

**ADDRESS TO 10TH ANNIVERSARY DINNER
BUSINESS COUNCIL OF AUSTRALIA**

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BY

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Had I been more attentive to the lessons of the Scriptures I might not have accepted the invitation to speak here tonight.

Proverbs, Chapter 17, verse 28, says:

“Even a fool, when he holds his peace, is counted wise; and he that shuts his lips is esteemed a man of understanding.”

Yet I am also mindful of **Luke, Chapter 12, verse 28:**

“Unto whom much is given, much shall be required.”

I have derived much pleasure and satisfaction from my association of the Business Council, so I obeyed the second biblical injunction and accepted when John Ralph asked me to speak tonight.

On a night when we celebrate a decade of the Business Council, I think it is appropriate to go back into some history. Indeed, this may be why John has chosen somebody from early dreamtime like me to speak to you, instead of one of today's executives who, instead of ruminating about the past, go abseiling and explore underwater caves to prepare themselves for the modern business world.

If my information is correct, the Council today has only seven members – Mark Bethwaite, Brian Finn, Brian Loton, Geoff Norris, John Ralph, John Utz, and Stan Wallis – who were also members ten years ago. So a bit of the early history may not be so boring to most of you.

It was George Polites who in early 1973 said to one of the subsequent founders of the Business Council, “It won't work; no-one can corral these stallions at the head of big companies”. His comment was no doubt heart-felt. George had had nearly three decades at the pinnacle of organised business in Australia. He had seen disunited employers – not the least large companies – constantly buckle under a whiff of grapeshot from unions and allow themselves to be divided and ruled by successful governments. The business environment we had then had been comfortable for many of us, and we usually left association executives holding the bridge like Horatio against marauding Etruscans to fight the battles while we took the easy way out. It was George who also said, I hope at least with a little tongue in cheek, that he saw his job as “losing as slowly as possible”.

One could feel a Business Council coming on twenty years ago – in 1973, only months after the election of the Whitlam Government. A group of companies under the informal leadership of BHP's Ian McLennan, ICI's Dirk Zeidler, and others, and known as the Big 50, called a business “Summit” meeting in Melbourne to discuss their concerns with the industry association structure, lack of business influence in government policy and industrial relations, and inadequacies in business advocacy.

The only public reference to this was made in an article in The Age more than a year later by a then young business school academic, Geoff Allen, which noted:

“The main idea in the minds of the Summit organisers was to create a new ‘superstar’ industry organisation to stand up and fight for [business views].

“... the advocates of a new organisation were outmanoeuvred [at the meeting] by the leaders of existing organisations. These [corporate] business leaders clearly were unsophisticated and

unbloodied in the basic political strategies of steering a meeting such as this to a practical conclusion. As a result of the Summit a working party has been set up; it has done little and has nowhere to go."

The tangible outcome of the 1973 meeting of the Big 50 was a threat by large companies to form their own organisation if the two major national organisations didn't accelerate their merger to form the Confederation of Australian Industry. This was to take a further three years. During this time the plans to give the 50 largest companies direct membership were shelved, and the CAI became an association of associations.

The roots of the Business Council go back as far as 1919 when the Australian Industries Protection League was launched in Victoria as a product of the times by our first Labor Prime Minister John Watson, then in retirement. The name was changed to the Australian Industries Development Association (AIDA) in the 1950's.

By the late 1970's, AIDA had become an organisation of senior managers in manufacturing. It was leading a change in the way business organisations were working in Australia. There was strong pressure for member companies to be represented by CEOs and, breaking new ground, two academics were appointed to the secretariat, one as Executive Director and the other as Research Director. It understood and could deliver arguments in the language of the Treasury mandarins, and sought to promote new policy ideas on the basis of research and broader concepts of public interest.

At the end of the 1970s there was a perceived need for broader large company collaboration. The Committee for Economic Development of Australia (CEDA) was the catalyst for the development in 1979 of a network of CEOs from all sectors. On the model of the U.S. Business Roundtable under the chairmanship of Gordon Jackson and then Jim Kirk, it attempted to "corral the stallions", including manufacturers. It sought to provide longer term views about major policy issues based on objective research, with business leaders standing up to be counted. It was through the Roundtable that I became involved.

