

**STATE-BASED LABOUR RELATIONS REGULATORY FRAMEWORK**

*Amendment to Motion*

Resumed from 18 May on the following motion moved by **Hon Louise Pratt** -

That this house calls on the federal government to acknowledge the right of the state of Western Australia to maintain our state-based labour relations regulatory framework, including -

- (a) the right of Western Australia to enact and enforce its own statutes dealing with industrial relations for the betterment of Western Australian workers, employers and the general community;
- (b) the historical role and scope of the Western Australian Industrial Relations Commission; and
- (c) labour relations policies which offer an alternative from commonwealth regimes.

to which the following amendment was moved by **Hon Ray Halligan** -

To insert after the last line of the motion -

even though the content of the federal legislation is excellent and contains measures that it would be advisable for the Western Australian Parliament to enact. However, in view of the disastrous approach by the Gallop government to workplace relations, the house is thankful for the existence of the commonwealth industrial relations system for without it the Western Australian economy, especially the resources area would be in a disastrous situation.

**HON LOUISE PRATT (East Metropolitan)** [2.17 pm]: It is indeed a great pleasure to be speaking with you, Mr President, presiding over the house. I join with other members in congratulating you on your election.

I am debating an amendment to the motion that I moved some time ago. We have been asked to amend our motion so that it complements the federal government's industrial relations approach. I argue that, federally, the Howard government has neglected the key things that should keep our economy competitive. Currently, there is a national skills crisis and shortage. There has been a complete failure of leadership by the federal government on the true issues on which we require leadership in a competitive economy. We all know that we are in the middle of a national skills crisis and that there is a grave need for further infrastructure investment in this state. They are two items in which there was no great investment in the last federal budget. Clearly, the Howard government is driven to distraction and diversion. Instead of addressing the key issues facing our nation, it has an extreme ideological agenda that is about attacking low-paid workers and the minimum wage. Instead of accepting responsibility for the ongoing skills crisis and the capacity of the nation's infrastructure, the federal government is sheeting home the blame to the lowest-paid workers in our community. That is disgusting. The federal government is arguing that these changes to Australia's workplace relations legislation will improve productivity. Instead, they will erode individual rights, specifically the right to freedom of association and collective bargaining. Therefore, the content of the federal legislation is not excellent.

I will further outline why the federal legislation is not excellent. The federal government is seeking new powers to remove employment conditions from awards. The federal government is arguing that that will make awards simpler. However, what it will do is increase profit margins and rip off Australia's lowest paid workers. Over 1.6 million workers in Australia are on awards. Many other workers are on agreements that are underpinned by awards. Those workers are currently able to negotiate on skills-based pay, overtime pay, weekend rates, maternity and parental leave, and leave for jury service.

Several members interjected.

**The PRESIDENT:** Order, members! I cannot hear the interjections of Hon Ray Halligan.

**Hon LOUISE PRATT:** Those are key issues. The federal government wants to reduce the fundamental entitlements that underpin the federal award system.

The federal government is also proposing to undermine minimum wages. Currently minimum wage cases are run through the Australian Industrial Relations Commission. However, the federal government now has a different ideologically-driven agenda and wants to replace the minimum wage cases with a government committee that will set wages. Some elements of the current federal industrial relations system are excellent and have served the Australian community very well. The current robust and historic industrial relations system allows federal Treasury officials and the Reserve Bank of Australia, and people from the whole spectrum of the community, to participate in the minimum wage cases. The Australian industrial relations system is independent from the government. However, the simple fact is the federal government thinks minimum wages are too high. It has given no guarantee that it will not allow minimum wages to drop.

**Hon Simon O'Brien:** On what are you basing that statement?

**Hon LOUISE PRATT:** The federal government has opposed every increase in minimum wages since 1996.

**Hon Simon O'Brien:** Stop reading your notes and make a speech. You cannot even back up the claims you are making.

**Hon LOUISE PRATT:** I have said that the federal government has opposed every increase in minimum wages since 1996.

**Hon Simon O'Brien:** You just said it wants to lower minimum wages. Either put up or shut up.

**Hon LOUISE PRATT:** No. I said it has failed to guarantee that it will not allow wages to decrease.

**Hon Simon O'Brien:** That is not what you said at all. Go back to your notes. You have lost your place completely.

**Hon LOUISE PRATT:** I know where I am up to in my notes. The member is welcome to bully me all he likes. Bring it on!

The people who will be setting the minimum wage will be chosen by the Howard government. The minimum wage will not be set by an independent commission as it is now.

Several members interjected.

**The PRESIDENT:** Order! I think we will have a discussion about honourable members' weights perhaps in the next motion. Hon Louise Pratt.

