Australian government poised to make sweeping industrial relations "reform"

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30 April 2005

Under mounting pressure from major corporations, investors, banks and media owners, the Australian government is poised to ram through anti-working class industrial relations (IR) "reforms" when it gains control of the parliamentary upper house, the Senate, on July 1.

The ruling Liberal-National Party coalition won a majority in both houses of parliament in federal elections last October, clearing the way for a raft of regressive legislation previously blocked or modified in the Senate.

The government, however, was acutely aware that its election victory did not reflect broad popular support and provided no mandate for its pro-market agenda. The win was largely achieved on the basis of a scare campaign that interest rates would rise under a Labor Party government and because Labor offered no real alternative on any essential issue.

Concerned that a rush to introduce the "reforms" demanded by business could provoke a political backlash, Howard warned his ministers last October not to use "this somewhat better position [control of the Senate] in a capricious or disruptive fashion". Commenting on proposed IR changes, Workplace Minister Kevin Andrews expressed similar concerns in early February, saying: "We'll have a determined approach in a quite reasoned way".

The comments of Howard and Andrews only irked powerful sections of the corporate elite who demanded that the government stop stalling and use its so-called "mandate" to push through far-reaching measures, regardless of the popular reaction.

Amid signs of an economic downturn, big business is concerned that Australian "competitiveness" is lagging. Statistics released in February revealed a ballooning current account deficit, record levels of debt, falling exports and the slowest growth rate in almost four years. The economy expanded just 0.3 percent in the December 2004 quarter.

In late February, the Business Council of Australia flagged IR reform as being of "prime importance to our economic prospects" which "should be introduced in the current year". Australian Chamber of Commerce chief executive Peter Hardy criticised the government for its failure to change IR legislation, saying: "We have had seven years without significant reform."

The measures demanded are not just minor adjustments to the already harsh industrial relations laws but go far deeper. If enacted, the proposals will mean the dismantling of the IR framework that has been in place for almost 100 years. In particular, employers want major changes to the method of setting the basic wage.

The government is presently considering a plan to create a special wages commission, consisting of a panel of so-called "economic experts" to replace the Australian Industrial Relations Commission (AIRC) as the means for deciding on minimum award wage rises.

About 1.6 million workers are presently covered by the basic wage system, which was first established in 1907 in what became known as the Harvester judgment by Justice Higgins of the Commonwealth Court of Conciliation and Arbitration. Higgins ruled that the basic wage be set at the amount needed to keep a family of two adults and three children healthy and comfortable and to provide food, shelter and clothing.

Throughout the changes to the wages system, a minimum safety net has been maintained. In the 1980s and early 1990s, the Hawke and Keating Labor governments made substantial inroads into award wages and conditions, compelling workers to bargain away hard-won gains for pay increases. However, the basic wage case remained in place and was relied on by a higher proportion of workers.

After coming to power in 1996, the Howard government made fundamental changes to the system by legally requiring that the AIRC take into account the impact of its basic wage decisions on the economy and employment. The government regularly joined with employer groups in opposing the minimal rises sought by the Australian Council of Trade Unions (ACTU), on the basis that increases should reflect the ability of the "economy" to pay.

While it took these arguments into account, the AIRC continued to make the final decisions on wage rises, which were binding on all businesses. As far as employers are concerned, the very existence of the AIRC and a national minimum wage have become intolerable obstacles to their ability to slash costs to match their international rivals. In line with these demands, Howard is seeking to curtail the independence of any waging fixing body and to make profit considerations the overriding concern.

The precise structure of the new wages commission has not been revealed. It is widely tipped to be based on the British system, in which the government receives recommendations from a Low Pay Commission but retains a vote over wage increases. The Australian version is likely to be given the Orwellian title of the Fair Pay Commission.

Speaking at the Menzies Research Centre in early April, Howard made clear where his priorities lay. He declared that industrial relations reform "was vital if Australia is to further consolidate the transformation of its economy to one where wages are based on the capacity of firms to pay and on the productivity of individual workplaces".

References to "capacity to pay" are fraudulent. Company profits and financial records are not subjected to public scrutiny nor will they be under the new IR system. Even when making record profits, corporations invariably argue against wage increases on the basis of

maintaining “competitiveness”.

In comments to the media in March, Andrews confirmed that the new IR regime is aimed at driving down real wages. Andrews claimed that the basic wage in Australia—presently just $467 a week or $12.30 an hour—was more than $70 a week higher than it should be.