The Roundtable lacked sustained research support and did not go public with announced policies. In 1980 a tentative approach was made to Gordon Jackson by AIDA President, then John Hooke, to explore collaboration or merger. Because of overlapping membership and effort, and the perceived value of pooling resources for research and policy support, discussions got more serious through 1982, when Milton Bridgland was President of AIDA and Jim Kirk had become President of the Roundtable.

By the time of the change of Federal government in March 1983 there was a commitment to merge. The business experience at the July 1983 National Economic Summit meeting was to be the catalyst for its rapid implementation. In a number of ways the Summit and its associated Prices and Incomes Accord underlined the need for a Business Council.

While some of the major corporate leaders were heading industry organisations – as in banking, mining, and the automotive industry – they were by and large absent from the major associations. To get the most substantial names in business to attend the Summit, the Prime Minister had to look beyond associations to find 18 independent business leaders. While almost all of this so-called Gang of 18 (of which I was one) were members of AIDA or the Roundtable, we proved to be the epitome of the uncorrallable stallions.

Some of you will have painful memories of how we attempted to caucus on major issues throughout that week. I read the other day of Edward Shevardnadze trying unsuccessfully to resign his leadership of Georgia a number of times because his deputies were unruly. Now it can be told that on numerous occasions we virtually had to push Sir Eric McClintock, our chosen Chairman, back into the chair. Our meetings were, as the press judged fairly, not very effective.

Many of us – at the head of some of Australia's largest companies – scarcely knew each other and certainly had not worked together for any purpose. We had no shared perception of what we

wanted from the Summit, or from the long-run policy environment. And our lack of systematic involvement in political processes left us vulnerable to the political experience and clever tactics of others. We were also a rather secretive lot – very coy in public – so that for many citizens the televised proceedings of the Summit were the first opportunity the public had to put faces to many of the names in the industry and commerce.

Peter McLaughlin, writing after these events, saw it like this:

“The smoothness of proceedings and the near euphoria of the official speeches [at the Summit] belied deep personal tensions within the business sector. These tensions reflected the complexity of relationships between individuals, organisations and philosophies, but were exacerbated by business’ general distance from political power plays and, for many {but not all}, the sense of being outflanked by the Labor Movement in an orchestrated game plan. Nowhere were these tensions felt more than in the so-called ‘Gang of 18’.”

During the Summit, Bob Hawke invited me to join his table at lunch in the garden of Parliament House and asked me what he should do about involving business leaders as distinct from associations in the formal consultative structures he was considering. I told him of our plans. He said that in the light of these he would involve us fully in future consultative mechanisms. This has led some to believe that the Council was in some way initiated by Bob Hawke. The truth is that the plans were well advanced by then, but that the experiences at the Summit speeded up the formation of the Business Council.

Within three months AIDA and the Roundtable had agreed on the terms of a merger and developed a Constitution. There were arguments – which continued for some time – about whether there should be an Inner Executive with a policy role and whether or not we should get involved in the policy bargaining and trade-off deal making that the government sought. There were also some early tensions, which I believe we resolved well at the time, about how to reconcile the interests of individual member companies with policy stances taken by the Council.

A planning committee of 6 members, of which I became the reluctant Chairman, put together the framework for the new organisation. The Committee quickly agreed on a planning document called “Objectives and Modus Operandi”. The following basis was laid for the organisation:

- It would attempt to be objective, stressing the importance of the economic development while seeking a policy environment that served all Australians rather than narrow interests;
- It would be proactive, seeking to place issues on the agenda and shape them rather than simply reacting to the initiatives of others;
- It would be research based and rigorous in argument;
- It would be company – not secretariat – driven, involving staff of member companies in supportive work, drawing on and explaining to others the direct market based experience of our members; and
- It would seek to bring Australian companies into a new mode of working together, as well as involving company leaders more actively in public debates.

