we've never said quite frankly that there's no place at all for some sorts of contracts in the workplace but the integrity of the system needs to have the Commission overseeing all of the bargain making and it needs to have the award system providing the essential underpinning and the application of a strong no disadvantage test.

J: Prime Minister, we've listened to ... obviously a campaign speech, why don't you put the election on - what are you waiting for?

PM: You mean the election, you said, and others said Laurie, we were going to have eighteen months ago.

J: I don't think I said that Prime Minister.

PM: Well many did, the election budget, the election we were going to have when we were clearing the decks with a republic, the Accord Mark 8 election, you mean that election.

J: I mean the one that's due now, when are you going to put it on?

PM: When it suits the country and the Government.

J: When will that be?

PM: When it suits the country and the Government.

J: Well you said in your speech this morning that ... that we're going to face an election in between 2 and 3 months, the 2 and 3 months, does that mean that you regard it as potentially legitimate for the Government to run to May?

PM: Absolutely, I mean I'm the one on the record all the time saying that we should get the maximum value from these Parliaments, most of you are on the record saying there's going to be any early election.

J: ...

PM: Well, not all of you, some of you, some noisy ones of you.

J: Is industrial relations going to be the major issue?

PM: I think, it's very interesting that where the Coalition saw themselves vulnerable in the runup to 1993, in the last week of Parliament, if my recollection serves me correctly, or it might have been the last business week of the year, John Hewson introduced Fightback Mark II, a more cuddly version of it because he thought he had major problems with Fightback. John Howard has done exactly the same thing, instead of doing it in the last week of December he's done in the first week of January. He's come off his leave, made a statement and gone back on leave. He said industrial relations is one of the key issues of the election if not the key issue, he's made it such an issue by doing that and we're entitled as a Government to respond.

J: Does it surprise you that he actually went so far in changing the policy ...?

PM: You can't take it seriously, that's the point we're making, I mean he either takes the position that he terms the high moral ground of saying

Labor's taken Australia a long way in internationalising the economy, in changing the whole culture of the country but it can't take the last step of labour market reform, I will take it. That's the ground he saw himself standing on, the high ground he's seen himself standing on. He's now saying he doesn't stand on that high ground at all and his supporters are entitled to ask, well in that case Mr Howard, on what ground do you stand on. That is if you accept it but why did the ACCI and the Business Council remain mute, because they know what they'll get is what they got with Mr Kennett and Mr Court, they'll get the full version, they'll get labour market flexibility downwards, they'll get the cuts in the bottom 40 per cent of the workforce that they've always been looking for and that's what will come. You can imagine the ebullience of a Coalition Government in office being held to account for something they said in January of this year. John Howard has always said people know what I stand for, people know the team and they know what we stand for and what they stand for is radical labour market change.

J: Prime Minister, the Court and Kennett strategies, does it worry you that it might work again?

PM: No, because I think as the polls indicated quite eloquently during the week, I think people can spot that kind of behaviour. I don't think given Mr Howard's consistent, continued advocacy of this course of action and for well over a decade, to find him now seeking to portray himself as the manager of a policy similar to the Government's is incredible and unbelievable and that sort of twerpish behaviour is I think well spotted by the public.

J: Do you think it will take you three months to get that across or can you do it in a three week ...?

PM: The fact that we've got much of that across now brought him out in January.

J: inaudible

PM: Oh well, there are no easy political tasks are there, I mean none of them are easy but again the results speak for themselves. We open the new year with all the bald headlines in the financial press about the stockmarket and in the end what is the stockmarket saying, they're imputing higher profits into their calculations in terms of the all ordinaries index and that's coming from growth and restraint in wages and inflation and at the same time we had very strong employment numbers. You know, you don't need a microscope to work out which way the economy is going, that's strongly and forward.

J: The polling this week shows that more than 63 per cent of people didn't support Howard but ... also thought you had been in office for too long ...?

PM: Yes but I mean the point about it is, as I always tell you about the stubby pencils, you know they have their own particular aura about them and when people get one in their hand they think about the future and about their lives. I think it was very telling that after the Government has been in office for 13 years, succession of Labor government's for 13 years, such a high proportion of people thought the Government had done well.

J: That's more important than the level of support?

PM: Absolutely, absolutely.

J: Given that the polls have shown you consistently behind the Coalition through the last 12 months, do you think the campaign will bridge that gap ...?

PM: I'm not about to say, you know what I say about polls, I'm always offending the press gallery talking about only politicians can decipher the polls and they can it's true. There are very few people in Australia who can read polls, not just a poll but the public mood.

J: Can you start a campaign this far behind?

PM: Well, I'm sure John Major is going to start his campaign much further behind than we are.

J: Everyone says he may not win...?

PM: No, but we are, he may not but we are.

J: Prime Minister has Jeff Kennett's industrial policies ... your campaign ...?

PM: Well, I gave the figures today, the closure of the schools, the 8,000 teachers that have been dismissed and in the end what's happening. I mean Jeff Kennett is putting chains on public toilets on railway stations, he is turning the ambulance service out to private contractors, he's lost sight of what his responsibilities are in running a civilised society and I think Victorians understand this well.

Ends.