

Secure jobs for a stronger economy

Address by ACTU President Ged Kearney
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Thank you for the invitation to speak at this conference today.

I appreciate this invitation, as I know that CEDA and most of you here today, recognise that any debate about Australia's economic and political future must include the most important players in it: working people.

Just two months into 2012, and it is clear that this is going to be a year that challenges the political and economic strengths of Australia. The economy – and jobs – are going to be the major topics of conversation for the next 12 months.

The economic outlook: austerity is not the key to prosperity

A little over a week ago, the ACTU publicly released its submission to the 2012-13 Federal Budget.

We have told Treasury and the Government that the protection and growth of secure jobs across the workforce must be the focus of the 2012-13 Federal Budget and of all economic policy. Secure jobs and decent work are the foundations of economic growth.

There is no doubt that Australia's economy - on the key measures of GDP growth and employment - has been a stand-out performer among developed nations for the past five years and had survived any shocks thrown at it. But there is no room for complacency.

Most of Europe is in the fourth or fifth year of recession – exacerbated by government austerity measures - and despite some recent encouraging signs, the recovery in the United States is fragile.

This prolonged global slowdown continues to pose threats to Australia. Manufacturing and export industries are buckling under the weight of a dollar that has now leapt beyond parity with the Greenback. In this latter respect, Australia is a victim of its own success, with the dollar's rise driven by the mining boom.

And the mining boom itself is isolated to two states.

Early and comprehensive action by the Labor Government in late-2008 and early-2009 pre-empted the slowdown and provided the stimulus that sustained domestic demand and minimised job losses during the Global Financial Crisis.

Strong fiscal rules, including a pathway to return to surplus in 2013, were integral in the 2008 and 2009 packages.

But given the uncertain global economic environment, the government must stand ready to adjust its fiscal priorities and its planned return to surplus in order to protect jobs, should the circumstances require it.

We are not suggesting that the Government should abandon its fiscal rules, but rather that the timetable for tightening fiscal policy should be contingent on macroeconomic conditions.

It concerns me that at the first signs of a slowdown, Australian companies have been over-eager to use economic volatility as a thinly-veiled excuse to slash jobs.

Many of these companies continue to perform extremely well, raking in billions of dollars of profits each year. Big business must stop gambling with Australian workers' livelihoods to satisfy short-term profit grabs and the interests of shareholders ahead of workers.

We understand that sectors such as manufacturing, finance and aviation remain under pressure from the high dollar and other factors, as do particular regions, but it is incumbent on employers to be responsible to protect workers in context of a changing economy because the reverberations of recent jobs cuts will be felt for a long time to come.

But it also concerns me to see echoes of the same attitude in government economic policies.

We must be on guard for the snake oil salesmen who try to tell us that austerity is the pathway to prosperity.

Austerity measures in Europe have worsened and prolonged the state of the recession, cost tens of thousands of jobs, reduced essential services, and caused immense hardship for workers and their families.

We only need to look at Greece, rapidly descending to a point of no return of economic depression, political turmoil and wide-scale social unrest to see the dangers of this form of economic fundamentalism.

And yet, we are seeing a similar approach from some state governments in Australia.

To secure the gains from the boom for the next generation of working Australians, we need to put long-term sustainable job creation at the centre of economic policy.

Secure jobs that pay decent wages and have workplace rights can be built on our economic strengths. The actions of governments can play a role in achieving this goal. But we must avoid sacrificing jobs and growth on the altar of some form of economic or fiscal purity.

The Fair Work Act Review

For months now, we have heard employer groups try to hitch their industrial relations agenda to the wagon of productivity. Deliver to employers the kind of unchecked power to hire and fire, and set pay and conditions how they want them, that existed under WorkChoices, and Australia's productivity "problem" will be solved, so the argument goes.

But Australian workers aren't stupid. When they hear employers talking of productivity, they know that it usually means even greater profits for their bosses, but little reward for their own efforts. They know that terms like "flexibility" are really code for unlimited power to employers to reduce their own pay and conditions.

Yes, Australia's recent productivity performance has been less than desired. But much of the blame for this lies with business. They have been steadily increasing their profit share to record levels, and while the profits were rolling-in, employers couldn't care less about investing in new capital, skills, training and other proven means of lifting productivity. But as soon as the going gets tough – they blame unions and go running to government for help.

The employer campaign for a return to WorkChoices style laws has now reached fever pitch with the review of the Fair Work Act that is now underway.

Too much importance has been placed on this review, both by the media and by employers. But it will be valuable because it will expose, once and for all, the inaccurate and uninformed statements that are made every day by business leaders in this country that bear no relation to reality.

Our position is simple. The Fair Work Act has been irrefutably good for workers and good for the economy.

I am sure you don't need me to remind you of the radical attack on the rights and workers which was WorkChoices.

The use of AWAs, non-union collective agreements and employer greenfield 'agreements', either to reduce wages and conditions in low-paid industries or to avoid collective bargaining and deny workers the right to representation. The attempt to kill off the award system, to gut the independent umpire of any powers, and to undermine freedom of association. And the removal of unfair dismissal rights from most workers.

It is our view that any further changes to workplace laws should improve job security, rights and protections for the millions of people in insecure work, not wind back the clock.

A convincing case has not been made for the alternative. Employers have relied on anecdotal evidence and an outdated ideological position to make the case for change. The ACTU has produced a number of papers that comprehensively demolish the outlandish and inaccurate statements that have been made by employers.

