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Title:
Speech at Mt Eliza Staff College, Melbourne - Industrial Democracy

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SPEECH BY THE PREMIER, MR. DUNSTAN, AT MT. ELIZA STAFF COLLEGE, MELBOURNE.
MONDAY 20th FEBRUARY, 1978 - INDUSTRIAL DEMOCRACY.

The South Australian Government is committed to the principle that democracy only truly exists when citizens, as nearly as is practicable, are given an effective say in the decisions affecting their lives. At present, however, the vast majority of people have to forego their democratic rights when they clock on at work in the morning - and only resume them when they clock off at night.

Most people spend half their waking hours at work, where many of the important decisions affecting their lives occur.

It is obvious that what happens in the work place affects the material well being of people, the physical circumstances in which they find themselves. But it also affects employees health, their relationships with their fellow human beings - and society at large. Indeed, a recent study undertaken at Flinders University in South Australia shows that the people who are least happy at work are those who suffer more physical and mental illness.

What people do in their jobs can promote satisfaction or dissatisfaction, a feeling of involvement or apathy, a sense of being useful or a sense of being an unnecessary appendage to a system.

Its because of this pervasive influence that our working environment has on our lives that my Government believes fundamental reforms should be brought about in the employment relationship. An essential aim of industrial democracy is to ensure that an employee can move out of the situation where he is merely the object of economic circumstances decided by someone else.

Like shareholders, employees have a substantial investment in the enterprise organisation in which they work. But instead of capital - to quote British trade union leader Clive Jenkins - "They invest their lives, their blood and their nervous energy". I believe that employees should have a say in the decisions that affect their investment.

This may sound all very altruistic. But industrial democracy is a practical commonsense approach to improving the job satisfaction of employees and the efficiency and effectiveness of organisations in which they work.

Our research in South Australia has revealed that when people's abilities and aptitudes are not fully tapped it will lead usually to lower levels of efficiency

than are possible. This may be reflected in increased labour turnover and absenteeism, and a decrease in productivity. But that research also reveals that the majority of employees wish to contribute in one way or another to the formulation or making decisions that affect them in their workplace.

South Australia's Tripartite Industrial Democracy Committee - comprised of leading employer, union and Government representatives - maintains that joint consultation, the delegation of responsibilities and employee involvement in the decision-making process will solve many problems because dissatisfied employees are given the opportunity to reduce the sources of dissatisfaction.

Essentially then, industrial democracy is concerned with providing employees with the opportunity and the right to influence decisions within their work organisation. There are many forms industrial democracy programmes might take. Some of these relate to the workplace level, some to the factory or plant level, and others to the board level or the organisation as a whole.

My Government has not attempted to answer the question "which is the appropriate way?" because it feels the needs of different workplaces and work organisations and the needs of the people who work within them may differ considerably. However, we believe that representative systems like works councils, shop committees, joint consultative councils and joint management committees can be usefully involved in many areas. These would include the selection of new personnel, promotion, training, organisation, the allocation of tasks within branches and departments, the attendance time policy, the administration of safety, health and welfare policies, and the development of the work environment.

However, industrial democracy cannot be viewed in isolation. Account has to be taken of the reality of Australia's industrial relations. As a result my Government believes there is a need to provide people with greater job security - with accompanying measures such as redundancy payments, retraining and relocation schemes. These are important - for workers will not see much point in concerning themselves with the quality of the job when that job itself is in jeopardy.

The South Australian Government also believes that employees at all levels should have more access to information concerning the operation and viability of the organisations in which they work. Free flow of information gives employees the opportunities to consider that which is important to them in a thorough and reasonable way.

Obviously there is a need for different approaches for the private and public sectors.

At the moment, as you are well aware, there is a general malaise throughout the manufacturing industry. There is also considerable uncertainty as a result of the structural changes being forced upon Australian industry by technical innovations.

Like the worker concerned about his job security, many firms are focussing their attention on questions of survival. They are often not responsive to initiating industrial democracy programmes during the present economic climate.

However, in South Australia my Government's Unit for Industrial Democracy has been working closely with several private companies undertaking industrial democracy programmes.

In one, a large Adelaide joinery, semi-autonomous working groups have been established to carry out tasks within the joinery shop. In these groups, employees have control over all the immediate factors covering their work. Targets are set and boundary rules for the group's activities are agreed to in consultation with management.

Within these limits the employee groups organise and control their work without direct supervision.

The joinery also has a Works Council where employee representatives meet occasionally to discuss and overcome problems.

They have experimented with the election of supervisors. They have become deeply involved with safety issues, with social welfare amenities, job training and factory lay out.

It is a programme where management, unions and employees are involved and satisfied with the results.

There is no hint of worker control. There are no employee directors on the board. But it is a form of industrial democracy that has worked to enhance the efficiency of the organisation in terms of productivity.

For example, in one particular project 500 hours were saved through employee suggestions. At the current labour rate that represents a handsome return.

