

## State of the Nation

### **Julia Gillard, Deputy Federal Labor Leader and Shadow Minister for Employment and Industrial Relations, and Social Inclusion**

**Address to CEDA, Canberra, 14/06/07**

Thank you very much and I apologise for coming between you and lunch which I suspect that both Jo and I are at this time. Today I want to talk about the future of industrial relations in this country. It's not a word we hear much from the Howard Government. That word future. The typical contribution of the Howard Government, we see it in question time every day, is to talk about its past and what it says are the risks of Labor's policies. What we don't hear in question time or beyond is what the Government is planning for the future of this nation. What is the pro reform reason that the Government should be returned? What are the big things they say they are yet to do that should be done in the interests of this nation?

And that's no more true than it is in industrial relations where of course the Government has never been the great divulger of its plans on industrial relations. We didn't hear its plans before the last election and I would contend we aren't going to hear the truth of its plans before the next election. Of the things that we need to know and Australian voters have got a right to know before the next election, we need to know whether or not the recent changes to Work Choices will survive beyond the next election. We know that they were poll driven. We know that they run counter to the Government's core beliefs and so if you've lunched for a poll driven solution and it gets the results you want, you win the election, why keep it.

We're yet to hear a clear answer from the Howard Government about whether its new arrangements for Work Choices will survive beyond the election. And this week of course in Federal Parliament we've revealed a secret document about modelling that the Government is getting done. Modelling that makes it clear that the Government wants to take the remainder of the industrial relations system, the 15 per cent that is still in State industrial relations systems, the coverage of nurses and teachers and the like and move it into the Federal system. Not something that's been made clear to the workers involved but it was clear on the face of this document. If that's something that the Government is intending to do then it should be telling Australians that before the election as well.

But today I do want to talk to you about the future. I want to talk to you about Labor's plans for the future of industrial relations and I want to make it clear in talking about that future, that in designing Labor's policies we've been driven by two very simple but very important things. First we're for productivity growth and second we're for fairness and they have been the drives of our industrial relations policy.

First let me turn to the question of productivity growth. I anticipated as it turned out rightly that the Minister today would make a series of claims about our economy and say that that is about Work

Choices. Frankly these claims are hollow. The Government has never released any economic modelling of the claimed benefits of its Work Choices laws. Never. And the document we revealed this week, the secret document seeking economic modelling, isn't about economic modelling to prove the propositions that the Minister's outlined today. It's really push modelling. It's the sort of modelling you seek when you know the answer you want. It's the sort of modelling you seek when you've fed false assumptions into it in order to get the results that you were seeking.

And a quick round up of the economic statistics for this nation really make a mockery of the Government's claims that this is about Work Choices. Now we all know that employment is high and unemployment is at a 30 year low in this country and that's a wonderful outcome for all Australians and as the Labor Party we strongly support a high employment economy and we believe that fairness does start with the chance of getting a job. But we know that what's driving employment in this country isn't Work Choices which came into effect just over 12 months ago. It's about the global economic climate and it's most particularly about the resources boom.

On Tuesday night in Parliament when we were debating some aspects of industrial relations said that China doesn't even buy much of our coal. This is the kind of claim we hear about the resources boom and its impact on the Australian economy. But of course we know that Australia is in the top 5 countries in the world as an exporter and producer of major minerals and it's in the top six when it comes to reserves of major minerals. Mining and minerals contribution to GDP was 5 per cent in 2005, 2006 and in the same year also contributed \$52.8b in exports. Twenty nine per cent of which went to China and India. China is in the top 5 importers of our coal, iron ore, oil and gas, copper and steel. India is in the top importers of our coal, copper and gold and major mineral states have leading the charge in employment growth. In April WA hit its lowest unemployment rate, under 3 per cent in over 30 years.

In the Government's own budget papers the Treasury stated and I quote, "The Australian economy continues to benefit from strong world demand with labour and capital continuing to shift towards the mining and construction sectors in response to the increasing commodity prices. The shift in resources within the economy is expected to continue and to result in State and industry divergences." And we know of course when you've got a mining boom, the boom flows through and you have booms elsewhere. In construction, in hospitality, in retail. The money flows through and so does the economic prosperity.

Now the nature of world growth and the demand for our commodities really speaks for itself but it's worth reflecting just as we consider that boom that the ABS data tells us that over 30 per cent of the mining workforce is actually governed by collective agreements while over 50 per cent are on common law contracts. AWAs cover only 16 per cent of the mining work force. We've got a resources boom that was not invented by Work Choices just over 12 months ago. We've got a resources boom driving employment and it is not true to say that the employment arrangements in our resources sectors are predominantly about the Howard Government's Work Choices laws.

And lets talk very specifically about productivity. Relative to Australia's historical performance the productivity performance of this country, post Work Choices is lagging. In the 5 year period after Labor's deregulation in the 1990s, labour market productivity averaged an annual rate of productivity growth of 3.2 per cent while in the 5 year period after the introduction of Australian Workplace Agreements it fell to 2.2 per cent. There is no evidence in these statistics that the Government's changes have been correlate with productivity growth and whilst the Minister makes a point about welfare to work transitions, the import of those laws is on the first of July this year and cannot explain contemporary statistics. The result for productivity inferred by this years budget papers is zero. Zero growth.

