



PRIME MINISTER

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SPEECH BY THE PRIME MINISTER
THE SIR RICHARD KIRBY INDUSTRIAL RELATIONS INAUGURAL LECTURE
KIRBY: THE PRECURSOR OF CONSENSUS
MELBOURNE - 16 NOVEMBER 1988

The last five and a half years have seen the most dramatic change, for the better, in the industrial relations environment in Australia's peace time history.

This is a large claim, but it is not, to use the jargon with which you are familiar, an ambit claim. Its validity is easily established and I will do so.

But I make the point at the outset, not because of justifiable pride in having had something to do with that achievement but because the achievement has something to do with Dick Kirby - indeed it has a great deal to do with him.

I can think of no-one from whom I learned more about industrial relations than Dick Kirby. But industrial relations is not some easily compartmentalised category of law and/or economics, despite the best endeavours of some so to define it. These definitions have occupied chapters, but my offering as to what industrial relations is about is brief.

It is about what are the conditions, in the industrial scene, for optimising behaviour between individuals and groups in terms of achieving their legitimate aspirations against the essential backdrop of the broader national interests. So it is about law, it is about economics and it is, profoundly, about human nature.

I don't know whether Sir Richard would claim to have taught me any law and I doubt that he would claim to have taught me any economics. But whether he realises it or not he was for me a tutor, par excellence, in the subtle, mysterious, complex of emotions and motivations that go to make up the patterns of human behaviour.

And, for me perhaps most important out of all this, he was - and is - an optimist. Despite the almost daily evidence, with which he was confronted, of our propensity for stupidity, provocation, pig-headedness and worse, he remained supremely confident of the capacity of the human spirit ultimately to triumph in decent and intelligent outcomes.

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Whenever I listen to the final movement of Beethoven's Ninth Symphony based on Schiller's "Ode to Joy" - the most majestic affirmation of this spirit - I think of good men and women whose lives have been such an affirmation. I think often then of Dick Kirby.

So it is no mere formality when I say that it is a great honour to be invited to give the inaugural Sir Richard Kirby Industrial Relations Lecture on the occasion of Sir Richard's retirement as Patron of the Industrial Relations Society of Victoria and of the Society's Silver Jubilee.

And it is a pleasure to be given the opportunity of paying tribute to an eminent Australian who presided over one of our most important national institutions for 17 years, and to a man I have known and admired since I first appeared before the Commission as ACTU advocate in 1959.

Before his appointment to the Arbitration Court Bench in 1947, Kirby had already made his mark in other spheres: he was appointed to the District Court in 1944; he served on three Royal Commissions and on the Australian War Crimes Commission; and especially noteworthy was the role he performed as Australian representative on the United Nations Security Council's Committee of Good Offices on the Indonesian Question and the crucial part this played in the development of our relationship with Indonesia.

But it is on the period of his Presidency of the Australian Conciliation and Arbitration Commission (1956-1973) that I wish mainly to dwell.

That period saw a series of wage decisions of national importance; a major battle over indexation; and the evolution of the concept of the total wage. It also saw two landmark decisions of great long term social significance: the Aboriginal stockmen case; and the case for equal pay for women.

Everyone knows that not all of those wage decisions were welcomed by the ACTU. Indeed the 1965 decision was seen as disastrous and I was totally committed to seeing it overturned. It is also a matter of public record that the Full Bench was not always of one view on these matters and that Kirby on some important occasions - notably 1965 - was in a minority.

Yet the influence of Kirby as President of the Conciliation and Arbitration Commission was profound - in a sense beyond measure - not only in influencing, by argument and example, the attitudes and approach of his colleagues at the time, but also in developing an approach which others would follow and build on in the future.

Kirby had many notable qualities and strengths: his readiness to listen to new arguments, and the integrity and courage to change positions previously taken publicly; his willingness to foster reform (and his desire to reform Foster!); his humanity and keen sense of social justice; his determination to maintain the Commission's authority and independence against outside influence or pressure; his sense of humour; and finally - but certainly not least - his great skills as a negotiator and mediator which were evident throughout his career.

He had a fundamental belief in the value of consultation and his door was always open for informal talks.

