Speech by

Mrs J. GAMIN

MEMBER FOR BURLEIGH

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INDUSTRIAL RELATIONS BILL

Mrs GAMIN (Burleigh—NPA) (12.51 a.m.): I rise to speak on the Industrial Relations Bill. In the context of this debate on the Beattie Government's determination to reinvent the past with regard to industrial relations, it is instructive to examine recent studies of the performance of the labour market in the United States—the world's largest economy and its most dynamic.

In recent years, the strong performance of the United States labour market has created enormous interest and inspired an outpouring of economic analysis and debate. That debate has centred around the question of whether the lesser degree of regulation in the United States market explains its better performance in terms of employment and unemployment and, if so, whether there are social costs which offset those employment benefits.

Some analysts have also questioned whether there have been benefits in terms of rising living standards of workers. Overall, much of the Opposition to deregulation in Australia centres around the perception that the social costs of deregulation in the United States more than outweigh the benefits of lower unemployment and higher employment.

One of the more general issues raised has been why, since the 1970s, there has been such an improvement in the United States employment and unemployment situation relative to Europe and Australia when there do not appear to have been major changes in labour market institutional arrangements. Associated with that issue is the point that some European countries have managed to maintain unemployment rates as low as, or even lower than, United States rates.

These are important questions to consider in the context of Queensland's great leap into the cave of history that the do-little Government proposes where workplace relations are concerned. These questions were examined at a Reserve Bank conference in June 1998 without any further conclusions being reached.

But—and I am indebted to Des Moore of the Institute for Private Enterprise for this summary—"explanations" included that the relative extent of regulation of European and Australian labour markets and the relative generosity of social security benefits have in fact increased over time. I make the point here that no-one on this side of the House would propose that, as Australians, we should not all be vitally concerned to maintain the generous extent of the safety net that our welfare system provides.

But it is the case that, because our labour market has been historically more regulated than that in the United States, it has been less able to adapt and respond to major structural change. It is important to recognise that the United States labour market, for all its dynamism, does not operate in a laissez-faire environment. The United States Department of Labour administers over 180 laws.

As well as the minimum wage, there are legislated requirements for overtime and laws relating to occupational health and safety and equal opportunity. Certain types of work at home are prohibited and the hours and types of work that children under 16 may undertake are restricted.

Legislation by the Clinton administration requires large employers to provide up to 12 weeks unpaid maternity leave, and similar requirements exist for adoption or serious illness in the family. Furthermore, State Governments also impose regulatory requirements, including minimum wages. In

addition, employment contracts are subject to the judicial decision making process under the common law.

For example, while the traditional approach has been that either party could at any time terminate the employment contract, the courts have made exceptions and a small proportion of contracts have come to include "just cause" provisions. What is also of interest is a National Opinion Research Centre survey that suggests that American employees do not uniformly prefer job security over other job characteristics and that, before common law exceptions were introduced in the early 1970s, there was little evidence of employer abuse of employees in relation to terminations. In other words, in a labour environment where working arrangements are far freer than they are here, it is still possible to legislate for proper safeguards—just as the coalition legislation that this Government is determined to kill provides in fair and just measure.

Over the past 25 years, the United States unemployment rate has fluctuated around 6% while that of most other comparable countries has moved on an upward trend. There is a lesson there for anyone with the wit to learn it. But it is one thing for people to be under pressure to seek work—the United States has a welfare system that is ungenerous compared with ours—and quite another to have a labour market which provides jobs for them. On that score, the United States labour market has been outstanding.

Opponents of deregulation in Australia have pointed out that the rate of growth in total employment in the United States has tended to be somewhat slower than in Australia. But analysts suggest that this primarily reflects the significantly faster rate of growth of Australia's working-age population, not a better working of our market. A better test of the efficiency of the labour market is the employment rate—the proportion of the population of working age that is employed.

Again the statistics are interesting. In 1973, the United States and OECD Europe ran employment rates—participation rates in our terms—of around 65%, while Australia's was merely 69%. By 1997, the rate for the United States had risen to 73.5% but OECD Europe's had fallen to 59.5%. Australia's was down to just above 66%. If Australia had had the same employment rate as the United States in 1997 it would have had nearly another 900,000 people in jobs—more than enough to wipe out unemployment.

We need to recognise the better than Australian average participation rate of Queensland and to applaud that. We are genuinely the engine of Australian employment growth and we need to keep and to boost that competitive marginal advantage. This Bill is not the way to do it.

