

**Address by ACTU President Ged Kearney to Industrial Relations Society of Western Australia Conference: 'WA is an island'**

**Rottneest Island, 11 September 2010**

**EMBARGOED TO 10am (Perth time), 11 September 2010**

**\*\*\* Check against delivery \*\*\***

I would like to acknowledge the traditional owners of the land on which we meet today and pay my respects to elders past and present.

Thank you for the invitation to speak at your conference today.

It's good to be back here in Western Australia. I was last here, in Perth, taking part in our Rights at Work campaign during the federal election.

I was only here for a couple of days, but that visit left me with a couple of strong impressions about how WA is different from the rest of the nation, but also about how the image of the powerhouse WA economy that we see in the eastern states is an illusion for so many workers here.

The two-speed economy is alive and well in WA, that's for sure.

Different as WA is, your state is not an island. To be part of an integrated national economy, Western Australia must also be part of an integrated national IR system.

I took office as President of the ACTU at the start of July, and almost from day one we were in election mode. I quickly discovered how hard my staff would have me working! I'd hate to think how many kilometres I covered in July and August.

Like most of you, the election outcome was certainly a surprise to me. It revealed how much different regions of Australia differ politically. Here in WA, there was a 5.6% swing against the government – although more of that was to the Greens rather than the Coalition.

But in my home state of Victoria, there was an almost equal swing against Labor and the Coalition that resulted in Labor's picking two seats from the Coalition - and of course, also the first Greens MP in the Lower House.

We are in for interesting times ahead, but in the end the two regional independents, Tony Windsor and Rob Oakeshott, made the right decision in the interests of both stable and effective government, and working Australians and their families.

It was a decision for the future, framed around new agendas on climate change, broadband, health and education, a more democratic parliament and a more compassionate nation and, of course, a stronger economy that delivers job opportunities for all.

The election highlighted how the issues are also different in parts of Australia as well. Over here, no doubt the mining tax remains an area of controversy. But in the southern and eastern states, there is little argument with the idea that some of the windfall wealth generated from our natural resources should be shared so that all of Australia benefits.

However, despite our regional differences, the recent election has cemented a national consensus on a fair workplace system. WorkChoices is dead: all major parties have espoused no plans to resurrect it.

From the outset of the federal election, the union movement set itself one over-riding and primary objective: that was to ensure that the improvements to workplace rights gained since the abolition of WorkChoices were locked in.

WorkChoices was one of the major issues of the election, and the Rights at Work campaign successfully ensured that both parties have committed to fair work laws. Australians believe fundamentally in a system that delivers a strong workplace safety net, job security and good workplace conditions.

This campaign by our members and unions around Australia has shown that wages, conditions and respect at work are key political issues. We saw, from day one, Tony Abbott recant on his previous adherence to hardline, WorkChoices-style policies. Remember “WorkChoices is dead, buried and cremated”? He was forced to abandon his previous public commitments to individual contracts, to cutting protections from unfair dismissal, and to winding back the award safety net.

And he finished the campaign as he started: rejecting the policies of deregulated labour markets that have been a central plank of Liberal philosophy since the party was founded. We are pleased that the cross-bench MPs have, in the end, supported the formation of a Labor government. This will ensure that the workplace rights we value are well and truly protected, because it is true that we did have suspicions that Tony Abbott would not honour his public statements during the election campaign. It remains a travesty that we never saw a detailed IR policy from the Coalition.

I'd also remind the independents that the consensus on a fair workplace system applies to them as well. They would be going against the wishes of Australian voters if at some stage they backed legislation that would reduce protections from unfair dismissal or allow the re-

introduction of individual contracts; we would hold anyone who did that fully accountable at the ballot box.

But I have faith that the rural independents are aware of their responsibilities, so I think we have little to fear on that front.

As a new President of the ACTU – I have only been in this position for a little over two months – it was an incredible privilege to be able to travel the nation during the election campaign and to meet with so many workers from all around the country and in different types of jobs. In those few weeks, I visited trucking yards for breakfast with drivers at dawn, served sausages to nurses and orderlies in hospitals at lunchtime, call centres, railway stations, building sites and factories.

