Australia: Sunday penalty rates slashed for hospitality workers

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Australia's Fair Work Commission (FWC) has ruled that from July 1, casual employees in restaurants, bars and cafés will be paid the same hourly rate on Sunday as for Saturday work. Hospitality workers currently receive a 75 percent bonus on Sundays. Handing down its decision on May 14, the FWC ruled that the current Sunday penalty rate "tends to overcompensate" workers. Next month's penalty rate will be 50 percent, a reduction of roughly 14 percent or $4 to casual hospitality workers' hourly pay.

While the restaurant and catering industry is expected to save $112 million a year, the wage cut will have a devastating impact on the living standards of tens of thousands of workers, especially students and youth, who rely on the Sunday rates to top up their income in the notoriously low paid industry. According to the Australian Bureau of Statistics, one in five people work as casuals and over half of all employed youth work part-time.

The attack on the wages of casual hospitality employees was initiated in the Fair Work Commission by Restaurants and Catering Australia (R&CA) in 2012 under the previous Labor government. R&CA's submission was initially rejected by the FWC but the employer group appealed to a full bench of the FWC, which began hearing the case in February this year.

R&CA's arguments echoed the justifications issued by Toyota, Ford and General Motors Holden following their decisions over the past 12 months to end car production in Australia, namely that wages were too high. The hospitality employer group claimed that public holiday rates were "crippling industry profits" and that wages would have to be cut to ensure small and medium size businesses remained "commercially viable."

Following the FWC decision, business leaders and media commentators have made calls for the complete abolition of Sunday penalty rates. The FWC is currently reviewing Australia's entire award system, which will set the national benchmark for wages and penalty rates for the next four years. Submissions have been made for the reduction of penalty rates by the Pharmacy Guild and Australian Hotels Association.

Australian Chamber of Commerce and Industry (ACCI) chief Kate Carnell declared that the "ultimate goal" was to make Sunday rates a thing of the past. "I think we have to accept that the train's left the station on this," she said. "We don't look at Sundays the way we used to." Alexander Philipatos from the Centre for Independent Studies, a right-wing think-tank, hailed the FWC decision, claiming it "a small but positive step on the road to reducing youth unemployment."

The ruling will not create jobs or reduce unemployment. But it will further drive down the living standards of hospitality workers under conditions were food, housing and other basic costs are climbing. Australian house prices are now the fifth highest in the developed world, according to a recent OECD report. The cost of food in Sydney, one of the ten most expensive cities in the world, has climbed by more than 41 percent between 2000 and 2012.

The United Voice (UV) hospitality union currently estimates that there are 1.5 million workers regularly receiving penalty rates in Australia. It calculates that the FWC decision will result in a hotel cleaner losing about $86 a week, with their wage falling from $726 to $640, and a waitress's weekly income dropping by $54.

Sunday penalty rates were established in 1919, the year of the highest level of strike activity in Australia's history and under conditions of mass antiwar sentiment following WWI and the immense political impetus

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given to workers internationally by the Russian Revolution in 1917.

Social conditions are deteriorating for millions of workers and young people in particular. Official employment for those aged 15 to 24 has hit a 20-year low of 57.4 percent, falling almost 8 percent since the eruption of the global financial crisis almost six years ago. According to Newcastle University's Centre of Full Employment and Equity, 117,300 jobs have been eliminated for teenagers since 2008, 37,900 of them in the last year alone.

United Voice lodged an appeal with the Federal Court over the penalty rate ruling this week. The Australian Council of Trade Unions has issued a pro-forma statement opposing the FWC's decision. It has an "online petition" appealing to Prime Minister Tony Abbott to stop the penalty rates cut. This is cynical and empty posturing.

The unions are completely integrated into the corporate assault on wages and jobs and will do nothing to prevent the escalating attack on workers' living standards. Far from "taking up a fight to protect penalty rates," the unions will continue the role they have played for the past three decades in suppressing opposition in the working class and facilitating new cuts to wages and conditions.

The UV, for example, isolated, wore down and betrayed a nine-week strike of PPG Industries paint workers in June 2011. The union opposed picket lines, allowed the company to hire contract and scab labour and isolated the strike action while refusing to organise strike pay for workers. UV agreed to all the company's demands, pushed through a 43 percent wage cut for new hires, and eliminated some overtime benefits.

In December that year, the union refused to mobilise its members to defend an eight-week lock-out of 150 Schweppes workers opposing company attempts to establish six-day, round-the-clock production with minimal penalty rates. Workers had demanded penalty rates of up to 60 percent for night shifts. In October 2012, UV endorsed a new deal with Schweppes with 40 percent night shift penalties from Thursday to Saturday.

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