



Building a fairer Australia: the role of unions and workers' rights

Speech to the National Press Club

Jeff Lawrence, ACTU Secretary

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I appreciate being able to address the National Press Club at this early stage of my leadership of the ACTU and thank the Press Club Board for the opportunity.

I took office on 21 August. Since then, there has been the fast pace of the election campaign and the early months of the Rudd Labor Government.

I and the ACTU officers have been working hard to ensure that the ACTU and unions have a plan appropriate for our new environment.

Even after such a short time we really are seeing a different Australia.

We now are citizens of a nation that is big enough to take responsibility for the crimes of the past against Indigenous Australians. A nation that is prepared to acknowledge and accept the burden of averting catastrophic climate change. A nation that now shows compassion for those seeking refuge whether from violence and discrimination abroad or poverty and homelessness in Australia.

We are better than we were four months ago and the recuperation has only just started.

Very soon we will celebrate an important first step towards the restoration of fairness in our workplaces with a ban on new Australian Workplace Agreements once the Transition Bill is enacted.

In all likelihood this will occur next week.

The Transition Bill and the associated move to restart award modernisation — a process which stalled under the Howard Government — represent important milestones in the unions' Your Rights at Work campaign.

The ACTU campaigned hard against the Howard Government and its industrial legislation. We were right to do so.

Even before the legislation passed through Parliament it was clear the effect Work Choices would have on job security, on wages and on working conditions — particularly for the young, vulnerable and those in low skill areas.

It was also clear that Work Choices was an affront not just to unions and workers' rights but to deeply held Australian values. The ethos of the 'fair go' — and the legal protections that went with it.

While Work Choices' place in the pantheon of things un-Australian is now unchallengeable, in 2005 it was a very different story.

We faced an uphill battle convincing many of the political commentators and even some of the then Opposition of the vicious attack on the fair go that lurked in the 1,600 pages of legalese of the Howard Government's new IR laws.

But unions knew that if the Australian people were informed about the effects of Work Choices they would be appalled.

And as we predicted, it didn't take long for the cases of unfair sackings and cuts to workers' wages and conditions to materialise once Work Choices began in March 2006.

- The Cowra abattoir workers — sacked and offered their jobs back with a 30% pay cut.

- Darrell Lea Chocolates tried to put their young casual workers onto an AWA that cut their pay just before the rush for chocolates at Easter.
- The Mean Fiddler Irish Pub lived up to its name — cutting penalty rates for its staff who worked on Anzac Day, while at the same time charging patrons a public holiday surcharge.
- Childcare worker Emily Connor was sacked and given ten minutes to leave the child care centre. She was not allowed to say goodbye to the children.

Of course, there were many more people who were affected badly by WorkChoices than appeared in the media.

It took great courage to speak out against the Howard Government and I salute all of the individuals who were brave enough to do so.

From my own experience at the Liquor Hospitality and Miscellaneous Union (LHMU), I know the guts that it takes for a young worker, a woman in precarious employment, or a person with poor English, to stand up against their boss let alone the federal government.

Imagine the pressure these people faced.

They could be subjected to enormous personal scrutiny and hauled into an interrogation before government inspectors.

Later some found the personal details they had confidentially given to Government inspectors distorted, taken out of context and splashed across the front page of a newspaper.

Today I call for a full inquiry into the misuse of personal information and of public resources in these Liberal Party inspired attacks on the individuals who spoke out against WorkChoices.

There must also be a thorough audit of the full effects of Work Choices on workers' rights, pay and conditions.

I welcome the Minister for Workplace Relations' first instalment of this audit with the recent release of data. This data that Australian people were told

didn't exist, showed once again, the widespread loss of pay and important conditions under Work Choices AWAs.

On our side, it must also be acknowledged that unions waged a tenacious campaign against Work Choices and the Howard Government. The campaign played a crucial role in the defeat of the former Coalition Government.

Our members contributed to a levy and spent money on television advertising because that is the best way to get information to the greatest number of people.

We also talked to our members, provided information at workplaces and in communities.

We knew we were on to something when we kept finding ex-Liberal voters who were outraged at being sacked unfairly or put onto an AWA individual contracts that cut their pay.