**Hon LOUISE PRATT:** Thank you, Mr President. As I have said, the federal government has opposed every increase in minimum wages since 1996. It is now seeking to take those powers from the commission and give them to a panel of government experts. That means the government will be setting the minimum wage. The federal government has not ruled out that there will not be a decline in wages in certain sectors. We all know that the workers on minimum wages are the most vulnerable in our community. They are often in casual employment. They are often parents seeking to find a form of employment that they can fit in around the care of their children. They are not the people in our community whom we should be punishing. People on average salaries in Australia are already finding it hard to make ends meet. We should go in to bat for low paid workers, not be on the ideological warpath and blame the lowest paid in our community for the problems in the economy.

The real cause of the lack of competitiveness in this country is the skills shortage and the lack of infrastructure. Moving on from the minimum wage, I am particularly appalled at the unfair dismissal provisions in the Howard government's agenda.

*Point of Order*

**Hon SIMON O'BRIEN:** Mr President, I am sorry to have to interrupt the member, but she is either closing the debate, in which case she is introducing new material, or she is debating her original motion, which she has already done. The member should be addressing the amendment, not introducing new material to which none of us has the right of reply. The core part of the amendment that we are debating, and to which the member should restrict herself, is not this new material that the member is now discussing but is the disastrous approach by the Gallop government to labour relations. Let us hear the member debate that if she wishes. That is the guts of it.

**The PRESIDENT:** Order! I have listened to what Hon Louise Pratt has had to say. Hon Louise Pratt is addressing herself to the amendment.

*Debate Resumed*

**Hon LOUISE PRATT:** Thank you, Mr President. I am urging members to vote against the amendment, because the content of the federal legislation is not excellent. That is the exact point that I am addressing. I am outlining why the federal government's approach to industrial relations is not excellent. That fits within our standing orders.

I am particularly appalled at the unfair dismissal provisions in the Howard government's agenda. That will mean that people will be able to be dismissed on the basis of age, gender, race or sexual orientation, without the kind of employment protection that is available under the equal opportunity legislation. It will mean that a person's employment, which in many cases is already too temporary, casual and short-term, will become even more insecure. A person will be able to be dismissed for a range of reasons that have nothing to do with that person's performance.

**Hon Norman Moore:** How do you know that?

**Hon LOUISE PRATT:** Because the Howard government's agenda is about taking -

**Hon Norman Moore:** How do you know about the Howard government's agenda? Are you a member of federal cabinet?

**Hon LOUISE PRATT:** No. Now I have mixed up my pages, so I cannot talk about that.

People will be able to be dismissed on the basis of their personal characteristics, not their performance. That will mean that long-term and loyal employees will become disposable. The federal government's encroachment onto the state industrial relations system will lead to a greater number of individual contracts. That will lead to an undercutting of existing employment provisions. For example, the current Australian workplace agreements system makes it easier for employers to undercut awards and collective agreement conditions. It leaves employees to negotiate with employers on their own. We know that some people can demand higher wages in the market because that is what the market dictates. However, some people are left out in the cold without the leverage to demand decent wages and conditions. That is not something that we stand for. This is nothing but an ideological stomping ground by the federal government. The federal government has argued that this will make the economy more competitive. I remind members that in the recent federal budget there was a complete lack of investment in national infrastructure that would benefit Western Australia and in investment that would alleviate the current skills shortage. Instead of thinking about the so-called excellent federal legislation, we should think about the lack of competitiveness in our economy because of the \$9 billion that may be lost over the next decade as a result of skills shortages in our economy.

**Hon Simon O'Brien:** Do you realise that your speech could have serious ramifications in this chamber?

**Hon LOUISE PRATT:** I am a believer in fairness for all Australians. That is what distinguishes us from our political opponents. The member does not believe in fairness and the Howard-Costello government does not believe in fairness. It is moving to diminish the union movement's role in the workplace and in broader society.

**Hon Norman Moore:** That is exactly what you are worried about.

**Hon LOUISE PRATT:** No.

**Hon Norman Moore:** That is the key to the issue.

**Hon LOUISE PRATT:** No, because the role of unions is to protect working people. Of course, I am worried about the diminution of the power of unions. The role of unions is to protect people and give them an entitlement to bargain collectively so we can all enjoy better standards of living and equity in our society. It is not about political imperatives.

**Hon Simon O'Brien:** Can I get you a cloth cap for Christmas, sister?

**Hon LOUISE PRATT:** Gladly!

We know that as we move towards 1 July, the Howard-Costello government will increase its ideological battle against the minimum wage, the Australian Industrial Relations Commission and the trade union movement generally. Of course, we can expect that it will be used to mark the federal government's economic complacency.

**The PRESIDENT:** The question is that the amendment moved by Hon Ray Halligan be agreed to. Those in favour - I am sorry, I did not see Hon Ken Travers.

