

10 October 2005

**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
FRANCHISE COUNCIL OF AUSTRALIA'S 2005 CONVENTION**

E&OE...

PRIME MINISTER:

Well thank you very much Richard, Fiona Wood Australian of Year, Mr Chairman, our guests from overseas, ladies and gentlemen. Can I say Richard in direct response that the Government does recognise the contribution that the franchise community has made to the Australian economy and we do very much respect the values on which your organisation has been founded and the motivation behind the efforts of your members. The contribution that many in this gathering have made, the contribution that franchise people have generally made to the Australian economy has been an integral part of the success story of the Australian economy over the last decade. I have frequently employed the expression, 'the enterprise worker' - a modern description of the reality of the Australian workplace.

Old descriptions such as 'white collar' and 'blue collar', even 'knowledge worker' are no longer adequate to properly encapsulate a growing number of people, some of whom own their own businesses either as franchisees or otherwise, but many of whom remain employees but see their future as tied up with the future of the business for which they work. They understand better than people in earlier generations did, that the old 'them and us' mentality of the Australian workplace is gone forever and that it is working together for our future which is the dominant consideration, and working in an environment where the success of the enterprise is indistinguishable from your own personal success, whether you own and operate the enterprise or whether you work for the enterprise.

It's not surprising therefore that a few weeks ago a statistic came out which says a lot about what has happened to Australia over the last decade or more and that statistic said that there are now more Australians who are self employed as owner-managers at 1.91 million than there are members of a registered trade union.

Now I do not say that in denigration of trade union memberships. There has never been anything in my philosophy which denies or disputes or argues against the right of people to organise themselves into trade unions, or to belong to trade unions, or to have trade unions fairly and legitimately represent them in pursuit of their workplace goals. But we are a nation transformed; we are more entrepreneurial, we are a nation that understands the value of the enterprise worker, whether that worker is an employee or an owner, he or she represents the Australia, not only of today, but the Australia of the future. I agree with what your Chairman said; the world's best practice in franchising can be found here in Australia - the transformation has been remarkable.

Franchising was virtually unknown in this country until the 1970s and driven at first by major corporations such as McDonalds and KFC and pizza, and perhaps exemplified by nobody more so than the late Charlie Bell who rose to become the head of McDonalds before cancer tragically took away his life at the all too early age of 44. But the example of people like Charlie Bell is replicated a hundred fold or more in this gathering and what all of you have done is to recognise what your Chairman said, and that is you don't want governments telling you what to do, you want governments both out of your pocket and out of your way, and if you are given the right environment and the right climate, you can build businesses and you can generate jobs.

And that of course brings me to a document that I released yesterday and you may have read about or heard about, and that is a document that explains in great detail, the government's proposals for workplace relations reform. And I have a very simple message to all Australians about industrial relations reform and that is that it is a strong economy which provides job security, higher wages, and better conditions, nothing else. All the regulation in the world won't save a job or increase a wage or improve a condition if the economy is performing poorly and therefore the true, indeed the only test, of the worth of a nation's workplace relations system is the contribution that system makes to the strength and the productivity of our economy.

Many of you would remember the early 1990s. I look around the room - quite a few of you would, quite a few of you wouldn't, in terms of business experience that is, and that is a commentary on the great variety and the age structure of the franchising community in Australia. But in the early 1990s we had a deep recession, we had a million people out of work, real wages in many sectors of the economy were in free fall, job security was a myth. The reality of course was that it was a myth because the economy was on its knees. Interestingly in the early 1990s we had all the rules and all the protections and all the regulations under sun, even more than we have now and fewer than we will have in the future.

But those regulations and those rules didn't stop the economy; in fact they helped contribute to the economy going into free fall and my point is very obvious and very simple that in the end it's the strength of the economy and the contribution that a workplace relations system makes to the strength of the economy that provides job security, higher wages and better conditions. You cannot regulate for job security and higher wages and better conditions if the economy is weak. If a firm has gone broke, nothing can save your job, the contribution that the rules and regulations make to preventing the circumstances for the firm going broke are the things that really matter.

Can I say, specifically in relation to the franchise sector, that the changes that we are proposing and will be contained in legislation to be introduced in a few weeks time will provide an even simpler agreement making process – we'll retain the multiple business agreements, something used extensively in franchise operations and for someone opening up a new franchise, agreement-making will be simpler because there will be a greater range of agreement types. You can have an employer or union greenfields agreement, you can negotiate an AWA or a collective agreement with employees once they have been employed in the new business. Under the new arrangements it will no longer be necessary to have a full bench hearing of the Industrial Relations Commission to achieve some of the things you had to in the past, and the whole process of agreement-making will be simpler.

Can I finally say to all of you that the contribution that your industry makes to the economy of this country is impressive not only for its size and its scope but it is also impressive for the extraordinary growth that has occurred over the last decade? Over the last ten years, there has been an increase for example from 39,000 to 50,000 in the number of franchise businesses. On one estimate the franchise sector now contributes 10 per cent of Australia's GDP and provides employment to approximately 600,000 Australians. It has produced some remarkable men and women. It is a sector of the Australian economy which is essentially unregulated and individually driven. It can start on the kitchen table or around the barbeque. It's welcomed a growing number of women as people who have begun franchises; indeed some 30 per cent or more of all new small businesses, operated and opened in Australia are now operated and opened by women with a growing number of them operated from home.

All of this speaks of an economy transformed by flexibility. Whenever I address audiences about Australia's economic future these days, I employ the metaphor of participating in a foot race towards an ever receding finishing line. The responsibility and process of economic reform can be an immensely frustrating one. You never get there. It is like participating in a foot race towards an ever receding finishing line; you are driven to keep going, not by imagining that you are ever really going to get to that finishing line but because there are other people participating in the foot race and that if you slow up they're going to go past you and they are going to gain the competitive edge and I think probably more than any audience in Australia, this gathering this morning will understand that. But that is why we need as a nation to continue to pursue economic change, economic betterment and economic reform.

There are people who say to me, John why do you keep talking about further reform. You've had a whole lot of reform over the last ten years. There was reform before that, that you supported. Why don't you just have a holiday, have a rest, we're all doing well, go away, leave us alone and we'll just keep running on the strength of the reform that we've had to date. That my friends, my fellow Australians, is a recipe for this country losing its economic momentum. You know from your own businesses you either go forward or you go back. The idea that you can run on the spot, maintain your market share without ever increasing an evermore competitive effort is an illusion and if this nation ever settles for that illusion, this nation will have lost the economic drive and the capacity to be flexible and to change which has been the engine room of our success over the last ten to twenty years.

So can I say to all of you, thank you very much for coming to Canberra, thank you very very much, but most importantly of all, thank you very much for the contribution that you have made to the strength of the Australian economy over the last ten years and the strength of that economy is not something that exists in some kind antiseptic isolation.

A strong economy means good conditions, it means decent wages, it means good profit, it means tax collections which fund things like health and education and defence which is so important to our economic and social wellbeing, but most importantly can I thank all of you for the contribution that you have made to the enterprise culture which has transformed this country over the past few decades and has given it the respect of which earlier people spoke and has stamped the Australian brand as a brand to be respected and to be followed and in some parts of the world to be admired.

As business men and women you have played an integral role in that and I very warmly thank you. I am very pleased to declare this conference open, I wish it well and I'll continue to work and my Ministers will continue to work very closely with your organisation in the years ahead. Thank you.