



Speech by

Hon. J. FOURAS

MEMBER FOR ASHGROVE

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INDUSTRIAL RELATIONS BILL

Hon. J. FOURAS (Ashgrove—ALP) (8.45 p.m.): I am pleased to take part in the debate on the Industrial Relations Bill. The comments of the member for Crows Nest reminded me of something that I read about what happened in the mid 19th century, when they were trying to institute the 60-hour week—10 hours a day, six days a week. At that time, a conservative politician—not unlike the member for Crows Nest—said, "This is very undemocratic, because we are taking away from the workers the right to work." He went on to say that it was the thin end of the wedge; that it was the first step on the road to national ruin. One thing we know about members opposite is that they hate the workers and the unions. They hate to see workers' conditions improved.

A 1998 study titled *International and Comparative Employment Relations* by Professor Bamber examined 10 of the world's leading economies. It found that Australians were among the lowest paid in spite of their long working hours. It found that the hourly labour cost of an Australian manufacturing worker was 16% below that of an American, taking into account wages and oncosts such as sick leave and overtime payments. Australia's labour costs were higher than those in Britain and Korea, but lower than those in Canada, France, Germany, Italy, Japan, Sweden and, as I just stated, the United States.

In 1975, of the same 10 countries in the study, only workers in the US, Canada, Germany and Sweden were more expensive than Australians. Professor Bamber, the author of the study, stated—

"It's something of an urban myth that Australian workers work short hours and are overpaid and are constantly on strike."

According to Professor Bamber, Australia's strike record is also better than many believed and ranked in the middle of the pack of industrialised nations.

Irrespective of the facts about labour costs, we hear repeatedly from Peter Reith and Santo Santoro that we need more and more labour market deregulation. I now wish to speak about the impact of labour market deregulation. Since the Reagan and Thatcher eras, from the 1980s on, increasing income inequality has occurred around the world. There are two main causes for this. One is deregulation and the other is that it is one of the effects of technological change. Both of those explanations—labour market deregulation and technological change—are probably part of the story. The relative importance of each probably varies from country to country.

In a paper titled *Deregulation and the Welfare of the Less Well Off*, in September 1995, Professor Nevile concluded—

"However, at least in the case of Australia, the evidence is that deregulation is much more important in explaining what happened to income distribution."

He was talking about the increasing disparity in income distribution—the poor are getting poorer. That is not surprising, as the very point of deregulating labour markets is to increase wage inequalities. A study by a Professor Saunders in 1993 considered the increase in wage inequality. Saunders concluded that while wage income inequality increased in all countries in his study, the increase was much bigger in the countries with deregulated labour markets, such as the USA and Canada, than in countries with regulated labour markets, such as West Germany and Sweden.

Economic rationalists such as Peter Reith and Santo Santoro argue that the increased inequality in wage earnings accompanying deregulation of the labour market will lead to reduced

unemployment; in other words, overall, inequality decreases as those at the bottom increase their incomes and become employed. Unfortunately, the facts do not bear this out.

The US now has the most deregulated labour market in the world. While unemployment in the US has not increased as much as in some other countries, overall income inequality has so that there is now a new class of poor in America—the working poor. Moreover, although countries such as Western Germany, Norway and Sweden have lower average levels of income than does the USA, they all have a significantly lower proportion of their population living in poverty than does the US.

Income inequality has increased more in England—the most labour market deregulated country in Europe—than in any other European country. Similarly, inequality has increased more quickly in New Zealand than in Australia. The facts are clear about the impact with regard to income distribution and labour market deregulation. Do we want to import the American nightmare of the working poor into Australia? The Beattie Labor Government certainly does not. Currently, there are about two million Australians living below the poverty line and they are not all the families of the unemployed. The number of working poor in Australia has doubled in the past 10 years as a result of labour market deregulation.

I would now like to speak about what this Bill is doing with regard to the revival of awards because I think it is important. If we are going to attempt to stem the flow of income deregulation, we ought to talk about the revival of awards as a means of addressing this trend. The Beattie Government is committed to ensuring an effective balance between collective and individual rights while protecting the wages and conditions of workers. Labor went to the last election promising to introduce a relevant, up-to-date award system to meet the needs of employees and employers and stating its commitment to a viable awards system that produces balanced outcomes for all Queenslanders. Paul Braddy, the Minister for Industrial Relations, has met this promise in developing legislation which restores a fair and equitable award system to Queensland by establishing a system that addresses wages inequities and a system that provides protection for those reliant on awards for wages and conditions without restricting the employers' preferences for employment arrangements. He should be congratulated on this.

