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SPEECH

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*****CHECK AGAINST DELIVERY*****

INTRODUCTION

This morning I was in Elizabeth in Northern Adelaide running a Jobs Expo. It's one of twenty I'm running in the regions that have been hit hardest by the global recession. More than 1,200 people came through the door in the first half an hour and 300 people went away with a job.

Last week I did the same thing in Bankstown. Unemployment in Bankstown is about 10 per cent and teenage full-time unemployment is 45 per cent – the highest in the country. We created 500 jobs in one day. One of the people who went home with a job was a young woman called Binbin. She had been unemployed for 12 months. She got a job in a chocolate factory – and started work that afternoon.

This is why I became a politician and I'm sure it's the reason why each one of you do what you do. This sort of work gives us the chance to really make a difference.

Before I launch too far into things it is important to note – I'm not the Minister for Corporate Law. Last year Nick Sherry was here and he talked about the Government's approach to Corporate Social Responsibility (CSR) – and what we are doing in this space. Chris Bowen is now the Minister for Corporate Law and I know he takes a keen interest in the area.

Rather than focus on government policy I want to talk about my own experiences working in this field, reflecting on the lessons I've learnt from my time in the private sector and now in Government.

TRANSURBAN

This isn't my first time at an ACCSR Conference. I was a delegate at the first ever ACCSR Conference three years ago. At the time I was working for Transurban – the company behind Melbourne's CityLink and the M7 in Sydney. When I started at Transurban they were just beginning to take CSR seriously - it had a rough start with CityLink and realised it had to do things better. By the time I left the company they were one of 250 companies world-wide listed on the Dow-Jones Sustainability Index.

The first job I was asked to work on was the Westlink M7 project – a 40km motorway through Western Sydney. It was a massive project. Connecting three other motorways and completing the Sydney Orbital Network. It wasn't universally popular - no toll road is.

Before construction began the local council erected signs along main roads saying – No Orbit Toll. When the road opened three years later, the council made Transurban its Corporate Citizen of the Year. This shows the difference treating stakeholders seriously can make.

LESSONS LEARNT

I learnt a few lessons about CSR at Transurban. The M7 opened in a difficult environment. Other toll roads in Sydney (the Cross City Tunnel and Lane Cove Tunnel) were disasters, and toll roads were on the nose.

But the M7 was a success. It wasn't successful because of anything I did. It was successful because the M7 was a good project. It did what people wanted – it cut travel times, created new jobs and people used it.

CSR won't fix a bad product. But done right, it will help a business work out what customers want. It also helps you understand what your key stakeholders expect. It helps you develop the right product. And that's good for business. That's why CSR is enlightened self interest.

It doesn't work if you just sit there and listen – but don't do anything. The same is true in government. It's got to be genuine.

CSR doesn't work when it's tacked on, when it's one team in the corner of an office that everyone else in the organisation thinks are tree huggers or bleeding hearts. It has got to be embedded in business practices.

I guess I'm not telling you anything you didn't already know – but it is important. The draft ISO 26000 guidelines make the point that social responsibility has to be integrated throughout the organisation and particularly in its relationships.

There are lots of ways this can be done: incorporating CSR measures into everyone's KPIs, including a CSR analysis in any proposal sent to the board, or using CSR (like IRR) as a tool to measure value and as a tool to measure risk. You have to do this if you want to have a real impact.

The same is true in my job. One Jobs Expo can help a couple of hundred people. But to have a substantial impact you have to make employment the focus right across government. That's what the Economic Stimulus Plan is all about. That requires leadership from the top, in this case the Prime Minister. The same is true in CSR, for CSR to work it needs a CEO that takes it seriously – that recognises the value it creates and will drive it.

THE GLOBAL FINANCIAL CRISIS

The title of this conference is – 'The Post GFC World of Business Practice'. It's ironic in a sense. Some of the best evidence of social irresponsibility is what happened on Wall Street in the past few years – where decisions were based on greed. Short sighted decisions for short term profit.

We can't always rely on the market to work the way it's supposed to, or for business to act in an enlightened way. Markets can be distorted and businesses don't always do the right thing. That's why the role of government is important in setting the framework in which business operates, encouraging good behaviour and preventing bad.

CHALLENGE FOR GOVERNMENT IN POST GFC WORLD

The key challenge for Governments in the post GFC world is to get the framework right. The GFC proved that our prudential regulation was sound. Throughout the crisis our banks remained well capitalised, and amongst the strongest in the world. But in other areas Government has sometimes got the fundamentals wrong.

