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GENERAL ASSEMBLY**

**‘The Economic and Social Values
Of ACCI and Australian Employers’**

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INTRODUCTION

I welcome the opportunity to address the International Labour Conference on behalf of Australian employers, and respond to the report of the Director-General.

Australian employers and business organisations have been a constructive participant in multilateral international forums, including the ILO, over many decades. In the same way, Australian businesses trade effectively in global markets, and our governments and non government organisations have a track-record of contributing, often beyond our weight, to regional and global solutions.

Under my leadership of Australia's peak council of employer organisations, the Australian Chamber of Commerce and Industry will continue our four-decade record of service within the ILO.

The institution is not without its weaknesses, but also not without its achievements. Its trifecta of international condemnation last week of the Mugabe government in Zimbabwe for the thuggish treatment of trade union officials in the lead-up to presidential elections; of the Chavez government in Venezuela for supporting action against those that seek to destroy the democratically elected employers organisation; and of the Burmese junta for its practices of forced labour and suppression of freedom of association free movement of unions, persons and aid are but three high profile examples.

The private sector requires free and stable societies in order to flourish. The ILO is a world forum where representatives of employers and workers, in a spirit of free association, take an equal seat at the table with governments on labour and social policy, and where governments have responsibilities to account to the international community and respect the autonomy of its tri-partite social partners.

I was honoured last week to be elected by my employer peers from around the world as one of only 14 employer representatives to sit with voting rights on the ILO's governing body. I will undertake that task respectful of our past contribution, and determined to be a constructive voice for the modernisation of the ILO.

ACCI back home is modernising.

When modernising, organisations need to seek a renewed vigour, embrace changed paradigms and build new relationships, but keep their values intact. This is the approach I am taking to the modernisation of ACCI, in both our domestic and international work.

It may be a helpful model for the work of the ILO.

In this my first plenary address to the ILO since being appointed ACCI's chief executive, it may be useful to outline the values of ACCI, as Australia's peak employer organisation.

WE BELIEVE FUNDAMENTALLY IN PRIVATE SECTOR ENTREPRENEURSHIP AND OPEN MARKETS

Our most enduring economic value as employers is our support for and belief in open-markets and private sector entrepreneurship and investment.

The eyes of Australian business are wide open to globalisation, with all its opportunities and challenges. Although Australia is geographically distant from where we are today in the heart of western Europe, that tyranny of distance has been fundamentally altered by globalisation. Australian employers are trading in global markets every day, both here in Europe and the other regions of the world.

Our horizon at ACCI is both local and global, as it must be in these modern times.

Australia has been a beneficiary of globalisation; not because globalisation sought us out, but because we ultimately came to it, by restructuring the way we do business and liberalising, sometimes with awkward steps, our economic, trade, financial and labour markets.

These changes notwithstanding, there are no guarantees in a global economy. As with all countries, domestic economic reform must keep pace with globalisation. Australian industry and our government face that challenge as we speak, and we are up to the task of working with the new Australian government to that end.

Globalisation does have its unequal impacts, as the Director-General notes. Our eyes must also be wide open to that reality. The global market, like human endeavour, is not perfect. The innate vigour of competition which generates the benefits of globalisation also mean there are some losers. Social policy, particularly if developed by governments in consultation with employer bodies and trade unions, plays a role in evening out those bumps. For developing countries and vulnerable economies, some of whom are our near neighbours in the Pacific, the challenges are enormous, and Australia must play its part in helping their economic transformation and transition – a point I will return to in a moment.

But in acknowledging the unevenness of globalisation, the ILO Director-General's 'decent work' agenda in support of a 'fair globalisation' must recognise that the only sustainable basis on which living standards can be lifted is through the jobs created largely by private investment in global markets.

It is through employment and the jobs created by increased and sustainable economic activity that people are lifted out of poverty and disadvantage. Employment provides hope, it sustains families, it minimises the risk of extremism taking hold and it gives order to communities. Productive employment is the glue that not only binds an economy with its society, but which makes that society productive and sustaining. And no private sector job exists without individuals making decisions to invest.

