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The Changing Australian Labour Market

Multiple Choice Answers

1	A	6	A	11	A
2	C	7	B	12	D
3	C	8	B	13	C
4	C	9	B	14	A
5	C	10	A	15	A

Short Answer Questions

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) Union membership has declined significantly over the past three decades, falling from just over 40% of employees in the early 1990s to 22% by 2005. Changes to wage determination, industry structure and the increased casualisation of work have been key factors in this trend.
- (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. However, unions must balance this aim with the danger of pricing their workers out of a job, as increased wages will increase the cost of labour for business, reducing labour demand. Unions can also use their bargaining power to improve working conditions of employees.
- (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) Industrial tribunals are state and Commonwealth government agencies that oversee the industrial relations system and attempt to prevent and settle disputes between employers and employees.
- (b) Awards are regulations which 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 the Australian Industrial Relations Commission, and increases in minimum wages are determined by the Australian Fair Pay Commission. Awards contain 16 allowable matters which include standards for pay and working conditions.
- (c) Minimum wages are set by the Australian Fair Pay Commission (AFPC) (which replaced the AIRC in this role in 2006). The AFPC is required by legislation to consider the needs of unemployed as well as low income earners. It generally consults with industrial organisations and considers the state of the economy before increasing the minimum wage.
- (d) The AIRC resolves industrial disputes by either conciliation or arbitration. Conciliation is a non-binding process where disputing parties negotiate through a mediator who recommends a conclusion. Arbitration occurs when conciliation has been unsuccessful and the tribunal instead makes a ruling that is legally binding on the parties. Since 2006 the AIRC's role in dispute resolution has been reduced and it no longer has compulsory power over disputes, and will resolve disputes when parties voluntarily submit to its power, which is usually specified in an enterprise agreement.

Question 3

- (a) Industrial Awards, Certified Agreements (or collective agreements) and Australian Workplace Agreements (individual agreements).
- (b) Enterprise bargaining is direct negotiation between employers and employees about pay and working conditions at their workplace. It can occur on an individual basis through an Australian Workplace Agreement or collectively, usually represented by a union, as a Certified Agreement.
- (c) A collective agreement is a workplace agreement negotiated between an employer and a group of employees (usually a union). An Australian Workplace Agreement is a contract negotiated individually between an employer and a single employee.
- (d) All Australian Workplace Agreements (AWAs) are registered with the Employment Advocate, which since 2006 tests each AWA to see if it complies with five minimum conditions set out in the Fair Pay and Conditions Standard. It is possible for an AWA to contain conditions below those of an Award.
- (e) Unions usually negotiate collective agreements on behalf of all the employees in a workplace, even though in most workplaces less than half of the employees are union members. Since most industrial agreements are collective agreements, unions have a considerable role to play in the industrial relations process. However falling union membership in recent decades has meant that the role of unions in workplace negotiations has been falling.