INDUSTRIAL DEMOCRACY BILL 1985

(Private Senator's Bill)

Date introduced: 21 August 1985
House: Senate
Presented by: Senator John Siddons

DIGEST OF BILL

Purpose

To encourage the introduction of industrial democracy in Australian enterprises through reductions in company tax for enterprises which are classified as industrial democracy enterprises.

Background

Whilst the concept and practice of worker participation or industrial democracy have been well established overseas, particularly in the Scandinavian countries, Germany and Japan, a great deal of confusion still exists in Australia, at the industry, union and government levels, as to the precise meaning of worker participation. Apart from South Australia, there had been a limited degree of interest in worker participation before the end of the 1970s, and at present largely takes the form of joint consultation, i.e. employee representatives are consulted about decisions but are given no significant role in the decision-making process.

In the past, a number of inquiries have recommended the introduction of greater employee participation. These included the Coombes Inquiry into the Australian Public Service and the Jackson Report on the future of the manufacturing industry in Australia. In June 1978, the Commonwealth Government announced its policy on employee participation. The National Employee Participation Steering Committee was established to implement the Government's policy of encouraging and assisting employers and employees to develop work arrangements jointly in order to improve the quality of worklife for employees, and to use resources more effectively. A 1981 study by the Department of Science and
Technology reported a survey with 19.9 per cent of firms having employee share arrangements and another 24.8 per cent considering them.

Prior to the March 1983 election, the ALP issued a policy document entitled, Labor and Quality of Government, in which reference was made to Labor's industrial democracy proposals for the Commonwealth Public Service. Between March and December 1983, the Labor Government initiated a number of research projects under the Employee Participation Research Grants Scheme which is administered by the Federal Department of Employment and Industrial Relations, Working Environment Branch in consultation with the National Labour Consultative Council Committee on Employee Participation.

In May 1983, an Industrial Democracy Unit was established in the Public Service Board to provide advice and assistance to departments on the introduction of more participatory forms of management, disseminate information and conduct education and training activities to increase awareness of industrial democracy concepts and practices. The Government's commitment to industrial democracy was re-affirmed in its December 1983 policy paper, "Reforming the Australian Public Service".

On 2 October 1984 the Government proclaimed those sections of the Public Service Reform Act 1984 which require Commonwealth Departments and Authorities to develop, maintain and implement Industrial Democracy Plans which are to be monitored by the Public Service Board. Departments were required to develop industrial democracy plans in consultation with staff organisations by 2 October 1985. The Government is currently in the process of preparing a Green Paper on Industrial Democracy.

An Industrial Democracy Bill was first introduced in 1981 by Senator J.R. Siddons. That Bill related to industrial democracy in Australian enterprises. It was subsequently amended but was still before Parliament when it was dissolved early in 1983. Senator Jack Evans introduced the original Industrial Democracy Bill, together with the agreed amendments, into the Senate on 24 May 1983. The current Bill reflects that amended Bill with further amendments.
Outline

The Bill provides for the establishment of a seven-member Industrial Democracy Board comprising 3 representatives nominated by the Minister for Employment and Industrial Relations, 3 nominated by the Australian Council of Trade Unions and 1 nominated by the President of the Australian Conciliation and Arbitration Commission. A Register of Industrial Democracy Enterprises is to be maintained by the Board to list companies which comply with its industrial democracy criteria. The criteria are:

(a) at least 8 per cent of the issued share capital is owned, or held through a share purchase trust, by a substantial proportion of the non-executive employees of the enterprise;

(b) the operations of the business are carried out through autonomous working groups based on performance centres within the enterprise;

(c) a profit sharing scheme has been established in the enterprise;

(d) a consultative council has been established by the enterprise; and

(e) the enterprise establishes small groups of about 10 people to discuss work matters such as efficiency, new equipment etc.

Companies which satisfy at least four of the five criteria will be entitled to an 8 per cent reduction in the rate at which tax is payable under applicable income tax legislation. A pro rata reduction is allowable where an enterprise is registered for only part of the year.

Main Provisions

Clause 4 defines the terms used in the Bill. "Enterprise" means a company within the meaning of the Income Tax Assessment Act 1936 and includes all bodies or associations corporate or unincorporate, but does not include partnerships. By clause 5 the Industrial Democracy Board is established and its functions of encouraging enterprises in the establishment of industrial democracy and disseminating information on the matter are provided for by clause 6. Clause 7 outlines the membership of the Board and
under clause 8, members will be appointed for 3 years and may be reappointed. Clause 15 requires members to disclose their pecuniary interests.

Clause 19-25, inclusive, relate to the registration of industrial democracy enterprises. Clause 19 requires the Board to maintain a Register and to make a copy available for public inspection. The eligibility criteria for entry in the register are set out in clause 20. Sub-clause 20(5), gives the Board a discretionary power to list an enterprise which complies with only 4 out of the 5 listed criteria.

Clause 21 provides for the application of enterprises for registration in accordance with the proposed section 20, whilst clauses 22 and 23 set out the grounds on which an enterprise may be removed from the register.

The tax incentive to employers is provided by clause 28.

Clause 31 contains a requirement for the Board to present an annual report to both Houses of Parliament. Clause 32 confers the normal regulation-making powers upon the Governor-General.

For further information, if required, contact the Economics and Commerce Group.

29 October 1985

Bills Digest Service
LEGISLATIVE RESEARCH SERVICE

Reference

1. Gunzburg, Daron, "Employee Participation in Australia" Progress Report, Department of Science and Technology, AGPS, 1980.

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