



Speech by

Mr LEN STEPHAN

MEMBER FOR GYMPIE

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INDUSTRIAL RELATIONS BILL

Mr STEPHAN (Gympie—NPA) (12.34 a.m.): It gives me a great deal of pleasure to join in this debate this evening, even at this late hour. One aspect of the present debate on industrial relations and this apology for a Government's impending vandalism of Queensland through its mates rates sell-out to big union power in the workplace is the issue of Queensland's competitiveness as an economy in the Asia-Pacific region. Our competitiveness as a State depends not only on our own efforts but also upon the national economy—a fact the Government would prefer to obscure when it thinks things are going well and will highlight when, as is inevitable in a cyclical economy, things start going not so well.

But it is still down to us to make whatever continuing improvements we can to productivity and to the other benchmarks of economic advance within the power of the State. The chief thing we can do on that score is to create a flexible workplace relations environment and keep it that way. It is this crucial driving force for the future that the Bill now before the House—the distilled misadventures of those opposite and their paymasters in the unions—will overturn and lead to ruin.

We have to face the fact that Australia, and Queensland with it, has seen a long-term slippage of its standard of living from the highest in the world to somewhere around the middle of the pack. The basic cause of this is poor productivity, and it is productivity that we must raise if the new century is to bring us the benefits it can in an environment where we make our best efforts to help ourselves.

I will talk in this context about comparative productivity rates, in this instance comparing Australian rates—Queensland rates—with those of New Zealand. I will do so in the further context of our productivity levels being low by OECD standards and the fact that some countries of East Asia have passed them.

I acknowledge the fine work, on which I draw today, of analyst Des Moore in his research paper prepared for the Labour Ministers council in November last year. His paper, the Case for Further Deregulation of the Labour Market, should be required reading among all those opposite who in this debate have pulled so hard on the sympathy vote. It is disputed by no-one other than the Labor Party—the excuse for a Government opposite—and the big unions, the Left Wing unions, who stand to benefit by being offered the promise of reincarnation.

In New Zealand, as Mr Moore points out, the experience in significantly reducing regulation of its labour market is of particular interest from the Australian perspective because its pre-reform system resembled the Australian system of compulsory conciliation and arbitration. Similarly, proposals for deregulation in New Zealand were attended by widespread predictions of bad outcomes. In fact, deregulation has not resulted—on either side of the Tasman—in the appearance of the extreme conditions that many on the union side and academics of the critical kind forecast would occur.

"Class warfare" is a foreign concept in Australia, anyway—it is a furphy that the Labor Party likes to trot out as part of its self-serving misrepresentation of history—as it is largely in New Zealand. Neither has there been a greatly increased level of industrial disputation. Indeed, in New Zealand, since the Employment Contracts Act came into force in 1991, disputation in that country has declined and has been below or close to the OECD average, whereas previously it was above average.

The move in New Zealand to a less regulated market followed a series of other major economic reforms which commenced in 1984 and continued after 1991. The reforms—like the reforms federally

here in Australia, and as was the plan in Queensland under the coalition—included a significant reduction in Government intervention and regulation of the economy. The coalition's reforms in Queensland were also supported by Federal action to reduce Government expenditure, overhaul the tax system and return to the commonsense of budget surplus.

The experience in New Zealand is also instructive where the social benefits and costs of industrial relations reform are concerned. In that country, developments since the Employment Contracts Act came into force in 1991 suggest—according to analysis—that there have been significant net social benefits from providing individual employees with the freedom to negotiate the conditions of employment most suited to their needs and desires. That is very important indeed. In particular, those opposite, who are trying to suggest that the coalition's reforms, which they are now trying to kill, will cause massive social distress, should consider these points—

having been given freedom of choice, an overwhelming number of employees have opted to put their employment arrangements under some form of self-represented informal collective contract or an individual agreement;

OECD measures of earnings dispersion for New Zealand show no widening between 1990 and 1995, but a marginal widening by 1997, and some evidence that this increasing margin may indeed have contributed to continued improvement in the unemployment rate after 1995; and

employees' satisfaction with their jobs and conditions of employment appears to have increased, with a 1995 opinion poll showing a remarkable 85% satisfaction rating with the existing situation.

That is very good indeed.

The proportion of private sector employees with union membership fell from 41.5% in 1991 to 20% at the end of 1996. That tells a story in itself. The overall rate of industrial disputation has declined both absolutely and relative to the OECD average—and also relative to Australia's. Since 1991, when the Employment Contracts Act came into force, the unemployment rate has substantially fallen and the employment rate substantially increased.

New Zealand is also an instructive comparison in terms of economic benefits and costs in relation to getting the best results under those conditions. Without an economy that grows in output terms as well as consumption terms, there is no guarantee of a future free from structural imbalance. So there is some support and hope there.

These points are most interesting. New Zealand's unemployment rate dropped from 10.3% in 1991 to 6.7% in 1997, and that in itself is worth noting. From being 50% above the OECD average, it moved to running slightly below the average. It also outperformed the Australian rate, which fell only from 9.5% to 8.7% in that same period. New Zealand is one of only six OECD countries to have had a reduction in its structural unemployment rate over the 1990s, and that reduction has been greater than in Australia's case as well as being to a significantly lower level. So we can get some support from those figures.

The proportion of New Zealand's working-age population that is employed increased from 66.5% in 1991 to 71.5% in 1997, a full 5% higher than the Australian rate during that same period. Average real wage levels have been comparatively stable against the chorus of Jeremiahs who forecast a disaster. Unit costs between 1991 and 1995 reflect productivity growth rather than wage reductions. As the Moore study finds, there is little doubt that the New Zealand labour market has performed considerably better than Australia's labour market during that eight-year period. We can learn from that experience.

The New Zealand labour market also performed significantly better than the OECD average. The New Zealand labour market has been one of the top performers amongst the OECD countries. It has performed much better than a lot of its competitors. There is nothing in this experience to suggest that increased disputations, wage surges and wage falls are likely to occur. There is nothing to suggest that less regulation is likely to change matters. As I said, we can learn from the New Zealand experience and we can benefit from it.