He strove hard to identify areas of common ground between the parties and to establish the potential for compromise and co-operation.

He had a full appreciation of a basic truth - that the prospects of a lasting resolution of a dispute are greatly improved when all parties believe they have gained from, or have not been unfairly disadvantaged by, the terms of the settlement.

Looking back over the Kirby years, several decisions are worthy of special mention in view of their long term impact.

The 1959 Basic Wage Case had a special significance for me as my first case and one in which we had to tackle the fundamental issue of the ground lost through the 1953 abandonment of automatic quarterly cost of living adjustments.

My approach as advocate in this case was not unambitious. Not to put to fine a point on it, I attacked the 1953 decision as being unsound in its law, perverse in its economics, sociologically inept and an industrial relations disaster.

That I was heard through to a successful conclusion was regarded by some as a minor miracle. With appropriate modesty I can claim some small credit for a brash talent and tenacity of purpose. But the greater credit belongs to a Dick Kirby who was big enough to make allowance for the exuberance of youth and to harness the niggling of his brethren on the Bench. He was determined that arguments, however, in some senses, offensively they may have been put should be heard and judged on their merits. And he was big enough to make that judgement in a way which involved a movement away from his own previously enunciated positions.

That we were substantially successful in 1959 in making up that ground lost, in amount and in argument, since 1953 was a matter of considerable pleasure to me as advocate.

But may I say, ladies and gentlemen, more important than that; Dick Kirby restored and cemented the faith of an angry young man who had begun to despair of effecting change through the processes of rational argument within the established system.

I have never since lost that faith and, if that, in any way, has been of significance to this country, then the credit is due to Sir Richard Kirby.

The 1959 judgement paved the way for the more important 1961 Decision:

That decision was a major reform. Although it did not reinstate automatic adjustments, it clearly signalled that the Commission would in future adjust the basic wage for price rises unless it found unusual circumstances obtained.

While this principle was subsequently abandoned by the majority 1965 decision, it was indeed soon resurrected and found its echo in the Commission's 1983 Wage Principles.

In 1966, in the Cattle Station Industry Case, the Commission reached an historic judgement when it declared, "There must be one industrial law, similarly applied, to all Australians, Aboriginal or not" and ruled in favour of equal pay for Aboriginal stockmen.

Kirby's vision and commitment to a society of equal opportunity were again evident in April 1967 when the margins Bench announced, "It seems to us to be industrially unjust that women performing the same work as men would be paid a lower margin". That pronouncement, and the invitation extended by the national wage bench the next month to the parties to study the question of equal pay, together with an offer of the Commission's services to arbitrate, led directly to the Equal Pay Case later in the year.

Kirby's belief in justice for the ordinary working man and woman was demonstrated throughout his career. Equally evident, I think, was a sense that the best prospect for resolving conflict and moving forward lies through a process of discussion and consultation and determined effort to identify common goals and shared interests.

After his retirement from the Commission, Kirby was active in arguing the case for more co-operation and dialogue between management and employees at all levels and for establishing a joint body to promote goodwill in industry. The general political climate during the years of his Presidency was not, to say the least, always conducive to a consensus approach. In any event, there are clear limits to the role the Commission can perform. But his approach was a model for those who worked in the industrial arena.

The deep respect I developed, as advocate, for Sir Richard was further enhanced during the last three years of his Presidency of the Commission and the simultaneous first three years of my Presidency of the Australian Council of Trade Unions. His commitment to exhaust the processes of honourable negotiation with myself and the employers without ever bringing into question the integrity of his office continuously served this country well. That tradition of Kirby was continued by his successor, friend and long serving colleague, John Moore.

My relations with Dick Kirby remained close for the decade after his retirement from the Commission in 1973. He was for me a constant source of advice, assistance and, although some may say it was superfluous, a spur to reasonable ambition.

Ladies and gentlemen, you can see therefore that when I became Prime Minister of our country in 1983 the influence upon me of Sir Richard had been, indeed, profound. My own philosophy had been enlarged and strengthened by his wisdom and by his compassion.

And, therefore, as I speak now of achievements in the last five and a half years, it is for that reason, in part the story of Sir Richard Kirby. I hope, Dick, you will see that not as a cross to bear but a pride to share.