**HON KEN TRAVERS (North Metropolitan) [2.31 pm]:** That is all right, Mr President. I realise my seat is one that can be missed from time to time, as I am sure Mr President is well aware! Being such a slight figure, I understand the difficulty in being noticed if I turn sideways! Obviously, Hon Norman Moore does not have that problem yet.

Several members interjected.

**The PRESIDENT:** Order, members! I thought the member was going to talk about weighty matters.

**Hon KEN TRAVERS:** I am. I am very keen to speak on this motion. Since becoming a member of this place I have always noticed the one issue that has divided this place. I will wait to see whether new members will follow the time-honoured tradition. A line is drawn down the middle of this chamber that divides the two sides. Members will sit in committees and find commonality between members on opposite sides of the house. They will talk over afternoon tea and find commonality on a range of issues. However, there is one issue that divides us. I hope that the new breed of Liberal members will change that. My experience has always been that industrial relations is the one area of policy that determines why we sit on this side and other members sit on the other side.

**Hon Norman Moore:** It is because we know who our bosses are!

**Hon KEN TRAVERS:** Yes! That is right. Never a truer word has been spoken by the Leader of the Opposition! He knows who his boss is. When Mr Buckeridge calls, he jumps, and he asks how high. When those opposite fail as industrial relations ministers, where do they go? They go to work for Mr Buckeridge to perpetuate their approach to industrial relations. We have seen it before and we see it again today. The Leader of the Opposition is absolutely right. He knows who his boss is. He knows whom he seeks to pander to. His boss on this matter is Mr Buckeridge and people like him. We understand that. People like Mr Buckeridge have made an art form of trying to drive down the wages and conditions of working people in this country.

**Hon Norman Moore:** Why don't you ask his employees what they think of him?

**Hon Graham Giffard:** He hasn't got any; they are all subbies!

**Hon KEN TRAVERS:** Yes. They were all subcontracted out years ago.

**Hon Norman Moore:** They are still employees, aren't they?

**Hon Graham Giffard:** No. They are subbies.

**Hon KEN TRAVERS:** When the two members are finished, they should let me know and I will re-enter the debate!

**Hon Norman Moore:** The contribution of Mr Buckeridge to Western Australia and that of Hon Graham Giffard are like chalk and cheese, and he knows it. All he has done in his life is stop things from happening!

**Hon KEN TRAVERS:** I apologise to the honourable members for interrupting their debate! Obviously the meat at lunch was not tough enough for the Leader of the Opposition! He did not get to chew hard enough. It was probably too soft!

Several members interjected.

**The PRESIDENT:** Order, members! It is permissible to interject providing it is not unruly. There should be only one interjection at a time. Hon Ken Travers does not mind taking interjections. It would be useful if another debate was not going on while the member was speaking.

**Hon KEN TRAVERS:** Thank you, Mr President. I suspect that the previous President would not have given me as much support. He may have said that I reap what I sow.

**The PRESIDENT:** I alluded to that.

**Hon Simon O'Brien** interjected.

**Hon KEN TRAVERS:** Keep quiet for just a few seconds! I will say something in a minute that Hon Simon O'Brien can respond to. I would like to get a few words in during this debate.

Without inciting the Leader of the Opposition, I wanted to refer to the comment made earlier about Mr Len Buckeridge having a lot of employees.

**The PRESIDENT:** Order! Is the member relating his comments to the amendment?

**Hon KEN TRAVERS:** Absolutely. Mr President will note that I have not yet spoken on the substantive motion. I hope to incorporate a wide-ranging debate about the substantive motion and the amendment because I have not yet had the opportunity to speak. My expectation is that I will not be given another opportunity to speak on the substantive motion. I will probably need an extension of time because of all the unruly interjections!

What the Leader of the Opposition said was interesting and related to one of the mechanisms used by employers. The Leader of the Opposition talked about Mr Buckeridge having employees. It is a key industrial relations issue. Hon Graham Giffard interjected and said that they were subcontractors. The Leader of the Opposition asked whether that made them employees. If his interpretation is that a subcontractor is an employee, the Australian Taxation Office and a range of other groups, including unions in the state, would love to have the Leader of the Opposition on the Western Australian Industrial Relations Commission or on the High Court. People have used subcontracting as a mechanism to try to avoid the industrial relations system. As employers, they can avoid their responsibility in a range of matters, including workers' compensation and other legitimate costs of employment. I find it interesting that the Leader of the Opposition raised that point. I was surprised because I have always had some time for the Leader of the Opposition. I always thought he had broad knowledge. I was obviously wrong on that point. He does not understand the system as it operates in Australia and what is the definition of an employee.

**Hon Norman Moore:** Is the member saying that anyone who has had anything to do with Mr Buckeridge is a subcontractor and that he does not employ anybody?

**Hon KEN TRAVERS:** No. I am saying that the vast majority of people who build his houses are subcontractors. Relative to the total number of people, he has a very small work force in his organisation.

