

# Australia's national wage case: no solution for the working poor

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The Australian Council of Trade Unions (ACTU) is calling for an increase of \$26.60 per week for about 1.6 million low-paid workers in the annual national wage case currently underway before the Australian Industrial Relations Commission (IRC). After tax, the claim would shrink to just \$17.

The national wage case has always been touted as the vehicle for improving the lot of the low-paid. In reality, it has proven to be a mechanism for ensuring that workers on low wages undertake no independent struggle to improve their situation. Despite the fact that every year the IRC hands down amounts that are far short of even the pittances claimed by the unions, the ACTU never initiates any campaign to fight for decent pay rises.

All the players in the annual ritual—the ACTU, state and federal governments, employer organisations and the industrial court itself—understand that the entire process is designed to legally enshrine low pay. Over the past three years, the increases granted in the minimum wage have totalled \$45, taking it to just \$448.40, or \$11.80 an hour.

The ACTU admits that this is \$180 below what is required by a family of four to live a “modest life style.” Therefore, even if its present claim were to be granted in full—and on past performances that is unlikely—the new minimum wage of \$475 a week would go nowhere near overcoming the levels of poverty and financial hardship suffered by hundreds of thousands of working people.

Data released by the Australian Bureau of Statistics (ABS) this month underlined the dire situation faced by low-paid workers. The ABS defined the “working poor” as those whose main source of income is wages and who live on a gross income, including government subsidies, of less than \$569 a week, or \$29,600 a year.

Out of an Australian total population of 20 million people, it estimated that 810,000 “working poor” families experienced “a cash-flow problem” in the previous 12 months. No less than 59,000 families went without meals and 95,000 were forced to pawn possessions to live, while 89,000 sought help from charities. Some 537,000 were unable to pay utility bills on time and 208,000 could not meet mortgage or rent payments when they fell due.

Borrowing money to overcome their financial situation only plunged these families into deeper indebtedness. Over the same period, 213,000 families increased the balance on their credit cards, 136,000 reduced home loan payments, thereby increasing the amount of interest owed, while 343,000 sought financial help from friends and families.

Recent research by Dr Peter Saunders of the University of New South Wales concluded that up to one million Australians live in poverty despite being employed. Saunders attributed the situation to a massive growth of low-paid, casual and part-time jobs over the past decade, at the expense of full-time employment.

The study found that there are now 2.2 million casual workers in Australia—27.3 percent of the entire workforce. The number of men casually employed has risen by 142 percent in the last 10 years. Saunders commented: “Too many Australians now have very low paid jobs—almost 87 percent of jobs created in the 1990s paid less than \$26,000 a year.”

Over the same period, the top 20 percent of income earners had “received almost half the benefit of all economic growth and ... their income has increased more than eight times that of the poorest income earners.”

Despite the totally inadequate pay increase being

sought by the ACTU, the Howard government, employer groups and the corporate media have vehemently opposed it. They insist that the economy and business cannot afford to pay and that any increase should be less than \$10 a week. An Australian Chamber of Commerce and Industry spokesman said \$10 represented, “a modest but responsible increase to the safety net.”

Likewise, the opposition Labor Party is advocating a lower pay increase. The Labor governments in five states and the Australian Capital Territory administration are calling for an increase of just \$20.

Basing itself on a survey conducted on its behalf by economists Don and Glenys Harding, the Howard government argues that the ACTU claim would destroy 175,000 jobs. Doubts have been raised about the reliability of their data, because of an extremely low 20 to 22 percent response rate to their survey. Under questioning, Don Harding admitted that the survey had been completed with a “reasonable degree of haste.”

Even so, on March 23 Rupert Murdoch’s *Australian* cited approvingly the Hardings’ claim that “freezing the minimal wage for five years would increase employment demand by 245,000” and warned the IRC not to ignore their findings.

But opposition by the government and big business to anything but a token pay increase has nothing to do with concern for the unemployed. Under the watchword of making Australian industry competitive, successive governments have backed corporations in undertaking massive downsizing. With the creation of a large pool of displaced labour, workers and youth coming onto the job market have been pushed into low-paying jobs to maximise corporate profits.

Even as the national wage case began last week, federal Treasurer Peter Costello boasted to parliament that corporate profits are “now the highest ever recorded in Australia.” ACTU data presented at the IRC hearing confirmed that: “Profits in industries reliant on award wages (minimal rates of pay), such as hospitality and retail, have risen up to ten times faster than wages.”

The IRC will hand down its decision in May. Regardless of the pantomime that will surround the case over the new few weeks, the outcome is a foregone conclusion. The court will maintain the present appallingly low-wage regime in order to deliver

the lucrative returns demanded by corporate interests and major financial investors.



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