When the Labor Government came to office in March 1983, we faced an economic crisis - the worst Australia had suffered since the 1930s. We were confronted with the task, unprecedented in the post-World War II period, of having to combat the problems of historically high unemployment coupled with a high level of inflation.

Among the problems which had helped create this economic crisis were an over-valued and unresponsive exchange rate; an antiquated financial system; an over-protected and inward looking manufacturing sector; a wages system which perpetuated inflationary pressures; an industrial relations system locked into expensive and futile confrontation; and an education system failing to meet the needs of our most potentially productive workers.

The central challenge in front of us was to restore the economy to a state of sustained economic growth. We believed that an essential precondition for achieving this was the creation of an atmosphere of constructive co-operation among the various groups within our community.

Put simply, as I have often said before, it was a matter of making workers understand that their legitimate aspirations for improved standards, and employers' equally legitimate aspirations for growth, were both more likely to be achieved by such constructive co-operation than by a confrontationalist tunnel-visioned pursuit of their own objectives.

Too often, in the immediately preceding years, Australians had been set against Australians. There was a legacy of conflict and division rather than of determination to work together to achieve common goals.

The progress we have made since then in achieving our objectives is a matter of record. It can be traced in large part to the implementation of the Prices and Incomes Accord with the trade union movement. The processes of consultation were not limited, however, to the union movement. We were concerned also to involve industry and community groups and this was done through the National Economic Summit and other tripartite mechanisms.

This approach produced sustained economic growth; outstanding employment growth which so far has produced more than 1.1 million new jobs; a substantial increase in competitiveness; a remarkable drop in the level of industrial disputation; increases in the social wage especially for low income earners; and improved working conditions - for example, through Government action on occupational health and safety, affirmative action, equal employment opportunity and occupational superannuation.

In the difficult economic times of recent years, the Accord has proved a viable and particularly effective mechanism for change. Without it, the adjustment process would have been more traumatic and damaging, with much higher levels of unemployment and industrial conflict. Instead, adjustment has been achieved in a socially acceptable way, with protection for low income groups.

Let me give you one measure of this. During the Fraser-Howard years, when workplace relations were characterised by a confrontationist approach fuelled in so many ways by the words and actions of the Government, there was an annual average of around 590 working days lost per thousand employees. Under my Government, this has fallen to 239 - a drop of 60 per cent.

Results from recent empirical studies, reported in the Journal of this Society and elsewhere, offer compelling confirmation of this turnaround. They find that the decrease in Australia's strike activity since 1983 is dramatic, and has been substantially greater than comparable industrialised countries. The evidence is that consensus-based incomes policies do deliver more favourable labour market outcomes than the alternatives.

But I stress that such evidence is merely the measure of the improvement in the industrial relations environment. The meaning of that improvement is far broader.

For many years, Australia was seen by our trading partners as an unreliable trading partner because of our industrial disputes record. But our record now compares very favourably with other OECD nations. Our reputation as a reliable supplier is being rebuilt - with consequent improvements in our external accounts.

In other words, Australians are, through working together, achieving greater goals than they could achieve by working separately. That fundamental truth is the meaning of the Accord.

It is a truth recently acknowledged by the Managing Director of the International Monetary Fund, Mr Michel Camdessus, and also by the Secretary-General of the Organisation for Economic Cooperation and Development, Mr Jean-Claude Paye.

Mr Camdessus, when he was in Australia in May this year, pointed to the crucial role of the Accord as an additional dimension of macroeconomic and structural policies aimed at overcoming severe balance of payments, inflation and external debt problems. Specifically, he noted the impressive results from a policy of dialogue which has facilitated national cohesion, and allowed wage restraint and exceptional employment growth at three times that of the OECD average. At the same time the balance of payments deficit has been progressively reduced. He concluded that the world has a good deal to learn from what is now occurring in Australia.

Mr Paye, the head of the OECD, when he visited Australia in June, publicly affirmed the Accord wages policy as a watershed in policy making, involving a consensual approach to industrial relations which was to be preferred to polarisation. Mr Paye described it as a very sensible wages policy that had assisted in the improvement of the Australian economy and contributed to the restoration of confidence. He considered that Australia as a result was a more dynamic, less rigid and less sclerotic economy.

