

Australian government SPC decision signals broad assault on wages and conditions

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The Liberal-National government has made clear that its decision last week to reject a request by Coca Cola Amatil for a \$25 million subsidy for its SPC fruit cannery is part of a wider pro-business offensive aimed at driving down working-class wages and eliminating workplace protections across the economy. Treasurer Joe Hockey has also used the issue to reprise his rhetoric about the “end of the age of entitlement”, ahead of sweeping austerity cuts when the budget is delivered in three months.

Prime Minister Tony Abbott justified the subsidy rejection—which soon may be followed by the plant’s closure and the elimination of thousands of jobs in the Victorian town of Shepparton—on the basis that workers there received “extraordinary” wages and conditions that were “way in excess of the award.” Industrial relations minister Eric Abetz denounced clauses in the enterprise bargaining agreement (EBA) at the plant that awarded some workers additional allowances for performing certain kinds of work. Abbott and Abetz urged the company to junk the EBA and draft a new one with the trade unions, cutting wages and conditions, rather than seek government assistance.

The government seized on a report in the *Australian Financial Review* claiming that SPC workers received nine weeks of paid leave a year, including a five-day weekend around the Melbourne Cup horse race.

This report was rejected by the company, which issued a detailed breakdown of the wages and conditions of its workforce. Most receive less than \$50,000 a year for working in a plant that is not air-conditioned and in summer sometimes reaches temperatures higher than 50 degrees Celsius. Employees receive 20 days annual leave, not nine weeks, and the Melbourne Cup weekend stand down was imposed by the company to undertake necessary

plant maintenance.

SPC executives added that the shift allowances that had been denounced by Abetz totalled just \$116,467 for all workers last year, or less than 0.1 percent of its costs. They also boasted that one-third of the workforce had been sacked in the last three years. SPC’s statement served to underscore the complicity of the Australian Manufacturing Workers Union with management’s drive to destroy jobs and conditions in the plant.

Liberal MP for the area surrounding Shepparton, Sharman Stone, publicly accused the prime minister of “lying”, while complaining that the government was subsidising similar businesses in other areas. Stone’s remarks underscore the sharp divisions within the Coalition government, reflecting rival sectional business interests.

Abbott and his senior colleagues have nevertheless emphasised that the SPC decision is intended to send a signal to big business—if any enterprise is not making sufficient profits, the immediate task is to slash wages and conditions to the lowest level legally possible. As the prime minister declared, the subsidy refusal served as “an important marker”, with the government “making sure that the restructuring that some Australian businesses need, that some Australian sectors need, is led by business.”

The same call for sweeping restructuring targeting the working class has been issued by the government for the car industry and in the construction sector.

The Abbott government is also moving to undermine existing “award” benchmarks that set minimum wages and conditions in different industries. In a submission to the Fair Work Australia industrial tribunal’s first four-yearly review of the awards system, government officials insisted that “the softening economic

environment and labour market should be carefully considered by the commission” and that “the commission should consider the impact of employment costs on employers’ decision to hire workers over the next four years.” Abetz signalled that the government would back a drive by business to have the award review undermine existing penalty wage rate protections, especially for weekend work.

The stepped up drive against the working class comes amid deepening turmoil on world financial markets, and declining economic growth in Australia triggered by slowing Chinese export demand and the related end of the mining investment boom. The Australian ruling elite has previously expressed deep frustration that in the immediate aftermath of the 2008 financial crisis, it was unable to push through US-style wage cuts or European-style austerity measures. Now the Abbott government is taking up where the previous Labor governments left off in making deep inroads into the living standards of the working class.

On Monday, Treasurer Joe Hockey was asked if SPC was an example of “highly lucrative arrangements” for workers “slowly strangling good Australian companies.” He answered: “Please do not come to the government asking for other taxpayers’ money when [industrial] agreements fail. I say to you, emphatically, everyone in Australia must do the heavy lifting now. The age of entitlement is over. The age of personal responsibility has begun.”

In 2012, as shadow treasurer, Hockey made a major speech titled “the end of the age of entitlement”, which claimed that governments could no longer provide any significant welfare programs, pensions, universal public health and education systems, and other public services. He is now reprising the theme as he drafts the government’s first budget, which will include numerous cuts targeting the working class. The *Australian Financial Review* today featured an interview with Hockey that indicated he is preparing to further extend the retirement age for workers, following on from the former Labor government’s hiking of the pension eligibility age from 60 to 67 for women and from 65 to 67 for men.

The treasurer also said he would means test all government payments. “It’s less clear what this means,” the *Financial Review* noted, “but safe to assume that all welfare is under the microscope... Don’t

expect any more free stuff.”

These measures will further exacerbate the social gulf between rich and poor. While millions of working people are struggling to survive on poverty-level wages and welfare benefits, the latest Forbes Rich List revealed that the wealth of the top 50 Australians increased by 49 percent over the past three years to reach a collective total of \$US101.9 billion. The Abbott government’s policies will ensure that these obscene levels of wealth continue to grow at the expense of the wages, conditions and jobs of workers such as those at SPC.



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