- Annette Harris was put onto an AWA that removed all of her penalty rates for just an extra 2 cents an hour. Annette had voted Liberal all of her life.
- Jane Lee, was sacked from her job as a childcare worker nine days after the new laws came into effect. Jane told 30,000 protesters in the Sydney suburb of Blacktown that while she had voted for John Howard ``I did not vote for him to attack my work rights, or attack the work rights of the other people who work in childcare with me''

To get rid of Work Choices we had to get rid of the Howard Government. Unions understood that the defeat of the Howard Government was necessary first, to replace Work Choices with a fair industrial relations system and, second, to restore decent values to Australian public life.

Our campaign succeeded because it told the truth; it hit a chord with working people because it reflected what they knew was happening.

Today I want to pay a special tribute to the leadership of the ACTU and the unity among unions during this time.

Unions were prepared to try new things. We took risks to make sure the debate was held. We made sure the Australian people were not left out of the democratic process. We took the debate into crucial marginal seats.

I welcome the presence here today of a number of new Members of Parliament from those very electorates.

The leadership of Greg Combet and Sharan Burrow, both of whom are here today, was outstanding. They had a clear vision of our goal and campaigned tirelessly to achieve it.

There are many others here today who also contributed a great deal — both publicly and behind the scenes.

ACTU Assistant Secretary Chris Walton and former ACTU Policy and Communications Co-ordinator George Wright — also deserve special thanks for their roles.

And it is not over yet.

Unions remain determined to carry on the Your Rights at Work campaign until we see Work Choices buried and decent rights for working Australians restored.

The ACTU campaign was not conducted as a favour for the Labor Party. The Government does not owe us anything and we are not seeking any pay-offs.

Like all Australians, we expect the Government to keep its campaign promises, and we have no reason to believe they will not do so.

Our main worry, to be honest, is not the Government's intentions, but the beginning of a rear-guard operation from some employer organisations and the Opposition to link Labor's industrial relations reform with future economic difficulty.

Unions will not allow that to happen.

Our campaign will focus on the key changes necessary to create fair and secure workplaces:

- We will oppose new AWA individual contracts.
- We will champion the restoration of the right not just to join a union, but to be represented by that union. This right, as I will speak more about later, cannot be separated from the right to collective bargaining.
- We will champion the right of workers to be treated fairly and to have protection from unfair dismissal.
- We will fight for the return of an independent umpire that has the power to resolve disputes.
- And we will fight for a strong safety net of minimum standards and awards that restores a floor of dignity for all workers.

Beyond the crucial work of achieving fairer, more balanced IR laws, unions will continue to focus on our core job - to represent workers in improving and maintaining their employment conditions and standard of living.

Since the election unions have achieved a broad consensus on a new strategic framework for our goals and priorities.

And last week we added to our agenda a set of new campaign objectives for working Australians.

We intend to continue to stand up for real wage rises that help ease the pressure on working Australians and their families.

We will also seek to establish new community standards in our workplaces, including:

- Improved skills and training commitments, including more support from employers for apprenticeships.
- Work and family measures aimed at increasing workforce participation and achieving a better balance in our lives.
- Improvements to job security through the regulation of casual work, use of labour hire and the protection of 100% of workers' entitlements.

- Enhancing the say of workers in the workplace. And this includes giving workers a say in how they achieve greener workplaces.
- We will also campaign for better retirement incomes through a lift in employer superannuation contributions from the current minimum of 9% — where it has been stuck since 2002 — to 12% by 2012. And then a further lift again to 15% by 2015.

This may seem an ambitious agenda. However, despite seventeen consecutive years of economic growth and profits at record highs, the rights and living standards of many Australians have gone backwards under the Howard years.

We need to find a better balance for working Australians and their families and unions are determined to pursue these goals and build a better, fairer nation.

There will be no new Accord. It is not desirable or achievable.

Even if any of the parties involved wanted to go down this road, we have moved from a system under the control of the Industrial Relations Commission to one based on individual businesses. Around one in five workers are dependent on minimum award wages. For the rest, wages are a matter between employers and employees and their unions.

Economy-wide trade-offs, as were the norm in the 1980s and 90s are no longer on the agenda.

That is not to say that unions have lost the desire or the ability to contribute to the economic debate. It's just that decisions on wage outcomes have moved from the Cabinet, the ACTU Executive and the Commission to negotiations between employers and unions.

