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Address to the Rotary Club of Adelaide

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ADDRESS TO THE ROTARY CLUB OF ADELAIDE BY THE PREMIER, DON DUNSTAN. 6.8.75

SUBJECT: INDUSTRIAL DEMOCRACY IN SOUTH AUSTRALIA

Mr. President,  
Mr. Crawford,  
Rotarians and Guests:

Thank you for inviting me here today.

Jim Crawford's invitation was both an honour and a temptation. He asked me to speak on worker participation and job enrichment schemes. And since personally and politically I am very deeply committed to such programmes and to a proper understanding of them in the community at large, Adelaide Rotary seemed to me to be a proper and appropriate forum for a general expression of the Government's attitudes in this area.

For the fact is that in many sectors of Australian society there is a certain amount of unease whenever the notion of worker-participation in management is mentioned. To old-school authoritarian businessmen - those who have tended always to operate on the assumption of a master-servant relationship between management and employees - the idea that a worker should be interested in his work environment; or in the product of his labours; or in the social effect of that product; or in the future viability of the enterprise; or in the enterprise's industrial, economic and ecological social position - is an anathema. They tend to feel that the worker has no right - nor should have the interest - to inquire into, or be concerned with, such things.

Notions of the subservience of workers to management - or of management's innate social or intellectual superiority - are the flotsam and jetsam of the 29th century's industrial authoritarianism.

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It always seems to me to be a curiosity that such notions survive in an industrial world as complex and ramified as ours is. For not only are workers and groups of workers constantly dealing with managements on more-or-less equal terms, but complex interlocking systems of arbitration have erected standards and rules for negotiations between employers and employees. Such structures involve, at the highest level, State and Central Governments. The overall decisions of industrial arbitration have critical effects on the national economy.

Obviously, the old master-servant relationship has changed and we are already in a rapidly evolving industrial-relations situation. It is in no way static. It is, however, in significant ways under increasing structural strain. But, the long-term trend has always been towards an increasing degree of recognition by managements and society at large of growing industrial egalitarianism. Such a process is obvious in all our living memories. A shortening working week; improved work-place conditions; increased holiday and long-service leave provisions; noise, safety and workers' compensation programmes. Such essential improvements to our industrial and social system have not (as was predicted with each innovation) confounded the system.

So in a very real sense, the rigid master-servant relationship is already breaking down. We all live and work in a constantly evolving social and industrial situation. The worker, singly, or collectively in a union or shop-committee formulation, can no longer be seen as simply a factor in the system of supply - part of a pool of unused resource material. To continue to cast him in such a role is simply to bury one's head in the sand or, lemming-like, to run over the cliff.

That process by which the highest levels of ownership or management see lower or other levels in the enterprise as, simply, exploitable productive resources, simply does not understand the forces now at work in western democracies. There is an increasingly delicate balance between investment and return, profitability and social responsibility, and notions of industrial and social responsibility.

If no man is an island, as John Donne properly said, then certainly no company nor corporation should consider itself one. We are all part of a social continent and can only survive by understanding its parts. And it seems to me that it is essential that the investors and managers of capital - that is to say, employers, both government and private - must understand the natural and proper expectations of people in society.

The constant presentation of high industrial and entrepreneurial profitability as a moral right of companies and corporations is hardly likely to convince workers at large, and at all levels, that they should not try to have their cake and eat it. One standard of industrial exploitation leads to another. We now have increasing levels of conflict between unions and employers because the example is just this

crass - just this unequal or unable to understand that, having spoken for a hundred years of 'democracy' and the notional rightness of egalitarianism, fair play and equal social responsibility, the spectacle of massively unequal profit rakeoffs encourages nothing more than emulation.

I do not believe our system can bear the strain of this situation. But it is only by understanding it that we can produce solutions. And one of the solutions I am committed to is the implementation of a comprehensive and long term programme of what can be called 'industrial democracy'.

It seems to me that our aim should be to obtain effective democracy in all areas of life, including the work place. Democratic Government cannot be achieved merely by Parliamentary or local Government representative institutions. For democracy to work it is essential that every person should, as far as possible, have an opportunity to influence the decisions affecting his life.

Accordingly, at the last State Conference of my party, and at the general elections just past, I advanced policies designed to achieve in this State a standard of community involvement in industrial management that will, I believe, assist in maintaining the kind of balanced industrial growth and the low level of industrial unrest that we have been favoured with these last five years.

The proposals are not 'radical', but for Australia they are a little unusual. And while I do believe these changes to be essential to our future industrial and social health, they will not happen overnight. They recognise that management structures in both the public and private sectors vary widely. There cannot be a blanket solution, or some kind of grand plan.

Nevertheless, it is clear that new skills for industrial management will have to be developed - and these will progressively diminish the rigid master-servant management situation.

I believe there will emerge three elements in the new economic management of enterprises. They will be

- a. Representatives of the investors. Seventy-five per cent of our economy is in the private sector relying upon the returns on investment capital to ensure continued investment and economic activity. Within our constitutional and social framework Australia will have to continue to rely both in the public and the private sectors upon raising money from investors and paying a return on it.

- b. The workers in organisations. At the Board level. They will have equal representation with representatives of investors.
- c. Public management officers. We should train and appoint, publicly, experts in company management who will be public officers and who will have equal membership with the first two groups mentioned on Boards (i.e. one third). Their duty will be to maintain community interest, reporting to the Treasury, the Companies Office, and the public. They should also have the duty of assisting the shareholders' representatives, to have constant communication with shareholders or investors and the workers' representatives, to maintain constant communication with the shop floor.

In addition, within any commercial or industrial undertaking, the structure of workers' participation consultation should provide:

- a. Joint Workshop Committees, with appropriate area Joint Consultative Councils, containing a representative of each major functional group in the area concerned.
- b. An Employee Council composed of representative employee members from either Workshop or Area Council, AND Union representatives.
- c. A Joint Management Council appointed half by the Employee Council and half by the Management with the approval of the Board. The Joint Management Council should prepare material for submission to the Board. The worker representatives on the Board should be elected by the Employee Council and may include Union representatives not employed in the undertaking. It should be a requirement that employee Board representatives attend all meetings of the Employee Council and have the opportunity for regular meetings with area Joint Consultative Councils and Workshop Committees.

That is the general outline of the programme at the moment. It is, I believe, farsighted. It will not be implemented overnight or even in the medium term, so complex are the problems needing to be dealt with. Nevertheless, we expect that such a new pattern of management will progressively be implemented within the Public Service, thus providing at least a general model and an indication of how the management structures needed for true industrial democracy can effectively be implemented.

Thank you.