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Federal Government must stick to its commitment to overcoming unequal pay, say unions

The Federal Government must not abandon the opportunity to create a lasting and landmark reform of the gender pay imbalance in Australian workplaces, say unions.

After reviewing the Commonwealth's submission to the equal pay test case for social and community sector workers, the ACTU urged the Gillard Government to stick to its commitment to pay equity for women.

ACTU President Ged Kearney said the case was important in redressing the longstanding under-valuation of women's work and the gender gap that worsened under the Howard Government.

While its success was not dependent on Commonwealth support, any backtracking by the Federal Government on Budget grounds would be disappointing, Ms Kearney said.

"In its submission, the Federal Government has restated its commitment to pay equity in Australia and endorsed the role of Fair Work Australia in redressing under-valuation of women's work," Ms Kearney said.

"There are 153,000 workers in this sector, mostly women, and the Government has acknowledged that they should be paid the same as other workers performing work of equal or comparable value.

"Although the Commonwealth notes that any 'significant' wage increases will involve additional funding, the remedy the unions are seeking is not only fair but modest and affordable.

"Ultimately, this case should not be about the capacity to pay and no-one ever pretended it wasn't going to cost money. The case is about equity and a gender pay gap that can no longer be tolerated.

"The Gillard Government must make decisions when it comes to balancing the Budget – but it also has an opportunity to be remembered as a great reforming government in the Labor tradition that overcame the historical gap between men and women's pay."

Ms Kearney said that for the lowest paid workers in the sector, the unions' application involved less than a 10% pay increase compared to the Modern Award rate. Any increases would be phased in over 5 years, thereby avoiding an immediate hit on the Budget bottom line.

She said the pay rates that the unions are seeking have already been applied in Queensland.

"They have been funded by the Queensland government, which has recognised the importance of putting their money where their mouths are as has the Victorian Government," Ms Kearney said. "The community sector must be given the financial support it deserves, even if this requires some realignment of Budget priorities."

Media contact:

Mark Phillips ph (03) 8676 7266 or 0422 009 011; mphillips@actu.org.au