

Bargaining for the modern economy

Unions believe that workers should be able to bargain collectively with their employers for wages and conditions that suit their circumstances and which leave workers better off, overall, than the safety net contained in awards and legislation.

The benefits of bargaining

Employees on collective agreements earn 77% more than those on awards

Currently, about 40% of employees are covered by collective agreements. The average full-time, non-managerial worker covered by a collective agreement earns 77% more than the minimum award wage for the job.

Union members earn 15% more on average than non-members. That adds up to an average of \$145 a week more.

Workers on collective agreements usually enjoy guaranteed annual wage increases, currently running at approximately 4% per annum. During the Global Financial Crisis, workers without collective agreements faced smaller annual wage increases, no increases, or even wage cuts.

Workers on collective agreements also usually enjoy a range of other monetary and non-monetary benefits, including:

- Better certainty and control of working hours (including flexibility in working hours where it suits workers);
- Improved leave and superannuation entitlements (including parental leave);
- Enhanced redundancy benefits;
- Greater fairness and equity in pay classifications and promotion paths;
- A fairer, more objective and transparent method of awarding bonuses and pay increases;
- Better access to training and skills development;
- Better safety provisions; and
- Greater rights to consultation and representation at work.

The Fair Work Act

Under WorkChoices many employers simply dictated wages and conditions. The new *Fair Work Act* improves the bargaining system by:

- Abolishing instruments that were not genuinely negotiated but were usually just imposed by the employers through Australian Workplace Agreements (AWA Individual contracts);
- Providing a stronger safety net of awards and the National Employment Standards (NES) to provide a better floor for bargaining;
- Providing workers with an enforceable right to bargain collectively in good faith;
- Ensuring that workers can be represented by a union in bargaining, and that workers can access their union representative at the workplace to discuss bargaining with them; and
- Providing greater protection against victimisation or discrimination for workers who wish to get involved in collective bargaining.

The future

Despite the improvements made by the *Fair Work Act*, unions believe that improvements are needed to the legislation to ensure that bargaining is fairer and suits the modern economy in which we work.

Workers should have a say over what to bargain for

Workers should have a say on what is bargained for and who they bargain with

The *Fair Work Act* places some limits on the matters that can be put in a collective agreement. This means that agreements cannot, for example, contain commitments from the employer to protect workers' jobs (by limiting outsourcing or the use of contractors).

Terms such as these can't be included even if the employer is happy to agree to them. Unions believe that workers should have the right to bargain about all matters that are relevant to their work and their workplace.

Bargaining with the right employers

In most cases, the *Fair Work Act* only allows workers and unions to bargain with a single employer. However, it often makes much more sense to bargain with a number of employers together – for example, where one employer controls the flow of funding or work to others. Unions believe that in the interests of efficient bargaining, it should be possible to bargain with a group of employers, as well as with employers individually. Most developed economies allow this to occur, and Australia should be the same.

An effective way to resolve disputes

Once a collective agreement is made, disputes often arise because the employer implements it in a way which is unfair. Under the *Fair Work Act*, these types of disputes cannot be resolved by an independent umpire (unless both parties agree). The inability to resolve these disputes leads to unfair outcomes, job dissatisfaction and lower productivity.

Unions are calling for the independent umpire, Fair Work Australia, to have the power to resolve these types of disputes through arbitration – that is, by making a binding decision about how the agreement should be implemented in the workplace.

Right to take industrial action

Industrial action is a serious step, and any decision to go on strike must be democratically agreed by the workers affected. While the *Fair Work Act* includes a right to take industrial action the current system is too bureaucratic and can prevent people exercising their right.

The Liberals alternative would restrict bargaining

Under WorkChoices, rights to collective bargaining were severely curtailed through the use of Australian Workplace Agreements (AWAs).

If re-elected, Tony Abbott and the Liberal Party have indicated they would again favour individual contracts over collective agreements. After their record last time in government, they are likely to restore WorkChoices restrictions that made it more difficult to collectively bargain.

The Liberal Party wants to go back to individual contracts that cut important conditions

WorkChoices
Whatever the name,
never again.

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