



AUSTRALIAN MANUFACTURING WORKERS' UNION

Workforce Conference

Park Hyatt

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Speech

This morning I want to talk about the generation gap that will have a major impact on workplace bargaining in Australia over the next decade. It's not a gap between Generation X and Generation Y, or the baby boomers. It's the gap between Generation W – the WorkChoices generation, and the next generation - the generation that has a chance to engage in cooperation and collaboration and collective bargaining. I'll call them Generation C and I predict that their future is a lot brighter than Gen W.

There are some key issues in bargaining in the manufacturing sector at the moment.

First let me deal with the issue of flexibility, which was in the headlines last week and again today.

Let me make it clear: the AMWU does not oppose flexibility.

We welcome flexibility.

We have long acknowledged its place in manufacturing.

What we oppose is employers pushing the **cost** of flexibility onto their employees.

The Metal Industry Award has - **for decades** - allowed for any manufacturing operation to run 24 hours a day, 7 days per week.

Whether an employer seeks to keep a plant in constant operation, or require additional hours from workers, work on weekends or public holidays, or change start and finishing times, there is absolutely nothing to stop employers who are willing to pay the appropriate rates.

The debate has always been about appropriate compensation, for working outside normal hours, **never** about resisting flexibility.

What we have resisted - and this was what the case at Campbell's Soup - is an employer bringing in a clause that allows them to undermine the conditions of a collective agreement.

We've been accused of being ideological on this issue.

In fact, the opposite has been the case.

I can tell you that the situation at Campbell's - which has now been resolved - was a try on by the company's head office at the last stages of signing off.

The flexibility clause our workers had proposed had never been raised or disputed throughout negotiations. We bargained on wages and other significant matters, and it was a surprise to our delegates and local management, when the agreement was rejected by Campbell's head office on the basis of the flexibility clause.

The model flexibility clause gives companies the capacity to approach and pressure individuals to undermine the conditions of a collective agreement.

We were very conscious of the AiG's plans on this issue when business and workers were negotiating with the Government on the new laws this time last year. It's not new – the AiG have pushed for individual flexibility for many years. During the 98 Award Simplification, they pushed for individual facilitation – unsuccessful.

We do not accept that an employer should be able to undermine a collective agreement.

A deal has to be a deal.

We are happy to put in place - as has been done at Campbell's - a flexibility clause that allows the majority to agree to flexibilities, and then for individuals to accept or refuse the extra shifts or whatever might be involved, according to their individual circumstances.

As our organiser told me, we are not talking about a bank or a law firm, where an individual can turn up at their desk and do their work at different hours, regardless of what other employees are doing.

When we are talking about production lines and manufacturing, collective flexibility is the only practical flexibility. That is the union's approach – real flexibility aimed at increasing productivity. The AiG's approach is simply an ideological tactic aimed at undermining the wages and conditions in a collective agreement which we will resist.

The next thing I want to touch on is Productivity.

The bargaining agenda should be about real productivity.

You don't get real productivity improvement when you are talking about changes at the individual level.

Productivity is a whole of enterprise and whole of industry issue, which is why it is better for business - as well as better for workers - to bargain these things collectively - at enterprise and industry.

Individual bargaining naturally leads to a narrow agenda. Managers who can't get beyond the idea of improving their workplaces through individual arrangements are doomed to be beaten by those that do.

The new laws, as Julia Gillard keeps saying, put collective bargaining at the heart of the system.

This is not ideological – it is logical, practical, sensible, suitable and acts on the evidence that shows the workforces who have collective arrangements are the most productive.

Business should be happy that it finally has a federal government that is engaged in the productivity debate after such a long period of neglect.

What did John Howard ever do for Australian business other than hold up the low-rent model? The race to the bottom. The cheapest, laziest option.

In comparison with the new government, Howard was like the late-night TV salesman selling weight-loss products.

“You don’t need to exercise. Just take this pill, or wire yourself up to this machine and relax.” Whether it’s improving fitness or productivity, we know that taking the easy way out only makes necessary changes harder. That period of history has cost us dearly in lost opportunity.

During that period there was nothing more frustrating to me as a union official than to walk into a negotiation and ask management about their ideas to improve productivity over the next few years, and to hear them say things like, “we need to stop people going into the car park to have a fag”.

We need change in culture at the management level. We have to get back to the productivity agenda and the way that unions and business and government used to work together.

In contrast to Howard’s pretend options for improving productivity, the new government has proposed that businesses get in shape with a good exercise regime. So it’s not surprising to see some people complain that things are too hard.

Yes, at first it’s hard to get used to co-operating again, but the rewards are so much greater for everyone.

We’re going from a decade of a confrontational IR system, based on a narrow agenda, to one in which co-operation, collaboration and collective bargaining will be the main game. This will be the disconnect between Generation WorkChoices and Generation Co-operation under FairWork.

Instead of worrying about how to pressure individuals into accepting overtime without penalty rates or fewer conditions, business has to think about how a production line is set up, whether it might need more R&D, whether investing in up-skilling your workforce will give you an advantage. And you've even got to talk to the people that work for you about their ideas. It's often the case that workers know more about problems or opportunities than do management.

It might sound revolutionary to managers from Generation WorkChoices, but it was standard practice during the 1980s. Skinny jeans, big sunglasses, shoulder pads and workplace co-operation! The 80s are back! A whole generation of management is going to have to unlearn the bad habits of the last decade.

The AMWU and the AWU have formed the Manufacturing Alliance and together we are holding a manufacturing roundtable on the 28th of October, bringing government, industry and unions together.