**Hon Norman Moore:** He is the reason thousands of people have jobs in Western Australia and the member knows it.

**Hon KEN TRAVERS:** That does not make them employees. Very few of the people who have a job as a result of the work he does are his employees. The overwhelming majority are subcontractors. Before getting to the nitty-gritty, I reiterate that it is interesting why some members sit on my side of the house and others sit on the other side. I hope this debate continues long enough to see whether the new breed of Liberals who have joined us in this chamber continue the traditions of their predecessors in their approach to this matter. The whole approach of state versus commonwealth jurisdiction over the regulation and administration of industrial relations is very interesting. In a debate like this we need to go back and look at the Constitution of Australia. As members will recall, the six independent colonies sought to come together and form the commonwealth. Under the Constitution the colonies basically granted rights to the commonwealth over those areas that they wanted the commonwealth to administer on their behalf and said that all the remaining rights and responsibilities would remain with the states. They said that the commonwealth would get only those powers that were directly granted to it under the Constitution.

Section 51(xxxv) of the Constitution touched upon the issue of industrial relations. Section 51 forms the main part of the Constitution that grants powers to the commonwealth to make laws for the peace, order and good government of the commonwealth. The Constitution obviously covers a range of areas in which the states wanted the commonwealth to have a role. A large number of areas were carefully thought out in the Australian Constitutional Convention. The founding fathers who wrote the Constitution did not say that they wanted to give the commonwealth powers to make laws on wages, conditions and industrial relations matters in general. They made a very specific determination of what they wanted to happen with industrial relations. Under section 51(xxxv) they gave the power to the commonwealth to make laws for the peace, order and good government of the commonwealth by allowing conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one state. The Constitution was very clearly worded. The approach was clearly defined, as were the areas in which the states wanted the commonwealth to operate.

The history of the development of the commonwealth's powers is that when trade started to occur between colonies, there was a need to be able to resolve a dispute that might extend beyond the boundaries of one state, particularly in the areas of shipping and the transportation of goods and services between states. The founding fathers did not grant the commonwealth *carte blanche* power. They spoke of giving the commonwealth power for conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of one state. They said that they were happy for the commonwealth to have powers but they wanted the commonwealth to have powers in a very controlled way. They wanted it to deal with the settlement of disputes; they did not want the commonwealth to create disputes or to drive down wages and conditions. They wanted the commonwealth to try to prevent or settle industrial disputes. They wanted it to use conciliation and arbitration; to adopt not a big brother approach but an approach that sought to conciliate and arbitrate.

What do we now see some 104 years after the founding of the commonwealth? I accept that in the meantime vast changes have occurred in the mobility between states and the nature of work and its location. Members on the other side are right; we do not know the exact framework the current commonwealth government proposes, but it has indicated that in its effort to broaden its ability to become involved in the regulation of wages and conditions and industrial relations matters in this country, it will seek to use other powers in the Constitution to go behind the specific powers it was granted. The commonwealth government has not done that, as one would normally expect, by going through the process of a constitutional convention or anything like that and asking if it had got it wrong or whether there was a need to update the Constitution. We might expect the commonwealth government to say that the Constitution as it sits today is not really the Constitution that Australia probably needs to reflect modern times. The commonwealth government has said that it will try to use another power granted to it all those years ago to try to find a backdoor way of extending its powers. That is the very scary thing about what is happening and why I am very keen to support the motion of Hon Louise Pratt.

The commonwealth government will not have that debate in the broader community because it knows that it would not get the support of the Australian people. I appreciate the comments of members on the other side of the house and those in the other place. Even though I started this debate by saying that there is a huge divide in this chamber on industrial relations matters, when it comes to the issue of whether the commonwealth should be given extended powers that effectively remove the rights of the states to make industrial relations laws, we in this chamber come to some form of agreement. That is why the commonwealth government has not gone down the path of seeking a review of the Constitution but is instead trying to impose its will on the states in a very sneaky way. I might add that this is not the first time that a commonwealth government has tried to impose its

will on the states by sneaky means, and I am sure it will not be the last. It is of concern. I wonder what message it sends to people about the laws of the land.

The strength of my view has probably diminished over time, but I always took the view that the government should be a model litigator. I do not think that it is great for our society, but I regrettably accept that in the broader community people will always hire a lawyer to try to interpret and find loopholes in the law to suit their ends. I have always taken the view that a government should try to rise above that and seek to implement not only the letter but also the spirit of the law. That would be a model litigator. Whether in a commercial dispute or a criminal matter, a government should not try to find ways around the law to protect itself but should look at the intent and spirit of the law and try to implement that as best it can. It is a question of setting a good example to the community. However, the commonwealth government clearly seems intent on saying that although it was not given industrial relations powers under the Constitution, it will see if it can find another way to achieve its objectives by being tricky with the wording or misinterpreting a clearly understood section of the Constitution. I am sure that everyone in this chamber agrees with the point that when the founding fathers sat down to write the Constitution - unfortunately, it was only fathers at the time - they gave to the commonwealth very specific and limited powers in industrial matters. In that context we seem to have some degree of support across the chamber. That is not to say that I do not, at a personal level, believe that there may be areas for reform, for the betterment of the state, in industrial relations and relationships between the state and the commonwealth. I would not say that is one of the areas in which we would have to place the highest priority for making sure that this country becomes a powerhouse in the future. We often see in politics that when people find something too hard, they look for something that is a bit easier, something that they can have a bit of fun with and, if they are conservative Prime Ministers, something that they can run around with so that they can beat up trade unions and divert and distract people from the real issues that are facing the economic prosperity of this country.