These principles are foundation stones that need to be visibly rooted in the ILO's 'decent work' agenda.

AS CONDITIONS GET TOUGHER, DON'T GO BACKWARDS

It is apparent that the world economy faces some tougher economic times ahead. That means some tougher times for our societies. We see food shortages and political unrest in some countries. We see pressure on environments, and hikes in the price of finite global resources like oil. Governments embarking on responses to climate change are finding that neither the problem nor the solutions are cost neutral, and quite likely involve heavy social and economic costs.

Our challenge is to meet social, environmental and economic goals contemporaneously in an informed and evidence-based way, and not trade them off against each other. We must do things differently, and not fall back to old prejudices or failed economic prescriptions when things get tight.

As a global economy we must become more productive and more open, while being responsive to need. We must allow human endeavour to flourish and generate productivity, and not dogmatically assert one-size-fits-all solutions. Productivity allows needs to be met.

An important leadership role for the ILO is to give profile to social policy and to also caution against responding to tougher conditions by expecting the state alone, rather than global market and private investment, to generate the necessary jobs. This does not mean however that there is no role for government. There is, and it is crucial. Governments must provide enabling frameworks for private investment, and use public funds to invest in that framework, especially through education and other productive social and economic purposes. And in some nations public employment is important in itself.

It is crucial that tougher economic times are not seen as a basis for communities to turn their back on globalisation. To do so would be as self-defeating as turning ones back

on the reality of the internet and the information age. The moment times get tougher, the more we must keep our eyes wide open to the opportunities of global markets and entrepreneurship.

I also said that as the Australian employer movement modernises our approaches, we will keep our values intact. Our belief in entrepreneurship and the well being of society through private investment, employment, reward and effort is a fundamental value to ACCI. But our values go beyond that.

YOU MIGHTN'T HAVE HEARD, BUT WE BELIEVE IN COMPLEMENTARY SOCIAL VALUES

There are four complementary social values that we also espouse as leaders of the employer movement.

These are an economically responsible social safety net; a proper role for government; the work of the corporate sector as part of society; and freedom of association.

None of these values are inconsistent with the fundamental principles of market economies and market freedom in an industrialised country like Australia. Properly applied, they are complementary values.

These values line up with the values of employer organisations from the many nations here at the ILO, and in the work of the ILO itself. They explain why I said in my opening remarks that under my leadership of ACCI we will continue our four-decade record of service for Australian employers in the forums of the ILO, while seeking its modernisation.

Too frequently we at ACCI have undertaken work in each of these social policy areas, but only communicated an economic message.

This needs to change. I am determined that our voice on behalf of Australian business be more rounded, with our economic message in support of open markets and entrepreneurship framed by the relationships that business organisations and employers have with their governments, communities, employees and trade unions.

In other words, we see business and business organisations as integral to the Australian society, not just a part of its economy.

While I do not have time this afternoon to detail each of these areas where ACCI contributes to social outcomes, I will provide a couple of examples by way of illustration.

....an economically responsible safety net

Our belief in an economically responsible social safety net is an acceptance that there are certain norms and standards of conduct that underpin our way of life, including in

our workplaces. Our work over many years in industrial tribunals and with the parliament on minimum employment standards, our work in support of safer workplaces and for systems of rehabilitation and compensation for injured employees, our support for balanced labour inspection, and our support for active labour market assistance for those receiving unemployment benefits are but a few examples. Of course, the safety net needs to generate the right incentives and behaviours, and there will always be room for differences about the nature of labour market institutions, their need for reform and the breadth and depth of standards and the level of market intervention. I believe sensible debate over policy is healthy, as is respect and tolerance for different views and the testing of alternative approaches. No doubt we will, as strong business leaders should, urge sensible flexibility and mutual responsibility within these norms to reflect business and economic realities. Where institutions need to be reformed we will say so, but for practical, not ideological reasons.