In the labour market (it won't surprise you) I think the previous government got things very wrong. WorkChoices fell a long way short of either the ILO labour standards or the guidelines in ISO 26000. The legislation we have introduced - the *Fair Work Act* - meets these standards.

The success of the Australian economy over the past 12 months shows that you don't need unfair laws to keep unemployment low. The US labour market is a lot more deregulated than ours - but their unemployment rate is almost double ours.

Flexibility is important. But you can have fairness and flexibility in the workplace. One of the reasons Australian unemployment has been lower than expected is that a lot of businesses have kept workers on part-time rather than putting them off. The drop in hours businesses have negotiated with their workers is equivalent to the loss of around 260,000 full time jobs. If businesses hadn't done this, unemployment would be over 7 per cent. Instead of 5.3.

A good example of what I'm talking about is Broens Industries, a high-tech engineering company based in Western Sydney. They turnover about \$25 million a year and employ about 200 staff. I caught up with the Managing Director Carlos Broen last year. He told me the Global Recession meant exports were down. He had two choices: cut staff or cut hours. He chose the latter. He told me: "my employees are my business – without them I am nothing". I spoke to Carlos again a

few months ago. The entire workforce is now back to five days a week. No one lost their job.

This is a great example of the flexible response of employers to the global recession. It's not altruism - it's enlightened self interest. A lot of employers remember the skills shortages of the not-so-distant past, and have done everything they can to hold onto good staff.

Because we got through the Global Recession better than most countries – we will face the challenges of recovery earlier than most. And one of these is skills shortages.

BUILDING THE SKILLS WE NEED FOR THE FUTURE

Earlier this month the Treasurer released the Intergenerational report – Treasury's analysis of what the population, the workforce and the budget will look like in 2050. It tells us we are going to get bigger, and older. And there are going to be fewer of us to pay the bills. Today there are 5 people of working age for every person over the age of 65 – by the time we all retire there will only be 2.7.

This is going to create a furious competition for skills. In some places around Australia, it already exists. In Western Australia big resource projects like Gorgon are already gearing up and are going to need a huge number of highly skilled workers. The workforce in the Pilbara is expected to double in the next five years. I'm not just talking about welders and electricians. There will be huge demand for white collar workers like engineers, designers and project planners.

The workplace of the future will be very different. We are going to need workers with more skills, and different skills. I was in the US in January. The head of one of the business think tanks told me that 75 per cent of jobs in the US in the next decade are going to require post secondary skills. Research from Monash University predicts the same thing here.

These are big changes; that's why the education revolution is so important. We are going to need to build that workforce. And it has big implications for business. I see this is as important area for CSR.

Government sets the framework – the education and training system with the right incentives to get the workforce we are going to need. But business will do most of the heavy lifting. Employers like Carlos already know their employees are their most valuable asset, but in the years ahead skills will be in even greater demand and shorter supply. Companies that get this and plan for it will have a strategic advantage over their competitors.

I got a good sense of this when I was up in the Hunter Valley on Monday visiting an engineering firm called Kings. They have been making parts for the mining industry for the past 80 years. Phil, the company's Apprentice Master told me that after their young apprentices become tradespeople he has trouble holding on to them – mining companies try and poach them. I asked him how he deals with this. He told me that

he can't pay them as much as the big miners, but what he can offer is a career path – from the factory floor to the design room – and that's what will keep them at Kings.

That's smart. And it's good CSR. My dad worked in the same job for 25 years until he was retrenched in his mid 50s. It doesn't happen like that now Generations X and Y will have half a dozen jobs before they turn 30. This means looking after your employees is going to become a more important element of CSR in the years ahead.

Paying employees fairly and protecting their entitlements is just the start. Companies will need to do more - offering career progression for their current staff and investing in training the workforce of the future. Looking after employees is already an important part of good CSR practice. The point I am making is it is going to become even more important as the demand for skills increases.

CONCLUSION

Now look – if you've disagreed with what I've been saying this afternoon, or if you think I've got it all wrong – don't blame me. Blame Leeora. When I started at Transurban I thought CSR was a sugar company. Leeora taught me otherwise - that it's about the way you think - and about how that changes the way your business acts. She's changed the way I think – and I am applying the same skills she taught me in government today.