

## Wages in 2001: a complex scene



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An Australian recession in 2001 is an even-money bet. Unemployment will rise to at least 7.5 per cent this year. There will be no wage break-out. But up-market jobs will attract strong earnings growth. These are some of the major conclusions from the *Wages Outlook 2001* conference I attended in Sydney recently.

Professor Barry Hughes kicked off the conference by outlining the economic backdrop for wage fixing. He sees an uncertain period ahead for Australia, with outcomes dependent on whether central bank stimulation or cautious consumers and investors have the greater impact. A return to subdued growth by year-end is the most likely development, but this will not be sufficient to prevent significant contraction in the labour market.

In this environment, wage specialists predict a highly complex set of scenarios for 2001. Deregulation has created a multi-faceted wage-fixing system in this country. Formal mechanisms incorporate different subsets within the overall system, with outcomes for award employees differing markedly from those achieved under enterprise agreements, and separate outcomes again for those subject to individual arrangements. Beyond the actual processes for wage determination, shifts in the composition of the workforce bring additional complications.

Casualisation, use of contractors, engagement of staff through labour hire companies and outsourcing policies are just some of the developments that have changed the face of Australia's workforce and its wage fixing in recent years. The use of casual labour and contractors, for example, has doubled since the 1980s; among larger employers, recruitment through labour hire firms has quadrupled; and, perhaps most noticeably, around four in five large organisations now outsource some of their work. This is a potent mix and makes forecasting precarious, to say the least.

Based on year 2000 data, it is possible to estimate the proportion of Australian workers now covered by different forms of employment regulation and wage outcomes produced by them. Between 40 and 45 per cent are still subject to purely award coverage (including those on over-award payments) — last year they gained wage increases of between 1.0 and 4.0 per cent. Thirty-five to 40 per cent are covered by collective agreements, most of which are read in conjunction with awards: these people won wage rises of 3.5 to 4.0 per cent. And between 15 and 20 per cent of employees are now subject to a variety of individual arrangements, including registered workplace agreements and common-law employment contracts — their experiences varied from no wage rise at all to as much as 7 per cent.

John Buchanan, deputy director, Research, at the Australian Centre for Industrial Relations Research and Training, presented a detailed analysis of trends for the year and made the following forecasts: awards 1–3 per cent; agreements 3–5 per cent; individual arrangements 2–4 per cent. Among the latter, marked differences are anticipated for particular groupings. For executive and senior professionals, rises are expected to range between 2.5 per cent at the lower quartile and up to 7.5 per cent at the upper quartile.

How librarians will fare this year is difficult to predict with any certainty. The probability is that their experiences will vary along with everyone else's according to which bargaining stream they find themselves in. Adoption of new equal pay principles in New South Wales and Tasmania, with similar action now recommended in Queensland, provides an avenue for trade unions to seek review of what have been widely seen as inadequate salaries for the profession. But a contracting labour market and a declining budgetary position for governments and most employers will be formidable obstacles to early action to improve the lot of Australian librarians.

### Wage regulation: employee distribution and wage rises 2000 and 2001

Mechanisms	% of employees	annual wage rise 2000	forecast wage rise 2001
awards	40–45%	1.0–4.0%	1.0–3.0%
collective agreements	35–40%	3.5–4.0%	3.0–5.0%
individual arrangements	15–20%	0.0–7.0%	2.0–4.0%

Source: ACIRRT March 2001

*... wage specialists predict a highly complex set of scenarios for 2001.*