

# Wage bargaining: real choice looming

A year ago this column anticipated a benign outlook for wage negotiation in the financial year 1999/2000. That has proved spot-on. But things have changed. Recent rumblings in Australia's economy suggest a more turbulent canvass for industrial relations in the year ahead.

A relatively tranquil period of strong growth, low inflation and rising real wages, is now giving way to more difficult economic times. Australia's credit boom, our pitiful savings rate and a massive current account deficit — coupled with tightening in the USA — have already lifted interest rates sharply. This will slow growth and increase inflation. The \$A collapse can only confirm the trend.

Domestic policy decisions will add further pressure on both the wages and industrial relations fronts. Arrival of the GST, on even the government's optimistic calculations, will have a sharp upward effect on inflation levels. This can hardly fail to fuel additional wage claims to counter the higher cost of living, especially if GST effects on household costs are more marked than the government's predictions. For many people, higher interest rates have already eaten up promised GST-offsetting tax cuts. This can only encourage trade unions to launch new wage campaigns. And the federal government's continuing attempts to achieve further major industrial relations reforms — featuring a strong push for further decentralisation of wage bargaining — will add to workforce anxiety and union agitation.

In this climate, it seems certain that relative bargaining power will have even more impact on wage outcomes than usual. Despite recent changes, some unions can still inflict damage on employers. They retain an ability to win real wage improvements in the field. In coming months they may be able to maintain the value of wages in the face of surging inflation. But most employees will not be able to do so. Groups traditionally lacking industrial muscle — such as librarians — will certainly be vulnerable.

Already there are marked differences in wage outcomes from different forms of bargaining. Summarising 1999 wage determination, the March 2000 *Journal of Industrial Relations* [JIR] reports an average annual increase of 4.1 per cent from union-negotiated agreements, compared to 3.1 per cent from negotiations in which employees were not represented by a trade union. In the private sector the contrast was even sharper: 4.3 per cent against 3.0 per cent. And, significantly, private sector Australian Workplace Agreements [AWAs] yielded only an average 2.9 per cent. These results make federal Minister Peter Reith's attempt to talk up his pre-

ferred AWA model as an attractive option for employees a very tough task. To date little more than 1 per cent of the workforce have taken up AWAs. It is hard to see many more doing so next year.

Recent studies by researchers Preston and Crockett analyse the effects of varying wage-fixing systems on women's pay. They find marked differences between Australian jurisdictions.

But, overall, the evidence demonstrates clearly that women in highly deregulated systems have experienced far greater deterioration in relative earnings than those covered by more collectivist systems. This confirms nationally what has long been apparent internationally. Australia's history of more centralised approaches to wage fixing has held our gender earnings gap [currently 16.3 per cent] at much lower levels than in otherwise similar countries like Britain and the USA.

All three countries have attempted to reduce the gender pay gap with legislative intervention. Equal pay laws were passed in the USA in 1963 and in Britain in 1970. Sex discrimination and equal opportunity legislation appeared in Australia in 1984 and 1986, respectively. None has had more than minimal impact on the gender pay gap. In Australia, by far the greatest relativity change has come from the 1969 and 1972 equal pay decisions of the federal Industrial Relations Commission. Overseas experience is similar. Women's pay position is influenced far more by the overall system of wage fixation than by specific policies for gender equity.

It is quite reasonable to extend these findings generally to lower paid employees of both sexes. The industrially weak clearly do better when wage bargaining is more collective and more centralised. It follows that any further decentralisation of bargaining is likely to disadvantage many Australian workers. Despite this, the federal government seems intent on pursuing that outcome. But their ability to get very far is doubtful. Progress is entirely contingent on support from the Australian Democrats. With recent rejection of his latest proposals, a very much watered-down version seems to be Minister Reith's best-case scenario.

Time will tell. But one thing is already certain. With ALP leader Kim Beazley now formally committed to winding back the trend to more individualisation of workplace bargaining, the next election will offer voters a real choice. After a period where the general direction of labour law and practice has been largely bipartisan, no elector will be able to complain this time that the parties are all the same. ■



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