

Australian business demands deeper cuts to wages and conditions

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Over the past three days, big business and corporate media outlets have vented frustrations with Prime Minister Tony Abbott's government for ruling out the immediate adoption of recommendations by its own Productivity Commission to drastically reduce wage penalty rates, drive down minimum pay levels and introduce a new form of individual work contracts.

"When is the Abbott government going to show genuine leadership on reforming Australia's hidebound industrial relations system?" demanded yesterday's editorial in the *Australian Financial Review*. Former National Australia Bank chief executive and BHP Billiton chairman Don Argus declared that Australia would "end up like Greece," suffering international "contagion," if the government did not lead workplace "reform."

The government initiated the commission's report on the workplace relations system last December amid deteriorating economic conditions. Falling mining export prices, plunging business investment and slowing demand in China have begun to expose the underlying vulnerability of Australian capitalism following the global financial breakdown that erupted in 2008.

The 45 proposals in the draft report released on Tuesday set out a framework for cutting wages and conditions to the levels already imposed on workers in Europe and America, starting with the industries that generally have the youngest, most casualised and vulnerable workers.

First, the report advocates lowering Sunday penalty rates for cafes, hospitality, entertainment, restaurants and retailing (175 percent of base pay in hospitality) to the same as Saturday (150 percent). Initially, this cut would not apply to other workers, effectively creating a two-tier wages system as a step toward scrapping weekend, after-hours and overtime penalty rates across the board.

As a second far-reaching measure, the report recommends reducing official minimum wage levels over time, supposedly to give employers an incentive to hire

low-paid workers in a "weakening labour market." Indicating the scale of the reduction that it has in mind, the Productivity Commission's discussion paper, published last January, 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.

A third proposal is for employers to be able to impose "enterprise contracts" on workers on a "take it or leave it" basis. According to the report, "this would permit employers to vary an award for entire classes of employees (level 1 retail employees, for example), or for a group of particular employees" as a "condition of employment." Companies would not have to negotiate with employees and "no employee ballot would be required." These contracts would provide an alternative means of scrapping penalty and overtime rates, or any other hard-won conditions.

Other major recommendations include easier means of sacking workers without compensation for "unfair dismissal," greater use of "individual flexibility" clauses in enterprise agreements, and dropping the requirement for enterprise agreements to pass a "better off overall" test. It would also be unlawful to have workplace agreements that restrict the hiring of "independent contractors," labour hire or casual workers. Companies could launch new projects—dubbed "greenfield" sites—without having to strike deals with trade unions.

The report concluded that the workplace relations system needed major "repair," but not replacement, because wages were already falling due to the economic downturn and industrial action had dropped to record low levels. It noted: "The average number of days lost over the past five years was less than one tenth of the days lost on average from 1985 to 1990."

Despite this precipitous decline, which indicates how far the trade unions have suppressed workers' resistance to

the destruction of jobs and basic rights, the report proposed a further crackdown on strike activity. It called for crippling penalties for “unlawful” strike action that caused company losses. It also recommended greater rights for employers to retaliate against striking workers without using “nuclear” lock-outs, and stronger powers for the Fair Work tribunal to terminate industrial action that threatens to cause “significant economic harm” to the employer.

Business groups, especially those in the tourism, retail and hospitality sectors, welcomed the report, while objecting that it did not go far enough in destroying workers’ conditions. Corporate media columnists labeled it “mushy” or “a damp squib.” The Business Council of Australia urged further measures to remove “rigidities” in working conditions, while the Australian Mines and Metals Association described the report as just a “first step” in making mining projects “globally competitive.”

However, with his government already wracked by factional rifts, deeply unpopular and fearing electoral oblivion, Abbott insisted that none of the report’s recommendations would be adopted before the next general election, due by next year. “The one thing I do want to make crystal clear is that this government will make no changes to workplace relations in this term of parliament,” he stated.

His declaration provoked outrage in ruling circles. Yesterday’s editorial in Murdoch’s *Australian* poured scorn on the government and called into question the capacity of a parliamentary system to deliver a root-and-branch assault on the working class. “We need leadership and proper perspective on the issues but our political system is not up to the challenge,” it stated.

In an effort to revive their own political fortunes, the Labor Party opposition and its affiliated trade union movement posed as opponents of aspects of the report, particularly the establishment of a two-tier wages penalty rates system. But it is the unions, including the Australian Workers Union, which was under the Victorian or national leadership of Labor Party leader Bill Shorten from 1998 to 2007, that have led the way in scrapping penalty rates.

Two months ago it was revealed that Shorten was instrumental in imposing an enterprise agreement on lowly-paid casual cleaners that saved their employer, Cleanevent, millions of dollars by eliminating penalty rates for weekend, public holiday and night shifts. This was no aberration. Several months earlier, Shorten hailed as a “win-win” an agreement signed by the union

covering retail workers, the Shop Distributive and Allied Employees Association, to drastically reduce weekend and evening penalty rates for 40,000 shop assistants working in South Australian small businesses.

One of the most revealing criticisms of the Abbott government’s supposed spinelessness came from Martin Ferguson, a former president of the Australian Council of Trade Unions (ACTU) and a senior cabinet minister in the Rudd and Gillard Labor governments of 2007 to 2013. Ferguson, who is currently chairman of Tourism Accommodation Australia, an employers’ lobby group, declared that penalty rates were unrealistic and the report’s recommendations could not be dismissed.

Far from Ferguson’s intervention being at odds with his life-long career as a trade union bureaucrat and Labor leader, it is completely in line with the pro-corporate character of Labor and the unions. As ACTU head, Ferguson worked closely with the Hawke and Keating Labor governments of 1983 to 1996 in a series of “accords” that broke up many working class conditions in the name of making Australian business “competitive” amid the globalisation of production.

These accords epitomised the transformation of the trade unions internationally from organisations that sought limited concessions for workers, while subordinating them to the capitalist system of wage labour, into apparatuses for dismantling all the past gains of the working class in order to boost corporate profits.

Now, whatever the immediate twists and turns of the Abbott government, and the cynical posturing of the Labor and union leaders, the Productivity Commission recommendations are part of an even deeper assault being brought forward on workers’ jobs, wages and conditions amid the continuing breakdown of the Australian and world capitalist economy.



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