Some of you more elderly gentleman would have attended the launch of the Business Council at Sydney’s Regent Hotel in September 1983. The Soviet Ambassador reached Sydney to attend, but turned back to Canberra. It was the day a Korean jumbo jet was shot down over Russian airspace.

While perhaps not entirely understanding the course we would take Prime Minister Hawke said, and I quote:

“The establishment of the Business Council of Australia is beyond doubt a landmark along the new path, the new direction Australia is taking ... I have long been a firm advocate for such an organisation to give the Australian business community a stronger, clearer, a more coherent and more cohesive voice in the economic and industrial life of this nation”.

Opposition Leader Peacock also expressed supportive views.

We all have memories of our involvement in the Council – I hope mostly positive.

I know I made many mistakes as the Council’s first President; which I had – again reluctantly – become because I was outfumbled by the other more astute candidates. At one of the early full Council meetings with the Government I made the mistake of inviting the Prime Minister and the Treasurer to say something to us before opening the discussion. After they had spoken for an hour and a half there was scarcely enough time to thank them. The press reported full and frank discussions.

An early excursion into high policy was in relation to the 1984-85 Budget. John Ralph’s Economics Committee had done an excellent job in analysing the budget numbers and convinced the Council that I should lead advocacy for a \$5bn deficit rather than Nick-named the “five billion dollar man” I took plenty of heat from the Government. The Treasurer called this advocacy politically motivated, “so meaningless as to be a joke”, and “out of the question”. Then, leaving aside tax cuts which we had not supported, the Treasurer pulled something very close to this as the first of a series of rabbits from this magic budget hat. This early rubbishing of our budget advocacy and then ultimately delivering something close to what we had called for became the pattern of the next few years.

It was over this budget advocacy that our brave nominees in EPAC, Alan Coates and Bryan Kelman, felt the political intensity of the business government relationship. My recollection is that in an attempt to separate them publicly from the Council’s position, they came close to being what in police circles is called “verballed” in what was to be the first and, because of this, the last official EPAC meeting communiqué.

Each President has had his own way of coping with corralling you stallions. For me in the early testing days it was a bad left ear. One eminent Council member tried three times to put a controversial issue to vote ... or so I am told; I didn’t hear him.

Bob White was the next President. While I was also there to make up the numbers it was left to Bob, together with Eric Mayer, to lead us into the Tax Summit in 1985. He was vilified by government leaders for not buying, on our behalf, the Government’s tax package lock, stock and barrel. The Council was made the scapegoat by the Government when the industrial and political wings of Labor had their first falling out in the Hawke period. This was one of a number of occasions when the Government has promoted the idea that opposition by business to their policies is motivated not by differences on the issues but by the party politics or ideology.

Bob’s most vivid memory from his Presidency must be when, again on our behalf, he had to tell the Prime Minister that the Business Council was not about to publicly praise Accord MkII. This led to twenty minutes of language on the telephone, which Bob hadn’t heard since he was a tellers apprentice. What is not more generally known is that the full Council was commanded to assemble before the Prime Minister in Canberra. This would have been great sport but served nobody’s interest; it took three days of assiduous staff work between the secretariat and PM’s office to defuse that situation.

Government expectations had become more realistic by the time Rod Carnegie became President. It was a fruitful period during which the Council worked together in new ways. Rod deserves our gratitude for undertaking the Herculean task, with the Executive Director, of visiting every Council member to discuss one-on-one the workings of the Council and the critical issues of the day.

The two dominant themes to emerge were the growing national debt in the context of our competitive performance, and concern about employee relations and the industrial relations system. These perceptions helped to give focus to the Council's work. This was at a time when the Government had declared that the pain of adjustment was at an end and that they were "bringing home the bacon".

Under Rod's leadership the Council set about to change the "industrial realities" we were told could not be changed. This was initiated by members putting their hands in their pockets in a big way and forming the Employee Relations Study Commission. While others now claim ownership of the shift towards today's enterprise focus, in the view of many the work of the Commission changed the course of Australia's industrial history. It may be the most significant single contribution the Council has made. The significance of it can be seen in retrospect by the fact that as the then Prime Minister was briefed on the study commission, he told council members we would get enterprise agreements over his dead body. in The light of subsequent events I suppose he was half right.

