



6

PRIME MINISTER

****PLEASE CHECK AGAINST DELIVERY****

**SPEECH BY THE PRIME MINISTER, THE HON P.J. KEATING, MP
CFMEU BIENNIAL NATIONAL CONFERENCE, COOGEE
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Thank you for the invitation. It's a great pleasure to be with the CFMEU for its Biennial National Conference. As Prime Minister I trust you'll ask me to the next.

I am keenly aware of the importance of the CFMEU's political support for the Government in the past, as you should be aware of the many values and perspectives that we share.

Not least, we abhor the implications for Australian workers of the Coalition's industrial relations policy.

We also share an understanding of the importance of the Accord for the wider economic and social good of Australia.

The Accord has meant that we have achieved great reforms without industrial mayhem.

And these goals have all been reached with continued protection of both the jobs and social well-being of the least advantaged.

If the Government could ask one thing only from the CFMEU it would be this: that the union and its members re-affirm their support for the Accord processes.

We all know that at various times over the period of the Accord that some of the more powerful in the union movement could have got more for themselves if they chose. It is a testimony to the maturity of strong unions that they recognised the interest of the broader community and chose not to exploit their strength.

The social benefits have included considerable real expansions to social security and the social wage, and to the development of a comprehensive superannuation scheme that our opponents would never have had the imagination or capacity to implement.

The benefits also have included industrial peace, which has seen strike activity fall to well under half the average of the Howard/Fraser years. Last year Australia had the lowest number of disputes since 1940, and the number of working days lost was around 70 per 1000 workers, compared to 590 per year under Howard.

The figure is worth repeating. 70 compared to 590. One eighth of what it was. And we are living through - not five minutes of economic sunshine but a record period of economic growth, the longest sustained period since records were kept. Some people may have forgotten, but economic growth once used to go hand in hand with strikes.

Could we just pause and reflect on what Australia might look like with the Coalition's anti-worker industrial relations policy, without an Accord?

Imagine the types of consensual policies that would be delivered by Peter Costello as Treasurer.

Imagine the sort of intelligent industrial relations solutions that would emerge with Peter Reith as Minister.

Imagine John Howard leading workers and firms through some of the innovations of the past 12 years, such as BHP's Steel Plan, or the Toyota Plant developments - indeed, imagine John Howard simply understanding why the Accord has been so important.

Few things are certain in political life but these things are:

There would be no consensus under a Coalition government.

Co-operation and understanding would be diminishing commodities.

Conflict would increase.

Perhaps the most important benefit from the Accord is that there has been an effective extra mechanism to control inflation: having wage outcomes consistent with low increases in unit labour costs.

Increasingly these have taken the form of bargains showing sensitivity to the circumstances of particular enterprises, and increasingly there has been an appreciation of the need for trade-offs and productivity offsets.

We hope and trust that the maturity in pay arrangements that has been such a key characteristic of the Accord will be with us for a long time to come.

In all good partnerships reaffirmation of the essentials matters.

Without our joint understanding of the links between costs and employment, and what this has meant for social justice and progress towards economic efficiency, we would only have interest rates to control inflation and manage the economy.

We would have Peter Costello using the threat and the actuality of higher interest rates to keep price pressures down. And even he knows that this works only through the creation of higher unemployment.

This is the Coalition's recipe for economic management - Peter Costello, Peter Reith, John Howard and no Accord.

On the topic of economic management it is opportune to put to rest a large fib that Honest John has been putting about.

The oft-repeated fib - indeed, Andrew Robb used it on the Sunday program three times last week - is that real wages have declined under the Accord. As if the Accord has been bad for workers.

It is demonstrably false.

It is true that real wages fell slightly in the 1980s when the Government and the union movement together had to address the appalling mess left to us in 1983 of double-digit inflation and unemployment. It wasn't an accident that there was wage restraint over the 1980s. This was a necessity.

It was through this wage restraint that employment grew so quickly and inflation fell. And this meant a 20 per cent increase in real household disposable incomes per head by June 1995.

But since the beginning of the 1990s there has also been an important increase in real wages, as measured by the best indicator, real full-time total earnings. The recovery has meant that in the whole period since 1983 the increase in real wages has been 7.2 per cent.

7.2 per cent. Real. Not a fall. The Liberals say there has been a fall. It is a lie. And that's not to mention the myriad of tax cuts under the Accord or the likes of supplementary payments or FAS.

But I'll get back to the Coalition in a few minutes.

