

# Australia: Workers' conditions slashed under new industrial relations reforms

Terry Cook  
16 June 2006

A recent survey by the Howard government's own Office of the Employment Advocate (OEA) confirms that Australian employers have lost no time in using the new draconian industrial relation laws (WorkChoices), which came into force on March 27, to eliminate longstanding working conditions.

At the beginning of the month, Employment Advocate Peter McIlwain provided to a Senate estimates hearing a summary of a sample survey of 250 of the 6,263 Australian Workplace Agreements (AWAs)—non-collective work agreements—registered with his office in April. It revealed that every one of them had scrapped at least one formerly protected award condition, while 16 percent had removed all award conditions.

The survey showed that 40 percent of the work contracts cut holiday entitlements, 52 percent axed shift loadings, 63 percent eliminated penalty rates and 64 percent abolished holiday loading payments. It found that workers covered by 22 percent of the sample agreements might see a decline in their real wages, since there was no provision for any increase to compensate for inflation. Some of the contracts lasted for five years.

In the run-up to the introduction of WorkChoices into parliament in November last year, the Howard government ran a \$55 million advertising campaign, touting the benefits of the new system. Just half a year later, the OEA survey makes a mockery of the claim, heavily promoted in the advertisements, that existing award conditions would be “protected by law”.

In reality, WorkChoices strips back to a mere handful the number of working conditions that used to be legally required in work contracts. Most are now up for grabs when current agreements expire, when companies set up new Greenfield sites, or even when new stores

are opened as part of an existing chain.

For example, major fabrics and household retail company Spotlight used the new IR laws to employ 38 staff on inferior conditions at its new store in the working class area of Mount Druitt, in western Sydney. Before being given a start, the workers were obliged to sign AWAs that would see them paid \$543.40 a week, but that excluded shift penalties and a number of benefits. While the hourly rate in the new AWAs was 2 cents more than the rate paid to workers at Spotlight's established stores, the loss of penalties meant that the Mount Druitt workers would receive around \$90 a week less.

Spotlight is currently working to introduce the same conditions throughout its 100 existing stores. Earlier, the company attempted to force a longstanding employee to sign a similar AWA, thereby hoping to set a precedent to be imposed elsewhere.

Justifying the ruthless attack on working conditions and pay now underway, Prime Minister John Howard made the preposterous claim that “because of our policy (WorkChoices) 38 people in Mount Druitt have been given a job and they are \$338 a week better off”. Howard arrived at that figure by a process of twisted logic—simply deducting the current unemployment benefit of \$205.30 a week from the wage (\$543.40) forced on workers by Spotlight.

And WorkChoices did not create 38 new jobs in Mount Druitt. With or without the legislation, Spotlight would most probably have opened a store there to take advantage of the large market for its cheap-end range of products. The legislation merely removed what limited award protections still existed to enable Spotlight to more ruthlessly exploit a group of unfortunate workers.

The truth is that the government's overall intention has been to ram through at series of interrelated policies

designed to create a readily available pool of cheap labour. Since 1996 Howard, following on from the previous Labor government, has presided over the destruction of tens of thousands of full time jobs and an increasing shift to casual and part-time work.

While the official unemployment rate continues to fall, down to 4.9 percent in May—the lowest in 30 years—the figure masks the real situation: high unemployment and underemployment especially in many large working class centres.

In Mount Druitt, for example, the official unemployment rate stands at 10 percent. In reality it is far higher. Numbers of studies have established that when the “hidden unemployed” are included—for example, those deemed employed because they perform one hour’s paid work a week—the jobless rate leaps to over 12 percent.

The overall unemployment rate also tends to cloak the extremely high level of youth unemployment. Australian Bureau of Statistics figures show the national unemployment rate for 15 to 19-year olds was 20.7 percent in April this year and 21.5 percent in May.

Having created a pool of unemployed, the continued existence of residual minimal working conditions under the previous IR regime—such as shift allowances, overtime penalties, rostered days off and holiday leave—stood in the way of transforming the unemployed into an outright cheap labour force. WorkChoices has now removed these barriers. The new IR laws abolish as well minimal unfair dismissal protection for millions of workers in small businesses, creating the conditions for employers to intimidate those who refuse to accept cuts to conditions and wages.

At the same time, increasingly stringent requirements and ever-harsher breaching penalties have been introduced for social security and welfare recipients, aimed at driving thousands off benefits and into low paying jobs.

New measures allow for those on unemployment benefits (Newstart) to be cut off for eight weeks if they refuse a minimum wage job, leave a job or fail to turn up for three job centre interviews. The government is also moving to cut the minimum wage through its newly constituted Fair Pay Commission.

As a further whip, the Howard government introduced its so-called “welfare to work” legislation last year to slash benefits to people on disability

allowances and single parent payments. These provisions will further swell the ranks of the unemployed and increase the pressure on ordinary people to accept any work on offer, just to survive.

While the federal Labor Opposition claims to oppose WorkChoices, it has nevertheless given its blessing to the vicious regime being implemented against social security recipients and supported Howard’s “welfare to work” attacks. In other words, it wholeheartedly backs all those measures that have become an indispensable part of the government’s cheap labour strategy.



To contact the WSWs and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**