Under Dean Wills' Presidency the Council's now continuing to work on microeconomic reform was launched. While such reform was part of the Governments rhetoric and some economically orientated Ministers were delighted with the Council setting some tough objectives, this was not universally appreciated by our political and industrial leaders. Again, our EPAC nominees – this time Will Bailey and Eric Mayer – took a pasting on our behalf. The Council sent them to EPAC with a strong paper on inadequacy of reform on the waterfront and coastal shipping. This was just one of the occasions when the union and government reaction was high on the Richter scale, but it was also a demonstration that we were being taken seriously.

Under Dean's leadership the Council issued its first Industrial Relations Study Commission Report, and initiated the series of major Business Summits, which I think have served our cause well.

Brian Loton was the next President. While by this time I was merely an interested alumnus I understand Brian had to manage the stallions through some tortuous debates on such issues as the legal right to strike. He also had to manage attempts by Ministers to use the Council in the government's internal conflicts over telecommunications reform. It was arising from his disappointment with the Council that the then Treasurer who had earlier told the National Press Gallery that Australia had not had a prime ministerial statesman since Curtin, now informed us that we had not had a decent business leader since Keith Campbell.

Brian's period saw continuing work on microeconomic reform and the launching of the Innovation Study Commission's work, which I understand was to be discussed at the Council meeting today.

It is fitting to see that John Ralph should preside over the tenth anniversary of the Council. John was a member of the AIDA council from the 1970s and was an important influence in that organisation's leadership into the more sophisticated approach to business-government relations and public policy. He was also a member of the interim committee planning the establishment of the Council.

There have been many challenging moments in the ten years of the Council's existence, and at your tables tonight you might consider making nominations for awards for bravery. Let me start you thinking with just a few examples.

Knobby Clarke deserves one for Stoicism Under Pressure. He accepted a sustained barrage of abuse at a meeting in 1986 simply for making some polite comments to the then Prime Minister on economic management. This was the first of a number of rather robust exchanges between Nobby and our political leadership.

Ian Webber deserves the prize for Standing Up to Combined Pressure from Ministers and the ACTU in a high profile meeting on executive remuneration in March 1988. The intent of the meeting was to have business accept that executive salaries would be determined by the arbitration machinery.

The Council's stand in keeping executive salaries in the marketplace was consistent with the emphasis on an open market economy.

And there is the Secretariat we have from time to time left standing there, saying unpopular things while business leaders keep their heads down. They deserve an award for being the victims of the processes of divide and rule, or shoot the messenger. So we hear from time to time they are "ideological", or "out of touch with the nice Council members who really agree with the Government", or who, as one Minister said, "just lavish praise on the Government".

The Council has been extremely well served by its three Executive Directors – Geoff Allen who was instrumental in setting up the Council and guiding it into its operating mode, Peter McLaughlin, and now Paul Barratt.

Bruce Watson and Eric Mayer get special mentions for the 1988 Annual General Meeting. You may recall that Bruce, deputizing for Rod who had just had his accident, told the Prime Minister and the assembled multitude of the slowness and inadequacy of the reform agenda. Following this the Prime Minister interrupted his eulogy of the Government's performance to severely scold the Council in general, and Bruce in particular, for ingratitude. Thanking the Prime Minister, Eric admitted we felt like naughty children being spanked, but with supreme skills of diplomacy firmly told the Prime Minister that Bruce was right after all.

Given our self-imposed restraints – for example not to seek to speak for business generally – I think the Council has always been conscious that expectations of us have been perhaps too high.

Clearly the Government thought they were going to get the third leg of the corporatist consensus trifecta. By late 1989 Bob Hawke told the Financial Review that one of the great disappointments of his years in office was his failure to get business to deal with him through one unified voice. Despite many attempts to explain our pluralist philosophy, there is no question that both the Government and the ACTU – probably with the mindset of their industrial relations backgrounds – came to see our refusal to deliver deals on behalf of some monolithic business entity as a sign of inadequacy, poor organization, and weakness.