So what will unions and their members consider when they sit down with employers to negotiate new agreements?

First, maintenance of real living standards is a priority. Interest rates, tax rates and CPI are always factors here.

Second, the economic circumstances of the business are taken into account, together with those of the industry as a whole. Particularly important is whether workers believe they have long-term job security.

Third, the overall relationship with the employer is a key factor. Is there mutual trust? Are workers taken into the employer's confidence and given relevant information about the business? Are union representatives treated with respect? Is regard given to individual circumstances, including family commitments?

Today I want to reiterate the call for employers to get on board with our agenda — there is much to be gained from building high-trust high-productivity workplaces that unions want to create.

I want to take some time now to outline the priorities unions hold for a new system of workplace relations.

We are now heading towards a new era for Australia's industrial relations system. It is a step forward, not backwards.

We are moving from institutional structures to a system based on workplace rights and responsibilities.

But we shouldn't throw out what has held us in good stead from our uniquely Australian system – in particular, the award safety net, the independent umpire and rights at work. Australia is a more equal and, therefore, cohesive society because of them.

The new rights for workers to bargain collectively and to exercise freedom of association are also very important and this is an issue that I feel passionately about.

It is often misrepresented, sometimes wilfully so by employers and conservative commentators.

The International Declaration of Rights at Work addresses four areas:

- First is a prohibition on forced labour and slavery.
- Second is an end to discrimination on the basis of gender, age, religion and other factors.
- Third is a ban on child labour.
- Fourth is the right to freedom of association.

Freedom of association means the right of workers and employers to form and join organizations of their choice.

For workers it is thus the right to join and take part in a union.

This right is an integral part of a free and open society.

The right to own private property and to employ labour is balanced by the rights of those who sell their labour to withdraw it and to freely associate in unions.

Intertwined with the right to join a union is the right to collective bargaining.

Allowing workers to join a union without allowing collective bargaining is, as Stephen Long once commented, like letting someone join a golf club but not allowing them to play golf.

Collective voice and collective representation are part of what being in a union means.

Under the Howard Government's IR laws, Australia is the only country in the developed world where employers can simply ignore their employees' wish to be represented by their union in collective bargaining.

On paper Australian workers have the right to join a union.

But it is meaningless because there is no right to bargain collectively or to be collectively represented by that union.

A classic misconception is for employers and conservative commentators to confuse the role of a union with that of a so-called 'bargaining agent'.

True, unions do act for individuals. They do provide access to services such as banking, insurance and financial planning to members as individuals. They will often act for individuals in grievances.

While the union seeks a result for all of the workers and the outcome is a better, fairer more democratic workplace, a 'bargaining agent' would simply try to maximise the result for an individual.

The main objective of unions is to represent employees as a collective whole. When bargaining for better wages and conditions with a union, workers arrive at an outcome that addresses the interests of the workforce as a whole.

The union is the vehicle through which the worker has a say over their working lives.

We have been subjected to such an anti-union crusade over the last eleven years that many people do not understand the role of unions.

In the twenty-first century, in a democracy like Australia, it is astounding that employers have the legal power to say they will not allow workers to be represented by a union in collective bargaining.¹

Currently at the Lobethal meatworks in the Adelaide Hills and at the Cochlear plant in Lane Cove, Sydney, employers are denying their workers the right to be collectively represented by their union.²

The Cochlear workers have taken five separate ballots — each with the same result. Each in favour of a union collective agreement that the company refuses to negotiate.

How many times do these workers have to tell their employer they want the right to be in a union and for that union to represent them?

The Cochlear workers, many of whom are Chinese speaking or from other non-English speaking backgrounds, are not asking for the world.

They're simply asking to be treated with respect and consideration. As one worker said, 'All I want is fair treatment'.

They are asking for the employer to get out of the way of the exercise of their free and democratic choice. And once that choice has been made, employers must respect it and deal in good faith.

Labor's promise to give workers the ability to bargain collectively when they choose to do so will end the employer monopoly on bargaining.

It is also outrageous that there is a special system with draconian powers for one industry – the construction industry.

We need a fair system for all.

Bargaining, however, is not the only way in which unions do their job.

Interest rates, tax rates and provision of government services can add to or wipe out wage rises. Unions, by necessity, have a big stake in these issues.

