

Election 2019 - Enterprise bargaining

# Why is this an issue for women?

Historically low wage growth indicates that the enterprise bargaining system is not working well for employees. Last year the sense that workers were losing out while companies profited reached a peak when company profits grew by 22% – the second fastest annual growth in the past 30 years, while total wages and salaries grew by just 1.4% – the slowest growth outside of a recession or the GFC.

While bargaining is producing low outcomes for both men and women, women have lower outcomes from bargaining than men ([Fair Work Commission 2015](https://www.fwc.gov.au/documents/documents/payequity/earnings-characteristics-of-employees_final-18-12-2015.pdf)).

The bargaining system is breaking down. Newly-negotiated agreements have fallen dramatically: from around 2,000 EAs in 2010 to only 68 in 2017. There has been a massive acceleration in agreement terminations. In the private sector the number of current agreements has almost halved, and the number of employees covered has dropped by 34 per cent since end-2013 (peak year), a decline of 662,461 employees. Only 12 per cent of Australians employed in the private sector are now covered by current agreements. In the past four years the number of private sector workers covered by enterprise agreements has dropped by 25% ([On the Brink](ttps://d3n8a8pro7vhmx.cloudfront.net/theausinstitute/pages/2905/attachments/original/1544650280/On_the_Brink_Formatted.pdf?1544650280), The Australia Institute, p. 4).

The governor of the Reserve Bank, Phillip Lowe, last year argued workers needed to be bolder in their wage demands, that they were more concerned about the security of their job than getting a pay rise ([Australian Financial Review](https://www.afr.com/news/economy/monetary-policy/workers-must-demand-greater-share-of-pie-says-rba-governor-philip-lowe-20170619-gwtxht), 6 September 2017). There are reasons why employees have such concerns.

The reasons why insecurity has grown include strategies to casualise, outsource and deunionise the workforce, an imbalance in the legislative framework around the respective bargaining rights of employers and employees, and particular decisions of the FWC including one which triggered a rush of unilateral agreement terminations by employers.

* Enterprise agreements should deliver wages and conditions that improve on awards and are paid for by increased productivity. Each agreement was meant to build on the previous agreement. Unilateral termination of agreements enables employers to simply cancel years of wage growth paid for by productivity improvements.‘ In some cases, threatened EA termination implies dramatic potential wage cuts for workers of as much as 60 per cent, in the event that compensation were to revert to award minimums after termination’ ([On the Brink](ttps://d3n8a8pro7vhmx.cloudfront.net/theausinstitute/pages/2905/attachments/original/1544650280/On_the_Brink_Formatted.pdf?1544650280), The Australia Institute, p. 6).
* Thus far, unilateral termination of agreements has particularly affected women. The expiration or termination of several large agreements covering retail and fast food sectors accounted for a large portion (around half) of total private sector agreement coverage decline since end-2013 ([On the Brink](ttps://d3n8a8pro7vhmx.cloudfront.net/theausinstitute/pages/2905/attachments/original/1544650280/On_the_Brink_Formatted.pdf?1544650280), The Australia Institute, p. 26).

Women’s bargaining position is further weakened by their structural position in the workforce--women occupy low paid, casualised, decentralised and contracted ‘caring’ and service delivery employment. Women have also been adversely affected by other decisions of the FWC, this time relating to the low paid bargaining stream and equal remuneration.

* The low-paid bargaining stream has never been successfully used to allow multi-employer agreements in industries like child care, community work, security and cleaning, where employees struggle to bargain effectively with their employers. An attempt in the aged care sector stalled when the FWC made a declaration that employees with different employers could bargain together only if they weren't currently covered by an enterprise agreement, which excluded low-paid workers on expired agreements.
* Equal remuneration provisions have only been successfully used once.

**Election commitments**

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| --- | --- | --- |
| Full implementation | Partial implementation | No or negative response |

The table below sets out how fully parties’ current election commitments address NFAW recommendations:

|  |  |  |
| --- | --- | --- |
| **NFAW RECOMMENDATION** | | |
| Strengthen union access to the workplace and good faith bargaining provisions to facilitate collective bargaining, including bargaining for multi-employer and multi-agency public sector agreements. | | |
| **PARTY COMMITMENTS** | | |
| **ALP** | **LNP** | **GREENS** |
|  |  | The Greens stand for: the right to engage in industrial action; restoring the right to strike; bargaining at whatever level workers consider appropriate, not just within an enterprise**.** |
| **NFAW RECOMMENDATION** | | |
| Ensure that agreements cannot be terminated by employers without the consent of their employees in order to lower the bargaining threshold from agreement rates to award rates. | | |
| **PARTY COMMITMENTS** | | |
| **ALP** | **LNP** | **GREENS** |
| Labor will: improve wages by improving the balance in bargaining, including by preventing companies from terminating enterprise agreements, and preventing companies from entering into sham enterprise agreements. |  | The Greens stand for: ending employers' ability to terminate agreements. |
| **NFAW RECOMMENDATION** | | |
| Clarify ‘that the low-paid stream is not confined to employees who have never been covered by a collective agreement or instrument before’ including those on expired agreements. | | |
| **PARTY COMMITMENTS** | | |
| **ALP** | **LNP** | **GREENS** |
| Strengthen the ability of the Fair Work Commission to order  pay increases for workers in undervalued female-dominated  industries such as early childhood, aged care, and disability  services. |  |  |

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| --- | --- | --- |
| OTHER ELECTION COMMITMENTS | | |
| Commitment | **Party** | **Comments** |
|  | Choose an item. |  |
|  | Choose an item. |  |
|  | Choose an item. |  |

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