

# **Wages Policy**

ACTU Congress September 1991

## **1. Basic Objectives**

1.1 The ACTU since its inception has supported a system of wage fixation which achieves wage justice for all wage and salary earners. The basic principle of wage justice demands that living standards of wage and salary earners are maintained in real terms and further that they increase by reflecting growth in productivity and an equitable share of national income. Congress in 1991 reasserts that basic objective.

1.2 This Congress reaffirms that the pursuit of wage justice is based on the following principles:

- The restoration and maintenance of the real level of wage rates;
- Periodic increases in living standards via the distribution of national productivity growth to employees;
- The attainment and maintenance of properly assessed and established wage relativities, including the elimination of wage disparities which cause iniquitous wage rates between groups of workers;
- Properly fixed minimum wage levels for all employed persons consistent with skill levels and an ability to maintain a reasonable standard of living which reflects all changes in relative living standards;
- The adoption in practice of the principle of equal pay for work of equal value regardless of race, colour, sex, marital status, sexual orientation, age, religion, political opinion, national extraction or social origin.

## **2. The Maintenance of the Real Level of Wage Rates**

2.1 Congress states that it is essential that wages must be rapidly adjusted to account for movements in prices to ensure that the objective of restoring and maintaining the purchasing power of wages and salaries is met. Only through full wage indexation and tax indexation will the real purchasing power of wages be maintained. Congress reaffirms its view that automatic quarterly cost of living adjustments based on the published eight-capitals C.P.I. figure is the most appropriate method of achieving this objective. Further that living standards must be adjusted to reflect national productivity increases.

2.2 Congress rejects the concept that wage increases should be restrained in order to direct a greater share of the national income to profits.

## **3. Periodic Increases in Living Standards via the Distribution of National Productivity**

3.1 Congress regards as fundamental the right for all employees to share in increases in national productivity. This requires the periodic distribution of productivity increases, as measured by the market sector, to ensure that living standards are increased in real terms in line with this increase. In this way the benefits of growth can be shared fairly and reflected in better pay and/or work conditions.

## **4. The Attainment of Properly Assessed Wage Relatives**

4.1 Congress believes that wages must be fixed at levels which fully reflect the true value to the community of work performed by all grades of wage and salary earners.

4.2 Congress maintains that historically wage fixation in Australia has been based on the fundamental principle that workers performing similar work shall be entitled to similar remuneration.

4.3 Congress recognises that consistent with this principle allowances and wage rates may be varied and introduced which reflect the particular conditions of the industry or the award.

## **5. Properly Fixed Minimum Wage Levels for all Employed Persons Which Reflect Changes in Relative Living Standards**

5.1 Minimum wage levels must be set at an amount to properly reflect skills levels and consistent minimum rates for similar skill levels and to meet the reasonable needs determined from time to time in the light of standards generally accepted in a progressive community and the social aspirations of the Australian people.

5.2 In view of the level of the general minimum wage and the continued reluctance of the Commission to restore it to meaningful levels, Congress believes that the basic protection of workers is best achieved through the establishment and maintenance in relative value of appropriate minimum rates of pay at various skill levels.

## **6. Equal Pay for Equal Work Value**

6.1 Congress believes that there should be no discrimination in wage rates on the grounds of race, colour, sex, marital status, sexual orientation, age, religion, political opinion, national extraction or social origin. The principle of equal pay should encompass all aspects of remuneration including over-award payments, bonuses, superannuation and fringe benefits.

6.2 Award structures should abandon age based wage rates for juniors in favour of wage rates based on training and skills.

## **7. Method of Achieving Wage Justice**

7.1 The basic objectives above provide the anchor for trade union wages strategies. Whilst having wages objectives is fundamentally important, the real test is to advance the concepts of wage justice they reflect. Accordingly, policy needs to be supported by implementation strategies directed to giving effect to those basic wages objectives in prevailing circumstances.

7.2 Trade union wages implementation strategies need to be devised periodically to best give effect to fundamental wage objectives in the prevailing set of social, economic and political circumstances.

