Australian Productivity Commission launches wage-cutting review

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With Australia's economic position deteriorating rapidly, the Australian Productivity Commission last week spelled out a central thrust of the program being demanded by the financial elite: systemic wage-cutting to match the levels already imposed on the working class in the US, Europe and elsewhere.

Outlining a Liberal-National government-convened review of the country's workplace relations system, the commission openly canvasses abolishing penalty wage rates for after-hours work and scrapping the minimum wage. These proposals would impoverish wide layers of workers, who depend on penalty rates to survive, and undercut the wages of all workers, far beyond those on the minimum wage.

This signals an historic assault. Together with the minimum wage, higher rates of pay for working shifts on weekends, public holidays, at night or outside regular hours have existed in Australia for more than a century, as a result of hard-fought battles by the working class.

Prime Minister Tony Abbott, whose government is under intense pressure from big business to slash labour costs, as well as impose outstanding budget cuts to social spending, immediately declared his support for the abolition of penalty rates.

Echoing statements by the Business Council of Australia and the Australian Chamber of Commerce and Industry welcoming the review, Abbott said: "If you don't want to work on a weekend, fair enough, don't work on a weekend, but if you do want to work on a weekend and lots of people, particularly young people, particularly students would love to work on the weekend, you want to see the employers open to provide jobs."

This turns reality on its head, of course. Scrapping penalty rates would force millions of workers, particularly the young, to work at any hour of the day or week on low rates of pay, and this would be compounded by the abolition of the minimum wage. A survey last September found that a growing proportion of young workers were already being compelled to work under such conditions. One in four people aged between 18 and 30 had recently worked "cash-in-hand"—that is, illegally, without penalty rates, holidays or other entitlements. Among all workers, the proportion was 13 percent.

While such conditions have been imposed ad hoc until now, what is now being demanded is the wholesale lowering of wages, including the removal of all legal restrictions, via industrial awards and agreements, on minimal pay rates. Real wages officially fell in Australia last year for the first time in 17 years, as the mining boom began to unravel, but they remain significantly above those in rival countries.

One of the designated benchmarks is the United States, where the Obama administration enforced the halving of wages for new hires in the auto industry. The Productivity Commission contrasted Australia's poverty-line federal minimum wage of $16.87 an hour for adults with the rate in the US, which stands at roughly half that level. Last year, the Abbott government's Commission of Audit made exactly the same comparison.

Junior minimum rates are already much lower—down to $6.20 an hour for workers aged below 16 years—but even these levels are now too high as far as the corporate and media establishment is concerned.

One of the Productivity Commission's suggestions is to ditch the minimum wage in favour of income tax credits. In effect, the government would partly subsidise low wages through the tax system. That would be combined with "targeted" welfare payments,

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supposedly to prevent lower wages from encouraging jobless workers to try to "stay on welfare."

In other words, a simultaneous dismantling of welfare entitlements is also being prepared in order to ensure that employers have access to a large pool of desperate unemployed. This is under conditions where more than 777,000 workers are now officially unemployed and the jobless rate is rising.

On penalty rates, the review will "investigate" various policy approaches, including whether the setting of rates should be a "choice for individual enterprises and their employees with less or no role by the regulator." In plain language, that means scrapping penalty payments and giving employers the ability to dictate low flat-rate wages.

To strengthen the capacity of employers to drive down wages and conditions, the Productivity Commission's five "discussion papers" also target unfair dismissal laws, which set limited constraints on victimising workers, along with the limited right of workers to take industrial action during brief enterprise bargaining periods. Strikes have already dropped to historical lows, because of the ruthless manner in which the trade unions have enforced the Fair Work industrial laws imposed by the previous Labor government, but an even greater suppression of workers' resistance is now required by business.

The deepening economic crisis driving this offensive was underscored by last weekend's *Australian Financial Review* editorial, which began by declaring that 2015 would be "more difficult than anything we could have imagined … one year ago." Seven years after the global financial breakdown of 2008, its "shadow" loomed around the world. In Australia, "the prices we earn on huge volumes of mineral exports fell around half last year." The editorial insisted that "hard economic choices" had to be made, including to eliminate "outdated penalty rates."

The *Australian* likewise insisted that the Productivity Commission inquiry "raises the curtain on the next great economic reform debate." Significantly, it declared that Abbott's government had "proven timid on workplace reform" compared to the "big changes" made by the Hawke and Keating Labor governments of 1983 to 1996 via their Accords with the trade unions and the introduction of "enterprise-level bargaining."

Labor Party leader Bill Shorten, a former union leader, and the Australian Council of Trade Unions (ACTU) feigned opposition to the commission's wage-cutting agenda and accused the Abbott government of preparing "WorkChoices 2.0." This is a reference to the Howard government's deeply unpopular WorkChoices individual contract legislation, which became a major factor in the Coalition government's defeat in the 2007 election.

Labor and the ACTU are seeking to channel the mass discontent to the Liberal-National government behind the return of a Labor government, as they did in 2007. That campaign paved the way for the Rudd and Gillard Labor governments, which only stepped up the assault on jobs and working conditions via the Fair Work laws, with the unions functioning as their industrial police forces.

By 2013, Labor and the unions were already imposing outright wage cuts on workers, including in the auto industry, and that role has since intensified. The Productivity Commission itself drew attention to last April's stated willingness of a key mining sector union, the Construction Forestry Mining and Energy Union (CFMEU), to accept a new enterprise agreement in Western Australia that reduced its members' wages by up to 20 percent.

This explicit reference to the CFMEU is a warning that the union leadership will step up its efforts to impose the wage-cutting requirements of the corporate elite, and that this offensive would be once again conducted in the closest partnership with any Labor government that replaced Abbott's increasingly crisis-ridden Liberal-National government.

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