

SPEECH TO THE AUSTRALIAN INDUSTRY GROUP

MONDAY 3 DECEMBER 2007

BY THE DEPUTY PRIME MINISTER

**AND MINISTER FOR EMPLOYMENT AND WORKPLACE RELATIONS, EDUCATION, AND
SOCIAL INCLUSION,**

HON JULIA GILLARD MP

Introductory remarks

Thank you, Heather.

It's been a big morning at Government House and I am delighted my first duty as Deputy Prime Minister is addressing the Australian Industry Group.

You always were going to see me early but in a happy coincidence of timing this is truly a first.

The Australian Industry Group has an enviable reputation for representing the interests of its members in a forceful and effective, but always politically impartial, way.

Labor and the Australian Industry Group worked well together in opposition, to ensure that industry views were properly assessed and taken into account in shaping Labor's policies. And I've got absolutely no doubt our close and professional relationship will continue as we move to implement those policies in government.

In fact, I want to take this opportunity to extend the hand of cooperation to all of the employer organizations who took part in the debate over Work Choices.

As Kevin Rudd has said many times over the course of this year, Labor respected everyone's democratic right to argue their case passionately, in public and privately.

They did. And we thank them for it.

But the democratic judges have now made their decision, and it's time for Labor to get on with the task of implementing the mandate that has been conferred upon us.

The productivity revolution

As you know, on Thursday, the Prime Minister appointed me to the key portfolios of Education, Employment, Social Inclusion and Workplace Relations.

In doing so, he's entrusted me with delivering some of the new Government's most important new policy promises.

It's an awesome responsibility.

But it's also a terrific opportunity.

Because it provides the chance to bring together some of the key elements of **a new economic reform agenda for the nation.**

Despite all the disagreements over workplace relations during the year, most commentators agreed that there was a need for a fresh new agenda to lift national productivity.

I think over the last few years a consensus of sorts has been emerging over what that agenda needs to include.

Employers, unionists, educators, economists, public policy experts and the general public alike understand that – important though it is – workplace relations is only one part of the productivity equation.

Lifting productivity – to enable Australia to compete internationally, raise our living standards and address huge challenges like our ageing population – is going to need a much broader approach to economic reform.

This reform agenda includes:

an education revolution to give our kids the best possible start in life, lifting investment, improving education standards, and tackling the skills challenges of today and the future;

national leadership to build advanced modern infrastructure, including a world-class high-speed national broadband network to our schools, homes and small businesses;

getting the balance right between fairness and flexibility in the workplace;

supporting parents to choose to stay in work through affordable and accessible childcare;

acting decisively on climate change and water;

reforms to make our taxes more internationally competitive and to lift the red tape burden on small business;

creating a new culture of innovation in Australian businesses, generating the jobs of the future;

bring the socially excluded back into the economic mainstream, by giving them the skills and social capital they need to re-enter the workforce;

a plan to fix our Federation and end the duplication and buck-passing between governments; and, of course,

all of these reforms will of course be underpinned by sound and conservative budgetary policy.

It's only with a long term productivity agenda that we can hope to achieve simultaneously high economic growth, low unemployment, low inflation and low interest rates.

My portfolios cover a wide range of policy areas, and some have suggested they're a slightly unusual combination.

But the reason why they've all been joined together is simple.

In today's world, the areas covered by my portfolios – early childhood education and childcare, schooling, training, universities, social inclusion, employment participation and workplace cooperation – are all ultimately about the same thing: Productivity.

So while my portfolios can be a mouthful, I'll be happy to be referred to simply as 'the Minister for Productivity'.

The Government intends to get the productivity revolution underway quickly, starting with full implementation of the important promises we made during the campaign.

The human capital revolution

The education revolution is the key factor, and has to start with the young.

We know that investing in high quality early childhood education and children's services yields a high rate of return measured in terms of individual achievement, productivity and participation.

That's why our *Plan for Early Childhood* is going to be a big economic policy priority.

