

# Union Action Plan

Wages



**ACTU**  
CONGRESS 21



# ACTU Congress briefing: Fair pay

## Why it matters:

Australian workers are not getting their fair share. Inequality is skyrocketing in this country.

Australia is in the grip of a low wage growth path (deliberately planned by the government) that has denied workers their fair share, reduced workers' living standards, and jeopardised our post-COVID recovery.

We were the first country in the world to win a living wage - the concept that no worker or their family should live in poverty - over 110 years ago.

Over the years this concept has been eroded. Now our minimum wage is so low it leaves workers in poverty, the majority of these workers are women.

Even before COVID 19 the enterprise bargaining system was no longer working as intended. It is in decline. For some people it never worked. After more than 30 years of enterprise bargaining productivity had flatlined, we were in the longest period of low wage growth in 70 years and job insecurity was weighing heavily on consumer confidence.

Big business has structured the workforce to keep wages low through complex supply chains, subsidiaries, franchising, labour hire and casualisation. More money now goes to big business, and big business refuses to share.

Artificial and low public sector wage caps have helped drive the wages crisis.

The classic market theories of supply and demand should have driven wages higher in the circumstance of reducing unemployment and skills shortages. But the very high levels of unsecure work, high underemployment, proliferation of temporary migration where vulnerable migrant workers have little or no bargaining power, artificial public sector wages caps, erosion of the award system, advent of wage theft as a business model and low union membership have combined to put consistent downward pressure on wages.

The result is that working people have less to spend in their communities. And local businesses can't employ more people.

## Key Facts

- The Governor of the Reserve Bank says that wage growth needs to be 3% or higher if the domestic economy is to pick up. Wages are currently growing at just 1.5% p.a.
- The Morrison government's budget settings will see real wages drop by 2.25% in 2021 and they won't recover in the foreseeable future.
- Almost 1 in 4 workers, 2.3 million people now have their pay set by safety net awards.
- Women comprise over 60% of workers whose pay is set by awards.
- Casual workers are 3 times more likely to have their pay set at minimum award rates than permanent full time employees.
- Under the Fair Work Act enterprise bargaining peaked in 2011 when there were 23,220 enterprise agreements covering 2.5 million employees. In December 2019 the numbers had decreased to 10,735 agreements covering 2.2 million employees despite the fact that the economy had grown every year since 2011.
- Public sector wage rise delays and artificial wage caps are an austerity measure that is undervaluing public and community services and harming our recovery.
- Union members average \$275 pw higher pay.
- Australia has some of the most restrictive labour laws in the OECD, limiting the rights of workers and failing to provide a counterbalance for excessive corporate power.

## Australian Unions Believe

- Working people should receive their fair share of our nation's wealth.
- This is not occurring and wages are flat-lining because people's rights at work are broken.
- Too often workers are being left behind. The award system was once the bulwark against inequality. Awards need to maintain their relevance to industries they cover. There needs to be a separate process to ensure they fairly reflect the standards in their industries. This will help re-enliven the bargaining process so that it focusses on productivity improvements that are shared fairly between employers and workers.
- Collective bargaining offers the best proven method to increase workers' living standards, reduce inequality and unemployment, and increase productivity. Collective bargaining must be opened up beyond the narrow enterprise only system with workers being able to organise and bargain collectively across industries, sectors, supply chains and other areas where they have a community of interest.

- New public investment in expanded public services and infrastructure has been crucial engines of the nation's growth and the quality of life in our communities.
- Misguided austerity policies by governments that place artificial wage caps on the public sector and publicly funded services must be reversed.
- Strong and effective unions are the best vehicle for working people to reduce the gender based pay gap and secure their fair share through decent pay rises. Legislative change is necessary to swing the pendulum back towards working people so that we can break out of the current prolonged low wage growth crisis.

## Action Plan 2021-25

The union movement is committed to campaigning for a fair share for working people:

- We will seek legislative reform to provide a living wage for all working people
- We will extend collective bargaining beyond the enterprise to include industries, sectors, supply chains and other groups of workers who have a community of interest
- We will work together to overturn artificial and unfair public sector wages caps
- We will restore workers' rights so that they conform with international standards
- Make gender equity a primary objective of the Fair Work Act
- Provide stronger dispute settlement powers to a truly independent Fair Work Commission