Rising interest rates not only increase the burden of mortgage and credit card repayments.

They put pressure on business and, consequently, on jobs.

Slashing the growth in the economy, as opposed to a gentle cooling, is obviously not the intention of the Reserve Bank nor of the Government in re-establishing fiscal discipline in the forthcoming Budget.

Nevertheless, unintended consequences have been known to occur.

The Reserve Bank's inflation target should not be an economic straightjacket.

In 1999, well before he became Reserve Bank Governor, Glenn Stevens approvingly quoted Bernie Fraser on this point, acknowledging that 'minor fluctuations' in inflation rates should not:

*'elicit draconian responses which threaten to plunge the economy into recession for the sake of taking a fraction of a point off the CPI.'*³

I am sure that the RBA remains conscious of its responsibilities under its Act. This includes a responsibility to direct its powers over monetary policy towards maintaining full employment and economic prosperity and welfare, as well as preventing inflation.

Australian domestic debt is at such a high level that there is little margin for error.

I accept that the Government does not have a lot of short-term options.

I do know that many Australians would rather see Government spending addressing areas of need as an alternative to tax cuts.

On the other hand, having rejected a Government characterised by its dishonesty, as much as anything else, I believe that the Rudd Government must deliver its election promises in full and on time and that includes the tax cuts.

However there is merit in encouraging taxpayers to divert their tax cuts in whole or part to superannuation and options for how to best achieve this should be actively considered.

Maintaining and improving prosperity is an essential national goal with which unions, on behalf of all working Australians and their families, are vitally concerned.

We believe it requires, above all else, the concentration on productive capacity foreshadowed by Labor before the election.

This means massive investment in economic and social infrastructure: roads, rail, ports, broadband are all in desperate need of co-ordinated, sustained attention.

Even more important, however, is the development of our people. Labor has committed to an unprecedented concentration on training, education and workforce participation.

Unions agree that this is essential if we are to avoid the loss of jobs and negative effects on GDP long-term as a result of the Howard Government's neglect of skills and training.

We need substantial new investments in education and training if we are to take the high-wage high-skilled path to global competitiveness.

What is encouraging about Labor's plans is that it seeks to combine the up-skilling of workers currently in jobs with action to improve the skills and qualifications of young Australians and entry-level workers through more traineeships and apprenticeships.

But how does the ACTU see the role of workers and unions in meeting the immediate challenges of interest rates and inflation?

First, it should be noted that in spite of the strong economy and labour shortages, wages in the bargaining sector have not contributed to inflation.

The evidence contradicts those commentators and Opposition politicians trying to beat up an imminent threat to the economy from union wage claims made worse by the abandonment of Work Choices.

According to the Reserve Bank's February Statement on Monetary Policy the wage price index and collective agreement (EBA) outcomes in the last year have been at around the same level as previous years. Wages growth is strongest in Queensland and Western Australia, indicating the link to the resources boom.

Underlying wage pressure is also the result of falling productivity growth since 2004 and the inevitable consequence of the previous Government's neglect of education, skills and infrastructure while it focussed on an ideological obsession to drive down wages and conditions.

Second, restraint should be exercised at the top.

Professor Ian Harper of the Fair Pay Commission has suggested that low paid workers should bear the burden of inflation and be prepared for a real pay cut in the minimum wage case this year.

He said this after awarding the princely sum of \$10 a week for most minimum wage workers last year.

The ACTU calculates that almost one million minimum award wage workers suffered a decline in their real wages over the past three years of up to \$43.67 a week — or more than \$2,200 a year.

Now we find that Professor Harper personally got a pay rise of \$38,000 last year, a 47% increase.

I ask whether anyone expects workers on average incomes to exercise restraint when none is shown by those being paid ten or twenty or one hundred times as much.

The pay increases of corporate executives and directors have been astronomical in recent years - 30 per cent in the last 12 months.

Even US former Federal Reserve chief Alan Greenspan has warned that growing income inequality in the US could undermine support for competitive markets.⁴

If executives can't lead by example, and it doesn't look as if they can, the Government should act.

The ACTU today calls for a halt to the taxpayer subsidy of these obscene and often unjustifiable payments by removing company tax deductibility for salaries over \$1 million.

