

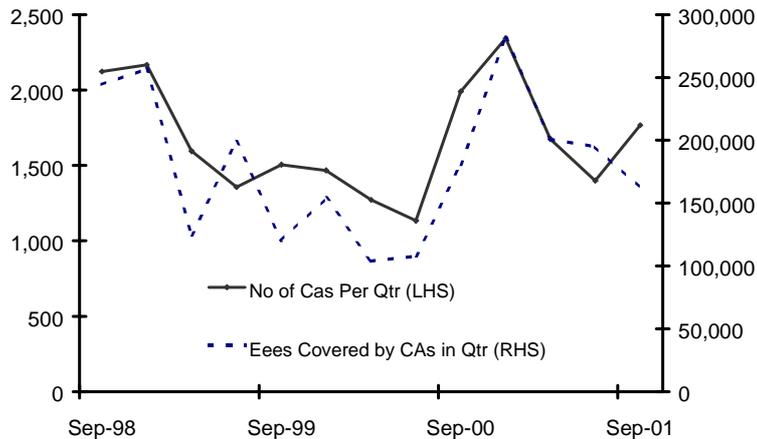
## 8. Bargaining and Systemic Considerations

[8.1] The Commission’s decision in this matter must be made in the context of volatility in the rate of agreement-making.

[8.2] The Department of Employment and Workplace Relations publishes a quarterly report on numbers of Certified Agreements being approved by the Commission, and various outcomes under these agreements.<sup>16</sup>

[8.3] The following figure is drawn from the September Quarter 2001 report. It illustrates numbers of certified agreements approved each quarter, and the number of employees covered per quarter.

**Figure 5 – Certified Agreements Numbers and Coverage, 1998-2001<sup>17</sup>**



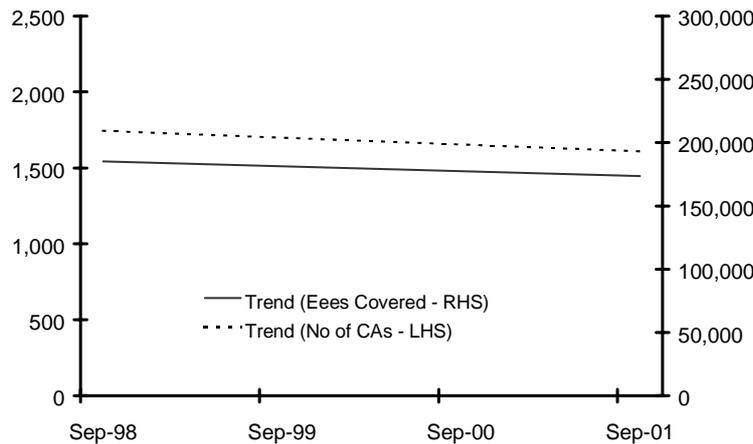
[8.4] It shows a pattern of variation over time, with quarterly agreement approvals/employees peaking in December 2000. It should be noted that agreement-making is prone to cycles of negotiation and re-negotiation which can affect agreement numbers.

<sup>16</sup> Department of Employment and Workplace Relations, *Trends in Workplace Bargaining*, September Quarter 2001.

<sup>17</sup> Department of Employment and Workplace Relations, *Trends in Workplace Bargaining*, September Quarter 2001.

[8.5] This is underscored by an examination of statistical trends in agreement making during this period. The following figure shows the same data, but presented as simple linear trend lines:

**Figure 6 - Certified Agreements Numbers and Coverage (Trends), 1998-2001**



[8.6] This data could be characterised as stable, indicating that agreement making appears to be experiencing a period of consolidation.

[8.7] It is unclear whether there has been a slowing of the extension of the system to new workplaces, new employers and new employees, however this remains a live concern. Some industries may be particularly vulnerable to disincentives to enter into agreement-making.

[8.8] An examination of the issue of bargaining also needs to take into account changes in the type of workplace bargaining that employers and employees choose to enter into. For example, the number of AWAs approved during January 2002 was up 32.2% compared to the number approved in January 2001. AWA penetration in some industry sectors is in excess of 10%.<sup>18</sup>

<sup>18</sup> OEA ([www.oea.gov.au](http://www.oea.gov.au)), *AWA Statistics*.

[8.9] This data does however provide an additional imperative to ensure that minimum wages properly support bargaining in the wake of this decision.

[8.10] It is essential that a maximum proportion of Australian employers and employees retain not only the capacity but also the incentive to improve productivity at the workplace level. For many this will be best achieved through participation in the formal bargaining system.

[8.11] Wages have a clear role to play in maintaining incentives to bargain, and to increase productivity. The Commission should ensure that minimum wage levels continue to balance this imperative with the additional matters set out in the *Workplace Relations Act 1996*. Such balance would not be met by the ACTU's ambit \$25/6.05% claim, which would negatively impact on bargaining and productivity improvement.