Industrial relations

Now bosses face triple pay slug

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Pay push … union officials Peter Tighe, left, and Alan Hicks talk to electrical apprentices on Tuesday. **Photo: Louie Douvis**

Mark Skulley and Pip Freebairn

Employers struggling with higher penalty rates face a three-pronged pay push in coming months as unions target a substantial increase in minimum wages covering about 1.4 million workers, along with higher pay for apprentices and junior retail workers.

The ACTU will seek pay increases of between $23 and $25 a week, a rise of about 4 per cent, for Australia's lowest paid workers from July 1 under the annual minimum wage review, while seeking a percentage increase for higher-skilled workers who still rely on awards.

The Shop, Distributive and Allied Employees Association will separately apply for the adult wage to be paid to 20-year-olds instead of starting at 21 years of age.

Unions will also run a test case to lift the pay of about 200,000 adult apprentices to the minimum wage in their industry, arguing their pay is often below the poverty line and needs boosting to fill skills shortages.

But the leadership of the Australian union movement is headed for change, with ACTU secretary Jeff Lawrence tipped to announce he will not seek re-election in May.

Mr Lawrence moved from Sydney to Melbourne about five years ago to succeed Greg Combet at the ACTU. He refused to be drawn on his intentions last night, but said he would "say something in the near future".

The low-pay push comes as Fair Work Australia considers research on whether to use the "needs of the low paid" as a measure for wage rises instead of the traditional income-based measures such as the Henderson poverty line.

Henderson classifies more people as in poverty even as overall incomes grow, but unions and welfare groups support measures that could result in even higher wage increases.

In 2011, unions argued that the analytical living cost index, which was then running at about 4.5 per cent, was a better guide than the consumer price index, which was running at about 2.7 per cent.

RMIT University researcher Alan Montague said apprentice wages should have been lifted long ago, while the government should also reduce training subsidies to big business in favour of helping small-tomedium companies.

The Gillard government also accepted last year that wages were a "relevant factor in attracting and retaining" apprentices but has yet to quantify this to Fair Work Australia.

Workplace Relations Minister Bill Shorten said yesterday that the government was a "big supporter of apprentices

but we are also a big supporter and encourager of employers continuing to offer apprenticeship positions".

"I do think we need to look closely at addressing existing low rates of pay as this is about the kind of skills our economy has well into the future," he said.

"But we need to get the balance right and make sure it is not too expensive to train apprentices."

A government-commissioned panel found last year that 48 per cent of apprentices did not complete their training, with low pay and lack of support being main reasons.

But the Australian Chamber of Commerce and Industry argued that the wage increase for apprentices would set "alarm bells ringing" and discourage employers from taking on trainees rather than "fixing" the skills shortage.

ACCI chief executive Peter Anderson said that trade apprenticeship commencements had already fallen by 1 per cent in the year to September. "You have to understand the marketplace, and the ongoing challenge to encourage employers to take on apprentices," he said.

But ACTU president Ged Kearney said almost a quarter of apprentices were now aged 25 or older, and almost 90 per cent were 18 or older.

"Yet the apprentice pay structure does not account for this, with some of these workers still paid as low as $6.32 an hour, which is less than the Newstart allowance."

The Communications, Electrical and Plumbing Union's national secretary, Peter Tighe, said the higher paid apprentices had a lower dropout rate.

A national leader of the Construction, Forestry, Mining and Energy Union, Dave Noonan, said governments needed to start imposing apprenticeship quotas on big construction projects to avoid future skills shortages, rather than through migration.

"To be importing workers on 457 visas for major projects, while failing to provide training options for young Australians in construction, is an unsustainable situation," he said.

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