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PRIME MINISTER

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**SPEECH BY THE PRIME MINISTER, THE HON P.J. KEATING, MP
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It's a great pleasure to be here.

There is no more important partnership for the Government than our partnership with the ACTU.

There is no more important partnership for us, and no more important partnership for Australia.

The last dozen years have proved this.

It has been proved in an Accord which has provided us with the motor and the means of essential change; and with low inflation, and industrial harmony and cooperation, and much else that now characterises modern Australia and distinguishes us from countries which have gone down neo-conservative paths - meaning no consensus, no safety net, no accommodation of the social imperatives as we confront the economic ones.

The Accord proves the value of the partnership, but it is proved in other ways as well.

It is proved in the social programs. In programs for Australian families and Australian women. In the Working Nation programs for employment and training - for young Australians and Australians coping with structural change. It is proved in the social policies which together make Australia's social safety net among the most comprehensive and sophisticated in the world.

The value of our partnership is proved in the egalitarian reforming character of the Australian Government - in both social and economic policy - and, beyond these realms, in policies for Aboriginal and Torres Strait Islanders, in environment policies, in policies for the advancement of our nation and our nationhood, including our progress towards a republic.

The value of our partnership is proved in the continuation of a Labor Government - a Labor Government still charged with zeal for reform and still aware that its responsibilities are forever to Australia's working men and women and their families.

It is not the easiest partnership to maintain, especially in times of change.

But who can say now, after twelve years of the most thoroughgoing reform in our country's history, that our interests cannot be reconciled - not only reconciled, but made a force for the nation's interests?

No one can say that.

And when we have doubts about each other, it is worth bearing this in mind.

It is worth reminding ourselves of what might have been if the Fraser government had continued, or we had adopted Thatcherism through Howard or Hewson.

Think what sort of country we would now live in. How would the opportunity and wealth be spread in the New Right Australia of the old John Howard? Or the Old Right Australia of the even older John Howard?

Never forget what our opponents have stood for in the past decade and a half. Don't think for a moment that Hewson was an aberration. Hewson was not an aberration. He was a Liberal.

Like John Howard. John Howard has been every kind of Liberal it is possible to be - old right and new right, Fraserite and Hewsonite, wet and dry, hard and soft, honest by name and rank opportunist by nature. What kind of Liberal John Howard is depends on which way the Liberal Party thinks the wind is blowing. And if they can't get a reading here, they take one in America.

But in the end there is only one John Howard - and he is a deeply conservative and reactionary chap. The most conservative Liberal leader, he once said, in the party's history.

The man who believed in all the things that John Hewson believed in but now wants Australians to believe he doesn't; the man with the airbrushed past; the man without policies. The man who wants to keep the monarchy and abolish the Accord.

The man who wants to be Prime Minister and lead Australia into the 21st century.

John Howard may want to keep his policies and his ideas hidden. He may in fact not have any policies or ideas beyond this industrial relations policy of his. But the next election - whether he likes it or not - will be about policies.

The next election will be a referendum on ideas for Australia.

And one of those ideas is the Accord. The Accord has been a defining idea in the past decade and only a fool would abandon it for the next.

That's the rub. That's what matters.

The partnership between us has achieved great things. But the most important thing is yet to come. It always is.

The most important thing is what we do to see that Australia goes into the 21st century strong and secure, that the wealth and opportunity is shared, that our kids have hope and faith in their future, and belief in Australia.

That we keep the great Australian democratic goals out in front, that we do the things necessary for our economy to compete in the world, and the things necessary to build a good and fair society - and that we don't surrender the power to do them.

I know it depends on trust and I know that trust is tested by events. I know that there are people who ask if the reforms of the past decade have been worth the pain: people who say the change is too rapid and too stressful and that it is not giving us the economic and social results which we have a right to expect.

But the fact is that the economic changes were essential, and they have given us extraordinarily good results, kept us up with the international game and set us up for the 21st century.

And if this internationalisation of the economy has put pressures on our communities and on our traditional social goals in Australia, we have resisted the pressure with far more determination and far more success than most other countries.

Worldwide technological change has increased wage inequality everywhere, but our response has been to offset this trend through a sophisticated social security system and a social wage.

