Australian wage tribunal gives pittance to low-paid workers

Terry Cook
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The Minimum Wage Panel of the federal Labor government's Fair Work Commission (FWC) handed down its annual decision early this month—a paltry 41 cents an hour pay rise. This is in line with the demands of the corporate elite for the suppression of wage demands, and will further entrench the social hardship facing 1.5 million minimum wage workers.

The $15.80 increase, to $622 a week, comes as working people face substantial cost of living increases. According to the latest Consumer Price All Groups Index, the cost of basic items, such as food, clothing, footwear, housing, transport, education and insurance, increased by an average 2.6 percent over the previous 12 months. The Australian Bureau of Statistics (ABS) reported that electricity and gas utility bills rose by over 17 percent over the past year.

The wage decision will further expand the number of "working poor"—those who are living below the poverty line, despite having full-time or part-time work. Based on 2010 figures, the Australian Council of Social Services found that 665,000 people living below the poverty line of 50 percent of the median income had wages as their main source of income. If a less austere poverty line of 60 percent of median income was used, the number rose to more than 1.1 million.

In 2010, 50 percent of median income corresponded to a single adult income of $358 a week and $752 a week for a couple with two children. The rising cost of living drives people to work more and more overtime, to take two jobs and, in a family, for both partners to be employed. But with rising unemployment and underemployment—ABS figures in February found nearly half a million workers wanted more hours—it is increasingly difficult to make ends meet. That is particularly the case for those in minimum wage jobs, or the many others who are forced to accept even less to get casual employment.

Those involved in the minimum wage case—employers, union and government—are completely indifferent to the plight of low paid workers.

Announcing the low pay determination, FWC president Iain Ross, a former Australian Council of Trade Unions (ACTU) assistant secretary, admitted that award minimum wages had "fallen over the past decade and earnings inequality is increasing." But he accepted the argument that a slight rise in employers' contributions to superannuation—from 9 to 9.25 percent—should be paid for through a pay increase that was "lower than it otherwise would have been."

Established under the Keating Labor government in 1992, superannuation involves an obligatory employer contribution. From the outset, however, employers' superannuation contributions have been used to defer wage increases, effectively compelling working people to fund their own retirement while undermining the state-funded old age pensions.

While low paid workers cannot access their superannuation funds before they retire without incurring heavy tax penalties, the large and ever-increasing pool of capital held by superannuation funds—currently estimated at over $1.2 trillion—provides the financial elite with ready access to investment capital. Australian superannuation funds, moreover, siphon off about $17 billion in fees each year, or approximately $48 million per day.

Prime Minister Julia Gillard immediately heralded the FWC minimum wage decision, declaring it to be "well balanced and moderate"—in other words, it met the demands of big business to keep wage levels low. Federal Workplace Relations Minister Bill Shorten falsely claimed that the pittance would "assist our lowest paid make ends meet."

Employer groups publicly criticised the FWC decision. Australian Industry Group chief executive Innes Willox claimed that the increase was “on the high side” and would “impose additional pressure on the many employers who are doing it tough in the current environment.”

The Australian Chamber of Commerce and Industry (ACCI) branded the FWC ruling as a “body blow to business” and threatened that it “would force” employers “to cut jobs and employees’ hours.” All of this posturing is to prepare the ground for insisting that the next minimum wage decision is even lower.

In a ritual and utterly cynical show of concern, ACTU secretary Dave Oliver said that the pay decision was a “kick in the guts” for the low paid. The ACTU, which only called for a rise of $30 a week, has presided over the systematic lowering of real wages, both through the minimum wage decisions and the trading off of rights and working conditions as part of enterprise bargaining deals.

The dramatic decline in the social position of the working class was initiated under the Hawke-Keating governments, from 1983 to 1996, via the Wages and Income Accords with the ACTU. Under these arrangements, the unions collaborated with employers and the government in a wholesale assault on workers’ wages and conditions and to drive up productivity.

The process continued under the Liberal-National federal government of Prime Minister John Howard and is now being accelerated under the Labor administrations of Kevin Rudd and Julia Gillard. The unions all endorsed Labor’s draconian Fair Work Australia industrial regime, including provisions that outlaw virtually all industrial action.

The net result has been a massive transfer of the share of the national income away from wages into profits. Today the wages’ share stands at just 54 percent—the lowest for more than half a century—down from 63 percent in 1974.

Inevitably, this onslaught will produce resistance in the working class that cannot be contained within the straitjacket of the trade unions and the industrial relations laws. In his comments in handing down the minimum wage decision, FWC president Iain Ross gave voice to concerns in ruling circles over mounting social tensions. He warned that ongoing trends to “earnings inequality” might, if not addressed, have “implications for the maintenance of social cohesion in Australia.”