Both the AWU and AMWU have put a joint submission into the inquiry into productivity and we have argued the core drivers of productivity growth in 21st century will be infrastructure, skills and innovation.

This was how we led the productivity revolution in the 1980s:

When we restructured awards.

When we went from 300 classifications down to 14 classifications.

Developed nationally accredited and portable skills competency standards.

When we put in place structural efficiency principles.

The great reforms of the 1980s worked because management and workers were encouraged to take part in a co-operative, collaborative process.

This process ensured that the productivity agenda went from government, employer groups and unions meeting at the industry level, all the way down to managers, union officials, supervisors, delegates and the workforce.

And that ground to a halt in 96. When Howard got in, it just stopped. The government and employers disengaged. I can give you the example of the auto industry. Where we had big issues to confront during the late 1990's and the industry minister was Ian MacFarlane. The union wrote to him seeking discussions. He didn't have the decency to respond and he would refuse to attend any meeting if the union was attending, despite the willingness of the industry to meet. That was the ideology that killed the productivity agenda in this country for over a decade.

We have just had more than ten years of neglect, disengagement, even damaging behaviour. A lot of damage has been done in that time. That long period has bred a culture in management that has to change if we are to get Australia back on the path to real productivity.

Two months ago, Julia Gillard convened a roundtable of key employers and unions, which Heather and I attended. That's where we want to pick up the agenda. That's what we've got to focus on.

Unions are leading the debate on this issue. In December last year, I gave a speech to the AiG national conference and the focus was on the productivity agenda.

Steven Smith should remember, I gave that speech almost a year ago. But we had to wait for the new laws for employers to really join in. Now all of a sudden productivity is the new buzz word.

TURNBULL – AWA's

Let's look at the positive examples

EDI

- Established a consultative mechanism to look at efficiencies
- New inventory system – 10% improvement in utilisation
- KAN BAN - visual identification method
 - from 1.5 bogies completed per week to 3 bogies
- Targeting a 20% reduction to safety related incidents

PROCUREMENT ISSUES

- Production process requires 300mm long fibreglass tube painted yellow
- Arrives on site 500mm and green
- Employee cuts to 300mm and repaints yellow
- Now they found that it can be ordered – 300mm and yellow

- All productivity improvements delivered – no change to shifts or working patterns.

So this is how we all need to approach bargaining in this post-WorkChoices era.

I think employers should celebrate the fact that we once again have a federal government genuinely engaged in the productivity debate, instead of an ideological, race to the bottom debate. Employers should think long and hard about the direction being set by the elected parliament of this country. When employers are thinking about their strategies for the next ten years, they shouldn't be doing it on the basis of the past ten years. I'd say it's a good bet that this government is going to be around for a long time and the FairWork system for even longer.

The companies that are genuinely engaged in the productivity agenda, and in good faith bargaining as prescribed by Julia Gillard's laws, will clearly reap the rewards.

An example of a company that is going to make a positive choice about that very soon, I hope, is Cochlear. The workforce there has just won their sixth ballot in favour of a collective agreement and of being represented by the AMWU in negotiations.

It's been almost two years since the Rudd Government was elected. In that time Cochlear has stalled and ignored and wasted opportunities to sit down and negotiate a good agreement for its workforce and for the company. They could have been talking about productivity. Instead they poured their energy into an ideological objection to their workers being represented by a union of their choice. It would have been a far more

productive use of their time and our time to be talking about a collective agreement and productivity improvements.

I sit on an industry innovation council with the Senior Vice President of Cochlear, Bronwyn Evans. We both talk about the same issues in that forum. Why shouldn't we have the same productive engagement at the enterprise level.

Cochlear is a world beating company. They are a good example of a company that has invested in R&D, invested in its workforce.

Their workforce simply want to be represented by their union.

We live in a democratic country.

\What's the big deal?

Why put in so much effort to deny people their rights?

We simply want to sit down and talk and come to an agreement that our members vote up – just like any of the thousands of agreements we have around the country.

The quasi-American union busting techniques they tried on in the last ballot were a desperate, and I imagine, expensive exercise for the company, which the workers again, for the 6th time, ignored. Employers who think they will be better off expending vast amounts of effort and resources to resist collective bargaining should think again.

That sort of attitude takes me to the last thing I want to cover today, and that is bosses behaving badly.

The one thing that unions will not tolerate is bad bosses.

The actions of companies like ACL over the past few weeks has given business community a bad name.

ACL was one of the first company's where we proposed Manusafe as a solution to securing workers entitlements, but we were told then that there was no need. 12 years later, the company has gone down owing \$30 million in entitlements that it doesn't have a cent to pay.

The situation there is an absolute disgrace. The directors at ACL have taken money out of the pockets of workers – literally – after asking them to work a four-day week and reduce their pay by 20% while they were funding their own redundancies. They were prepared to leave the workers jobless and penniless without entitlements they were owed.

We will not let this case rest. We will not let the issue of unpaid entitlements go unresolved. This is an issue that the federal Government is beginning to hear a very strong message from the community on. And you can bet the unions will be campaigning hard to resolve this issue one way or another.

So, in conclusion, I think I can say that there are two paths before employers - and certainly in the manufacturing sector - at the moment.

The high-road of co-operation, good-faith bargaining and productivity gains.

Adopting the balance of the new Fair Work laws– which in my opinion, are still too generous to employers - but nonetheless are much more balanced.

Or the low road, which is not supported by the government, and which will remain on the outer for quite some time.

The AMWU and Union movement are committed to play our part to contribute to the productivity agenda – at an industry level and through genuine good faith bargaining.

Thank you.