Complementing its moves to eventually abolish the basic wage, the government is looking to dismantle what is left of other award conditions. Proposed changes include stripping back further the number of matters allowed to be included in industrial awards. Such conditions cannot be negotiated away or pushed down below present minimal levels.

One option under consideration is to reduce “allowable matters” from the present 20 to 16 or 17 by removing clauses dealing with superannuation, long service leave and leave for jury service, which is presently partly paid by the employer.

According to the *Australian Financial Review*, “some senior ministers” favour a more drastic option of cutting “allowable matters” back to just eight or ten. These may include “holidays, notice of termination of employment and possibly parental leave” as well as “award provisions on incentive-based pay systems, pay bonuses, allowances and out-workers that may also be removed or rewritten to narrow their scope”.

Also under consideration is the creation of a single national industrial relations system that would abolish the existing state award systems, which currently cover a percentage of the country’s workforce. The change would allow the Federal Workplace Relations Act, with its draconian restrictions on strikes and limitations on unions, to apply to all employees.

In addition, the government is contemplating further inroads into the right to strike. At present, industrial action is limited to a so-called protected period during negotiations for a new enterprise work agreement. The Coalition wants to introduce compulsory secret ballots even before these strikes.

One of the measures blocked by the Senate was a proposal to exempt all small employers with a workforce of 20 or less from unfair dismissal laws. This will almost certainly form part of the “reform” package, effectively granting employers the right to hire and fire at will.

The IR changes will see a further sidelining of the trade unions with tighter restrictions on union entry to workplaces and a greater emphasis on non-union individual contracts in place of collective agreements. Proposals include extra funding to strengthen the Office of Employment Advocate (OEA) to assist employers to more rapidly ratify, and then impose, Australian Workplace Agreements (individual work agreements).

These plans demonstrate again the drive of big business and its political agents to do away with all impediments to the unbridled exploitation of labour. They mark a definitive end to the previous methods of regulating class relations.

The establishment of the Commonwealth Court of Conciliation and Arbitration (the forerunner of the AIRC) in 1904 was a response to the great strike waves of the 1890s. Sections of the ruling class, conscious of the growth of socialism among workers in Europe, feared that this influence and the increasing militancy of the working class could pose a real threat to capitalist rule in Australia.

The court was given extensive powers to prevent strikes, arbitrate and enforce settlement of industrial disputes. Working conditions and wages were negotiated through a system of arbitration that legally enshrined the unions as bargaining agencies. This arrangement sought to moderate the class struggle so as to keep it within the framework of the profit system.

The abolition of all the old mechanisms to regulate the most brutal aspects of the profit system is not simply the result of the bloody-mindedness of Howard and his cohorts. The shift is rooted in fundamental changes in world economy and the globalisation of all aspects of production. Vast advances in telecommunications and transportation systems allow companies to rapidly relocate their operations to exploit ever-cheaper sources of labour.

In country after country, workers are told the same story by governments and employers: jobs, wages and hard-won working conditions have to be sacrificed to make “their” companies internationally competitive. The ultimate aim of Howard’s attack on the basic wage, which has its parallels in Britain, the US and other countries, is to eliminate any lower limit to workers’ pay.

There has been a corresponding transformation in the role of the trade unions. In the past, within the framework of a nationally regulated economy, workers were able, through the unions, to pressure companies for limited concessions. Now, the unions act as virtual arms of management imposing an endless series of demands for greater productivity and lower costs—all in the name of maintaining “competitiveness”.

It is not surprising that the unions are mounting no serious campaign against the Howard government’s IR reform. The main concern of union leaders is that the amendments will further marginalise the unions as the central enforcers of the continuous onslaught on jobs and conditions. Their privileged position is legally entrenched under the present IR system.

In February, ACTU secretary Greg Combet ruled out any industrial action, telling a union delegates’ meeting, “we should stop bullshitting ourselves that we can stop this legislation”. The peak union body will limit itself to “alerting” members about the draconian nature of Howard’s agenda.

Certain “left” unions are planning limited protests. On March 24, the Victorian Trades Hall Council called a meeting of 1,500 job delegates to endorse a national day of protest on June 30—one day before the Coalition takes control of the Senate. The resolution, pledging to “bring people onto the streets,” is simply aimed at letting off steam, rather than challenging the government.

Workers have to draw the necessary political conclusions. Two decades of bitter experiences have demonstrated that the trade unions have become instruments for the continual erosion of the social position of the working class. To defend the most minimal gains of the past, working people must base themselves on a socialist strategy to unify workers around the world, who all face similar corporate attacks, in a common offensive for their own independent class interests.