

Australia: Damning report on IR laws' impact on wages and conditions

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A report released last month on the Australian federal government's regressive WorkChoices laws shows why millions of workers are deeply concerned about the implications for their jobs and working conditions.

Professor David Peetz's detailed examination of the available statistical data points to deteriorating wages and working conditions, giving the lie to Prime Minister John Howard's claims that the industrial relations (IR) legislation would provide more jobs and higher pay.

Given the impact of the laws on working people, one might have expected the issue to be widely discussed in the NSW state election. But the Labor government and Liberal opposition have had little to say. Premier Morris Iemma has avoided the issue, focussing instead on "ensuring NSW is the most 'business-friendly state'." His website policy section contains no statement on industrial relations.

Labor is relying instead on a trade union campaign, highlighting Liberal opposition plans to hand all the state's industrial relations powers to Canberra. Many public sector workers are justifiably concerned that they too will fall within the ambit of the WorkChoices legislation, which abolishes protection against unfair dismissal and other basic conditions.

But the claim that Labor will protect workers' rights is completely dishonest. For all their posturing and expensive advertisements, Labor and the unions have blocked any genuine fight by workers, and therefore are responsible for allowing the legislation to be implemented.

Professor Peetz's report, entitled "Brave New WorkChoices: What is the story so far," establishes what is at stake for working people. Using data from a range of sources, including the Australian Bureau of Statistics (ABS), the Department of Employment and Workplace Relations and private surveys, his research demonstrates that wages and working conditions have declined since WorkChoices began last March. It also makes clear that WorkChoices has not led to a growth in jobs.

Peetz uses the results of an ABS average weekly earnings survey, showing that, in the six months to August 2006,

"average weekly ordinary-time earnings (AWOTE) for full-time adult employees, in real terms, fell by 1.1 percent". Average weekly total earnings (AWTE) fell by a similar amount. Another statistical indicator, the labour price index, "showed a real decline of 0.6 percent in hourly earnings excluding bonuses in the six months to September quarter 2006."

The research demonstrates that low-paid workers in industries such as retailing and hospitality have been hit hardest. "In the two quarters since WorkChoices took effect, hourly earnings growth in these industries (at 1.0 percent and 0.7 percent respectively) were 47 percent and 61 percent lower than the all-industry average. On average since 1997 hourly earnings growth in these two industries has been 17 to 19 percent lower than earnings growth across all industries."

Wages for women workers were particularly badly affected. "Nominal AWOTE for females in the private sector rose by only 0.5 percent in the six months to August 2006, compared to 1.3 percent for males". In real terms, female AWOTE in the private sector fell by 2.0 percent in six months to August 2006.

Peetz concludes: "In short, WorkChoices has been associated with a decline in average real wages" and has "led to real wage declines in retail and hospitality, probably as a result of the loss of penalty rates in those industries". The legislation allows employers to exclude longstanding entitlements such as penalty rates from new work agreements, both collective and individual.

Under green-fields "agreements" (EGAs), Peetz explains, employers have "unilateral instruments [for] setting pay and conditions, determined solely by management of an organisation before it establishes a new 'project' or 'undertaking'." He cites the case of United Petroleum petrol stations in Tasmania. After buying out the operation, the new owner declared it to be a "new undertaking," allowing him to impose an EGA covering pay and conditions for existing employees. Through the abolition of penalty rates and other conditions, weekly pay was cut by up to \$190.

The report notes “a widening inequality between the owners of capital and labour”. In March 2006, the wages share of national income reached a 35-year low and the profit share reached an all-time high. In the subsequent six months under WorkChoices, the profit share climbed even higher—a further 0.5 percentage points to reach 27.5 percent in September 2006. This was 30 percent higher than its average level over the past 35 years. A raft of working conditions and entitlements were eliminated from hundreds of new work agreements. Drawing on data from a sampling of new individual contracts (AWAs) registered with the government’s own Office of the Employment Advocate, the research found that in May 2006 all AWAs removed at least one previously “protected” award condition, while 16 percent excluded all “protected” award conditions.

The rate at which overtime pay entitlements were removed from agreements doubled, “from a quarter of AWAs in 2002-03 to over half of AWAs in 2006”. At the same time, “over three fifths of AWAs abolish penalty rates altogether”. The majority of such agreements “abolish or reduce meal breaks and public holiday payments... [and] shiftwork loadings,” while “large numbers abolish allowances and other conditions”.

The report slams the government’s claim that WorkChoices would deliver substantial employment growth “through the partial abolition of unfair dismissal laws” and the introduction of “flexibility”. Peetz compares employment growth under WorkChoices with employment growth after the unfair dismissal laws were introduced in March 1994.

During the eight months from March to November 2006, employment grew by 241,300 or 2.38 percent, in seasonally adjusted terms. But during the comparable eight months after the unfair dismissal laws began in 1994, employment grew by 256,400 or 3.25 percent. In trend terms, employment growth of 2.39 percent under WorkChoices was notably weaker than the 3.43 percent growth after the unfair dismissal laws were introduced.

Peetz argues: “The implication is not that the unfair dismissal laws were more effective job creators than the law that abolished them; rather, the implication is that the strong growth of employment in 2006 is unrelated to the abolition of the unfair dismissal laws, and instead reflects other factors. In short, the recent employment growth, while strong, appears to owe more to underlying demand in the economy—driven in no small part by the resources boom—than to the introduction of WorkChoices.”

The report also demolishes the empty rhetoric of Australian Council of Trade Unions (ACTU) officials who declared at mass rallies they would defy the WorkChoices laws and fight their implementation tooth and nail. The

number of working days lost due to industrial disputes in the June and September quarters of 2006 reached a new record low—53 percent less than the equivalent period a year earlier. That is, the unions led no industrial campaign to oppose the onslaught unleashed by WorkChoices on workers’ jobs, entitlements and conditions.

Instead, trade union bureaucrats told their members to wait until the next federal election to vote for a new Labor government. At mass rallies last year, union officials touted the promise of then Labor leader Kim Beazley to “tear up” the laws. The pledge was always a fraud. Beazley was at the same time signalling to business that Labor would make no substantive changes. Under new leader Kevin Rudd, Labor has backtracked even further.

It is the same in the NSW election. Union leaders vigorously oppose any extension of WorkChoices to employees covered by state awards. In effect, they are calling on workers to place their faith in a state Labor government, which is bending over backward to prove that NSW is the most “business-friendly” state. While saying nothing about defending workers’ rights, Iemma, a former union bureaucrat, promises to “cut red tape and minimise regulations” for business.

The Socialist Equality Party is standing candidates in the NSW election to campaign for socialist policies to meet the needs and aspirations of ordinary working people. Labor and the unions are directly responsible for the deep inroads into the social position of the working class over the past two decades. They have collaborated at every point with the corporate elite in boosting profits at the expense of jobs, wages and conditions. We insist that the working class can defend its rights only by taking a new independent political road, building a party that puts decent jobs and services ahead of the profits of the wealthy few. The WorkChoices legislation, along with all other anti-democratic laws, must be completely abolished.



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