7.3 Such wages strategies should reflect several basic elements:

7.3.1 In seeking to increase wage rates trade unions are committed to direct negotiation, conciliation and arbitration

7.3.2 Continued support for a system of wage fixation which maintains and improves the purchasing power of wages. Congress does not support double counting for price movements nor does it countenance partial wage indexation and the erosion of the real value of wages. Thus a centralised system which protects the real value of wages will remove the necessity for individual award renewals or enterprise agreement to take into account prices. However, to the extent that this objective is not met it will mean that unions will incorporate such claims into individual award renewals or enterprise agreements.

7.3.3 Continued support for an arbitration system based on conciliation and arbitral authority.

- Congress recognises the fundamental choice that unions face between support and facilitation of the market approach and an effective workable centralised approach to wage fixation.
- Recognising that this is the fundamental choice we unequivocally reaffirm our historical commitments to achieve fair wage outcomes for the workforce as a whole.

- Congress support for a centralised system is premised on the expectation that benefits from such a system will flow nationally to all wages and salary earners irrespective of whether the source of the increase has been the national wage case or movements in awards constituting the establishment of community standards and that national wage increases should have effect from common operative dates.
- Consistent with the fundamental principles of wage justice, Congress reiterates that the ACTU cannot and will not be a party to a centralised system which results in the systematic reduction in the real value of wages.
- Congress specifically rejects the incorporation into any wages system of a negative cost cutting approach, in which access to wage increases requires or could encourage employer demands for the reduction of workers living standards through the removal or reduction of existing Award entitlements. Access to wage increases must not involve any loss of workers' income - current or future -through changes to existing Award conditions.

7.3.4 Consistent with the commitment to the processes of conciliation and arbitration, the trade union movement will strenuously resist the attempts by conservative forces to establish decentralisation of wage fixation based on so-called free labour market criteria and related attempts to reduce the real value of wages.

7.3.5 Trade union wages strategies should reflect the integration of wages policy within broader policy packages, going to the social wage, taxation, superannuation, labour market and other economic and social policies. Wages policy should not be treated in isolation, with trade union objectives being best met within the context of broader policy packages which collectively promote the interests of trade union members.

7.3.6 The benefit of the integrated approach to wage fixation is illustrated by introduction and development of the Family Allowance Supplement package, which provided substantive real income gains to lower income families beyond that which could have been achieved through wage system alone, even over decades.

7.3.7 Wages strategies should combine equity with a focus on the promotion, as well as sharing, of improved productivity. This requires a continued legitimate trade union involvement in key issues such as training and investment directed to improve productivity performance.

7.3.8 Trade union wages strategies have been premised on integration of wages policy with policies on prices and non wage incomes, reflecting the fundamental concept that the standards applied to wage and salary earners should apply equally to prices and incomes determined outside of the centralised system and non wage incomes.

7.3.9 Wages strategies should recognise that there may be circumstances applying in certain industries and that unions could pursue claims through negotiation or by arbitration having regard to those conditions. To this end, collective union strategies should support, in such cases, the achievement of wage justice in the context of ACTU Policy.

7.3.10 Trade union wages strategies should maintain the right to bargain collectively in the context of individual award reviews, over-award payments, or separately registered agreements. Wage increases above the minimum award rates negotiated or by collective bargaining or incorporated in voluntary agreements or awards are essential parts of trade union wages policy. The application of this aspect of ACTU policy has achieved increases being negotiated by collective bargaining and will be continued by affiliates where wage levels are not consistent with wage justice.

## **8. Strategies for Improved Living Standards 1991 – 1993**

8.1 The ACTU wages policy for 1991-93 will be to achieve increases in living standards for Australian workers through a package of measures.

8.2 The trade union movement priorities are to increase employment and over time improve real incomes by:

- increasing employment;
- upgrading skills;
- ensuring that wages are as a minimum adjusted for prices;

- increasing employer contribution to occupational superannuation to secure improved living standards for workers in retirement;
- the protection against erosion of real incomes through taxation;
- maintaining the real value of social wage changes.

