

The Changing Australian Labour Market

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Multiple Choice

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|--------|---------|---------|
| 1. (A) | 6. (A) | 11. (A) |
| 2. (C) | 7. (A) | 12. (D) |
| 3. (B) | 8. (A) | 13. (D) |
| 4. (C) | 9. (B) | 14. (A) |
| 5. (C) | 10. (C) | 15. (C) |

Short Answers

Question 1

- (a). Unions are organisations that aim to advance the interests of workers by improving their wages and working conditions. Employer associations are organisations formed to represent the interests of businesses. They generally focus on lobbying the government and assisting their members in industrial relations matters.
- (b). A correct answer may include any two of the following:
- Changes to industrial relations laws under the Howard government limited the right of Unions to take industrial action, meaning that Unions have a reduced ability to affect wage outcomes.
 - The decentralization of the workforce and the renewed emphasis on enterprise bargaining has reduced the influence of unions on wage outcomes.
 - Industries that have experienced high levels of growth in recent years – in particular business services, domestic services and retail trade sectors – do not have a history of high level of union membership.
 - In the past, it was compulsory in some industries or workplaces to be a member of a union. The abolition of all compulsory union membership in 1996 accelerated the decline in union membership.
 - High levels of international competition in Australia means that any attempt by unions to push up wage rates may result in unemployment for the members of that union by pricing labour out of a job. Firms are able to look to cheaper, overseas sources of labour if domestic wages rise. This may make union involvement in wage determinations unattractive to employees.
 - The growth in casual, part-time and temporary employment has reduced union membership, because these forms of employment typically have lower levels of trade union membership than for permanent, full-time employees.

- (c). Unions aim to increase the wages of their members by acting as advocates on their behalf in wage negotiations. By combining the bargaining power of a large number of workers, unions can force employers to pay a higher wage than a market would determine in equilibrium. This, however, conflicts with the aim of employers to reduce costs. Increases in wages that are unmatched by an increase in productivity will raise the cost of labour for businesses and therefore reduce their profit. In these circumstances, the conflict between unions and employers may result in labour being priced out of a job.
- (d). Employer associations promote the interests of their members by assisting them or providing advice in industrial relations matters and by lobbying the government on industry policy. Industry-specific employer organisations such as the National Farmer's Federation may also participate in wage negotiations or disputes on behalf of their members and provide advice and training. However as a general rule, employer associations are not as integrated as unions because employers often have differing interests.

Question 2

- (a). Awards are regulations that establish minimum pay and working conditions for workers who are not covered by other workplace agreements. They apply throughout an industry. Awards are administered nationally by Fair Work Australia, and increases in minimum wages are determined by the Fair Work Australia.
- (b). A correct answer may include any two of the following:
- All Australian employees are covered by the **National Employment Standards (NES)**, which sets out ten guaranteed minimum employment conditions which employers must provide for their employees
 - **Modern awards** provide a second safety net to workers in specific industries or occupations by extending the protections provided by the NES.
 - The **"Better Off Overall Test"** provides a safety net for workers covered by collective enterprise agreements by ensuring that all employees are made better off under a collective agreement compared to an applicable award.
- (c). The Federal Court of Australia plays an important role in enforcing the decisions made by the tribunal division of Fair Work Australia. The decisions of Fair Work Australia are not automatically binding without the backing of the court. The Federal Court can also interpret and clarify any of the decisions of an arbitration, and issue injunctions relating to industrial action, such as preventing workers from continuing a strike.
- (d). The power of Fair Work Australia to resolve disputes is very limited, as policy makers encourage disputes to be solved internally within an enterprise. In most cases, FWA is only able to arbitrate a dispute and impose a binding settlement where both parties voluntarily agree to this process. There are, however, a few exceptions to this. Firstly, FWA is able to impose 'good faith bargaining orders' on parties, which governs the behaviour of parties in the negotiation process. If these orders are persistently and seriously breached, FWA has the power to step in and arbitrate a workplace determination. Secondly, in very rare circumstances FWA has the power to arbitrate when protracted industrial action is causing significant harm to the economy or the community. Fair Work Australia is also able to offer voluntary conciliation and mediation services at any time to assist in a dispute.

Question 3

- (e). Modern awards, collective enterprise agreements and *existing* individual agreements - Australian Workplace Agreements and Individual Transitional Employment Agreements (expiring in 2013)
- (f). A collective enterprise agreement is directly negotiated in a workplace between employers and employees, often represented by unions. Awards, in contrast, are pay & condition standards that cover whole industries or occupations and are set by Fair Work Australia. They cover workers that are not covered by an enterprise agreement.
- (g). The minimum wage in Australia is set by a specialist minimum wage panel within Fair Work Australia. Fair Work Australia conducts independent economic research in order to make a wage decision, and balances both economic and social objectives in determining the minimum wage. It does not conduct formal hearings or receive submissions from parties.
- (h). Individual agreements give businesses more flexibility when determining their staffing arrangements, as they can negotiate separate conditions for each employee. It also is easier for businesses to promote productivity, by negotiating higher wages for high-performing individuals. Increases in productivity will add to economic growth across the economy. Individual agreements may also reduce the rate of unemployment during an economic downturn, as firms are able to reduce the hours or wages of workers rather than making them redundant.
- (i). Fair Work Australia determines and administers the regulations covering collective enterprise agreements. All collective agreements must comply with the National Employment Standards (NES), and must offer pay rates above the relevant award wage. Workplace agreements are subject to the "Better Off Overall Test", so that any tradeoff of award conditions must result in employees being better off than they would be under the applicable award. Collective enterprise agreements are subject to 'good faith bargaining' rules, which ensure that parties conduct negotiations fairly and in good faith when determining pay and conditions.