The industrial relations task force, after a broad consultation process, developed a number of recommendations that seek to inject fairness back into the industrial relations system in Queensland. Some of the key recommendations that the Government adopted include: that the commission be able to set a minimum wage for both award and non-award employees, as is currently the case, under its general powers, as it has been under general rulings for award employees; that the current clause allowing for a wide variety of types and applications of awards be continued; that the commission is able to make and review an award to set fair and reasonable conditions of employment; that there be no automatic flow on of terms in an agreement to an award, except where this is consistent with full bench principles for deciding wages and conditions and is not otherwise contrary to the public interest; and, finally, that awards must be reviewed regularly—at least every three years—by the commission.

The importance of ensuring that Queensland workers are not deprived of reasonable employment conditions cannot be emphasised enough. For example, over 50% of rural and regional workers are entirely reliant on awards to set their wages and conditions, and only 1.6% of small businesses are covered by certified agreements. This point is even more pertinent when one acknowledges that 97% of businesses in Queensland are small businesses. The current system means that those who are not able to make an agreement are dependent on "safety net" increases awarded by the commission and, as awards are limited to safety-net conditions only, this limits the range of conditions that the low paid are entitled to.

The task force's issues paper found that, since 1992, employees covered by enterprise agreements in Queensland have had wage increases of 15% to 20% above the award rates of pay. In contrast, employees who have only had access to arbitrated safety net adjustments at the award level have had a 10% increase since 1992. We have been going through this labour market deregulation as if it is a panacea to the problems in society, but it is shown in those statistics how it is impacting on people who are not covered by the award system. I think it is important that, as a Labor Government, we say to those opposite that we make no apologies for trying to redress this trend.

Therefore, while the coalition Government reduced the viable and realistic choices available to employers when choosing an employment arrangement, this Bill will introduce a comprehensive system, providing a greater choice both in agreements and range of awards, including: common rule awards, enterprise awards, minimum rates awards and paid rates awards. This Bill will promote flexibility and efficiency in employment arrangements between employers and employees by requiring facilitative clauses in awards which allow agreement at the workplace level about how award provisions are to be applied.

Mr Cooper interjected.

Mr FOURAS: Not likely.

The task force report revealed that the spread of bargaining is slowing and remains concentrated in larger enterprises, the public sector and high wage areas. In addition, the task force found that most small businesses seem to be content with the award system, which suggests that small business is unlikely to contribute to the spread of enterprise agreements.

Given that the small business sector constitutes the majority of Queensland employers, it is critical that Queensland maintain an award system that suits the need of employers and employees. This Bill stands in stark contrast to the industrial relations regime of Peter Reith which not only removed the commission's capacity to review awards and, hence, maintain their relevancy to the needs of Queensland workers, but the coalition went one step further and introduced the so-called award simplification process—in reality an award stripping process—which reduced awards to only 20 allowable matters.

Mr Roberts: Now they want to reduce it down to 16.

Mr FOURAS: That is right. If this situation is not insulting enough to the integrity of workers in both this State and this country, Peter Reith has stated that he intends to further reduce the allowable matters to 16 matters, proposing to remove long service leave, superannuation, jury service and tally provisions. The further reduction of the allowable matters will effectively increase the gap of wage inequality and undermine social wellbeing. The people opposite are a bit like Margaret Thatcher: they think we do not live in a society; they think we live as individuals.

The Beattie Labor Government will not stand by and let this undermining of workers' employment standards and rights to continue. This Bill will introduce a review process requiring the Industrial Relations Commission to review and vary awards at least every three years in order to ensure that awards are up to date and relevant for the employees and the large number of employers who rely on them. As outlined in the Bill, matters to be considered by the commission when reviewing or varying awards include that the award: is non-discriminatory and does not contain obsolete provisions; provides secure, relevant and consistent wages and employment conditions; provides fair standards for employees in the context of prevailing living standards; is suited to the efficient performance of work according to the needs of particular enterprises, industries and workplaces; contains dispute resolution procedures—and we do need that—and takes account of the efficiency and effectiveness of the economy, including productivity, inflation and the desirability of achieving a high level of employment.

To ensure access to this process, a review may be instigated on application by a party or by the commission's initiative. In addition to providing an up-to-date system for awards, the review of awards will also ensure that awards provide a fair platform in the role as benchmarks for agreements under the no disadvantage test. The Bill maintains the distinction between awards and agreements by providing that the commission may only include agreement provisions in an award if consistent with full bench wage principles and if it is not contrary to the public interest.