Before doing so I want to raise a few issues of particular concern to the CFMEU.

We will all recall that after the Builder's Labourers' Federation was de-registered, its assets and property were placed in the hands of a custodian.

But after the amalgamations that resulted in the formation of the CFMEU it was appropriate that this control be transferred to the CFMEU, and indeed, this was a judgement made by the Industrial Relations court in August. It is a decision that the Government supports.

Well, Jeff Kennett has appealed against this finding.

The Federal Government finds it unacceptable that the CFMEU does not have control over these assets, and today I can tell you that we will intervene in the appeal and offer you support.

We are on your side here. Kennett never knows when not to push his luck. He's manic about belting unions.

- And I cannot let the opportunity pass without acknowledging the untiring efforts of Stan Sharkey.

The CFMEU has also been encouraging the Government to support the ratification of the new ILO Convention concerning Occupational Health and Safety. Australia takes its ILO obligations and the ILO standards very seriously, and has now ratified 57 ILO conventions.

As a major mining country, Australia made a strong commitment to the development of the new ILO standards on safety and health in mines which were adopted at the 1995 international labour conference.

Mining is obviously an area where these matters are of particular significance. We do not want a repeat of last year's Moura Mines Disaster in Queensland.

I should mention here the very important international role played by the Joint National President of the CFMEU, Mr John Maitland, who was the Chairman of the workers' group in the committee which developed these important standards.

Australia will be considering the new convention as a priority with a view to its early ratification. Again, we won't be letting the CFMEU down.

Australia also actively supports the current efforts of the ILO to improve its effectiveness and promote observance of its standards, especially the human rights labour standards. As part of its current activities the ILO is identifying obstacles to ratification in countries which have not endorsed core human rights labour standards.

We will be examining ways in which the promotion and observance of ILO standards can be encouraged in the Asia-Pacific region. This will be the subject of recommendations by a tripartite working party which, under the Chairmanship of Michael Duffy is considering the matter and will report to the Government later this year.

The CFMEU has expressed a concern which has been shared by the Government for some time. It relates to the contracting-out arrangements that place people outside of the PAYE system.

It was perhaps a mild curiosity in the past, but it is now clear that it has become endemic in the building trades.

It is an activity that robs the Government of tax revenue.

It is an activity that undermines the award system.

It is an activity that puts in jeopardy the rights of those who were previously protected as employees.

It is also an unethical activity. The two words that come to mind are rorts and scams. The CFMEU understands this well.

In saying that we need also to acknowledge that this is a difficult area. But it is an area in which reform has to take place.

In the Budget the Government announced that it would be amending the PAYE provisions of the *Income Tax Assessment Act* to ensure that they cover payments for labour which were always intended to be covered. In the past our attempts to fix this problem have not been sufficient.

We know it is hard, but I want to reaffirm today that the Government has made progress and legislative change will be announced shortly.

It is also relevant for me to acknowledge to this group that we are currently going through a necessary but possibly apprehensive period for workers involved in the forestry industry. Obviously we all need to wait to see how the current consultations develop, but several things can be said with some confidence.

They are that the government does not resile from wanting to have a world class forest reserve system in place for the longer term. But we similarly recognise the importance of having a wood products industry with sustained and significant employment, and with an increasing emphasis on domestic value adding.

We must make sure that in this industry, as in others, we use the rich resource base that we have to create jobs for Australian workers, in a way that also provides for the highest standards of environmental protection.

Over the ensuing weeks these issues will be vigorously debated and I look forward to a full contribution from those of you with a direct stake in the issue of forest policy.

I want to spend what time remains to answering a few broader questions of interest for the CFMEU. Naturally this must bring me back to the Coalition, because the industrial relations debate is the real policy question for Australian workers.

It is here that the essential issue of take-home pay will be decided.

Its already clear that the Coalition does not understand the value of the Accord. And given the clear benefits of the Accord, this says something about the Coalition's capacity to understand and judge policy.

Oh, they say, so the Accord reduced strikes and conflict, helped expand social protection for the disadvantaged, allowed a threshold cut in inflation, facilitated the introduction of a comprehensive superannuation scheme, and allowed us to make the significant industrial reforms essential to our international competitiveness?

"Is that all?", they say. Well, we better throw the Accord out.

Somehow it says it all about them: ditch the Accord and keep the British monarchy.

You have to ask, why?

They say that the most important possible reform to Australia will be in the area of industrial relations.