Everywhere I went, I met decent, hardworking people whose aspirations are simple, yet so often unfulfilled. They want a secure job, a job at which they can earn enough to provide for their family without forfeiting precious time. They want to be safe at work. They want to be respected and consulted by their employer. They want productive and satisfying work that they have some control over, and that encourages them to learn new skills. They want to be treated fairly and women, equally. They want their workplace to be environmentally and worker-friendly.

The union movement has a responsibility to these workers. As President of the ACTU, I am determined to continue driving that agenda.

The ANF, where I came from, is a campaigning union which builds on values that are important to our members, those of social justice, of professional advocacy and leadership, and, of course, industrial outcomes. We know that unions can be places that make you feel secure, productive and proud. I want every Australian to know that and I want them to feel the need to join, to feel part of a movement, a movement that makes changes for the better.

And I am determined to fight for more respect for unions from all our political leaders and commentators. My message is this: if you want to know what's best for jobs, for public services, for our industries – ask the people who work in them, speak to unions and their members!

I see the role of unions as not just being concerned with the experience of people at work. Unions' roles, if they are doing their job well, are to be an advocate for change that improve the lives of all Australians in all aspects of their life - all Australians, be they young, aged, single, couples, with or without families.

We must develop good social policy that connects not only with our members, but the wider community, and be prepared to take the debate out to the people and ask for their support, not hide behind careful rhetoric.

If you think about it, our movement is at its best when it is engaging with the community and leading a policy debate to improve the lives of Australians. Whether it is the minimum wage, social policy or workers' rights, when unions put their case to the public, they can really shine.

We cannot lose sight of the importance of campaigning to our movement. Governments, whether Labor or Liberal, will not simply implement change because unions ask them to. Of course, strong advocacy does not mean you have to be about finding conflict for conflict's sake.

I'm sure everyone in this room knows it, but it is important that we communicate to the wider community that the union movement is far different from the stereotypes of male, blue-collar workers.

Today, more than 50% of union members are women, and increasingly our growth is in white-collar and service industries. The three largest unions in this country are the shop assistants, the teachers and the nurses - all female-dominated unions whose industrial might I think is yet to be unleashed.

In WA, I think unions and unionism have been unfairly demonised. There has also been a systematic campaign over many years to reduce collective bargaining and workplace representation in the mining industry. Take for example, the dispute at the start of the year at the Pluto project on the north-west shelf.

These workers are involved in a dangerous and difficult construction project, and were outraged when Woodside management made a unilateral decision to change their living conditions without consultation or agreement. Whatever the merits of the case, if there had been a proper collective agreement in place that included a disputes procedure and provisions about the introduction of change, the dispute may well have been avoided. And it did not help when Premier Colin Barnett inflamed the situation by calling for legal action against individual employees.

Yet we see this type of demonisation of workers and union members all the time in WA. The result is that union membership in WA is 17.2% of the workforce, compared with 20% nationally.

Now, I am not obsessed with numbers or statistics. But it does concern me when so many Western Australian workers do not have union representation, because they need a voice in their workplace.

The WA economy is an amazing success story, thanks to being blessed with some of the world's richest mineral deposits. Unemployment is the best in the nation at 4.4% and labour force participation is 68.8%, compared to 5.3% and 65.5% for the nation as a whole.

Full-time adult ordinary time earnings in WA are \$1362.40 a week – the second best in the nation and almost 9% above the national average. State final demand in the June quarter of 3% was more than twice national GDP for the same period.

But that wealth obscures the fact that in WA, as in the rest of Australia, you really have a two-speed economy. The mining industry in this state directly employs roughly 52,000 people – or about 5 per cent of the WA workforce. And it's good money – more than \$110,000 a year.

For every young bloke who, thanks to the mining boom, has a big boat in the garage of his McMansion in the fast-growing suburbs of Perth, there are many times that number of people for whom home ownership is a dream, who rely on public services for transport, health and education, for whom it is a constant struggle to make ends meet.