What aspects of the economic prosperity of this country are more important than trying to take over the industrial relations framework? Obviously, the issue revolves around obtaining maximum productivity. To do that, we need to make sure that people have the right skills set and that the right infrastructure is in place. We also need to ensure that a total government framework is in place that allows that to operate, which includes the taxation system. Commonwealth-state financial relationships play an incredibly important part in maximising the economic opportunities of this country. When the state government decides to invest in the Burrup to ensure that the powerhouse of the country - that is, the resource, oil and gas industries - is able to continue to grow and to take up the enormous opportunities that are presented to it, the state should be rewarded for doing that. Does that happen in Australia? No. The current system disadvantages the state for doing that. I note that the Leader of the Opposition is smiling. This is something on which we all agree.

**Hon Norman Moore:** Forgive me, I wasn't smiling at all; I think it was just wind.

**Hon Ljiljana Ravlich:** How absolutely gross!

**Hon Norman Moore:** He made a comment that did not require a smile in response.

**Hon KEN TRAVERS:** I should have known. It is such a rare event to see the Leader of the Opposition smiling. I did not think that Halley's comet was coming around again.

**Hon Norman Moore:** I have serious trouble with smiling while you are speaking.

**Hon KEN TRAVERS:** I know of the Leader of the Opposition's difficulties with smiling. I did not think that I had noticed Halley's comet going past last night. I take the member's point. Rather than the federal government worrying about trying to impose its industrial relations framework on the states, why does it not sit down and start doing the really hard work of reforming commonwealth-state financial relations? The Treasurer and the Prime Minister should not just beat up the states by saying that the states must spend money in a certain way or the federal government will take money off them. The federal government should look at the underlying problems with the structure of our financial relations in Australia, which does not allow, encourage or promote investment by the states in necessary infrastructure because it does not allow the states to reap the rewards from doing that. Western Australia sends billions of dollars every year - I think it is \$1 500 or \$1 700 per person per annum - across the border to the east coast.

**Hon Norman Moore:** Do you remember when the Labor Party was in government in Canberra? The same thing was happening. You didn't complain then.

**Hon KEN TRAVERS:** I do not have a problem with some degree of subsidy across the nation. However, when a state makes the infrastructure investments that are required, it should be rewarded when increased returns flow in. If that happened, imagine the many opportunities that would be created for the Western Australian economy that would have a flow-on impact on the national economy. Those are the tough decisions. Those are the areas on which the commonwealth should be focusing.

**Hon Norman Moore:** We actually agree with you.

**Hon KEN TRAVERS:** I know that the opposition does.

**Hon Norman Moore:** However, your federal colleagues do not agree with us or with you. They have the same view.

**Hon KEN TRAVERS:** I agree with the Leader of the Opposition that our federal colleagues do not understand the issue to the level of detail that is required. However, I know that our federal colleagues understand the issue a lot better than do the Leader of the Opposition's federal colleagues. The package that the federal Labor Party took to the people on those issues during the last federal election campaign was far better than the package that the Liberal Party took. The federal member for Kalgoorlie was a member of the government ranks, but he was not able to convince the Prime Minister of the need for flow-through shares or on a range of other issues. The Ravensthorpe nickel project is going ahead. How long did it take for the federal government to come to the party on that? That happened only in the final days. It was only because the federal government thought that Kevin Richards, God bless his soul, was going to take the seat that it realised it must do something. It did not set the agenda. People like Kevin Richards had been out there. It is a shame that he is not with us today. It is a shame that the late Kevin Richards did not win that seat. If he had still been with us, he would have won that seat and taken us forward. He understood the situation. He started to educate our federal colleagues. They are learning all the time. Kim Beazley understands the issue.

**Hon Norman Moore:** He was a minister who did nothing in government.

**Hon KEN TRAVERS:** Kim Beazley knows where the Burrup is, but I bet the Leader of the Opposition would struggle to find a federal Liberal member who knows that. I reckon half the members of the federal cabinet do not know where the Burrup is.

