Submissions by Waste Contractors and Recyclers Association of NSW on Federal Minimum Wage Review

The Waste Contractors and Recyclers Association of NSW ("WCRA") is a significant employer association representing the interests of over 85% of incorporated employers involved in the transportation of waste and recycling materials throughout NSW.

We also confirm that in October 2007 our Association was granted Transitional Registration under the Workplace Relations Act 1996 – registration number R2007 / 346.

Role of Minimum wage reviews in maintaining economic prosperity

WCRA broadly supports the move by the Australian Fair Pay Commission to review minimum wage levels on an annual basis. WCRA recognises that annual minimum wage reviews play an integral part in promoting the economic prosperity of the Australian people, this being the overarching objective of the Fair Pay Commission in conducting its wage reviews. In our view, minimum wage reviews play an important safety net function in maintaining wage rates at viable levels for low paid workers particularly in traditional blue collar industries such as waste management where many Employees rely on the award system and minimum wage setting for adjustments to rates of pay. WCRA also supports the setting of minimum wage rates on a relativities basis for Juniors, Trainees and Disabled Employees.

It is recognised that even for workers who are not low paid, minimum wage levels provide an important safety net in ensuring that these workers are suitably remunerated for the skills and expertise they use in performing their higher graded duties and encourage them to aspire to career path opportunities in attaining greater skill and qualifications. The provision of annual wage increases ensures that all workers under award classifications receive adjustments to wage levels reflecting costs of living increases and the general prosperity of the economy. It is recognised that in reality actual wages in many industries, particularly in the waste industry, must exceed the minimum levels under respective award classifications in order to attract and retain suitably qualified personnel.

WCRA also recognises the important role of minimum wage reviews in assisting Employers in ensuring there is a minimum rate of pay across all classifications in their respective industries below which an Employer cannot remunerate an Employee. This ensures to some degree that there is a "level playing field" which prevents Employers particularly new entrants or foreign competitors to the waste industry from engaging "in a race to the bottom" in terms of labour costs.
We caution that there should not be an over reliance on the minimum wage as a “stop gap” social welfare measure for low paid workers and the unemployed as this will have the effect of discouraging Employers from creating sustainable, permanent and long term positions where costs of labour are too burdensome and uncompetitive. Over-reliance on minimum wage level adjustments can have the opposite effect to that intended: dissuading the economic prosperity of the Australian people by restricting employment growth and productivity. We are of the view that minimum wage levels should be set at a level that encourages Employers to create sustainable, permanent and long term positions where costs of labour are too burdensome and uncompetitive.

The minimum wage review should not be used to dissuade the process of workplace bargaining and the need for enterprise flexibility.

Implementation of Annual Wage Reviews

It is the strong view of WCRA that passing on minimum wage increases must be removed from the present system of published Pay and Classification scales which in our experience have been inconsistent and susceptible to misinterpretation and error. We site the example where pay rates published on the website of the Workplace Authority in May 2007 were in excess of the increases awarded by the Fair pay Commission for each of the classifications under the Transport Industry - Waste Collection and Recycling Industry (NSW) Award. After extensive consultation with the AFPC it was discovered the inflated published rates for that award were attributable to passing on of safety net adjustment for 2006 which should not have been applied.

Another problem encountered in our Members readily applying wage increases of the AFPC is that not all awards affecting our Members have published pay scales. For instance the Transport Industry Trade Waste Award (NSW) which applies to Employers engaged in the commercial collection and transportation of waste materials does not feature its own published pay scale.

It is the view of WCRA that annual setting decisions of the AFPC that pass on minimum wage adjustments must expressly form part of any newly rationalised award for the waste industry (through a schedule added to the award) and not by published Pay and Classification Scales which in our experience have proven unreliable.

WCRA recommends that the AFPC annual wage review should be handed down no later than 1st May, 2008 with an operative date from the first pay period on or after 1st July, 2008 (this is consistent with financial and tax reporting periods).

WCRA also suggests that the Commission look at ways to achieve part parity in setting of wage levels under awards that apply to non-constitutional corporations that continue to operate in the state system and are bound by state wage case decisions. There needs to be a degree of uniformity in wage increases at state and federal level particularly where Employers are competing with each other for work and operating under the same award.

Issues arising out of the 2007 Fair Pay Commission decision

It is acknowledged that the moderate nature of the 2007 minimum wage increases were a reflection of the short turn around time from the 2006 decision which itself provided for higher than anticipated minimum increases (up to $27.36 for employees earning less than $700 per week). That decision in 2007 also acknowledged that pay increases awarded were a reflection of the sensitivities of low paid employment to changes in wage levels as well as providing incentives for individuals to seek and remain in paid employment (the same reasons we have identified above supporting minimum wage reviews).

We note since the last wage review in 2007 the economy continues to operate strongly with evidence inflation is increasing at higher than expected levels and interest rates continuing to rise, all this against a backdrop of historically low unemployment rates. Given the current state of the strong Australian economy and the Federal Governments pledge to wage restraint, we are of the view that the AFPC should conduct its minimum wage reviews with some degree of caution in the current economic climate.
In our view a wage adjustment that encourages workers to obtain and remain in paid employment and that provides a true safety net for the low paid is a sufficient basis for the adjustments of minimum wage levels in 2008. We also recommend the Commission review the $700 benchmark used for applying its two tiered wage increases and consider its abolition as one increase for all wage classifications is sufficient and much easier to implement.

**Closing remarks**

As the peak Employer Association for the waste management industry in NSW we would appreciate the opportunity for further consultation in relation to minimum wage setting and the award rationalisation process. We request that WCRA be recognised and consulted as a key stakeholder to be included in any discussions between the Fair Pay Commission and Employer / Employee Associations on employment relations matters affecting the waste and recycling industry.

Yours Faithfully,

Tony Khoury  
Executive Director