It's a comprehensive plan that includes:

Fifteen hours a week of high quality preschool for all four year olds;

Development of 260 additional childcare centres on school and community sites;

An increase to the Child Care Tax Rebate from 30 per cent to 50 per cent (up to \$7,500 per child); and

New parenting programs in 50 disadvantaged communities.

I will be working closely with the responsible Parliamentary Secretary, Maxine McKew to implement this important agenda.

The Education Revolution also has to transform our schools.

We intend to raise standards by increasing school accountability, improving the quality of teaching and developing a new national curriculum in cooperation with the states.

Access Economics has estimated that increasing the proportion of young people completing school or an apprenticeship to 90 per cent would boost annual GDP by 1.1 per cent by 2040 – meaning \$9.2 billion or \$500 for every household in the country.

Our goal is to do just that – lift Year 12 equivalent retention rates to 90 per cent.

And we're going to turn every school in Australia into a digital school, by allowing every student in Years 9 to 12 to have access to their own computer at school and eligible parents to enjoy a 50 per cent education tax refund for the purchase of computer equipment, books and other education necessities.

I know a big concern of the Australian Industry Group is the shortage of skills and the need to revolutionise trades and vocational training in our schools.

As your *It's Crunch Time* report pointed out, more than half a million people between the age of 15 and 24 are in neither full-time work nor full-time education – a major risk factor for a lifetime of unemployment and social disadvantage.

All the while severe skill shortages exist in many areas.

The Reserve Bank Governor has confirmed on at least 20 occasions that problems like the skills shortage are constraining growth and putting upward pressure on inflation.

We've been listening.

And in response, our Skilling Australia Plan will deliver 450,000 more training places – 90 per cent of which will be at the higher Certificate III level – with priorities driven by industry need through employer input and our new statutory training body *Skilling Australia*.

This will be underpinned by our \$2.5 billion plan to build new trade centres in 2,650 secondary schools.

We can't compete with the worldwide higher education revolution unless we improve the quality of our universities and keep some of the best minds here.

That's why a Labor Government will double the number of national undergraduate scholarships to 88,000 and double the number of post graduate scholarships to nearly 10,000 students across Australia by 2012.

We will also create 1000 high-value mid-career research fellowships, valued at \$140,000 each, to help reverse the brain drain.

And we'll be reaching out to young people, in a way that hasn't effectively happened over the past decade. I look forward to working with our new Minister for Youth, Kate Ellis in making this a reality.

Boosting economic participation through social inclusion

For too long in Australia one important pool of human capital has been totally ignored – that's disadvantaged Australians.

After 17 years of economic growth, too many individuals and communities remain caught in an intergenerational cycle of low educational attainment, high unemployment, poor health, high imprisonment rates and child abuse.

As the Minister for Social Inclusion, it's going to be my job to bring these people and these communities back within the economic and social mainstream.

Simply put: productivity improvement can't be separated from the idea of fairness.

Bringing those on the margins of the workforce into full participation in our economy will lift productivity and ease capacity constraints.

Disadvantaged Australians are not an economic dead weight, as some would have you believe.

They are people who deserve a fair go and a better life. And in economic terms they constitute a severely under-utilized human capital resource.

So I intend to change the debate about disadvantage from one about 'welfare' to one about 'human capacity building'.

That is why 175,000 of our new training places will be directed to improving the skills of people who are either unemployed or marginally attached to the workforce.

This is going to involve finding whole new ways of delivering government services, driven by a new Social Inclusion Board made up of serious economists, businesspeople and welfare experts, driving policies tailored to the needs of the most disadvantaged parents, children, suburbs and neighbourhoods – as well as to the needs of employers.

I want to stress one thing about our social inclusion policies – they won't be small-scale stand-alone community-building programs, they will be linked directly to the Government's wider economic development and employment participation objectives.

And we will have a first rate team assisting me in this work – Brendan O'Connor as the Minister for Employment Participation and Ursula Stephens as the Parliamentary Secretary for Social Inclusion and the Voluntary Sector.

