27th February 2009

RE: AUSTRALIAN FAIR PAY COMMISSION SUBMISSION 2009

The Chamber of Commerce Northern Territory (CCNT) attended consultations with the Australian Fair Pay Commission on the 19th February 2009. The content of this submission primarily deals with discussions arising from those consultations as they concern the Northern Territory economic environment and the consequences resulting from any proposed increases to the Federal Minimum Wage.

The Chamber of Commerce Northern Territory supports the submission being put forth by the Australian Chamber of Commerce and Industry (ACCI), on behalf of all State and Territory Chambers, together with industry associations comprising membership of ACCI.

In addition to those raised in the ACCI submission, the impacts on the Northern Territory are raised.

1. Summary of Submission

   CCNT would like to see any increases if any, passed on in the 1st January 2010 Award Modernisation process to eliminate confusion for employers.

2. Economic prosperity

   The 2009 AFPC review takes place in the context of ‘near unparalleled economic and labour market downtown, unparalleled falls in consumer and business confidence, and a crisis significantly fuelled by exogenous international factors’ (ACCI AFPC Submission 2009).

   The Chamber maintains strong concerns for employers in the Northern Territory in light of an expected deterioration in economic conditions in their ability to maintain existing staffing levels at increased costs.

   Award Modernisation due for commencement on the 1st January 2010 is expected to bring a level of complexity to organisations in restructuring their workplace arrangements with an expectation of rising costs from this process.

   The determinants for passing a 2009 review to the FMA are based on historical factors and should be based on the needs of economy to sustain employment at its current level with minimal disruption as the global financial crisis continues to worsen.

2.1 The capacity for the unemployed and low paid to obtain and remain in employment

   CCNT have long highlighted the different economic and cultural needs which affect regional and remote Northern Territory and the implications of the existing Workplace Relations Act 1996 as not meeting a number of the ongoing
needs of remote workplaces. The ability to sustain ongoing employment and training initiatives in regional and remote Northern Territory is reliant on funding, from both the Northern Territory and Federal Governments, with very little private sector employment outside of Indigenous Organisations (who are in turn receiving high level financial assistance). CCNT believe that this area of employment remains at significant risk.

2.2 Employment and competitiveness across the economy

CCNT maintain a high level of concern about the Northern Territory economy and the ability for private sector employers to compete and remain viable given growing pressures as resulting from the Global Financial Crisis. In this, we address a number of key industry sectors which affect and drive the Territory economy.

Mining Sector
The Northern Territory economy has remained buoyant over the past few years with strong economic gains from mining in the minerals and resources sector. In the last 4 months alone however, CCNT is aware of a number of large mining companies operating in the Territory which have made significant cut backs to their workforces and continue to analyse their ongoing involvement in the market place given greatly reduced prices on mining commodities. Whilst it appears that many persons who have been made redundant been absorbed into the work force to date, strong concern is raised at the longer term impact of reductions in the mining sector, together with the private sector to continue to absorb these positions if the global financial crisis continues to impact on local private organisations.

Non-for-Profit sector
CCNT is working with many organisations whose ongoing funding has either been reduced, cut or is under renewed threat. This results in many non-for-profit organisations competing with each other to remain viable and in doing so, undercut on costs. This has lead to redundancies through this sector with more expected as a result.

2.3 The provision of a safety net for the low paid

CCNT agree that a minimum safety net should be maintained, however, given the pressing economic circumstances recommend ongoing wage restraint in an attempt to existing economic conditions without further deterioration.

2.4 The provision of minimum wages for junior employees, employees to whom training arrangements apply and employees with disabilities are essential to ensure those employees are competitive in the labour market.

Many organisations within the Northern Territory maintain junior rates which are higher than those contained within awards in order to compete with market rates. The same can be applied to apprentice rates although not to the same extent. Provisions which deal with Supported Wage Systems are only in use by a handful or organisations in the Northern Territory and as such CCNT is unable to provide quantifiable information as to the effect of increased cost of employees with a disability.

3. Issues Arising from Previous Decision

The impact of creating and increasing rates of pay contained within pay scale continues to create a high level of confusion amongst employers in the Northern Territory. The AFPC at present publishes only 17 pay scales for awards relevant to the Northern Territory, thus leaving over 100 other commonly used awards which have no easily accessible rates of pay available. CCNT continues to provide Wage Rate Schedules containing these rates to members where other award information is required, however, CCNT maintains strong concerns for those employers who do not have access to this information and therefore are at greater risk of not paying their staff correctly.

4. Conclusion

The Chamber of Commerce recommends, inline with the submission from ACCI, a deferral of the AFPC wage review for 2009, with any findings to be passed on to Fair Work Australia and passed through a system of modernised awards, thus continuing to reduce confusion by employers.
Should you have any queries in relation to this submission or discussions as previously held, please do not hesitate to contact the Chamber of Commerce on Telephone Number – (08) 8982 8100.

Kind regards

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Chamber of Commerce Northern Territory