8.3 The wages policy of the ACTU should be based on:

- the completion of the processes of award restructuring, including the achievement of the Minimum Rate Adjustments;
- the implementation of award restructuring at an enterprise level, involving the reclassification involved in such exercise;
- providing general wage adjustments which maintain the real value of the wage;
- increasing employer contribution to superannuation consistent with the 1991 Budget;
- negotiating appropriate enterprise based/industry agreements consistent with ACTU policy;
- negotiating tax reductions during the financial year 1992/93 with a priority for those on lower and middle incomes.

#### **8.4 ACTU Recommendation on Wages**

The ACTU's Wages policy shall be based on the following elements:

- A general wage increase for all workers based upon maintenance of living standards.
- Wage increases on an Award, Industry or enterprise basis based on Award restructuring, market rates adjustments, supplementary payments and work value.
- Enterprise/Industry bargaining based on increases in profitability/productivity and/or service efficiency and effectiveness which may be pursued on an Award or over Award basis.
- While aiming in 91/92 for an aggregate wage outcome in the order of 5%, the ACTU recognises that claims will be made that reflect the differences across Industry and outcomes will vary across industries and enterprises.
- While recognising this outcome, the system must be underpinned by the general increase for all workers.
- The ACTU believes that genuine enterprise/industry bargaining cannot take place in a context of restrictive central controls being imposed.
- Unions wishing to pursue rights to deal with matters through conciliation and arbitration should be free to do so.

#### **8.5 Wages System 1991 - 1993**

8.5.1 The ACTU Congress believes that applications should be considered on their merits and tested in accordance with requirements of the Act. In considering such applications the IRC should

8.5.2 encourage the process of parties reaching agreement consistent with the objects of the Act. The IRC should be prepared to conciliate to assist the parties reach agreement exercise its authority to arbitrate but only after the IRC is satisfied that there is no prospect of agreement or that by not exercising its authority the public interest test is not being met

8.5.3 encourage parties to reach agreement in which

- There is a longer term agreement on wages providing stability, certainty and a process for preventing industrial disputes during its terms. Such agreements shall specify the terms of

access to the IRC during its term.

- Awards and agreements are simplified
- A career structure relevant to the circumstances of the industry/enterprise is established or refined
- Productivity is increased
- The value of the work is recognised
- There is provision for genuine flexibility
- Regard is had for market considerations
- A no extra claims provision is specified or the terms in which extra claims will be made are clearly understood.

In determining claims the Industrial Tribunals should

- Not arbitrate prematurely in advance of the process of conciliation
- determine the case on its merits
- In determining the case on its merits shall have regard to the need for simplified award structures, the value of the work, the need for a career structure, genuine productivity and flexibility
- determine claims arising from rights accruing from previous wage systems

## **The Structure of the Awards**

- The ACTU believes that award types should be clearly delineated - Minimum Rates Award, Paid Rates Award, and S.115 Agreements
- Over award payments should be available under Minimum Rates Awards.
- Following the completion of MRA supplementary payments should be included in the Total Minimum Rate.
- The Total Minimum Rate shall be fixed having regard to the circumstances of the industry.
- Multi employer paid rates award shall be confined essentially to the Public Sector. Such Awards should reflect the market. A range of rates in which there is greater scope for localised arrangements may be encouraged.
- Single employer paid rates arrangements should be encouraged. Such arrangements should be established primarily by agreement and shall be ratified under Section 112 or Section 115

## **Summary**

ACTU Congress does not believe that there is a need for a set of detailed restrictive wage fixing principles which seeks to direct all decisions to a predetermined outcome.. Increased flexibility in the wage fixing system must necessarily be reflected in the system of regulation.

The IRC should give the opportunity for parties to develop their own agreements and test such agreements. It should give both unions and employers the opportunity to have their case determined on its merits.