Mining is almost exclusively work for men, and the gender pay gap in WA of 23.3% is the worst of any state. Let me repeat that: for every \$1 earned by a man in WA, a woman will earn 76.7 cents, compared to the national average of 82.7 cents.

In industries which have a high proportion of women – such as accommodation and food – average weekly earnings are less than half those of mining. The Wage Price Index for WA increased by 35.3% between 2003 and 2010, but we know that not all workers enjoyed nominal wage increases of that magnitude. The state minimum wage has increased by 27% in nominal terms, meaning that low-paid employees have fallen further behind the rest of the workforce during the mining boom.

And not only does WA have the biggest gender pay gap in the country, but WA women have actually earned less than the average for all Australian women until very recently. The gap only closed in February of last year. WA women now earn \$23.60 more than the average for Australian women, but they face higher costs of living.

The mining boom has meant that the cost of living in Perth has risen faster than in any other Australian capital city. Since mid-2003, inflation for Perth has risen 26.1%, while the national CPI has risen only 21.8%. Since mid-2003, the cost of housing in Perth has risen 54.6%, the cost of health care has risen 42.1% and the cost of education has risen 55.1%, according to the ABS.

And workers in WA have the same simple and often unfulfilled, aspirations as workers I meet everywhere else in Australia: a safe, secure and decent job that allows them to properly balance work and family life, to be treated fairly and equally, to be respected.

For them the mining boom is something going on in the background, and as far as they are concerned, WA is no different to the rest of Australia. WA is not an island.

I was also intrigued by a recent article by the economics writer for *The West Australian*, where he identified a growing threat that key parts of the economy, and people employed in those sectors, could be left behind by the current mining boom.<sup>1</sup> He reported that while the mining boom continued unabated, the winding down of the economic stimulus program and higher interest rates were putting strain on other parts of the economy. House prices and new home sales have flattened and retail sales have dropped off - "If not for all the cash flowing through the mining sector these figures would suggest the WA economy was not travelling well," the article said.

It's also wise to show a bit of caution. WA's unemployment rate is currently below the national average, but during the GFC it was the same as the mining industry shed 15% of its workforce in just six months last year. Mining is an extremely cyclical industry. It may seem at the moment like the Chinese-fuelled boom will continue forever, but history tells us this simply isn't the case.

And it seems people have short memories as well. I wonder if all those people who attended that protest against the mining tax in Perth a couple of months ago – the best dressed, most jewellery-laden protest I've ever seen – paused to think of the people of Ravensthorpe?

Remember Ravensthorpe? That was the town BHP Billiton killed with a single decision made in an office tower thousands of kilometres away. About 1800 jobs were lost when BHP Billiton decided to close its nickel mine in January last year. The decision was also a catastrophe for the town of Ravensthorpe and neighbouring communities such as Hopetoun.

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<sup>1</sup> <http://petermartin.blogspot.com/2010/09/okay-so-we-are-being-showered-in-money.html>

BHP Billiton showed callous disregard for those workers and the communities that depended on them when it made that decision, so it's worthwhile treating statements about the "poor old miners" with a bit of a grain of salt when they complain about how a tax on profits would ruin them.

Yet when it comes to industrial relations, the Barnett government seems to think that an exception should be made for the those 60,000 workers in the mining industry – or more accurately, for their employers, those multinational mining companies that recently made umpteen billions in super profits over the past 12 months.

While the rest of Australia made the historic decision to create a national industrial relations system for the first time under the Fair Work Act, the Barnett government stubbornly opted out. This means that up to 30% of the state's workforce – employees in unincorporated small businesses and the public sector – do not have all the protections provided by the Fair Work Act.

WA's isolationism on IR is bad for workers in this state. But it's bad for business too.

The state's peak business body – the Chamber of Commerce and Industry of Western Australia – wants WA to be part of the national system. It has publicly urged the full referral of all WA's IR powers to the federal government to achieve a fully national system for all workers and businesses.