John Howard said last Friday that: "...the essential elements of our industrial relations policy will remain".

He has many times recently said that *Jobsback!* - in which there were only four minimum conditions for workers - is the correct approach.

He has consistently supported the Western Australian state legislation in which there are also four minimum conditions only.

He looks enviously at New Zealand which abolished awards in 1991. He wants us to be like them.

And we should never forget what goes on in the minds of that Shadow Cabinet of theirs. It is the same Shadow Cabinet that wanted to scarify workers at the last election. And they have not changed.

The big issue which will come back to haunt John Howard, Peter Reith and Peter Costello and the rest is very simple: they don't guarantee workers' pay.

It's as simple as that. If workers sign workplace agreements that remove some of their award conditions there will be no compensation to ensure that the value of the package is maintained.

The Government guarantees that pay can't be cut. If workers trade-in some award conditions, they will see increases in pay to cover it.

In other words, we have a true no disadvantage test. The Coalition does not.

Workers will lose under the Coalition.

And workers will lose big under the Coalition.

And when workers lose, families lose - the families of so-called battlers with whom our opponents claim to have so much in common.

And when the low paid become lower paid, and less secure, the fabric of society begins to change. You can't knock the low paid about without knocking Australia about - you can't do it.

Remember that Peter Reith's July speech set out the minimum conditions that would provide the basis for the Coalition's approach. It did not include penalty rates, overtime wage rates, or holiday leave loadings, to name a few.

And don't hold your breath for travel allowances or tool allowances - they just won't be on if the big goal is "flexibility".

Watch this word "flexibility" from the Coalition.

It means pay cuts. For "flexibility" read "pay cut".

It's not as long as "incentivation", but it is much more pernicious.

Flexibility. Whenever Howard or Reith say this, ask: why doesn't he admit he wants the pay of the least powerful to fall?

Well, what will the Coalition's policy of flexibility mean for some typical CFMEU workers? Let me show you.

Take an 'Operator Level 3' miner, who receives an area allowance of \$8.11 per day, a service increment of \$1.77 per day, and who works a fairly typical 6 hours of overtime a week.

If the overtime is paid at the base rate instead of at time-and-a-half for the first two hours and double-time after that, the loss will be \$69.30 a week.

Assuming the holiday leave loading of 17 per cent goes too, this worker will lose a total annual amount of \$7,100.60. This is a cut of 18.8 per cent for one of the Coalition's "battlers".

What about a "Log Band Sawyer"? A typical person in this job might work 8 hours a week overtime, and at the moment they receive the annual leave loading of 17.5 per cent. Working the same number of hours under the Coalition policy, the log band sawyer stands to lose at least \$2684.85 a year, or a real cut of about 10 per cent.

How about a typical 'Leading Hand Linesman'?

Today they receive industry, tool, leading hand and special allowances worth \$55.60 per week. If they work 8 hours of overtime a week - which is fairly typical - they stand to lose just from this being paid at the normal rate a total of \$65.70 a week.

Taking away the holiday leave loading which is worth \$317.50, the total loss for the year for the linesman would be \$6139.90, a 20 per cent cut.

This is flexibility, Howard-style. Flexibility downwards.

And somehow we don't think that Mr Costello will find it in his heart to compensate these CFMEU workers through the social security system.

He and Mr Howard say they are pro family, but they're anti family income support. Pro family and anti overtime rates. Pro family and anti penalty rates. Pro family and pro "take the contract or take the sack".

But, what does the Coalition say about the examples I have given?

It can't happen, they say, because no one will be forced off an award if they don't want to be. That is, if you like your current arrangements that's fine, you can have them. There will just be a lot more choice. What a great system - no-one can lose!

Now I can only say to this one simple thing: Mr Howard and Mr Reith are either very ignorant about how labour markets work, or they are trying to fool everyone.

What sort of choice is there for workers asked to sign an agreement or risk losing their jobs?

And we know that this is already happening under the Western Australian legislation. Ask Jeff Allen who was sacked in WA for refusing to sign a "flexible" workplace agreement.

It should be no surprise that the Coalition seems to have the lowest support in Victoria and Western Australia where workers are having first hand experiences with these realities.

- We also don't know what will happen to workers on workplace agreements that become whittled away from inflation. Why won't the Coalition explain more to voters about how they can expect to maintain their conditions? They are the same voters they are crying crocodile tears over.

The other large bit of ignorance or dishonesty on the part of the Coalition here concerns job mobility.