.....a proper role for governments

Governments are protectors of the public interest and economic managers, but also regulators. Government and business relationships need to be mutually reinforcing, but mature business-government relationships tend to involve both common interests and also competing policy tensions. Thus the relationship between business organisations and governments needs to be close enough to be effective, but not too close to be compromised.

Business will support governments in setting economic policy that supports private enterprise and responsible economic management. Yet business is always concerned to constrain the tendencies of government towards over regulation, over taxation or over spending. It is also concerned to ensure that governments do not transfer their responsibilities for social policy onto the private sector.

Acceptance of a proper role for government is equally fundamental. Not every field of business endeavour can be completely vacated to the market. Aside from overseeing minimum standards in the workplace, governments have a role in establishing frameworks that facilitate the doing of business. This includes working with the private sector in investing in education and the preparation of young people for the world of work and the information economy. And business itself needs to abide by certain norms of conduct established by governments or parliaments, for example, in inter-business dealings or consumer trade practices, and in the governance of corporations.

....a role within society

Our belief in commerce and industry as part of society is bound with our core belief that through employment our communities are enriched. Beyond this, industry and communities need a better understanding of each other, whether on the role and vulnerability of small businesses in local communities, to the contributions made but

often unseen by businesses to local facilities, and the responsibility of business to the environment. ACCI and business organisations like ACCI have an important role in starting a dialogue between industry and the public at large on these issues. I am concerned to avoid a situation where the public feels disengaged from the business community simply because, in this day and age of globalisation, more decisions are being made outside the immediate vicinity of local communities. It is also important that business leaders bring to the community an understanding of the realities and vulnerabilities of doing business locally and globally.

....a belief in our collective business voice

Employer bodies are collective service-oriented organisations. Our belief in freedom of association is bound by the commitment we share within the employer movement to the independent collective voice of business and employers, through Chambers of Commerce and Industry and business and trade organisations. We do not ideologically position individual rights against collective recognition, as though they are mutually incompatible. Where direct employer / employee engagement is effective, that is what must and should be pursued. Where collective agreements are working, they should be recognised. By way of analogy, Handel's Messiah would not be the great oratorio that it is without both the individual solos and the collective choruses. Both require recognition.

This value applies both to our recognition of trade unions and the legitimacy of their work, as it does to employer organisations. Working with trade unions should be no difficulty for employers where it is a natural consequence of freedom of association. Of course industry would look to unions reciprocating by acting in a responsible and democratic manner. I have said publicly, and repeat, that Australian employer organisations generally have a good track record of working with trade unions, and vice versa. We can now show leadership to industry in this regard, as there is common work to be undertaken – health and safety, work and family and workforce skills but a few examples. While we need to be realistic enough to respect differences when they emerge, mature relationships mean giving recognition and respect in pursuit of commonly identified workplace objectives.

Of course, freedom of association comprises multiple freedoms – the freedom to join or not join organisations, the freedom to participate or not participate and the freedom to resign or rejoin. And it must stand alongside, not set aside, our fundamental commitment to individual entrepreneurship and the private sector.

I use this opportunity to highlight a theme that I will develop more actively over the next year – that Australian industry needs to take a fresh look at the function and services of business organisations, and join Chambers of Commerce and Industry, and industry organisations in order to help themselves and help strengthen the private sector voice of which they are a part.

Gradually over the years newer businesses have left the heavy lifting on policy advocacy in support of the private sector to too few. Some newer businesses don't know of or seek no attachment to the services or voice of business organisations. They seek to make their way individually, and leave the collective work to others, thinking that to be an old fashioned notion. They may spend tens of thousands of dollars on a consultancy for their business, or thousands of dollars on corporate entertaining at sporting events, but not commit to an annual subscription to their business organisation for its collective work.

