

Australia: Rudd government urges employers and unions to cut hours and wages

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Last week's Australian Labor Party national conference unanimously endorsed a resolution urging Prime Minister Kevin Rudd's government to "encourage and support employers, unions and employees to work together to find creative and flexible ways of supporting jobs and keeping employees in work during the global crisis."

The call put the Rudd government's official stamp of approval on processes already well underway. Employers, with the backing of the unions, are utilising the economic crisis and fear of unemployment to push through sweeping changes to working conditions—long desired by business but resisted by working people.

Just last month, David Gregory of the Australian Chamber of Commerce acknowledged that employers were extracting extraordinary concessions, declaring: "I am amazed at the speed with which things have turned around. I think that (the crisis) is the reason workers have been prepared to negotiate what is, certainly in my working experience, pretty much unprecedented change."

Changes imposed include forced short-time working, job sharing and levels of "flexibility" that cut wages and tie workers directly to production requirements. Despite claims by unions that such changes are temporary measures, once imposed they will remain as permanent benchmarks.

Far-reaching changes first emerged in the auto industry at the beginning of the year and gained momentum as the global crisis hit home and the economy slid toward recession.

Major vehicle producers GM Holden and Ford Australia, after a series of mass layoffs, forced workers to use accrued holiday and other forms of leave in a bid to slash inventories and wages. Holden then axed the

entire afternoon shift at its Elizabeth plant in South Australia, forcing 3,000 employees to work one week on, one week off, resulting in a 25 percent drop in pay.

Adelaide car components manufacturer Tenneco, which produces mufflers for Holden, Ford and Toyota, followed suit, announcing that it would reduce the working week from five to four days with a corresponding pay cut for its 250 employees.

Australian Council of Trade Unions (ACTU) president Sharan Burrow declared that short-time working was "the most productive measure to keep workers in place". Federal Industry Minister Kim Carr praised the management and unions for "working together to seek flexible arrangements such as reducing working hours and bringing forward leave".

The same rationale was used to impose direct wage cuts—something not seen in Australia since the 1930s depression. As early as February, unions covering around 1,500 Alcoa workers not only abandoned pay claims but also gave up previously agreed wage increases.

Last month, scrap metal recycler CMA Corporation Limited demanded that employees accept pay cuts ranging from 25 percent to 1.6 percent at the company's 31 locations. On average, workers will suffer a 10 percent pay cut until at least March 2010, saving the company \$9 million. The company also ended all overtime, leaving workers to manage on a base pay of less than \$40,000 a year.

Newcastle Trades Hall Council secretary Gary Kennedy acknowledged that CMA was not the only company approaching the unions to negotiate cuts to hours and working conditions. "The unions have said we'll be flexible but we need employers to open the books, to show us their situation," Kennedy said. He admitted that after one local manufacturer opened its

contract books, the union pushed for its 100 employees to accept a four-day week.

Earlier, Western Australia-based engineering contractor Macmahon announced a wage freeze designed to deliver an annual cost saving of about \$10 million, while continuing to axe 360 jobs. Hewlett Packard announced cuts to base salaries of 2.5 to 5 percent in line with similar reductions across its global operations.

Encouraged by the supportive stance taken by the government and the unions, employers across a range of industries have forced workers to take time off without pay. Resources company BHP Billiton ordered hundreds of workers at a central Queensland mine to take a month off. Last month, the Bendigo and Adelaide Bank asked 5,000 employees to take 10 days unpaid leave, saying it was necessary to preserve jobs.

In some cases, companies have openly declared that these sacrifices are part of a permanent restructuring. Senior staff at business communications company Avaya Australia were told they must forgo two weeks' pay, while other employees would lose one week's pay. A company spokesman said the move was part of moves "to resize our business for long-term success and to position the company to navigate the uncertainty of the current economic environment".

In other instances, employers have unveiled job cuts and the scrapping of conditions on top of compelling workers to take unpaid leave. Professional services firm PriceWaterhouseCoopers instructed staff to take 10 to 15 days unpaid leave before next January next year and introduced a four-day week, while still cutting 170 jobs. The company admitted it wanted to introduce "temporary part-time arrangements".

Perth-based sound and lighting equipment hire company Matrix Productions Australia pushed staff to take holidays in the "quiet winter season", while also declaring that they would have to become "multiskilled" to take on extra work.

Other employers, including a Victorian printing company, have imposed pay cuts of about 20 percent by reducing the working week from five days to four. Shaw Stockbroking moved to a four-day week, while Intrepid Travel staff agreed to accept a four-day week, unpaid leave or a 10 percent pay cut. Geelong-based plastics firm Blackwell IXL demanded that administration staff and 70 floor workers use long

service or holidays to cover one day off a week.

These announcements are merely the tip of the iceberg. Cuts imposed by smaller businesses and small contractors generally go unreported. Australian Hotels Association chief executive Bill Healy told the media last month that hundreds of casual staff in the accommodation industry "are having their shifts cut and are accepting job sharing".

No precise figures are available on the overall scale of this push. However, statistics published in the *Australian Financial Review* earlier this year showed that in the six months after last September, the number of people working between 30 and 34 hours a week (a classical four-day week) rose 59 percent from 754,000 to 1.2 million. This indicates that at least half a million workers have been affected, on top of the 600,000 now unemployed.



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