How can those applying for a job hope to get the award conditions if they want the position? How does "choice" work here?

John Howard should take a long hard look at the data. In 1994, for example, 1,731,500 people took a new wage and salary position. That's about 20 per cent of the paid workforce.

Over 1.1 million of these came from outside the paid labour force - from school, from tertiary education, from being at home looking after children, as new immigrants.

Let's put it differently: 42 per cent of workers have been in their jobs for less than three years. Thus under a Coalition's first term, at least 3.6 million workers will be facing a new employer and thus will not have the effective choice of staying on the award.

This is a key point for the debate.

It's a key point for Australian workers.

And it's a big point for the CFMEU.

A very large proportion of CFMEU workers are quite mobile, and thus without effective choice about keeping the award.

For example, in 1994, 43,733 building tradespersons, including 18,492 carpenters and 7,445 plumbers, took a new job. That is, over 30 per cent of the total in those occupations in just one year.

And so did 36,603 construction and mining labourers - over 40 per cent of the total.

This a lot of people to be given "flexibility".

Forty per cent cut off awards and made to "fend for yourself". Let me get it right: "choice" to fend for yourself.

When Mr Howard and Mr Reith say that anyone who wants to stay on the award can do so, we hope they will be explaining to the 1.73 million taking new jobs how they will do this.

We hope they will be writing to the 120,000 CFMEU members and describing how the awards will be protected for the quarter or so of those who will face a new employer in the next year.

And we hope they will be explaining to all those people who are currently thinking of leaving their current jobs how to make sure that they keep the level of pay.

As we all know, there can be any number of reasons for leaving a job - it is one of our most basic freedoms. But if leaving the job means losing the Award, that freedom will be seriously eroded.

And the labour market will start to lose mobility. It will become more rigid.

This point came up with a friend of one of my office staff just the other day. She is currently on a reasonable wage working as a librarian, but wanted to transfer to essentially the same job under the Victorian Award. She was told that the pay would be about 30 per cent lower, and is now not going to move.

There are a great many possible losers from this approach, and it's hard to see the overall benefits.

It is possible that I'm being a bit hard on the Coalition, and that there might be a good reason for undermining workers' pay and conditions. There might be some terrific purpose to all this.

So I thought I'd end by going through every possible reason for the Coalition wanting to do this to see if it's good policy.

Perhaps they want to put the system at risk because profits are too low. Have they checked the profit figures lately?. They are very healthy, so that can't be it.

It's not about profits.

Could it be because employment growth is too weak! But in the last two and a half years we've created 680,000 jobs, and we have seen record falls in the unemployment rate, so that can't be it.

It's not about jobs.

It must be to influence industrial disputes, you might say. But remember, we have the lowest level of strikes since the figures were first collected, so unless they want to increase strikes, why would this be the reason?

It's not about industrial action.

Maybe it's about labour costs. But they have fallen by 10 per cent over the life of the Government, at the same time that real wages have risen. And the extraordinary increase in real household disposable incomes of 20 per cent can't be it either.

It's not about costs.

There is only one thing left: it's to increase the growth in labour productivity - we want to be like New Zealand, don't we?

But this doesn't work either because since the Employment Contracts Act - Mr Howard's preferred model - was introduced in New Zealand the rate of growth of labour productivity has been only 1 per cent per year, while ours has been 2.5, according to the OECD.

So it's not about productivity.

In short, it's not about policy.

I'll tell you what it is.

It's ideology - and spite.

Ideology and a complete lack of understanding of the needs and concerns of Australian working people.

Ideology and an appalling lack of sympathy for those with weak bargaining positions.

Ideology and disregard for the living standards of the great many who need current award protections to survive - the people they have the gall to condescend to and pretend to understand and care for. The people they call batters.

The only possible reason for jeopardising the current arrangements, for doing away with the real no disadvantage test, for undermining a fair system is ideological - a mind-set against awards, against the safety net and against trade unions. They don't like working people and they never have.

The Coalition's approach must damage the social fabric and inevitably broaden significantly the divide between the advantaged and the disadvantaged.

It must take us towards the kinds of labour markets they have always admired - the dog eat dog labour markets and the lands of the working poor.

If the election is going to be fought on policy, if it is to be a referendum on ideas, if it is to be a test of imagination and understanding of what this country needs and wants, stay well clear of the Coalition.

John Howard will not rip away at working people without a fight. I'm going to give him the fight of his yet undistinguished life. And I know the CFMEU will enjoy every minute of it.