The facts show that a record number of collective agreements are being made, industrial disputes are down, the economy is growing at a steady pace, unemployment and inflation are low, and wage growth is solid and sustainable. Profits are close to all-time record highs, while wages' share of national income is at a 40-year low, so business has nothing to complain about.

This is not to say that the Fair Work Act is perfect. In our submission to the review, the ACTU has proposed reforms within the framework of the existing legislation to improve the rights to collective bargaining and the safety net for insecure workers.

But note I say *within the framework of the existing legislation*. There is no public appetite for major changes to workplace laws in favour of employers.

This week, the ACTU released the results of a national survey of more than 2000 people that found 57% believe that any new workplace laws should aim to give employees more reliable work. Just 14% said new laws were needed to give businesses greater flexibility in how they employ people. Even among Liberal voters, twice as many were in favour of laws to help workers as supported laws that suited employers (49% to 24%).

If any changes are needed to the Fair Work Act, they should start with strengthening the bargaining system, with an activist role for Fair Work Australia where employers only pay lip service to the notion of collective bargaining and never have any intention of reaching agreement.

Secure jobs for a stronger economy

The foundation of a strong economy is secure jobs and decent work. To understand why, one needs only look at the contrasting experiences of Spain and Germany; one with the highest rate

of casual or temporary workers in the OECD , 20% unemployment, and a deep recession; the other a global powerhouse thanks to sophisticated labour market programs and investment in secure work.

Despite Australia's economic strengths, we have experienced a disturbing growth in insecure work over the past two decades. Today, 40% of the workforce is in what we describe as insecure or precarious work: casuals, labour hire, so-called "independent" contracting, and short-term contracts. It is prevalent in every sector, whether labour hire in manufacturing or transport, casualisation in tertiary education and healthcare, short-term contracts in education and the public sector, or sham contracting in construction and cleaning.

This is not a healthy situation. It is not good for those workers, it is not good for the economy, and it is not good for the community. For workers, precarious employment too frequently means an erosion of pay and conditions, a lack of a career path or skills development, poorer occupational health and safety, and, of course, the insecurity that comes with never knowing if you will continue to have a job.

It adds to financial stresses, inhibits the ability to plan for the future, and places all sorts of strains on life outside work

Australian unions believe the time has come to check this growth in insecure work. There is unanimous agreement among our affiliates to campaign for secure jobs - and better job security along with improved protections and entitlements for those in insecure work will underpin everything we do.

It is important to understand that unions are not calling for everyone to have a permanent job. Nor do we hark for some bygone era when everyone had a job for life. We understand the nature of the modern economy, and that casual work will suit some people, especially those at the start of their career. But that should not mean a trade-off of rights and entitlements. Even casual or labour hire workers should have a job they can rely on. But as it stands, they don't.

As a basic starting point, every worker should have a job that provides fair and predictable pay and hours of work; a say about how, where, and when they work, and to be consulted about change; access to important conditions, like annual leave, paid sick leave, overtime, superannuation, penalty rates and long service leave; quality skills and training, and career opportunities; and a healthy and safe work environment.

This is a complex issue, and one that does not have simple answers. It requires goodwill from employers and governments to work with unions to create secure jobs. That's why the ACTU has commissioned an inquiry into insecure work that is being chaired by former Deputy Prime Minister Brian Howe.

This inquiry is not just investigating the extent and impact of insecure work – including its social and economic cost – but will be making recommendations about what measures can be taken by employers, governments and unions to address the negative effects of insecure work.

The inquiry began a month of national hearings here in Brisbane, on 13 February. By the time it concludes the hearings in Melbourne on 22 March, it will have visited every state and territory and heard from dozens of witnesses. This follows more than 500 submissions which have been lodged with the inquiry, including hundreds of stories from individual workers.

Our aim – and I know this is shared by Brian Howe – is to better understand how we can deliver *both* secure jobs and a stronger economy. We do not accept the business mantra that it has to be one or the other.

Unions are committed to continued economic growth and to improving living standards for all. But this should not, and does not need to, come at the expense of quality jobs, of respect for workers' rights, and of workers' exercising some control over their working lives. Quality, secure jobs are the key to shared national prosperity.

We see secure jobs as being fundamental to economic and productivity growth – and no more so than in 2012. More research is needed in this area, but there is no doubt that the most productive workplaces are those where workers are respected and engaged, where they feel they have a genuine stake in the future of the business, and where there is mutual trust and co-operation. But insecure work breeds the opposite – how can any worker feel committed to an employer when they have inferior pay and conditions to secure workers, and they could lose their job at any time?

Giving more power to employers to fire workers or cut pay and conditions – to create work insecurity – will not lead to better productivity. That comes from investment in skills, technology, infrastructure and innovation.

Conclusion

The year 2012 is going to be challenging in so many ways.

We are so lucky in Australia to be so blessed with resources in demand from the rapidly expanding economies of Asia. We have the good fortune to watch the turmoil in the northern hemisphere from a distance, and with good leadership, we can avoid the same mistakes that have been made in other parts of the world.

But this means we need to recognise that whether employers, workers or government, we share many common goals, and need to work together.

We must avoid talking Australia down – but sadly the current political climate features one of the most negative Oppositions in history, and a business community that is ruthlessly determined to advance its own interests, to the detriment of the national interest.

With that thought, I thank you for your attention.

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