



NZ figures deal blow to Howard

By Nick O'Malley Workplace Reporter

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New Zealand's economy and workers suffered after it introduced workplace changes similar to those proposed in Australia, research shows.

The New Zealand experience has become central to the debate over Australian workplace changes since the Prime Minister, John Howard, cited its workplace reforms in a speech to the Sydney Institute last week.

But a paper by a New Zealand economist, Paul Dalziel, published in the *Review of Political Economy*, says productivity and wages fell after New Zealand began pushing individual contracts in 1991 with the Employment Contracts Act.

His study found the New Zealand economy lost almost two full points of gross domestic productivity growth between 1987 and 1998, while from 1990 to 1998 Australian productivity rose by 21.9 per cent compared with just 5.2 per cent in New Zealand.

"Recognition of this fact was one of the considerations leading to a new Labour-led coalition government to replace the act," the paper says.

"The hope in 1984 was that economic reform would reverse [the] trend of the previous 30 years. Seventeen years later, with higher unemployment and lower real incomes at the bottom end of New Zealand's income distribution, it is clear that the comprehensive reforms of the late 1980s and early 1990s did not achieve that core objective."

The former secretary of the New Zealand Council of Trade Unions, Paul Goulter, said yesterday that within 18 months of the laws being passed, many workers had lost penalty rates and had their take-home pay reduced.

Last night the executive director of the New Zealand Business Round Table, Roger Kerr, dismissed the paper. He said New Zealand had enjoyed substantial growth as a direct result of the changes in 1991, highlighting its jobless rate of less than 4 per cent.

Mr Kerr - who this year received a medal from an Australian group advocating workplace deregulation, the HR Nicholls Society - cited a New Zealand treasury paper attributing a "productivity surge" to the changes.

"There are people in New Zealand who like to say that our regime is far freer [for business] than Australia's. They ought to be bloody careful about saying that now if what John Howard is proposing goes through," he said.

Yesterday at the NSW Nurses Association conference, the secretary of the ACTU, Greg Combet, linked the changes to dramatic cuts in workers' take-home pay, as shift penalties would no longer be guaranteed.

The association's secretary, Brett Holmes, said nurses stood to lose, on average, 22 per cent of their income if shift loadings were cut.

The Opposition's workplace spokesman, Stephen Smith, also warned of wage cuts. He said Australia could not compete with "countries of populations of a billion like China and India" by "pretending or believing that we can somehow race to the bottom to match their wages".

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