So what can we do to lift our productivity performance? Well of course it's about education. It's about infrastructure. It's about participation. It's about all of those things. But it's also about having an industrial relations system that is focussed on productivity. A system that says we should focus on collective and individual agreements that are there to advance productivity and that's what Labor's industrial relations system will be all about. A fair safety net of 10 legislated minimum conditions including new family friendly conditions which would give working families the option of having a parent at home with a child for the first 2 years of that child's life. The ability at an enterprise level to bargain collectively with or without a union. In order to drive productivity growth at that enterprise and then for the rewards of that productivity growth to be shared.

A system that is all about co operation instead of the Howard Government system which is about fragmenting work places, splitting workmates apart and poisoning the public debate on industrial relations. A debate which is now increasingly about conflict. If you believe as I do that industrial relations should be all about co-operation, then consider this. Is it appropriate for a senior Government minister to get up in Parliament and say nurses are spending so much time learning how to indoctrinate patients on industrial relations that elective surgery waiting lists are blowing out. An allegation and let's be clear about it, an allegation that a nurse would put talking about her pay and conditions above someone's need for surgery. Is that appropriate? And whilst we're looking at that allegation made yesterday by Tony Abbot, I ask you to reflect on the fact that he apologised yesterday for calling 2 Labor staff members scum but he hasn't apologised for this attack on Australian nurses.

And if you believe in co-operation as I do, is it appropriate for the Minister here today as he did yesterday in Parliament, to infer that a bus driver, we might decide to go door to door talking to Australians about industrial relations is the sort of person who is associated with knuckle dusters and hammers and sickles. If you believe in co-operation as I do is it appropriate that a Liberal Party identity is developing strategies to coerce, his words not mine, Kevin Rudd and I into policy positions. This is the language of conflict, of mistrust, of cruel caricature. This is the language of those who want a workplace fight, not workplace co-operation. This is anathema to Labor's outlook and Labor's system.

We are for productivity. We are for industrial peace. We are for tough laws to deal with unlawful industrial action and conduct but we are for treating Australian workers with simple dignity and respect and we're for fairness. On their own admission the Howard Government gave Australia laws that allowed hard working Australians to have basic conditions. Like penalty rates and overtime ripped off them with out one cent of compensation. What they don't admit is that their system was deliberately designed to do this with employers given propaganda including a clear example of how this could be done. The statistics show that Australians have been hurt by Australian Workplace Agreements. They do not show as the Minister has claimed, a world of family friendly arrangements. In the retail and accommodation, café and restaurant sectors where AWAs are prevalent, an analysis of ABS average weekly earnings shows that the gender pay gap is increasing rather than decreasing since the introduction of Work Choices. In the accommodation, café and restaurant sector this gap has increased by 4 per cent over this period. This starter is a far cry from the claims that try and portray Australian Workplace Agreements as family friendly and good for women. What's good about earning less? And the ABS statistics tell us very clearly that men and women on Australian Workplace Agreements earn less per hour than men and women on collective agreements.

That's why Labor's system won't have this unfairness but we will have plenty of individual flexibility. Simple, modern awards with flexibility clauses. Flexibility clauses aimed at meeting the needs of the business. Flexibility clauses aimed at meeting people's needs and flexible work which suits their family circumstances. Enterprise agreements with such clauses and of course common law contracts and if you have simple, modern awards, then a common law contract is a flexible instrument.

At the end of the day the claimed benefit of Australian Workplace Agreements is that they can override awards and therefore give flexibility. Labor says, "Lets not have the default instrument. Lets actually fix the core problem and the core problem is the complexity of the current award system. Lets simplify it. Lets modernise it.

Now I expect during question time and the panel discussion that there will be a whole lot of silly claims made about Labor's system. Call me paranoid but I've heard them before. So before we get to that discussion, let me make some things very clear about Labor's system. It will be claimed that Labor's system is about centralised wage fixing and arbitration. It's not. We're the party that first moved this country away from centralised wage fixing.

It will be claimed that our system allows for patent bargaining, and I would remind that there's no worse fixture of patent bargaining then the distribution of template AWAs across industries and that's happening under the Howard Government's laws. It will be claimed that our system allows for bargaining fees. It doesn't and Labor voted with the Government to prohibit, further prohibit bargaining fees in the House recently.

It will be claimed that our system allows wage rises in one enterprise to flow to another. It won't.

It will be claimed that new employees will be given a form to join a union. They won't and it will be claimed that Labor's industrial umpire won't be truly independent. When the truth is we are the only political party, the only political party guaranteeing independence and merit based bipartisan appointments to our industrial umpire.

These are silly claims from a desperate Government. Labor's system is all about restoring balance. It's about restoring balance in our workplaces, nothing more, nothing less. It's a system in the true tradition of Australian politics. Compared to the Howard Government's extreme and unfair system with its sham guarantees Labor's industrial relations system is about restoring that balance. It's about ensuring a strong economy. It's about driving productivity and it's about basic fairness for Australian working families. Thank you very much.

## **End of transcript**

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