You may recall that, initially, there were those who doubted that the Accord would stand the test of time. There were others who professed to see danger in the cooperative approach developed between the industrial and political wings of the labour movement. And there was also a certain amount of nonsense spoken about the dangers of a corporate state.

The critics saw the Accord as an arrangement which would essentially act to protect vested interests; a conservative force which would be resistant to change - especially necessary structural change.

Nothing could have been further from the truth. The last five and a half years have been a period of the most wide ranging reform, and the Accord has amply demonstrated its ability to respond flexibly to a rapidly changing environment.

I do not need to give a comprehensive run down of the changes which have occurred to underline this point: the floating of the dollar, the deregulation of the financial system, the cut in tariffs, the new era of industrial harmony and the sensible cooperation being achieved through a series of industry plans.

As far as the labour market was concerned, our first priority was to put in place an effective wages policy which generated a responsible overall wages outcome. The magnificent cooperation which Australian working men and women, through the union movement, were prepared to give in exercising sensible restraint, and the acceptance of the short term need for a decline in real wages, were central to the economic recovery.

We were, however, also very conscious of other reforms needed to improve productivity. To tackle outmoded work and management practices we convened a tripartite conference in September 1986 which paved the way for the two tier wage system introduced the following March. That decision by the Commission provided a vital stimulus for workplace reform, yielding tangible benefits as well as further enhancing the degree of understanding of mutual interests between workers and management.

These then are the immediate and enduring- fruits of the Accord and its underlying consensus approach to industrial relations and economic management.

I gave this lecture the title "Kirby : The Precursor of Consensus" to emphasise my belief that the vision, intelligence and generosity of spirit that Dick Kirby displayed during his years of active involvement in Australian industrial relations laid the foundations for the broad acceptance by the Australian community, and in particular by industrial relations practitioners, of that consensus approach.

Tonight, I do not in any way suggest that we have exhausted the benefits of consensus in industrial relations. The contrary is true. Having spoken so far of the years leading up to the current climate in industrial relations, and of the five and a half years during which the Accord has dominated that environment, I want now to turn to the future.

I assert that we are on the verge of a new era in industrial relations which will, if the consensus model is maintained, yield massive benefits to the economy and to the Australian community.

It is perhaps not surprising, given what I have said of Kirby's lasting influence on the Conciliation and Arbitration Commission, that the last National Wage Case handed down by the Commission should have put award restructuring at the top of the industrial relations agenda.

For award restructuring is the key to this new era. The beginnings have been modest but the opportunities in front of us are very large indeed.

If the opportunities are grasped, we will have a more productive society and a workforce which can adapt much more readily to change. Outmoded practices will be removed. Jobs will be better designed to reflect modern requirements, and will be more fulfilling. Clear career opportunities will be developed for the ordinary worker. We will have a more highly motivated, better trained and more flexibly skilled workforce.

In effect, a much greater degree of labour market flexibility will have been achieved without the costs inherent in the approach favoured by those who advocate wholesale deregulation. That approach would destroy the hard won gains of recent years. Australia simply cannot afford to abandon a system which delivers an economically responsible outcome and substitute one which would inevitably see an inflationary bidding up of wages. Nor can we afford to see an attack on basic standards and the disruption, conflict and hardship that would entail.

Negotiations on award restructuring are already underway - at various stages of advancement - across a range of industries such as the metals, steel, motor vehicles, TCF and maritime and the waterfront.

In the critically important Metal Industry Award, the 350 odd classifications that represent the accumulated ossification of some 60 years will by next year be replaced by nine. Traditionally the Metal Trades Award has set the pattern for other awards. As a pacesetter, the Metal Trades Award can be expected to exert a strong influence on the award review process which will be taking place across the spectrum as a result of the Commission's decision.

If the full benefits are to be realised, this restructuring process should not simply be about revising job classification structures, although this is obviously a key ingredient. Award reviews should also embrace issues such as work organisation and working patterns, working time arrangements and payment systems. The priorities will depend on the circumstances of the industry or sector involved.

