Australia: NSW government seeks direct power to cut public sector wages

Terry Cook
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The recently elected New South Wales (NSW) government of Premier Barry O'Farrell is pushing through legislation giving it the power to directly cut the pay and conditions of more than 320,000 public sector workers, including nurses and teachers.

The move underscores the fraudulent character of the March state election. The conservative Liberal and National parties won a landslide victory by conducting a "small target" campaign, refusing to announce any policies that would provoke popular opposition. They rode into power on the back of unprecedented popular hostility to the 16-year-old Labor government, which was widely viewed as corrupt, pro-business and beholden to property developers.

With a clear majority in the lower house and backed in the upper house by two right-wing minor parties, the O'Farrell government is moving to slash public spending and privatise remaining state-owned assets to satisfy the demands of the financial markets.

The legislation, the first of its kind in Australia, would compel the state's Industrial Relations Commission (IRC) to set wage adjustments at rates specified by the government. It would also require the IRC to block any "productivity" payments above base levels unless "employee-related savings" had been achieved and verified.

Since federation, at the beginning of the twentieth century, federal and state IRCs have functioned in Australia as nominally independent arbitration bodies. The trade unions have suppressed strikes and all forms of independent action by their members in return for a state-sanctioned role as negotiators and enforcers of legally-binding pay awards. With the new NSW legislation, the IRC will simply rubber-stamp government edicts on public sector wages.

Under the previous state Labor government, the public sector unions pledged to realise productivity gains in exchange for an agreed IRC-granted wage rise, and then collaborated with management to extract the required savings from the workforce. The O'Farrell government has justified the change on the grounds that under recent IRC agreements, the unions have delivered only 54 percent of the promised cutbacks, leading to a $900 million budget shortfall over the past four years.

For the coming year, O'Farrell is simply seeking to enforce the former Labor government's 2.5 percent annual ceiling on public sector pay increases, plus an offer of a further 1.5 percent in exchange for productivity gains. With the cost of living for working class families rising at around 4.5 percent per year, according to Bureau of Statistics estimates, this means a real wage cut. Once the legislation is in place, however, future budgets could stipulate that the IRC impose outright wage freezes or cuts.

The corporate media has welcomed the move as a signal of further pro-business restructuring. The *Sydney Morning Herald* May 27 editorial hailed the legislation as "necessary" to "control the regular cost blowout in the NSW budget caused by public sector wage increases in excess of the budget's target." The editorial concluded: "If O'Farrell wins, and cuts back the unions' power to interfere in the management of government departments, NSW can expect a new era of reform."

In industry after industry, companies are demanding wage restraint or wage cuts in order to preserve their competitiveness and profitability as the world economy continues to slump. The government ceiling on public sector wages would set a precedent for the wages and conditions of workers more broadly.

Another central aspect of "reform" will be substantial job losses. The Murdoch-owned *Daily Telegraph*

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claimed on May 31 that, on a per capita basis compared with other states, NSW had 32,000 too many public sector workers.

While the NSW Labor Party leader John Robertson cynically condemned the proposed changes, since at least 2004 the former Labor government had wanted to introduce almost identical legislation. Moreover, under conditions where the financial markets are demanding that every government reduce spending, the federal Labor government has dictated a 3 percent yearly ceiling on pay increases for 165,000 Commonwealth public servants, and demanded 1.5 percent annually in "efficiency" savings in government departments. The Gillard government has made no statement on O'Farrell's plans, an indication that it fully agrees.

The NSW public sector unions have launched a campaign against the proposed wages laws, not to defend their members' interests, but to protect their own. On May 26, the Public Service Association (PSA) annual conference in Sydney voted for a token state-wide ban on unpaid overtime, as part of a "broader" campaign by Unions NSW, the state's peak union body. This week, the unions presented to parliament a petition, signed by 15,000 members, opposing the legislation and calling for the retention of the wage arbitration function of the IRC.

The unions are not opposed to attacks on jobs and working conditions. For years they have accepted wage rises that barely match or fall below inflation, and agreed to productivity cost-cutting. Unpaid overtime is rampant across the public service, because the unions have accepted the practice in order to meet the staffing gaps left by insufficient recruitment.

The unions' primary concern is that O'Farrell's laws will effectively eliminate their services and render the main activity of a bevy of officials, lawyers and researchers largely redundant. At the same time, the unions fear that the government will abolish the automatic deduction of union dues from pay packets—thereby forcing them to collect resources from an indifferent and increasingly hostile rank-and-file. The PSA and the NSW Nurses Association have already appealed to their members to allow them to directly debit dues from personal bank accounts.

The unions have also asked members to write letters of appeal to the right-wing Christian Democratic (CDP) and Shooters and Fishers parties. Fred Nile, long time leader of the CDP, has foreshadowed a deal with O'Farrell exempting only the police from the legislation.

Workers must reject the unions' perspective with contempt. They are seeking to prove their ongoing usefulness to the government, and the corporate elite as a whole, by containing popular opposition and blocking any genuine struggle against the legislation.

Nor should workers be diverted into fighting a campaign for the restoration of the powers of the IRC. Despite the myth that it operated as an "independent umpire", it has always been a key mechanism for the suppression of the class struggle and the protection of the profitability of the Australian corporate establishment. If the agency is now being by-passed, it is only because the ruling elites require more direct and rapid means of imposing their requirements.

Against the prostration and collaboration of the unions before a new offensive against wages and conditions, directed and supported by the Gillard government, new and independent organisations of struggle, including rank and file committees, must be built, that mobilise the unified strength of the working class.

This means building a political movement of the working class entirely independent of the Labor Party and the union apparatus. The fight must be taken up for a workers' government and socialist policies, which would guarantee the fundamental social right to a decent living income, along with quality public services and infrastructure, by transforming the banks and major corporations into publicly owned enterprises, under the democratic control of the working class.

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