

WAGES POLICY

ACTU Congress September 1989

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 1989 reasserts that basic objective.

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

- (i) The restoration and maintenance of the real level of wage rates;
- (ii) Periodic increases in living standards via the distribution of national productivity growth to employees;
- (iii) 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;
- (iv) 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;
- (v) 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 RELATIVITIES

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 in the manner arising out of the May 1989 and August 1989 National Wage Case decisions; involving properly established relationships between minimum rates of pay, comprised of base rate plus supplementary payments.

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:

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

(ii) Continued support for a system to 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 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.

(iii) Continued support for a centralised system of wage fixation.

(a) 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.

(b) Recognising that this is the fundamental choice we unequivocally reaffirm our historical commitments to the centralised approach and specifically reaffirm our current commitment to the prices and incomes Accord, with support for a centralised system being directed to giving affect to wages policy objectives for the workforce as a whole.

(c) 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.

(d) 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.

(e) 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.

(iv) Consistent with the commitment to a centralised system of wage fixation, 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.

(v) 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.

(vi) 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.

(vii) 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.

(viii) 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.

(ix) Wages strategies should recognise that there may be special and unique 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.

(x) Trade union wages strategies should maintain the right to bargain collectively both in the context of individual award reviews and in the case of over-award payments. 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 1989 - 1991

8.1 The ACTU wages policy for 1989-91 will be to achieve increases in living standards for Australian workers through a package of measures.

8.2 The ACTU and affiliated unions have made a commitment to the wage principles handed down by the National Wage Full Bench in August. So long as those principles are applied in a workable and realistic manner our commitment will be maintained. The wage principles will have application until September 1990.

8.3 Congress accepts its immediate priority is to make the 1989/90 wages/tax/social wage package work; to meet the objective of improving living standards of workers over 1989/90, to secure an equitable wage fixation system as a base for future national wage increases and to establish appropriate and consistent minimum rates of pay.

8.4 Congress notes that the July 1989 tax cuts are operating and the social expenditure initiatives are in place. Accordingly the wages system has to deliver and the trade union priority must be on ensuring it does.

8.5 In giving effect to that priority the trade union movement will ensure:

- (i) access to restructuring adjustment in all Awards
- (ii) implementation of new minimum rates and the minimum rate adjustment in all minimum rate awards
- (iii) in all Awards other outstanding entitlements in relation to second tier increases, superannuation and the 38 hour week in order to secure an equitable wages base for the future
- (iv) equal access to training, career advancement to all workers, with particular emphasis on women workers.
- (v) application of the system on a consistent basis between Industrial Tribunals.

8.6 The meeting of these priorities will require collective trade union action to support the practical implementation of the NWC decision and active ACTU support where required for specific Award claims. The meeting of these priorities also requires a clear ACTU process/strategy for giving effect to the decision at an Award level. It will require consistency of State Industrial Tribunals.

8.7 Congress reaffirms, that in giving effect to the current system:

- (i) Unions will not co-operate in a repeat of the two tier

system, and the unions reaffirm that:

- (a) employees must genuinely agree to change;
- (b) there will be no negative offsets - that is all workers will receive as a minimum the two structural efficiency increases of \$10 per week, \$12.50 per week and \$15.00 per week or 3% whichever is the greater and these increases will not be offset by other measures which reduce income.
- (c) the union must be party to any agreement.
- (ii) A claim will be lodged in May 1990 seeking an increase from the 1st of September to adjust wages in line with movement in prices;
- (iii) The ACTU will assist any union who gets into difficulties in negotiations;
- (iv) All workers must receive a wage increase this year and in the event that some sections of the workforce are denied increases, the November ACTU Executive meeting be required to develop a campaign of industrial action in respect of these workers, including the consideration of calling Special Union Conferences with the view to maintaining a national united campaign to protect workers.