Higher productivity through fairer and cooperative workplaces

The final policy area I want to talk about is workplace relations.

In the ten days since the election, there has been a fair bit of debate about what will become of Labor's commitments to abolish Work Choices.

Some have tried to raise expectations that we will do **more** than we said we would.

Some have hoped aloud that we might do **less** than we said we would.

And some in the divided Opposition have suggested we have no mandate for doing **anything** at all.

Let me be very clear: The workplace relations policy Labor announced before the election is the policy Labor will deliver in government.

Work Choices was not an issue at the margins of this campaign, it was right at the centre.

Our position on it has been clear for a long period of time and Australians knew we would get rid of these extreme laws if elected when they entered the polling booth.

So we have a clear mandate from the Australian people to get rid of Work Choices and replace it with a fair, balanced and productive workplace relations system.

You will be aware of our main pledges:

Abolishing AWAs, but respecting existing contractual arrangements;

Providing 10 National Employment Standards;

Creating a fast and simple unfair dismissals system;

Simplifying and modernizing some 4,300 awards;

Limiting the ability to take protected industrial action to bargaining periods, supported by a mandatory secret ballot and prohibiting industry wide strikes;

Retaining existing right of entry arrangements; and

Creating a new independent umpire – Fair Work Australia.

Of course, we can't implement these changes overnight.

And that's why we also set out a detailed implementation plan before the election, including, most notably, removing the ability for employers and employees to make new AWAs, but respecting existing AWAs and creating Individual Transition Employment Agreements (ITEAs) for employers currently using AWAs, to allow certainty until our award modernisation process is completed.

We know from the length and complexity of Work Choices and the fairness test red tape debacle what happens when legislation is implemented poorly and hastily without full debate and consultation. That's why we will be showing more urgency and less haste.

Labor will legislate for a transition bill when the Parliament resumes in early 2008.

The effect of that Bill will be to ensure that:

No new AWAs can be made;

That arrangements are in place for the making of individual transitional agreements; and

To provide the Australian Industrial Relations Commission with the resources and clear direction it needs to get on with the award modernization process.

We will direct the AIRC to modernise and simplify Australia's 4,300 awards, to provide industry-relevant detail on Labor's 10 National Employment Standards, and to draft award flexibility clauses. It is our expectation that the vast bulk of award modernisation will be conducted by the end of 2009.

Labor will ensure the AIRC has as its first focus awards in industries with traditionally high levels of AWAs and old state awards, so that when employers and employees in these industries transition to Labor's new system, they will be certain about what their safety net contains.

During 2008 and 2009 Labor will engage in a period of extensive consultation about transforming the rest of our *Forward with Fairness* policy into legislation.

And of course I'll be hoping for significant input from the Australian Industry Group under Heather Ridout's leadership.

Unlike the introduction of Work Choices, we will be inviting scrutiny through the release of an exposure draft and the conduct of the proper parliamentary review processes.

It is our intention that Labor's substantive industrial relations legislation will be passed, without obstruction in the Senate, to allow our new industrial relations system to come into effect from 1 January 2010.

Conclusion

While some people may not agree with all of the policy areas I have raised – they are the policies the Australian people overwhelmingly endorsed through the ballot box just 10 days ago – I'm certain most will agree that it adds up to a refreshing new direction.

When Kevin Rudd said he wasn't interested in fighting the old battles between Left and Right but wanted a new direction for Australia, he meant it.

That's what my approach will be about in my new hard-to-announce-in-one-breath but easy-to-explain set of portfolios.

I'm going to be ignoring the old battles between unions and employers, public and private schools, the trades and universities, and welfare and work.

Instead, I'm going to be measuring policies against the all-important criteria of how effectively they increase national productivity.

It's going to be a big job, certainly. But one that will draw on the expertise and commitment not only of a number of my fellow ministers and parliamentary secretaries, but groups like the Australian Industry Group.

I'm already down to business and looking forward to your support as we take the new economic reform agenda forward. Thank you.