This would send a strong signal that the high flyers are also expected to do their bit to rein in inflation and that the burden should not fall unfairly on middle income families struggling under higher interest rates nor on young retail workers and other minimum wage workers who are asked to forgo real wage increases.

Third, we reject completely the idea that the living standards of the lowest paid, those without market strength should be sacrificed.

Cutting the wages of shop assistants, cleaners or workers in factories and call centres, will do nothing to increase productive capacity in the economy generally, nor to restrain inflation.

In a prosperous country like Australia there can be no justification for reducing the living standards of the most vulnerable.

After 30 years of working for cleaners, childcare workers and hospitality workers - I know just how important it is to have a robust safety net of minimum award wages.

And I will always fight to maintain decent wages and comprehensive protections for those workers with less bargaining power.

I believe that the time for a decent rise in the minimum wage is now.

Today I announce the ACTU will seek a pay rise of \$26 per week for the low paid.

This would raise the current Federal Minimum Wage from \$522.12 to \$548.12 a week.

The tradesperson rate increase would be 4.2%, equal to the current rate of increase in the Wage Price Index.

If this is taken up, over the period June 2005 – October 2008 the Federal Minimum Wage will increase broadly in line with general wage movements.

ACTU modelling shows that an increase of this amount will have a negligible effect on inflationary pressures.⁵

At the same time there is no doubt that low income working households are under considerable financial pressure and a real wage rise is necessary.

A recent study by the ABS showed that the effective rate of inflation for working households is around 1% higher than the headline CPI.

This suggests that the true increase in the cost of living over the next 12 months will not be the RBA forecast of 3.5% but will be closer to 4.5% for

working Australians. In this context, the ACTU wage claim will barely meet cost of living pressures and is entirely justifiable.

This is an exciting time for Australian unions.

In the Your Rights at Work campaign we stood for the interests of all Australians in opposing Work Choices.

Our dialogue with our members and the community, which started before the election, has continued.

We will build on it — defining more clearly our vision for an Australian society that is:

- More equal
- More skilled
- More productive
- More participatory
- More democratic

The relationship we want with the Rudd Government will be founded on constructive communication. We will be active and independent.

We will stand up for Australian workers.

We will campaign for fairness in Australian workplaces and society.

We call on employers to co-operatively engage with us – to move beyond the mindset of Work Choices.

We want to forge a new settlement of workers' rights and industrial laws that are fit for the current century as we strive to create the modern, high-skill economy that Australia needs.

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¹ Last year the Canadian Supreme Court found collective bargaining was inherent in their charter of human rights stating: "*Recognizing that workers have the right to bargain collectively as part of their freedom to associate reaffirms the values of dignity, personal autonomy, equality and democracy that are inherent in the Charter.*"

² The workers at the Lobethal abattoir in the Adelaide Hills district have also twice voted down the management's offer of a non-union agreement only to find the company now pressuring workers one by one to sign an AWA individual contract that cuts their take home pay by up to \$300 a week.

³ Glenn Stevens, quoting Bernie Fraser: "The cardinal rule is that the authorities will act decisively when necessary, to keep inflation under control...This does not mean that minor fluctuations in headline inflation rates should elicit draconian responses which threaten to plunge the economy into recession for the sake of taking a fraction of a point off the CPI. It does mean that developments which are fundamentally at odds with holding inflation at around 2-3 per cent over a run of years will bring forth an appropriate monetary policy approach." (*Six Years of Inflation Targeting: Address by MR GR Stevens, Assistant Governor (Economic) to the Economic Society of Australia*, Sydney, 20 April 1999 www.rba.gov.au/Speeches)

⁴ Alan Greenspan: "As I have noted many times, competitive markets and, by extension, globalization and capitalism, cannot be sustained without the support of a large proportion of the society. The rule of law under which capitalist economic institutions function must be perceived as 'fair' if these institutions are to continue to receive broad support." (*The Age of Turbulence: Adventures in a New World*, Allen Lane 2007)

⁵ After a forum held by the Fair Pay Commission last year, American labour market expert Professor David Neumark, said: "The influence of the minimum wage relative to macroeconomic policy is trivial... I wouldn't claim, and I don't think anyone else would that the minimum wage has anything to do with inflation and the unemployment rate..." (3 August 2007)