

Australian tribunal allows greater exploitation of student labour

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27 June 2011

School students in Australia have become the first victims of a wider employers' and media campaign, supported by the federal Labor government, to slash wages and conditions throughout the retail sector. The Fair Work Australia (FWA) tribunal last week ruled that employers could cut after-school shifts for secondary students from a minimum of three hours to just 90 minutes.

The decision, made under Prime Minister Julia Gillard's Fair Work Act, will allow retailers, who include giant supermarkets and department stores, to hire under-18 year-old students for as little as \$7 an hour, or about \$11 a shift. After covering the costs of getting to and from work, students will be left with little in their pockets.

Junior pay rates are about half the adult minimum wage, which the FWA last week lifted marginally to \$15.51 an hour. Rather than creating jobs, as the employers claimed, the latest ruling will enable them to cut back the shifts of students, as well as replace older workers.

Handing down the decision, tribunal vice-president Graeme Watson conceded that the application by the National Retail Association (NRA) "may be for reasons of cost savings where the work of other employees would be substituted with work of cheaper school students." Existing school student employees could also have their hours reduced "to save on labour costs."

Nevertheless, Watson decided to grant the application, primarily to achieve one of the "modern awards" objectives specified by the Fair Work Act: "the need to promote social inclusion through increased workforce participation." The only restrictions he set were that the hours worked are between 3 p.m. and 6.30 p.m. on a school day and that longer hours were not possible because of the "operational requirements of the employer or the unavailability of the employee."

The ruling paves the way for widespread use of student

labour at peak shopping times. NRA executive director Gary Black described it as "a victory for flexibility and common sense in the workplace relations regime." Voicing the interests of broader layers of employers, Australian Chamber of Commerce and Industry chief executive Peter Anderson immediately called for reviews throughout the workplace relations system to remove similar restrictions in other industries.

A spokesperson for Workplace Relations Minister Chris Evans said the ruling reflected "careful consideration by the independent umpire, taking into account the need to promote youth employment and social inclusion."

Far from being "independent," the FWA implemented the government's own objective, as spelled out in the Fair Work Act, to push more people into low-paid work in the name of "social inclusion."

The Murdoch media had been agitating for such a ruling since early 2010, setting the issue as a test of Labor's workplace laws. The three-hour limit was introduced during the government's "award modernisation" process, designed to save business billions of dollars by setting uniform national rules. Previously, there was a four-hour limit in one state, three hours in three states, two hours in one, and one hour in another. Through the "modernisation" changes, shop assistants' wage rates were also standardised, resulting in some sharp reductions, for example from \$627 to \$600 per week in Queensland.

Over the past year, several applications were made to FWA for shorter retail shifts, culminating in this week's decision. While claiming a "belated win," the *Australian's* editorial on June 22 insisted that the FWA "should extend the same privilege to adults to determine for themselves what working hours, pay and conditions are acceptable." The newspaper set the abolition of penalty rates as the next target.

Likewise, the *Australian Financial Review* editorial

demanded “more wide-ranging award modernisation and other changes to the new industrial relations regime.” It contemptuously dismissed concerns about exploiting students. “Union claims about children earning only \$11 for the newly approved short shifts miss the point that the main value of a modest job behind the counter of a shop is the familiarity with the workforce it provides, rather than the income.”

Students already form a major component of the country’s low-paid labour force, especially in the 1.3 million-strong retail sector. No less than 37 percent of students are in employment, almost half of whom are in the retail sector. Because of the financial pressures on working class families, the proportion of students working has risen substantially over the past 30 years.

These statistics do not count the many students who are employed illegally in the “cash economy” that has emerged in the retail, restaurant and hospitality industries. Employers find no shortage of recruits because of the high levels of unemployment among young people. The FWA vice president noted that among those looking for full-time work, the official youth jobless rate exceeded 15 percent for much of 2010-11.

The FWA ruling was handed down under conditions of falling retail sales and signs of a deepening slump in most non-mining sectors of the economy. Recent months have seen a raft of store closures, including Borders-Angus & Robertson bookshops, Colorado clothing, and Ed Harry and Figgins stores, wiping out the jobs of thousands of retail workers.

Late last year, under the guise of addressing concerns about the impact of on-line merchandising, the Labor government established a Productivity Commission inquiry into the retail industry. With terms of reference that focus on the “cost structures” and “efficiency” of the industry, the inquiry has become a vehicle for corporate demands for wage-cutting.

An issues paper released by the inquiry in March declared that the pay and penalty rates of retail employees were “relatively high” compared to the United States and Europe. It explicitly canvassed the introduction of performance-related pay, such as commission-driven remuneration and incentive payments.

In their submissions to the inquiry, some of the country’s biggest retail companies—Woolworths, Myer and Westfield—called for greater “flexibility” in labour laws. Woolworths, which employs 170,000 people in its supermarkets and other outlets, urged a review of penalty rates. Myer insisted that commission-linked pay be

considered. Westfield, which owns 44 Australian shopping malls, claimed that retailers trading after 6 p.m. were paying almost three times the hourly rate paid in the US.

These references to the pay rates in the US and Europe point to the international character of the offensive underway against retail workers. Since the outbreak of the global financial crisis in 2008, employers and the financial markets have demanded a new wave of restructuring of working conditions in all industries.

The trade unions support the Gillard government’s pro-business agenda of making the retail industry globally “competitive.” Australian Council of Trade Unions (ACTU) secretary Jeff Lawrence expressed “disappointment” at the tribunal ruling but emphasised that the unions had endorsed many productivity trade-offs over the past 20 years.

For decades, the Shop Distributive and Allied Employees Association has delivered the requirements of the employers, including for extended weekday and weekend working hours, reduced penalty rates and greater use of casuals, who now make up 40 percent of the retail workforce.

In many cases, these concessions have been imposed via enterprise agreements, often in return for automatic deductions of union dues from pay packets. For example, the Woolworths National Supermarket Agreement 2009 states: “As the Company is a 24 hour operation ... the ordinary hours of work may be rostered at any time across the seven days of the week, Monday to Sunday, subject to saving provisions.” Limited penalty rates apply, but only after midnight or on Sundays and public holidays, and junior pay rates can be as low as 45 percent of the adult wage.



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