Nowhere has there been more change in Australia than in our workplaces, in the labour market and in industrial relations: change towards fewer and larger unions, change to enterprise-based bargaining and a reduced role for centralised wage setting practices, updates to and restructuring of awards.

The case is unarguable - the changes had to be made and they have been made well. We need to draw confidence from that experience and faith in this partnership between us.

We need this partnership because Australian industrial relations are once more under threat and with that the well-being and security of Australia's workers are under threat.

John Howard and the Liberals have so few ideas we probably should be thankful for this one. Their industrial relations policy at least lets us all know where they stand. And whatever they might do to cast a softer light on it, they stand where they have always stood. Which is in direct opposition to Labor.

Nowhere is the difference between Labor and the Opposition more obvious.

The industrial relations policy debate we have recently entered highlights three fundamental differences between us.

One, in the weight given to consensus and co-operation.

Two, in the value accorded to the basic needs and protections for working men and women.

And three, in our implicit judgements concerning what it is that Australians want in a Government.

I want to address each of these matters.

We shouldn't forget the antecedents of our reforms. Our predecessors in office bequeathed to us a quite amazing set of doubles - double-digit inflation and double-digit unemployment. This was an achievement of no other Government in our history, but which a John Howard government may well match.

These facts established a very obvious case for a different approach to wage and employment matters.

And this was what the Accord was all about - a simultaneous attack on inflation and unemployment.

Over the rest of the 1980s the union movement and Australian working men and women bargained for wages and conditions in a new spirit - one which was sensitive to the need to control inflation and reduce unemployment.

This was the restraint of mature and responsible Australians.

It delivered huge benefits to our economic reconstruction.

The Accords have delivered sustained productivity increases and decreases in real unit labour costs. Since 1983, we have seen a 65 per cent fall in working days lost in strikes. And at the same time we've seen the creation of 2 million jobs in Australia.

The Accord has helped create the culture in which change can take place; in which the imperatives of competitiveness have been recognised, in which workers' superannuation is laying the foundations of a national savings program - and all of this in the context of real protections for those at risk of disadvantage from reform.

Each employment target has been met, underlying inflation has been reduced dramatically, and at the same time Australia has been opened up to international trade and regional growth.

As I said at the National Press Club a month ago - why would anyone ditch it?

And why, when in the last decade the union movement has been in the vanguard of necessary economic change and social progress, are we confronted with an Opposition that speaks the anti-union language of the 1970s?

Could it be because they alone among Australians have not changed?

To say that Australia owes a lot to the behaviour of workers and unions in the early years of the Accord, is to grossly understate the case.

It is not a small thing to forego wage increases for benefits that tend to accrue to the economy at large and not necessarily to those making the sacrifice.

- It is no small thing to change behaviour in fundamental ways for unseen benefits.

It was no small thing to put trust in an untried institution, especially one that was treated with a good deal of scepticism, and even derision by some.

The 1980s Accord accomplishments have left us with an economic base that ensures strength for the rest of the 1990s. Australian workers have delivered underlying inflation of less than two and a half per cent for all of this recovery even though jobs growth has been outstanding. Costs are under control and now real wages and productivity are growing.

It is now understood that confrontation between employers and employees is not inevitable, and that conflict in the workplace is not a quintessentially Australian way of operating.

It is now known world-wide that we are about achieving efficient economic reforms in an environment of co-operation, consultation and consensus.

The cost restraint of the 1980s and the overall jobs growth since 1983 have meant that real disposable per capita household incomes - easily the best single measure of individual economic welfare - has increased by a very healthy 20 per cent.

It is sobering to ask where we would be today if Australian workers and unions had not acted with selflessness and maturity when it was most needed.

It is particularly sobering to ask what might happen in the future if the Accord partnership is undone by our political opponents.

That is the first major difference between the Government and the Coalition.

For the Government the Accord is fundamental, for the Opposition it will be the first thing to go.

Australian labour productivity growth has been more than twice that of New Zealand since that country introduced its Employment Contracts Act - the Coalition's preferred model - in 1991; the underlying rate of inflation is low; industrial disputes are at an historic low; the profit share is something close to an historic high and investment is booming - but they want to abolish the Accord.

The motive can't be rational. It must be ideological. It must derive from some loathing of unions and working people. Either that, or a loathing of common sense.