People want to talk about industrial relations, but there are real issues that need to be addressed. One issue involves getting the skills set that is needed to take the country forward. That will make a far greater difference than changing the industrial relations system. The wages and conditions of workers in certain areas of the economy are going through the roof. That is happening not because of the industrial relations system but because the federal government has failed on the issue of skills shortages. Some say that the state government shares the responsibility for that. That is absolutely right. We have been doing our bit. I am sure that the Minister for Education and Training would have appreciated a bit more help from the federal government. Western Australia has been setting the standard in terms of the number of apprenticeships and traineeships in the system.

**Hon Robyn McSweeney:** Who was in government 20 years ago? They knew that there would be a skills shortage. Did they do anything about it?

**Hon KEN TRAVERS:** They did. If Labor had stayed in government, we would not be facing these problems today. It was the hiatus in the middle that caused the bloody problem! Come on! No way.

**Hon Ray Halligan:** Your nose is growing.

**Hon KEN TRAVERS:** Hon Ray Halligan! I would love to have more time in which to speak. I hope that an amendment is moved on education and training issues, because I would happily talk about the reforms that took place during the Hawke-Keating years and under the previous state Labor government, and how they stalled when the conservatives took power in this country. I would love to have that debate. Unfortunately, I do not have time today to go through all those issues, other than to say that the failure to address the skills shortage has caused a blow-out.

Unfortunately, growth in wages has gone through the roof in one area but the level of wages for unskilled workers has started to go down and a divide is occurring in the community. The community needs to start to panic when an income divide starts to appear. That is occurring today with highly skilled people. The approach to industrial relations and education and training matters of members on this side of the fence is to carry everyone along and to not leave some behind. The approach in the past of members opposite has been to leave them behind and to then try to find mechanisms in the industrial relations system to drive down their wages and conditions. It has chosen to do that rather than make the hard decision to build up the skill level of those people, because an increase in skills would increase the productivity of this country by enabling those people to do their jobs more efficiently, effectively and productively. That is the difference in the approach taken by members on this side of the fence and members on the other side. It is about getting the level of productivity right. We should not take the easy option of reforming the industrial relations system. When members on the other side of the house talk about reforming industrial relations, we should be clear about their history of reform, which has been about driving down the wages and conditions of low-paid, low-skilled workers in this country. We have seen that happen time and again.

I read an article in which the Prime Minister made some claims about the increase in the real wages of workers in Australia. We need to look at whether that is occurring across the board. Other studies have found that poverty in Australia is increasing at one of the fastest rates among the Organisation for Economic Cooperation and Development countries. That is because we have taken the approach that highly skilled workers should be rewarded. Their wages will always be outside an industrial relations system. They do not need an industrial relations system to set their wages and conditions, as they will always be set and maintained by supply and demand. It is low-income earners who need their wages and conditions fixed. This is not just about industrial relations; it is about the real wage, the social wage, and about making sure that a safety net is in place, such as Medicare and other essential components of a social wage. Again, if we transfer the cost of health care and education services to individuals and away from the state, wages will need to increase even further than if we maintain the state's contribution to a social wage. That is the approach that Labor governments have taken. They have looked at the industrial relations system, not in isolation but in totality. There are many areas in which we can effectively improve the real disposable income of low-paid workers. The best way is by having a good safety net, not only for wages and conditions but also for a raft of other services, such as education, health, employment protection and the like. Again, rather than worrying about industrial relations reform, as the commonwealth wants us to, why do we not look at the infrastructure that is required? I touched on the Burrup situation earlier, but a range of areas need infrastructure. One initiative of which we, as a Labor government in this state, can be justifiably proud is record spending on infrastructure. I hope that the cabinet will continue to put money into infrastructure and that this state continues to set the trend in the national scene on infrastructure so that we do not suffer some of the bottlenecks that the east coast has suffered because of the lack of infrastructure. We have managed to spend that money on infrastructure without assistance from any commonwealth-state financial relationship or without any direct commonwealth funding. Many members of this place were present at the Chamber of Minerals and Energy when the Premier pointed out the inequities in road and rail funding in this country. Only one per cent of the funding that the federal government puts into rail comes into Western Australia. Western Australia is the powerhouse of the economy of Australia, but it is being very poorly treated. All we get from the commonwealth is an attempt to move into an area in which it was never granted power in the Constitution; that is, the industrial relations regulatory framework.

**Hon Norman Moore:** Can I ask you what your federal colleagues' position is on the national industrial relations system?

**Hon KEN TRAVERS:** The Leader of the Opposition can ask, but I think he will find -

**Hon Norman Moore:** I am asking a genuine question.

**Hon KEN TRAVERS:** I mentioned it earlier. Everyone is happy to sit down and consider whether there is a need for reform. There are two questions on reform: who should have the power to make the rules; and, when that is determined, what should the rules be?

