

LIVING WAGE APPLICATION RESOLUTION ACTU CONGRESS 1997

- 1 Congress affirms support for the Living Wage claim to ensure continuing protection for low paid workers. Congress calls on the ACTU to file an application as soon as possible, seeking wage increases for low paid workers, as follows:
 - 1] Over a two year period, the establishment of the minimum award rate targets of \$380.00 per week (\$10.00 per hour) and \$418.00 per week (\$11.00 per hour);
 - 2] Commensurate increases in award rates;
 - 3] Openness and integrity in the analysis of the cost impact through, if necessary, assessment of the cost of the claim in a range of awards/ industries;
 - 4] Further detail of the application shall be determined by the ACTU Wages Committee.
- 2 It is appropriate that industrially weak and low paid workers share in national prosperity at this time. Inflation remains low, productivity growth has been high for several years, and prospects are good for economic growth to continue. Conditions have rarely been better for delivering worthwhile increases in award rates for workers reliant on them.
- 3 Congress deplors the attack on low paid workers by the Reserve Bank (RBA) in the last Living Wage application. The RBA:
 - 1] Overestimated the cost of the ACTU claim;
 - 2] Attempted to impose a Ceiling@ of 4.5% on the growth in average *weekly ordinary time earnings* (AWOTE) in order to achieve its inflation target; and
 - 3] Sought to place the burden for achieving low inflation on low paid workers, by threatening harsh monetary policy consequences if the AIRC acceded to the ACTU claim.
- 4 The latest AWOTE figure of 3.5% and headline inflation rate of 0.3% reveal that low paid workers could have been awarded substantially more than the \$10.00 safety net increase determined by the Commission, without the RBA wages and inflation Atargets@ being exceeded. Congress also notes that:
 - 1] The latest RBA Quarterly Report acknowledges that the current AWOTE growth is overstated;
 - 2] The Quarterly Report concedes that the overall impact on trends in aggregate earnings (of the \$10.00 safety net increase) is small;
 - 3] The Quarterly Report also says the Bank expects that underlying inflation will remain below 2 per cent for some time ahead, probably into 1998.