Looking back over the years, I believe the Council can be proud of its achievements. It has had a profound if often unacknowledged influence on policy and economic reform in Australia. It has conveyed business perspectives to government where they were hitherto lacking; it has led to a focus on longer term issues for Australia. A part of its value has been the opportunity for contact with other members and learning from each other. The shift from a destructive internal conflict on free trade versus protection to a focus on competitiveness has been greatly facilitated by better mutual understanding among business leaders and this mechanism for talking to each other; so, too, has the re-orientation of conflicting views of central versus decentralized industrial relations to a focus on enterprise based relations.

The Council has been in the vanguard of these two policy shifts which have been turning points in this phase of Australia's history. It has also been at the vanguard of microeconomic reform and set high standards for macroeconomic policy; it has been an important influence in ensuring good corporate governance and achieved many other things.

But I believe there is an important dot-point missing on our page of achievements. It is probably more important than any so far and in my view it is the real challenge for the years ahead. This is the task of explaining the business perspective to Australians generally and winning their support for the continuing, and sometimes tough, agenda of reform.

It has always been on our wish list. In my address at the launch of the council ten years ago I said:

“There is a very strong commitment to the council by its members, but we need the interest and support of the wider community to achieve our aims. ... We realise that even the most sensible and desirable policies are unlikely to be implemented unless supported by public opinion. Informing the public will therefore be high among our priorities.”

In the aftermath of the first Business Summit in 1990 there was an attempt to set up an ambitious program to reach the community generally. It was too ambitious and needed to be scaled down, but it was in my view a great pity that in the event nothing was done at all.

I note a number of speakers at the most recent Summit made reference to this need. Ian Salmon said we need the support of all Australians to achieve our reforms. John Ralph talked about the slowness of change and the need for urgency and commitment to extend the debate to the wider community. John Prescott argued that the real challenge for business was to provide the inspiration. Hugh Morgan said the same thing. Peter Barnett particularly raised this in his speech. He said:

“We in business have some difficulties in communicating our vision for an achieving society – particularly to the point of influencing basic community attitudes. When it comes to contributing our experience and insights – our vision for the future of Australia – we find we cannot communicate, and lack legitimacy with those setting cultural values.”

Jeff Fraser can sell soap, Dean Wills can sell coke, and Peter Ritchie is superb with hamburgers, but we have so far not been able to effectively extend our broader message to ordinary Australians whose interests are so profoundly affected. As I have said on other occasions, if we can convince the general public of the validity and good sense of our views, the politicians will compete to lead the charge. It was that consummate politician, “Yes Minister’s” Jim Hacker, who said, “It’s the people’s will, I am their leader, I must follow them”.

The Council may have this issue well in hand. For my part I believe this is the missing ingredient so far in a most successful venture and the next great, and probably the most difficult, task the business community has before it.

Over the ten years of the Council’s life, leaders of Australia’s largest companies have come together in a way previously unknown in Australia. They have entered directly into the marketplace of ideas and involvement in policy making. The significance of what has been achieved cannot be seen as clearly in the perspective of 1993 as by comparison with those days and years before 1983 when we were largely absent from public life.

History will record that those in this room, present and past Council members, the hard working members of the secretariat, and those in member companies who have done so much to support the Council, have had a crucial role in changing Australia’s economic culture over the past ten years.

But there is no standing still in this, or in any other facet of life. While recording with satisfaction the achievements behind us, we must all continuously question whether we are measuring up to the challenges of the present and the future.

The Business Council of Australia, just like other companies of the caliber of BHP, is not there just to look after the interests of its members or shareholders. They are national institutions. At this level of eminence in the community such organizations are effectively responsible to all Australians and must keep this in mind when reviewing their own performance and making their decisions. It is a grave responsibility for the present and future leaders of such organizations.

I think it is appropriate that we drink a toast to the past achievements of the Council and to its success in the future. Accordingly I ask you to stand and drink with me a toast to the Business Council of Australia.