The CCI says this would provide certainty for businesses, who are confused about which jurisdiction they belong to. Businesses are confused about how much to pay their employees, what are the minimum conditions in their sector. Take the example highlighted in the CCI's own submission to the state IR review in 2009. It said you could have two retail shops on opposite sides of Hay Street in the Perth CBD – one operating as an unincorporated sole trader who is required to meet one minimum standard, while the other shop, which is incorporated, sells the same merchandise, but must comply with different minimum standards.

And what happens if the business decides to change its status for taxation or other reasons, and a new set of employment standards apply? If business is confused, what chance does the average worker have? Without the help of a union, how can they wade through the mosaic of different awards – state and federal – to work out whether they are being paid correctly? These anomalies are replicated all over the state, and it seems ridiculous that they exist in 2010.

I can only agree with the sentiments of the CCI: “In the interests of simplicity and fairness, it is important that all businesses have certainty and are competing fairly within the same cost and minimum standard constructs.”

The arguments put forward by the Barnett government against joining the national system do not hold water. So, while WA remains apart from the rest of Australia, business suffers and so do workers.

But we also have major concerns about the future direction of a separate WA system. We are suspicious of last year’s review – especially when we know that the Barnett government has been sitting on the report since December. Liberal governments in WA have an unfortunate history of trashing workplace rights. WA has been a hothouse experiment in IR changes that have later been adopted by the federal Liberal government.

In the 1990s, the Court liberal government, in which Premier Colin Barnett was a minister, introduced a state version of WorkChoices. There were three waves of industrial relations changes that saw individual contracts introduced and minimum standards cut for many Western Australian workers. Many of the same changes were included in WorkChoices.

In fact, John Howard was on record saying that WA was the model for the national Liberal IR agenda. He said “I would like to see throughout Australia an industrial relations system that is largely similar to what the Coalition Government has implemented in Western Australia”.<sup>2</sup>

One report<sup>3</sup> into the impact of IWAs found:

- 74% provided no weekend penalty rates of pay.
- 67% provided no overtime pay.
- 56% provided an ordinary rate of pay below the award rate.
- 75% had no pay rise provision.
- Many IWAs had very open-ended hours of work arrangements in the name of ‘flexibility’.

Due to the introduction of workplace agreements without an award safety net, the gender pay gap in WA blew out to between 20-27%, compared to 15-18% nationally.

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<sup>2</sup> Just Sign Here, The AGE, July 30 2005. <http://www.theage.com.au/news/national/just-sign-here/2005/07/29/1122144016659.html>

<sup>3</sup> ACIRRT, *A comparison of employment conditions in Individual Workplace Agreements and Awards in Western Australia*, February 2002 (found at <http://www.wrc.org.au/previousresearch.php>)

In short, workers were generally worse off under IWAs than they were under the comparable award.

The Gallup Government abolished these laws in 2001. But the state Liberal Party remains wedded to the idea of a de-regulated IR system. In a speech to the parliament in October 2007, the Liberal Premier Colin Barnett said that Labor was foolish to have done this and that he agreed with the “philosophy of WorkChoices”.<sup>4</sup>

The terms of reference of last year’s review are heavily slanted in favour of the reintroduction of aspects of WorkChoices. They flag changes to unfair dismissal laws, greater flexibility in agreement making, and reduced minimum conditions. Also under review was the minimum wage-setting process and union right of entry.

Nor does the role of Steven Amendola, a Liberal Party lawyer of choice who helped write the WorkChoices laws and was involved in the waterfront dispute and the Cole Royal Commission, inspire confidence. During the federal election campaign, I called on the Barnett government to release this report. They refused to do so. We can only conclude that they are hiding this report because it is political dynamite and recommends a major rollback of IR laws in WA, nothing short of a new WorkChoices system for WA.

So today, I repeat that call on the Barnett government: be upfront with Western Australian workers and the public and release your plans for the state IR system. Do it now, so there can be a proper public debate before the next state election.

But be warned and heed the lessons of WorkChoices: meddle with people’s rights at work at your peril. Western Australia is not an island.

Thank you for your time.

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<sup>4</sup> WA Parliament Hansard, Wednesday, 24 October 2007