This is a Bill that Queensland can be proud of, for it not only restores fairness to the award system but also enhances the award system by enacting a set of core minimum employment conditions for all employees, and other members have spoken about that. These core conditions will be taken to be implied in any contract of employment or industrial instrument, and include annual leave, family leave, long service leave and sick leave. Whereas the coalition Government sought to undermine awards by reducing them to a mean-spirited safety net set of conditions severely diminished by award simplification, this Bill seeks to reassert the social role of awards in providing employment conditions that reflect community standards. This Bill will ensure that the needs of low-paid workers will be included in the development of an equitable industrial relations system.

I will conclude by making some comments on economic rationalism. In the context of the arguments expressed by those opposite during the debate on this Bill, such a discussion is relevant. When I studied economics in the early 1970s, economic policy had the twin goals of equity and efficiency. Now the only goal is that of efficiency— competition, including labour market deregulation, at any price, irrespective of its impact on citizens and society.

In the 1960s and 1970s, economic rationalism was just a rather dodgy economic theory pushed by a sect of fanatics. Unfortunately, by the 1980s it had been inflated to a central principle of social organisation. Economic rationalism extols market forces and self-seeking individuals. Its ideal citizen is a creature called rational economic man. The social pathology of this creature has been well described by Brian Toohey. He states—

"Rational economic man is entirely self-centred. He has no motivation apart from self-interest. So long as he doesn't get caught he has no regard for laws, and still less concern for social conventions, moral principles or the affection of other people. There are very few such people and we have a word for them— psychopaths."

Margaret Thatcher captured economic rationalism's philosophy even more bluntly when she said there is no such thing as society, only individuals. This does not present an attractive picture of the good citizen who must be concerned with public interest and social responsibility.

The ideas of social responsibility and public interest must necessarily assume a degree of shared and cooperative activity and the existence of an actual society. Paul Ormerod, in his book *The Death of Economics*, stated—

"The promotion of the concept ... that the untrammelled competitive individual will maximise human welfare damages deeply the possibility of ever creating a truly cohesive society in which everyone can participate."

The New Right, the Liberal Party, the National Party and other groups such as business councils have unfortunately been remarkably successful in directing the terms of the public debate to suit themselves. They assert that deregulation and small government maximise the liberty and authority of the individual and therefore, by definition, produce the greatest common good. So it is simple! They set up the argument and they set up the answer: that deregulation and small government actually is about freedom, about liberty and about the common good. A good society is now one in which free markets are strongest. This is the false argument of those opposite—of Borbidge and Santoro, Howard and Reith. It is an argument which this Bill rejects.

I read in the book *The Global Trap* about the Caterpillar firm in America. In the 1970s it was going broke, so the workers got together. They took early retirement. They retooled. They worked longer hours. By the 1990s the company was making great profits. A new CEO came in, was paid millions of dollars and said, "Good. Sack 2,000. You all work two hours a week more for less." The union went on strike. For three years there were stop-work meetings. The union lost \$300m and three quarters of its membership. One of the workers said—this is important in the context of this debate—"I never thought the bosses would declare war on its workers. What bastards they are."

This is the society those opposite want—a society which is uneven. In America in days gone by there was profit sharing. If a company had four factories and three of them made a profit, they kept the other one alive. What happens in this new world extolled by those opposite? If they close the factory, the share price goes up, so they close factories. The only productive people we have in this society—the workers—are getting paid less and less. What do the people working on floor after floor of high-rise buildings do? They are there to tax dodge. They are there to downsize. They are there to advertise. They are there to promote. But they do not produce anything. They are the competitive people. They are the new rich of our society, whereas the workers—the farmers and the people who produce goods—are getting screwed by the system those opposite want to bring on, an economic system that is not in the interests of the society.

It is not about cohesion. It is not about economic justice. It is about the rich getting richer and it is about screwing the worker. It is a shame that members opposite do not understand that we have to intervene in the market if we want to protect the rights of people, if we want to change the trend of wages going down, living standards decreasing and the emergence of the working poor.

The Labor Party is proud to have a Minister who would bring such legislation into this House. We are proud to be part of a Labor movement that stands up for the workers. We are proud to have a Minister who understands that and who works to do that. I am proud that he is a Minister of this Government.

The one thing that joins together those opposite is their hate for the unions. It is the only policy objective they have. The only thing that unites them is a hatred of unions and ultimately, therefore, a hatred of the workers. I think I have said enough about those opposite. I commend this Bill to the House. I think it is wonderful legislation in the interests of social cohesion, in the interests of workers and in the interests of the community that wants to cooperate and be a society, not a set of individuals.