I stress that restructuring is not a vehicle for unwarranted wage increases. Certain conditions will need to be observed including the establishment of appropriate competency standards and accreditation arrangements and a clear statement in new job classifications of the range of work and expertise required.

Support for this crucial reform process will be provided by the Government in several important ways.

The Workplace Reform program that my colleague Ralph Willis, then Minister for Industrial Relations, announced in the Budget will be one means through which the Government will provide direct support.

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Further, if the changing skill requirements of the economy are to be met, then adequate education, training and retraining arrangements will be essential. No one was more aware of this than Dick Kirby - an early advocate of correcting the imbalance in Australia's skilled workforce, particularly by improved training of apprentices. Much greater attention is now being given to training and retraining opportunities at all levels, not just to increase the volume of training, but also to improve the capacity of the training system itself to produce sufficient numbers of people with relevant skills.

Finally, the Government has overhauled the legislative framework to ensure major reforms can be achieved.

The Industrial Relations Act 1988 is the outcome of the tripartite Hancock Committee of Review which we set up when we came to office.

The Act updates the federal system's institutions and streamlines its processes. The Commission over which Dick Kirby presided now adopts the simpler and more accurate title of the Australian Industrial Relations Commission. In particular the Act encourages union amalgamation and provides opportunities for flexibility through the provision of certified agreements.

With over 300 registered trade unions, many of which are small and craft-based, Australia's trade union structure is clearly in need of considerable reform. In both Australia Reconstructed and Future Strategies for the Trade Union Movement, the ACTU expressed support for the processes of union amalgamation.

A move to larger industry-based unions offers substantial benefits, including a reduction in the potential for demarcation disputes, more efficient use of union resources, and a reduction in the number of unions with which employers have to negotiate.

The Act's provisions for certified agreements, which have perhaps attracted less attention, are important because they inject the potential for greater flexibility into the present wage setting system.

There will now be considerable scope for developing arrangements to reflect the particular requirements of an individual employer or enterprise. Agreements will provide some certainty to individual employers in relation to the labour costs which will apply during the set period of an agreement, and will have considerable potential for enhancing workplace productivity.

The essential point is that the settlements embodied in these agreements may provide outcomes which differ somewhat from those generally prevailing, provided a Full Bench of the Commission is satisfied that to certify such terms in the agreement would not be contrary to the public interest.

Ladies and Gentlemen,

In advocating this form of integrated approach to labour market reform, the Government enjoys the support of the ACTU, a number of key national employer groups and individual employers, all of whom recognise the link between award restructuring, work practices and training.

The ACTU and CAI have produced a Joint Statement on Participative Practices. Such a statement presents a framework for the further development of a more cooperative and constructive approach to industrial relations at the workplace level. The ACTU and CAI are to be congratulated for what is in many respects an historic achievement.

Such initiatives to improve the competitiveness of their industries are reminiscent of, because ultimately they arise from, processes advocated by Sir Richard Kirby over many years. His desire to see joint employer/union bodies may now be starting gradually to take form.

Throughout, my Government has facilitated the process of change : change based on mutual respect and cooperation between the parties. We believe that the potential benefits of the award reviews are great. Whether they are realised will depend on the vision and level of commitment brought to the negotiating process. It is now up to the practitioners to ensure that the most is made of this historic opportunity within Australia's industrial relations system.

So let me end tonight with a plea to industrial relations practitioners. I am sure Sir Richard will support me in this regard. What I have outlined tonight is not the end of our labour market reform program, it is a continuing process, it is a challenging process - the very future of our country will be affected by our success in meeting that challenge.

Our greatest tribute to Sir Richard Kirby will be if we as practitioners in the fields of industrial relations and of politics show ourselves capable of rising to this challenge. He would want us, I am sure, as individuals, as groups and as a society to do what I have recently urged: that is, to put on our bi-focals and see the immediate foreground of contention in the longer term perspective of the national interest.

May I conclude on this note. I have spoken tonight of Dick Kirby. Throughout this great life of service to his country he has had at his side as constant friend, support and help-mate, his wife, the incomparable Hilda. To you Hilda, also, goes our abiding affection and respect.