8.8 In implementation of the Award or enterprise levels, trade union movement should:

- (i) secure commitments on job security
- (ii) secure commitments on appropriate investment in training
- (iii) secure commitments to equal access to training and career advancement
- (iv) reject negative cost cutting exercises in giving effect to the structural efficiency principle, consistent with the clear position of the Commission that such approaches are not intended
- (v) ensure that Award changes are in the interests of both workers and management
- (vi) ensure that Award changes bring more fulfilling employment to the workforce generally
- (vii) ensure that Awards for the future properly reflect the principle of equal pay for work of equal value.
- (viii) ensure movement from age based wage rates for juniors to wage rates based on training and skills.

8.9 Congress believes the August 1989 decision has the capacity to improve equal pay for women via the minimum rates adjustment, reclassification of workers in new award structures and access to training. Congress calls on unions to pursue equal pay for women through the opportunities available in this system.

8.10 On basis of successful reformation of Award system the trade union movement can establish a more equitable wages base and overcome some of the substantial deficiencies which have been identified in the ACTU blueprint.

8.11 From that base the trade union movement priority is to maintain and over time improve real incomes, which requires:

- (i) the maintenance/improvement of wages
- (ii) increased employer contributions to occupational superannuation to secure improved living standards for workers in retirement
- (iii) the protection against erosion of real incomes through taxation
- (iv) the maintaining/improving the real value of social wages policies.

8.12 The package of measures to improve living standards must include the maintenance of the real value of wage increases achieved through Award Restructuring and the increase in minimum rates. As such it requires the application of CPI based increases.

8.13 The package needs to be capable of implementation consistent with an expansion of economic activity, employment growth and a lowering of inflationary pressures. It needs also to continue to have a strong equity element.

8.14 The ACTU rejects any suggestion that wage earners must continue to bear the burden of high inflation levels on living standards. Working people in Australia have accepted restraint for six years. It's time for the price fixers in the community to show a equal commitment to restraint and if their addition to profits and increased remuneration can be tempered the rate of increase in CPI should reduce.

8.15 To meet those objectives, Congress endorses the commencement of ACTU negotiations with Government in March 1990 to develop package to operate beyond June 1990, those negotiations addressing and attending positively to any problems arising out of the operation of the current system. Such negotiations will necessarily involve all elements impacting on living standards;

wages
tax
social wage expenditures

The outcome of these negotiations should be considered by a Special Unions Conference.

8.16 ACTU should in those negotiations pursue outcomes for 1990/91 which improve workers living standards, involving:

- (i) Wages/Superannuation
- (a) the protection of real wage levels, involving CPI based claims. Congress endorses the

making of the first such claim in May 1990.

(b) the improvement in living standards, in an appropriate form, in line with increased national productivity. The trade union movement should seek to double the current Award entitlement of employer funded occupational superannuation, on a phased basis.

(c) the resolution of any outstanding inequities within Awards, which contravene ACTU wage justice objectives.

(d) promoting the practical achievement of equal pay through the establishment within the Department of Industrial Relations of an Equal Pay Bureau, with the following functions:

to identify and publicise the continuing differential in earnings between men and women workers and the reasons for such differentials,

to develop comprehensive strategies designed to overcome this disparity,

to call for submissions from unions and other interested parties,

to give advice to the Government on equity issues.

(ii) Tax

(a) taxation cuts which at least maintain the real benefit to workers of the July 1989 tax cuts; i.e. tax cuts of the equivalent of at least tax indexation.

(b) measures full to close any continuing tax avoidance measures, with particular reference to corporate tax avoidance avenues.

(c) examination of further rationalisation of indirect taxation measures to increase the equity of such taxes (but without increasing the relative burden of such taxes in aggregate).

(d) achieving a position whereby all levels of Government, Federal, State and local, cease adding to the rate of inflation.

(iii) Social Wage

(a) ensuring the protection of the real value of all family assistance measures

(b) Increasing the benefits of social wage protection to those in greatest need through further targeted real increases in benefits.

8.17 The ACTU will co-ordinate a campaign by affiliates to obtain maximum commitment by union members and general community support for the overall objectives of the above claim.