This approach is risky. It has the effect of stifling the business voice, at a time when we can least afford it, as other community voices become louder. Our profitable private sector needs to support its employer and business organisations, most of which are non profit making bodies. The thousands of businesses that do so, and for whom I work, are to be applauded and respected. Without resources contributed more broadly from across the private sector, our non profit organisations cannot do more with less, no matter how innovative they become.

In saying this, I am fully aware of mutual responsibilities on the part of employer and business organisations – to engage deeply with their constituency and offer relevant collective or individual services. We have much work to do in that area, but the product delivered by Chambers and business organisations in this complex age of regulation and competitive business services is significantly underestimated by newer businesses entering the private sector.

My aspiration is for a business community which is more visibly engaged through their business organisations in policy that affects them. I want a business community that sees value in, adds value to, and secures value from business organisations by joining them, and acknowledging that not everything can be achieved individually, and that some things need or are strengthened by collective voices.

And I want business organisations to be proud and direct in talking about what they have achieved and can achieve on behalf of their members.

ILO MUST NOT NEGLECT THE ASIA-PACIFIC REGION

ACCI's work in the ILO seeks to make the best possible contribution for Australian industry, and more broadly in the interests of private enterprise and workplaces in our part of the Asia-Pacific region. Our Asia-Pacific region, needs more direct focus by the ILO. There are a number of reasons for this:

- Asia Pacific is very much the powerhouse of globalisation. A time when growth in traditional markets has stalled, Asia Pacific is powering ahead
- Asia Pacific is entrepreneurial. It is a solution focussed region. It knows that traditional approaches to

employment cannot absorb the massive population growth, and the yearly entry of millions of young people into the labour market. It engages with atypical employment, contracting and self employment – and does not see entrepreneurship of this kind as any poorer cousin to labour market participation.

- Asia Pacific has areas of great need. The three most devastating natural disasters of recent years have all occurred in my region. The tsunami of 2006, the Burmese cyclone last month, and the Central China earthquake a few days later. I could also add, close to my doorstep, the tsunami that hit the Solomon Islands in 2007. Beyond natural disasters there are political problems, and the impact of HIV AIDS in countries like Papua New Guinea.
- The Pacific tends to be neglected when looking at the Asia Pacific. Beyond natural disasters, the Pacific Islands have deep economic challenges. Manufacturing has been lost to larger nations, and countries where the public sector is the primary employer cannot lift living standards without private capital investment. Large parts of local labour forces need re-skilling.

I welcome the fact that new employer specialists have now been appointed to regional and sub regional offices in the Asia Pacific, but this has taken a long time. I urge the ILO to work in a more integrated way with their stakeholders, and agencies in practical solutions to these problems. We offer our assistance in that regard.

I can report that there is a renewed willingness by the Australian government to engage with Australian employers and unions in these endeavours in our region. Much good work has been done amongst employers in conjunction with my colleagues from New Zealand, and by our trade unions.

I would urge the Director General, as the Office implements the directions set out in his report, to take these factors into full account.

ILO CAN HELP RATIONAL DISCUSSION OF LABOUR MIGRATION

Finally, I return to my theme of globalisation – acknowledging the debate in many nations including my country about labour migration. The principles of this organisation recognise that capital is mobile and that labour too is mobile. They speak against closed borders and the internalisation of labour markets, in favour of their internationalisation.

As leaders in our communities, I urge us all to contribute to a deeper public debate about the social value of orderly migration programmes based on national circumstances.

We can support our governments in this regard and we must do so. If we fail to allow labour to move globally, then we will see a dysfunction between global labour and global capital markets. Inequality will increase, productivity will decline and living standards will fall. Whether our communities debate these issues rationally and without xenophobia or alternatively appeal to the lowest instinct will be a measure of political, union and business leadership.

There is much good learning about labour migration that Australia can share with other nations, and we welcome opportunities to do so – as well as learn from other national experiences.

With these remarks, I welcome the report of the Director-General, and look forward to the ILO adopting a stronger embrace of private sector values as part of its ‘decent work’ programme.

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