The same lack of reason appears to have infected their thinking on interest rates. Just now they have been attempting to connect it to the level of foreign debt, by means of an unreliable imported truck.

It is a very peculiar place to go looking for the problem - or the solution. And a very peculiar way to go. If they were being rational or honest they would send out a truck which explained the link between the Accord and interest rates.

Because if you don't have the Accord to control inflation, you only have interest rates to do it. If you haven't got an Accord and you want to take the heat out of wage pressures the only medicine is interest rates.

The unarguable fact is that high interest rates always mean lower growth. And increases in interest rates to combat inflation must mean higher unemployment.

I do not mean to imply that the Coalition wants higher interest rates and less employment growth. I do not necessarily think that they are nasty - although there is some evidence of this. But I'm more inclined to think that they are prey to primal prejudices - particularly against unions and workers.

They see a productive partnership between governments and unions and workers as some profane cabal. Some horrid thing. Some anathema.

In fact, the Accord is a living, breathing and dynamic institution, responsive to outside pressures, accommodating of world economic forces and flexible to the contemporary circumstances of the Australian labour market. It has been also a significant contributor to social equality through support for Medicare and, most recently from Accord VIII, expansions to superannuation, and paid maternity leave - all on a means tested basis.

No one should forget that when wage restraint was most needed the Accord delivered it.

When the adverse terms of trade change of 1985 caused a significant devaluation of the currency it was through the Accord that the devaluation was made effective and real. The partners supported a small real income cut in order to ensure that employment growth would not be at risk.

When the extreme labour market pressures of the late 1980s emerged it was the Accord processes which kept a lid on inflation when almost no outside economic commentator - thinking of similar pressures from the past - believed it was possible.

And when it became clear that some movement towards productivity-based wage adjustments was necessary to ensure competitiveness, again it was through the Accord that this was institutionalised and became a reality.

Today the Accord continues to support enterprise-based identification of workplace-specific needs and this is highlighted and emphasised in the 1993 Industrial Relations Act.

The Accord is thus clearly an institution motivated by and sensitive to contemporary economic imperatives.

But through all this one thing has never changed, and never will.

It is that the Accord and the Government's industrial relations policy will always reflect the value we give to protecting the disadvantaged in the workplace.

Nowhere is this more clearly evident than in the concept of the Government's "no disadvantage" test to workplace reform.

The Government does not pussyfoot around with this issue: "no disadvantage" in agreements means exactly that.

Some awards can be taken away in a workplace bargain, and over the course of time and because of the particular imperatives of workplaces, some employment conditions should and will be changed.

But award conditions can only be varied if the total package of remuneration is not diminished through this process.

Put simply, no worker can be made worse off, by law, from the signing of a workplace agreement.

This is the difference between the Government's approach and that of the Opposition.

The Opposition in government will have legislation that guarantees that some conditions can be lost, and lost without compensation.

That is, workers' overall incomes are clearly in jeopardy.

This is a crucial development in the policy debate.

It is clear this is true from listening to what Peter Reith and John Howard have said about their planned reforms.

They have said that they support the current Western Australian State Award legislation. They have never backed away from the essential lack of a true no disadvantage test in *Jobsback!*

Both the Western Australian and *Jobsback!* approaches allow agreements which do not include some basic conditions; for example, overtime pay, penalty rates and holiday leave loadings.

- And most significantly, these reflections of what their industrial relations system would look like do not offer compensation for the loss of conditions.

Does it really matter for the incomes of working Australians? Yes.

Some examples are instructive.

Nurses. There are over 150,000 registered nurses in Australia. A typical nurse works enough nightshifts and weekends to increase his or her pay above the base rate by an average of 22 per cent a year. This is worth about \$5000 a year.

Unskilled labourers. For unskilled labourers who work overtime the number of hours accorded the higher pay rate is about 10 per week. If these hours were paid at the base rate approximately one million Australian labourers would experience an income cut of about \$5000 a year.

Of Australia's 360,000 drivers who work just 8 hours of overtime, reducing the rate to that of base pay would cost them about \$6000 a year.

Bar attendants at this week's AFL Grand Final would see their wages reduced by at least \$40 for their day's work if the penalty is removed. And if this is regular weekend work for Australia's 50,000 bar attendants, it amounts to an annual income loss of over \$2000.