In the context of the United States, it is often held that the American labour market produces employment growth in bad jobs. It is interesting that the proportion of part-timers has actually tended to fall in the United States, and that country has one of the lowest proportions of the labour force employed part-time. In contrast, Australia has one of the highest proportions, and that has been increasing. To the extent that the bad jobs proposition refers to low-paid jobs, it is true that a higher proportion of jobs in the United States are low paid relative to median earnings in that country. The rate is almost double that of Australia. Critics of the less regulated United States labour market have argued that, employment effects aside, the United States has very little else to show for it in terms of faster growth in real wages and living standards. It is true that in the United States earnings dispersal has been greater than in comparable countries, but this effect is modified by low-paid jobs predominantly being held by second income earners or young people in the family; increases in the wages paid to the more highly skilled; a measure of inequality based on household consumption— a better measure of welfare—rather than income suggests that there has been little change in inequality since the early 1970s; and studies show that apparent inequality in income distribution is significantly reduced over time because the low paid move into higher paying jobs.

Conditions in Australia, and certainly in Queensland, are very different from those in the United States. Our society functions on a different basis from that of America. Fundamentally, that is a great benefit and one that no-one would want to see removed. Our argument is not about whether we should import the practices of other places but how to improve our own. It bears repeating that we will not improve our own practices by adopting the ostrich option that is apparently favoured by this Government as exposed in this job-killing Bill.

Nonetheless, it is interesting in the context of labour market reform to examine in some detail the condition of the working poor in the world's largest and most dynamic economy. Contrary to popular perception, the large increase in the United States employment rate since the early 1980s has not been accompanied by an increase in the proportion of the population that is classified as working and in poverty. Studies show—and again I am indebted to Des Moore for these figures and, for the benefit of the member for Sunnybank, I point out that Mr Moore neither wrote this speech nor serves as the member for Clayfield—that the proportion of the working poor in the United States has remained stable at 6% since the early 1980s. Moreover, the percentage of the population that is working full time and is in poverty is only about 1% or 2%. Given that 55% of American families in poverty in 1996 were headed

by female single parents, the likelihood is more a reflection of United States social conditions than of the incapacity of the labour market to provide them with a high wage. The official measure of poverty in the United States is income based, equivalent to more than $A26,000 and does not take into account the net effect of taxes and non-cash social security benefits. Measures of poverty based on consumption rather than income suggest that the overall poverty rate is significantly lower than the official estimate.

In short, although no-one would suggest the whole adoption of an American-style labour market in this State or this country, or indeed the New Zealand model which was mentioned previously by the member for Gympie, there are lessons to be learned from anywhere. The shame is that this Government and this Minister have not gone out to learn anything at all; they prefer to retreat to the imagined comforts of past practice—practice that was arguably appropriate at the time but which will not work today and certainly will not work tomorrow in the 21st century. "Look forward" must be our motto. It is the motto that I recommend strongly to the "do littles" opposite who appear to have instead adopted a policy of looking back in envious anger.

I turn briefly to the assessment of this Bill by the Scrutiny of Legislation Committee. It is not a happy assessment. It has some harsh things to say about how it was drafted. It is less than friendly about some of the effects of its clauses. It is, or it would be if this Government and this Minister were in the business of listening instead of being in the business of telling people what to think and how to live, rather less than a ringing endorsement of the Bill's legislative integrity. By way of example, I point to its judgment on clause 63. The committee asks, as it is bound to and properly so, whether this legislation confers immunity from proceeding or prosecution without adequate justification. It answers: no.

The committee seeks information from the Minister as to why the State, as opposed to officers involved on this State's behalf, in conduct of an amalgamation or withdrawal ballot should be exempted from any legal liability in relation to defamation. The committee also asks, as it properly should, whether the legislation provides for the reversal of the onus of proof in criminal proceedings without adequate justification. It answers: no. The committee refers to Parliament the question of whether clause 673 contains a justifiable reversal of the onus of proof and, therefore, has sufficient regard to the rights and liberties of individuals.

This Bill shows all the signs of having been cobbled together by a collective—and I use that word advisedly—determined to stand the world, or at least this State, on its head. It restores union preference. It permits encouragement by unions of decisions by workers to join a union. It reimposes a de facto closed shop.

In conclusion, this Bill is an irrelevance in a community such as Queensland, where in the productive private sector union membership is in sharp decline, because the private sector economy no longer justifies universal unionism.