**Hon Norman Moore:** I agree entirely.

**Hon KEN TRAVERS:** I have not read anything in detail recently on this matter, but the federal Labor Party is prepared to engage in debate about the first question and certainly has strong views about the second question. Unfortunately, in this sort of debate, the first question, about who should have the power to make the rules for industrial relations, gets covered over because we get into the nitty-gritty about what those rules should be.

**Hon Norman Moore:** You are absolutely right: there are two issues. The federal Labor Party has said nothing, to my knowledge, about the first issue, which is: who should make the rules? That is the fundamental question that affects me. I would be interested to know what your Labor colleagues' view is, as there is no point criticising the federal government if your colleagues are going to do the same thing.

**Hon KEN TRAVERS:** My understanding of the federal opposition's position is that it does not support the current approach of the commonwealth government.

**Hon Norman Moore:** So that is a uniform system, right?

**Hon KEN TRAVERS:** Yes.

**Hon Norman Moore:** But if it had one, it would keep it.

**Hon KEN TRAVERS:** As I was trying to explain to the Leader of the Opposition, one difficulty is that it becomes very hard to have a sensible debate on the first question when we get into a debate on the second question.

**Hon Norman Moore:** It doesn't really.

**Hon KEN TRAVERS:** I think it does. Both the Leader of the Opposition and I have sat in this chamber and talked about the way the media has manipulated a comment. When we debate the second part of the equation -



that is, what the rules should be - the debate on the need for reform, or who should make the rules, becomes clouded and muddy. The Leader of the Opposition and I know what the Prime Minister is like and the way in which he manipulates words and gets his media machine out there.

**Hon Norman Moore:** Do you mean the Prime Minister who has just been elected for the fourth time?

**Hon KEN TRAVERS:** Who is that bloke; Ian Hanke, or whatever his name is, the hatchet man of the federal Liberal Party? The Leader of the Opposition knows as well as I do the way in which Ian Hanke would misinterpret, misconstrue and misrepresent a debate. The point I am making is that the Leader of the Opposition will find that the federal Labor Party is always happy to debate ways to improve the system. However, it will not be a debate on which we will have a great deal of discussion because the method by which the federal government is trying to extend its control is the tricky, sneaky way through the back door rather than through the front door. If the federal government wanted a proper debate, it would engage the community in a broad-ranging debate on whether there is a need for reform of the industrial relations system in this country and seek consensus rather than political -

**Hon Norman Moore:** Consensus on industrial relations; come on! You started your speech by saying that there will always be a dichotomy between the Labor Party and us on this issue. Consensus is not something that is available to industrial relations. You are happy to have consensus if we agree with it.

**Hon KEN TRAVERS:** There is a divide in this place, but there is also a capacity to get consensus about the underlying framework of the system. Once we get beyond the framework, I agree that there will be a huge debate. In this country there used to be some degree of agreement on all sides on the basic structure of the system, although there were always differences in the way it would operate. That has changed over time. There used to be the approach that we had to support the use of regulation. I find it fascinating to sit in this place and hear members opposite demanding deregulation of the industrial relations system, but then opposing deregulation of the electricity market, retail trading hours and a range of other areas. Members opposite have continually disagreed on deregulating those areas. If members looked at the history of why there was a degree of consensus on the framework for industrial relations in this country, they would find that the relationship between the tariff structure and a minimum wage were interlinked. There was an acceptance that market forces were unable to regulate these areas effectively and we needed a tariff system. I am not advocating that we go back to the tariff system, although many people would. However, in some areas we should be considering whether we want to ensure not only protection of a minimum standard for Australian wages and conditions but also that people right across the world are not exploited. I find it quite scary when I see some of the products that are being imported into this country and I discover how much has been paid to the people who have made those products and who have replaced Australian workers. In the same way that I support the view that we must build up the skill level in Australia, I support the view that we need to do that on a world level; if we do not, there will be the haves and the have-nots, and the have-nots will seek to get from the haves whatever they can by whatever means they can use.

**Hon Norman Moore:** Perhaps you could send the building and construction industry training fund over to Africa to get stuck into the problem. I know it is a facetious remark.

**Hon KEN TRAVERS:** I know, and I should not even try to respond to it. As a developed country, I believe we have an obligation to ensure that we try to bring the countries around us with us; we should not try to just exploit them for cheap consumer goods. We must ensure that their standard of living is improving across the board, as is ours.

I want to briefly move on to the amendment that was moved by Hon Ray Halligan. Members opposite basically seek to compare and contrast the Western Australian industrial relations system with the commonwealth industrial relations system. Of course, we do not know one thing. The Leader of the Opposition pointed this out earlier. After 1 July, what will be the new industrial relations system that the commonwealth will seek to introduce? I hope it is not the sort of system that operated in Western Australia. Unfortunately, I believe that will be the system that the commonwealth will try to implement. I suspect that it would have implemented that system earlier if it had had the numbers in the Senate to do it. However, it will soon have the numbers in the Senate to do it. What happened under the previous industrial relations system that operated under the former Liberal government in this State?