The development of industrial democracy has also improved the employees lot

They have a budget that they can spend without reference to management. Their work environment has improved. Indeed, employees have taken up their new roles with interest and responsibility.

However, because of the current economic climate, there is no pressure being placed upon private sector organisations to undertake industrial democracy programmes. Indeed, my Government has always maintained that such programmes should be based on a consensus of all those involved, management, employee and unions. No major industrial democracy initiatives that involve structural changes will be brought about by legislation in the private sector until the 1980's.

However, during this term of Parliament I hope that some minor amendments will be made to appropriate statutes to facilitate freer access by employees - and shareholders - to company information, as well as provisions for greater job security.

In South Australia our main focus in the industrial democracy area is in the public sector. Unlike private industry, few public enterprises have been faced with redundancy problems. Indeed, several areas - including the State banks and the State Government Insurance Commission - are expanding their services. This creates a much more favourable climate for management, employees and unions to get together to develop meaningful programmes to bring about more democratic principles in the work force.

In South Australia there are 32 Government departments and a sizeable number of statutory authorities. Many employ large work forces compared with private industry.

But within the public sector it is important to distinguish between Government departments and statutory authorities.

As a result of our experiences with industrial democracy programmes in more than half of our departments, the Government is currently looking at the Public Service Act with a view to making some important changes.

In particular, we are examining the questions of the delegation of powers from the Public Service Board to individual departments, delegation from Permanent Heads to employees within departments, and ways of removing opportunities for any discriminatory practises to be taken against employees exercising what should be their democratic rights.

At present, in South Australia, it is not legally possible to have semi-autonomous work groups in the Public Service. Under the Act it is only possible to delegate to an officer, rather than a group of officers. Simply by pluralising the word "officer" we could open up the opportunity for meaningful industrial democracy situations and semi-autonomous work groups to develop. This is one of the several minor - but significant changes we are considering.

We have had varying experiences with our Statutory Authorities in South Australia. In some, both management and employees have to date shown no real interest in or awareness of industrial democracy. In others, like the Fire Brigade and the State Government Insurance Commission, employees have shown considerable interest in being involved in industrial democracy initiatives.

The forms this interest takes varies considerably. In the South Australian Housing Trust employees have opted for involvement at the grass roots or section level.

Each section has devised its own system, suited to its particular needs and circumstances.

There is no overall representative system above the section level, and most staff committees choose to make recommendations to management rather than participate in making decisions.

However, Fire Brigade and Insurance Commission employees are asking for representation at the Board level. It is my Government's long range policy to provide employees with one third of the representatives of boards of Statutory Authorities. During the term of this Parliament we will do all that we can to facilitate the wishes of employees that seek board representation. We will also be looking at access to information, statutory minimum rights for shop stewards, and the extension of on-the-job facilities for shop stewards.

There are other areas outside the public and private sectors that concern our Government. Last year 400 employees at Adelaide's Minda Home - a home for the physically and mentally handicapped - elected worker directors to the board. However, it appears that under the Association of Incorporations Act it may not be proper for employees to have elected board representatives. My Government will amend this Act so that all legal impediments to the development of different forms of industrial democracy are removed.

Each of the measures I have mentioned should bring about a much more harmonious environment.. I think it is worthwhile adding that South Australia already enjoys

a much more favourable industrial relations situation than that of any other state. We have 10% of Australia's industrial work force but last year we lost only 1.9% of the days lost through disputes.

Today I have mentioned a number of legislative changes my Government is considering. Yet, we are not legislating for industrial democracy. The South Australian Government recognises that its industrial democracy policy must proceed and develop pragmatically. It must also be flexible - able to adapt to suit the individual needs of different organisations and groups of workers.

Any legislation will not be prescriptive. We will not lay down a blue print for industrial democracy and insist that it will "do the job". Worthwhile changes in this area won't be brought about by coercive means.

However, the South Australian Government is committed to removing legislative obstacles to industrial democracy. There is also a need for facilitative or "enabling" legislation.

Using worker directors as an example, facilitative legislation would involve amending Statutory Authority Acts so that if a certain number of employees ask for a ballot to be conducted to determine whether or not employees wish to have board representation, then that ballot can legally take place. If a majority vote for representation then the Act would be worded in such a way that workers could proceed to elect a third of board representatives.

This is the sort of legislation that Denmark has used for worker directors and it appeals to my Government because it is facilitative rather than coercive.

At present public and private work organisations are often characterised by low level of trust, by the under utilisation of people's abilities, and by procedures which neglect the human element and foster employee dissatisfaction.

I believe that industrial democracy programmes will help develop positive attitudes among directors, shareholders, management, employees and trade union officials about the aims and objectives of work organisations.

We recognise, however, that management and employees may be interested in industrial democracy for different reasons, but the absence of a common motive should not be seen as an obstacle.

A sincere and genuine implimentation of an industrial democracy programme will improve job satisfaction and the efficiency and effectiveness of organisations.

I thank you for inviting me here today and I look forward to meeting many of you at our International Industrial Democracy Conference, to be held in Adelaide in May.