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PRIME MINISTER

EMBARGOED 4pm

STATEMENT BY THE PRIME MINISTER, THE HON P.J. KEATING, MP

PROTECTING AUSTRALIAN EMPLOYEES

Over the last eight weeks the Commonwealth has become increasingly concerned about the threat to social cohesion and economic recovery posed by attempts to cancel the award system.

The Kennett Government is the first to adopt the Hewson agenda in industrial relations.

The Commonwealth Government has put Australia's industrial relations system on to an irreversible path towards workplace bargaining.

This is the key to ensuring that Australia does make the big productivity advance in the 1990s.

Nearly 600 enterprise agreements have already been registered with the Australian Industrial Relations Commission and the Government is well on the way to having at least half the workforce currently under federal awards in enterprise bargains by the middle of next year.

And these enterprise agreements will be secured through cooperation not intimidation.

If we have learnt anything in the last 10 years it is that the most successful economies are those that harness the power of competition and reform with cooperation.

Intimidation leads to dislocation and the intransigent protection of entrenched rights.

The Kennett Government is taking Australia down the confrontation route which will simply derail the reform of industrial relations in this country.

The Victorian Government's decision to cancel the award system and force more than six hundred thousand Victorians on to individual contracts has already fractured the long period of industrial harmony which has seen the lowest national strike rate for thirty years. It has disturbed the confidence of investors.

For Victoria itself, which accounts for 27 per cent of Australian output, a third of Australian manufacturing output and 17 per cent of our exports, the industrial conflict has had a devastating effect on confidence. Classified job advertisements in *The Age* have fallen. DEET's indicator of skilled job vacancies released yesterday showed rises for other states but no movement in Victoria.

As yesterday's National Accounts figures showed recovery is well under way in Australia and we have been growing at an annual rate of around 2 per cent for 4 quarters.

It is a measure of the Government's accomplishments that this has been done in a situation where most countries are growing much more slowly than this or are still contracting.

However, Australia's growth rate must be increased further and we must build on what has already been achieved.

On this score, industrial conflict in Victoria is putting the entire Australian recovery at risk.

The Victorian Government's decision also highlights the way in which the Hewson agenda in industrial relations obstructs reform in Australian workplaces. The Commonwealth has adopted a policy of encouraging workplace bargaining, with award wages and conditions operating as a safety net to catch those employees who are unable to reach agreements with their employers.

Arbitrated minimum wage outcomes are becoming less relevant to actual wage outcomes, but the Commonwealth believes that the provision of a permanent and reliable safety net, and of rights to protection against unfair dismissal, are an essential foundation upon which reform in industrial relations should proceed.

The Commonwealth's assessment is that conflict between the Victorian Government and Victorian employees is now settling into a dangerous deadlock.

The Commonwealth Government has decided to legislate to offer Australians who find themselves in the circumstances produced by the Victorian industrial relations legislation the safety net of federal awards, and the enterprise bargaining structure of the federal legislation.

This is to ensure that we continue to make progress in making the labour market more flexible and that we don't get side tracked into pointless and destructive industrial disputes.

The safety net of minimum wages will be available both through federal awards, and through a new provision which will allow the Commission to determine minimum wages in a wider set of circumstances than is currently possible.

The Commonwealth Government has therefore also decided to legislate under international conventions to guarantee rights to equal pay for work of equal value by men and women, and to protection against unfair dismissal, two national standards

which the Victorian Government does not guarantee and which are most threatened by its legislation.

These protections will be guaranteed under the external affairs power of the constitution and ILO conventions setting international standards in these areas.

Since the ILO convention governing unfair dismissal has to yet be ratified by the Australian Government, we will consult with the States and with the industrial parties on its implementation.

The Government intends to have most of the legislative provisions available by the time Victorian awards are abolished on March 1 next year.

Consideration is being given to legislation protecting some other internationally recognised standards, such as annual leave, maternity and parental leave and hours of work.

This new legislation is not designed to create new national standards, to lay a new safety net where one already exists, or to replace State systems offering conciliation and compulsory arbitration.

All awards created as a result of the legislation will continue to be subject to the provision that they can be varied by enterprise bargaining, so long as there is clear evidence that the employees consent to the variation, and the new arrangement does not leave them worse off in total than the old arrangement.

Improved access to federal awards will be facilitated by an immediate change to the objects of the IR act to encourage access to awards for employees who are not now under federal awards and are not within the scope of a state arbitral jurisdiction.

The AIRC will be given the authority to determine minimum rates, whether or not an interstate industrial dispute exists, for an employee or a group of employees who do not have that protection.

The Commission will be given the power to award equal pay.

The termination and redundancy provisions sought by the Commonwealth are those specified in the relevant ILO convention. These include the requirement for an employer to offer a valid reason for dismissal, severance pay, and appeal to an impartial tribunal against unfair dismissal.

The legislation will guarantee the Australian Government's charter for industrial relations which I announced on August 31.

At that time I gave 11 undertakings to Australian employees, some of which the Victorian legislation has since put at risk

Among other commitments in the Government's charter for industrial relations we undertook

- . to keep a safety net under the low paid and poorly organised
- . to make sure workplace agreements are fair
- . to enforce agreements with simple procedures
- . not to force employees off awards
- . to allow employees to be covered by unions

In my view these rights cannot be guaranteed for Victorians under the Kennett Government's industrial legislation. The legislation which I have announced today is intended to fulfil our undertaking, and to safeguard the system of enterprise bargaining underpinned by award minimums which is successfully transforming workplaces operating under Commonwealth legislation.

The system of awards is the safety net which protects the minimum wages and working conditions of Australian employees. It is the Australian Government's belief that all Australians are entitled to this form of protection, and the changes announced today are designed to guarantee them.

CANBERRA

2 December 1992