**Hon Norman Moore:** Massive growth in our resources sector, and you know it as well as I do.

**Hon KEN TRAVERS:** The Leader of the Opposition always highlights the resources sector. However, the Leader of the Opposition knows as well as I do that the wages and conditions in the resources sector are not set, particularly at the moment, by any industrial relations framework; they are set purely by supply and demand. As the President of the Chamber of Minerals and Energy of Western Australia pointed out this morning at the

address that the Leader of the Opposition and I both attended, the issue that is driving wages and growth in the resources sector is the skills shortage.

**Hon Norman Moore:** Not absolutely at all. That is not true. If you go back to the 1990s when we brought in our industrial relations system, people could not wait to get onto workplace agreements, and there was plenty of excess capacity at the time. You know that. The union movement collapsed in the Pilbara because people did not want to be a part of it.

**Hon KEN TRAVERS:** I want to move on to that. Members on the other side always talk about the mining industry, which in the main has a highly skilled work force, certainly in Australia and particularly in Western Australia. Those people all earn good money within the system. In the good or the bad years, relative to the average wage paid in Australia, those workers do well. Members opposite always try to avoid talking about the low-skilled workers in this country, what they are paid and what the industrial relations system that they sought to bring in did to wages and conditions in this country in real terms. That is why members opposite consistently oppose any increase in the minimum wage, and that is why in Western Australia, under their system, the minimum wage was very low relative to that in the rest of Australia. We, as a Labor government, have been able to increase the minimum wage. We were always told that that needed to be done to keep down unemployment. We have increased substantially the minimum wage for low-paid workers in this state, and at the same time we have reached record levels of employment. For as long as records have been kept, it will be seen that we have had some of the lowest levels of unemployment. It can be done. However, it is not done by driving down the minimum wage.

Members on the other side say that they have a great system that provides choice; but choice for whom and how? It provides choice for an employer who wants to reduce wages and conditions. One of the greatest lies was told when the industrial relations system in this state was changed. The then Premier and everybody else on the other side said that nobody would be worse off. Do members remember those words: "Nobody will be worse off under this system"? What a load of rubbish! Thousands of workers were worse off as a result of the introduction of that system. The people who could least afford it were worse off.

**Hon Kim Chance:** Some in this workplace.

**Hon KEN TRAVERS:** Some in this workplace, and people right across the state. Security attendants in this place had their wages driven down by a couple of dollars an hour - I cannot remember the exact figures. It happened right across the state. Did it improve anything? No. This government has been able to increase wages and at the same time keep down unemployment.

There is the question about choice. Who gets that choice? The previous government did not give employees choice. They were not given the choice of saying that they wanted to be employed on a workplace agreement or employed under an award. They were given one choice. The only choice they were given was to sign the workplace agreement or not get the job. Members opposite claimed that it would not happen, and they are still in denial about it. Do members accept that that was the only choice employees had?

**Hon Norman Moore:** You ask the workers of Hamersley Iron who in 1999 -

**Hon KEN TRAVERS:** No, ask the school cleaners and the people who work in kitchens.

**Hon Norman Moore:** Everybody except three of them left the union and took on workplace agreements. It was a choice.

**Hon KEN TRAVERS:** No, Mr Moore, ask the people on low incomes, the school cleaners, the security attendants in this place and the people who work in kitchens. He should ask all those people - people whom he probably would not want to go near because he would not want to get his hands dirty going near people like that. I do not even know how the Leader of the Opposition knows what the people of the north west want. When was the last time Mr Moore went to his electorate? Fair go! The Leader of the Opposition should not talk about that group; let us talk about the people who had a low disposable income and who had their wages driven down under the former government's industrial relations system. The opposition should not say in its amendment that the federal government will have a great system. That is bunkum. We know the sort of system the federal government will introduce. It will introduce a system that will seek to drive down wages and continue what has been happening in this country for a number of years; that is, the low-income workers will have their real wages reduced, and more and more people will live below the poverty level in this country. Real wages are going up, but there is another group at the bottom. They are the people whom the opposition forgets about and does not want to talk about.

**Hon Norman Moore:** You are the government now. You are not in opposition anymore. What are you talking about?

**The PRESIDENT:** Order! I note the time, so we will move on to orders of the day.

**Hon KEN TRAVERS:** I would like an extension.

**Hon Ed Dermer:** Before we move on, it was my intention to ask whether the member could have an extension of time.

**The PRESIDENT:** Leave is not granted.

**Hon Ed Dermer:** Perhaps in a different tone, I would like to extend my sincere congratulations to you, Mr President, on your recent election.

**The PRESIDENT:** I thank the honourable member. Now that the time for motions has expired, we will move on to orders of the day.

Debate interrupted, pursuant to standing orders.