

# Australian Labor Party backs low pay for young workers

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With the full support of the Australian Labor Party (ALP) opposition in the parliament, the government of Prime Minister John Howard has pushed through legislation that will ensure the continuation of junior pay rates and allow them to be extended to include all young workers.

The legislation, passed on September 2, will exempt low pay rates for youth from the federal anti-discrimination laws due to come into effect in June next year, and allow junior rates to be inserted into work agreements where they do not presently exist.

The bill was narrowly rejected in the Senate in March on the combined votes of the Labor Party, Australian Democrats, the Greens and the right-wing independent Brian Harradine, pending the outcome of an inquiry by Australian Industrial Relations Commission into youth wages.

The Labor party has used the IRC inquiry findings as the rationale for reversing its previous stance and clearing the way for employers to slash the earnings of up to 400,000 youth currently employed on adult or training wages. Over 42,000 youth are already paid very low wages. Under the existing junior rates, a 16-year-old can be paid as little as \$A186.70 week as opposed to an adult wage of \$370.

The IRC inquiry, completed in June, recommended that junior pay rates should be maintained, and that the Commission have the power to approve their extension to other awards on a "case by case basis. No upper-age limit has been specified in law, meaning that junior rates may also be applied to those over 18 years of age. The IRC overturned its previous ruling made in 1993, which found junior rates of pay were discriminatory.

Labor's industrial relations spokesman Arch Bevis pledged Labor's support for the new legislation in a closed door meeting with Workplace Relations

Minister Peter Reith in late July. Bevis guaranteed its passage through the Senate if Reith agreed to amend clauses in the original bill that would have made junior pay rates "mandatory in all awards".

Following the Senate vote, opposition leader Kim Beazley claimed that the amendments negotiated by Bevis represented a "major back-down" by Reith. However, Beazley knows full well that any extension of the pay rates into other awards sought by employers will be automatically rubberstamped by the IRC.

Reith praised Labor's deal as a "victory for common sense". Comparing it to the agreement he struck with the Australian Democrats leader Cheryl Kernot in 1996, that allowed the passage of the repressive Workplace Relations Bill, Reith bragged: "I did a deal with Cheryl, now I'm in bed with the whole Labor front bench."

The legislation was also warmly welcomed by big business. The *Financial Review* commented that the agreement was a "clear recognition of the damage that would have been done to youth employment from any removal or limitation of junior rates". Far from boosting jobs, companies will use young people employed on low wages to undermine the jobs, wages and conditions of older workers.

An article in the *Sun Herald* heralded the deal as evidence of Labor's "newfound ability to accept 1990 realities". "At last there are signs that the Australian Labor Party has put itself back on the track laid down by the European Social Democrats and Tony Blair's New Labor, leading to a more generalised, less union-dominated, sense of social responsibility," it added.

The bipartisan support for low youth wages does not represent a fundamental departure for Labor. When in power between 1983 and 1996, the ALP instigated some of the most aggressive attacks on the conditions of the youth in postwar history.

Under Labor's One Nation program introduced in 1995, unemployed youth were forced, under the threat of losing their unemployment benefits, into cheap labour schemes that paid little more than the dole. These programs paved the way for the Howard government's "work for the dole" schemes in 1998 that were warmly welcomed by the Labor party. Beazley's only criticism was that "work for the dole" did not extend to providing cheap labour for private enterprise.

Labor's support for the junior pay rates legislation provoked an angry response from the unions. The Australian Manufacturing Workers Union (AMWU) and the Shop Distributive and Allied Industries Association (SDA), threatened to cut off contributions to the Labor Party, which amount to one fifth of the party's union-sourced funding if the ALP "did not change its anti-worker policy approach".

However, the real cause of union bureaucracy's anger was not that the ALP was condemning thousands of youth to poverty level wages. Rather, the union bureaucrats were concerned that they had been left out of the wheeling and dealing with the Howard government.

SDA official Joe De Bruyn condemned the "lack of consultation with the unions over the deal", while AMWU national secretary Doug Cameron called on Beazley "to come into the open about any attempt to distance the party from the union movement."

For years under the Accords with the Hawke and Keating Labor governments, the unions enforced wage cutting claiming that it was necessary to boost jobs. Now Labor is using the same argument to justify subsistence wages for young people. The claim that low pay will lead to an increase in youth jobs has been exposed by the situation in the state of South Australia, where youth rates are already included in 92 state industrial awards, yet unemployment rates among youth have risen sharply.

The state's Youth Affairs Council executive director, Kym Davey said recently: "Despite the earnings of young people falling over the past two decades compared to adult wages, the youth unemployment rate in South Australia has risen from around 15 percent in 1989 to 30 percent in 1999.

The new legislation entrenching low pay for youth will not enhance employment opportunities but lead to increasing levels of poverty.

As one of the most vulnerable groups in society, young people have been severely affected by cutbacks to wages and welfare benefits, implemented under both Labor and Liberal governments. A recent report indicates that the poverty rate for both employed and unemployed teenagers has almost doubled since 1982.

A report by the National Centre for Vocational and Education Research (NVCER) estimates that there are 724,000 employees under the age of 21 in the workforce, and that approximately half are already receiving reduced rates.

A study by the Australian National University found that the average wage for males aged 15 to 19 fell in real terms by \$96 between 1976-1995, while for 20 to 24-year olds it declined by \$147 a week.

Another study, carried out by the University of New South Wales Policy Research Centre, showed that in 1998 the number of teenagers employed in full-time jobs was 40 percent of the 1979 level, and that even those who secured full-time employment were not guaranteed a wage they could live on.

The latest legislation enforcing junior pay rates will result in a further erosion of the living standards of young people.



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