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PRESIDENT  
Sharan Burrow  
SECRETARY  
Greg Combet

11 April, 2005

The Hon. John Howard MP  
Prime Minister  
House of Representatives  
Parliament House  
Canberra ACT 2600

*Facsimile: (02) 6273 4100*

Dear Prime Minister,

I write in relation to the Government's plans to change the way in which minimum wages are set in Australia.

As you are aware the ACTU strongly supports the current system in which the Australian Industrial Relations Commission independently determines minimum wages following extensive hearing of evidence and submissions concerning economic factors and the needs of low paid workers.

More than 1.5 million working people depend upon the wage increases emanating from the national wage case for the maintenance and improvement of their living standards.

The ACTU works hard on behalf of all minimum wage workers to ensure that they receive a decent and fair increase, and that their interests are balanced with economically responsible outcomes. The ACTU is concerned in particular to achieve increases which encompass real wage maintenance plus a share of national productivity and prosperity.

It is widely anticipated that, based upon the statements of members of the Government and the business community, one purpose of the Government's reforms to minimum wage setting is to allow minimum wages to fall in real value.

The ACTU is strenuously opposed to this for two reasons – it will harm the living standards of millions of people, and we do not believe on the economic evidence that such a reform will achieve its stated aim of creating jobs.

For these reasons the ACTU noted with particular interest the following comments of yours which were reported last week in the Australian Financial Review (*PM laughs off claims devaluing IR reforms*, Friday 8 April, page 7):

*We won't be introducing reforms that cut real wages. I say we are not going to cut real wages; if I say that, that is the same as saying they are not going to be worse off.*

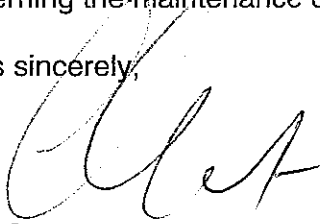
In view of the apparent intent of these comments the ACTU would appreciate confirmation that the Government will guarantee the maintenance of the real value of minimum wages in any reforms the Government may implement.

Such a commitment would at least provide a basic level of security to the many people whose living standards are substantially dependent on minimum wage increases.

I reiterate the ACTU's support for the current system of minimum wage setting, the reasons for which were outlined in my correspondence to you dated 5 March, 2005.

I also reaffirm the preparedness of the ACTU to meet with the Government to discuss these issues in detail, including any proposal the Government may wish to advance concerning the maintenance of the real value of minimum wages.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'G. Combet', written in a cursive style.

**Greg Combet**  
**Secretary**