



# LETTER TO THE EDITOR

## ECONTECH REPORT NO RED HERRING

Letter submitted to *The Australian* on Thursday, 23 August 2007 (unpublished).

By Peter Hendy, Chief Executive, Australian Chamber of Commerce and Industry

---

Dear Sir

Mike Steketee's criticisms of business groups for commissioning an economic report by Econtech on workplace reform (*The Australian*, 23rd August) are way off the mark.

He claims the study is 'duping voters' because the ALP is not proposing a reversal of all workplace changes since 1993.

To the contrary, the Econtech report warns that 'if only some of the reforms were reversed, the effects would still materialise but be smaller'. In other words, there would be adverse economic costs whether the whole or part of the reforms of 1993, 1996 and 2006 were reversed. Most Australians would agree that job losses (no matter how great) or inflation spikes (no matter how severe) should be avoided because they hurt businesses and working people.

Just this week *The Australian* reported union leaders saying that the ALP policy would be close to the system that applied eleven to fourteen years ago - between 1993 and 1996. In June this year Paul Keating went further. He publicly berated the ALP for proposing changes that would go "further back than the legislation I put in place in '93". Some changes proposed by the ALP that would take us back before 1993 include compulsory collective bargaining and allowing strikes for any reason, including political causes.

Steketee also complains that differences exist between the first and final drafts of the report on productivity issues, however, important new data was released between the two drafts showing a pick up in productivity. In fact, productivity growth over the last six months has been extremely strong. Steketee is also selective. He fails to mention that the estimated job losses from reversing workplace reform were higher in the first than the last draft, hardly consistent with a claim of doctoring the report to make it look bad.

He refers to a disclaimer in the report, suggesting the consultants were concerned about their credibility. That's rubbish. It's a standard disclaimer used by Econtech, appearing in many of their reports including the report last month for the building industry watchdog. It was in the first and the final versions of the report, contrary to what Steketee implies.

Far from a red herring, the Econtech report tells Australians something they need to know, that reversing workplace reform - in whole or in part - will have adverse impacts on them.

It is in the public interest to publish independent economic research which answers a very important question - should we keep workplace reform or should it be reversed? Reversal, in whole or part, would be an economic risk and bad for living standards. This is hardly a remarkable proposition. It is widely acknowledged that past economic reforms, including to the labour market, have given us the living standards we have today. Given that, we should pay heed to the economic research, and not reverse what is working. That's why the Econtech report features prominently in the current advertising campaign by business groups.

Peter Hendy  
Chief Executive  
Australian Chamber of Commerce and Industry  
Canberra