The Opposition call it a scare campaign. Let me tell them for the one and a half million Australians I have mentioned - and that's just a start - the scare campaign is coming from the Opposition. Quite simply the Opposition who like to talk about families, have a policy to take money from breadwinners.

The facts speak for themselves: in a world in which there is no compensation for traded-in conditions, a great many working Australians must be at risk of losing considerable income.

The Coalition's recent responses to these criticisms have themselves been instructive.

Again, they do not seem to comprehend the basic realities of the Australian labour market.

John Howard insists that "no worker will be forced off awards if they don't want to be".

In other words, there isn't a problem. The Coalition just wants to introduce more choice for workers. There is either profound ignorance at the root of this, or profound disingenuousness. Whatever the cause, it is false.

What will happen when employers say - as many are sure to - "take the contract or take the sack". Who has the power here? What real choices will such workers have?

What happens to workers who sign a good agreement but later want to return to the award because their employer demands that they accept a new agreement with lower wages. How can workers possibly get back what they have lost?

And what happens to the extraordinarily high number of workers each year who face a new employer?

No political party which says that workers can choose an award if they want to really understands the extraordinary flows in the Australian labour market. Or, if they do understand, they just don't care about it.

The huge number of Australians who face a new employer every year would not have an effective choice about keeping overtime or penalty rates. They would not be in a position to sustain award incomes if such conditions are traded away under the Coalition's approach.

In 1994 1,731,500 Australians - more than 20 per cent of the workforce - faced a new employer for a wage and salary job. Currently over 42 per cent of the workforce has been in their current job for less than 3 years.

They are surely a significant part of this debate; because they are the people who will be confronted with the injunction - take the contract or forget the job.

In other words, under a Coalition government federal award system, and adding those under conservative state awards, millions of working Australians could lose valuable conditions and pay.

The numbers are not difficult to believe. After all, there are around 600,000 higher education students today and most of them will face a new employer in the next 3 years.

Of the 400,000 or so year 11 and 12 students currently enrolled in school, at least half will be in this position.

Every year several hundred thousand married women re-enter the labour force in search of new jobs.

And in 1994, 600,000 employed people chose to change jobs.

The argument is clear. The Coalition can radically and quickly put at risk the hard won wages of a very large number of Australians.

This is already happening under the Western Australian legislation. Howard and Reith say their approach is "softly softly", but Howard and Reith know that the forces in the labour market make a mockery of this.

Australians know the value of change, and recognise the need for efficiency and competitiveness in our economy. But they also know the equation is more complex than the Coalition would have us believe. They know, I am sure, that the Accord is the expression - the civilised expression - of that equation. And I don't believe they'll let it go.

If I am right in saying that Australians prefer cooperation to conflict and continue to value our traditions of equity and fairness, they will reject the Opposition's industrial relations policy. They may well be glad to see that they have a policy - but they will not be impressed by the nature of it.

They believe, I think, that equality and fairness are fundamental to Australia's way of life, and they know that workplace arrangements and award protections are an important means of delivering them.

If labour productivity growth were low, and the Coalition model was a proven way of raising it, it would be understandable. But Australian labor productivity growth is twice that of the place where their model is employed - New Zealand.

If there is no efficiency case for change, Australians have cause to wonder why it is that they should risk hard won workplace incomes. Why it is that our fundamental identification with a fair go and social and economic equality should be put at risk?

The Australia we have created through the Accord mechanisms is a place to be proud of. Robert Reich, the United States Secretary of Labor has recently lamented that in his country, while employment growth is healthy, they have created vast numbers of working poor.

On the other side of the Atlantic, while there are sophisticated safety nets, the countries of Western Europe have poor jobs growth records. They envy the US for this, while Reich envies these countries their relatively low levels of poverty.

In Australia we have the best of both worlds. It is clearly to a significant extent because of the Accord processes.

I take you back to my theme. Our success in this partnership springs from the belief we share that the incomes of all working Australians must be protected.

I wish you well in this Congress, and trust that I will be able to address you at your next one - by which time I hope that collectively we have put to rest for all time the aspirations of those who seek to put Australia on the path to conflict, inequality and social injustice.

Watch this space, we won't let you down.