

Australian report calls for cutting penalty wage rates

Mike Head

22 December 2015

The final report of the Australian government's Productivity Commission review of workplace relations, released yesterday, recommends the gutting of weekend wage penalty rates for about two million workers and their families in the hospitality, entertainment, tourism and retail industries, along with other moves to cut working conditions.

However, driven by falling commodity export prices and plunging business investment, major business leaders criticised the review for not going further to dismantle workers' conditions, and lambasted Prime Minister Malcolm Turnbull's government for not pledging to immediately implement the report's penalty rates proposal.

Big business is demanding nothing less than the lowering of wages and conditions to match those imposed on workers across America and Europe in the wake of the 2008 global financial crisis. Having backed the ouster of Turnbull's predecessor, Tony Abbott, largely because of his failure to carry through the corporate agenda, the financial and media elite expressed dismay at the government's response to the report.

The Productivity Commission's 1,229-page report, originally commissioned by Abbott in 2013, calls for Sunday wage loadings of 175 percent for permanent workers in restaurants, shops, tourism-related ventures and entertainment businesses to be reduced to the Saturday rate of 125 percent. Such a cut was already imposed on casual workers in restaurants, bars and cafés in July via a Fair Work industrial tribunal ruling.

This proposal would reduce workers' incomes by up to 10 percent. Many working class families would be even worse off because they depend heavily on Sunday work to make ends meet, under conditions where average real wages have already fallen over the past two years.

While confined, for now, to selected industries, and not affecting public holidays, overtime, night rates or shift

loadings, the proposal would be the thin end of the wedge for cutting wage rates across the board. Far from creating jobs—as claimed by the corporate elite—the removal of after-hours pay rates is designed to drive down wages for all workers.

The historic character of this offensive can be seen from the fact that wage penalty rates have existed in Australia since workers won them in 1919. This was the year of the highest level of strike activity recorded in Australia, amid widespread support among workers internationally for the October 1917 Russian Revolution.

Among the other far-reaching attacks outlined in the Productivity Commission report are the outlawing of enterprise agreement clauses limiting the use of contractors and casuals, the trebling of penalties for workers taking “unlawful” industrial action outside sanctioned bargaining periods, and changes to unfair dismissal provisions, to make it easier for employers to sack workers.

All these measures are designed to suppress resistance among workers to the ongoing destruction of jobs, conditions and basic rights taking place throughout key industries, particularly mining, auto and other manufacturing. Employers would also have greater rights to retaliate against any form of industrial action.

The report further recommended extinguishing bargaining rights for large new “greenfield” work sites; a new form of individual workplace agreement, dubbed the “enterprise contract,” to allow companies to scrap basic conditions; and further steps to lower minimum wage rates.

However, the Productivity Commission recognised the valuable services of the trade unions in policing the onslaught on jobs, wage levels and conditions within the existing framework. “Strike activity is low, wages are responsive to the economic cycle and there are multiple forms of employment arrangements that offer employees

and employers flexible options for working,” it stated.

This system—in which the unions functioning as an industrial police force have driven strike levels down to record lows—needed “repair,” not “replacement,” the report proposed.

The Commission also noted that for teenagers, wages rates have been reduced to US levels already. “For example, a fast food level 1 employee aged under 16 years could have more than a year of experience, but would get \$A7.59 an hour (44 percent of the adult minimum wage). In many states in the United States, many such employees would receive at least \$US8 (100 percent of the adult rate).”

While Turnbull expressed support for slashing penalty rates soon after deposing Abbott in September, he and Employment Minister Michaelia Cash yesterday backed away from publicly endorsing the report’s call, clearly anxious about the opposition that this move would inflame in the working class.

Cash said any change would be up to a review by the Fair Work Commission—the same body that cut casuals’ penalty rates—and the government would take any proposal to the next federal election, due in 2016. She announced a series of consultations with the employers and unions on the proposals.

Major business groups condemned the report as inadequate, insisting on the rapid removal of all constraints on scrapping workers’ conditions and rights. Speaking on behalf of large companies, Business Council of Australia chief executive Jennifer Westacott said: “Business should not have to work around a complex, rigid and conflict-riven system.”

Watch David North’s remarks commemorating 25 years of the *World Socialist Web Site* and donate today.

Today’s *Australian Financial Review* reported that business “blasted” the Productivity Commission report as a “wasted opportunity.” Its editorial declared that by releasing the report a few days before Christmas, Turnbull’s government indicated that it “has little stomach for change.”

The *Australian’s* editorial insisted: “Malcolm Turnbull, who challenged Tony Abbott for the prime ministership on the grounds he would provide stronger economic leadership, needs to step in and invest some of his political capital in reform.”

In an attempt to gain some electoral support, the Labor Party, joined by the Australian Council of Trade Unions (ACTU), postured as a defender of penalty rates. The ACTU threatened “the biggest industrial relations fight

over workers’ pay and conditions since Work Choices” if the Liberal-National Coalition government moved to cut Sunday rates.

The 2006-07 Work Choices campaign was a means by which the unions channeled workers’ hostility to the Howard Coalition government’s individual contracts behind the election of the Rudd-Gillard Labor government, which then imposed the Fair Work laws that ban most industrial action.

The truth is that 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, have spearheaded the erosion of penalty rates. *Australian Financial Review* political editor Laura Tingle, reflecting the view of corporations that have valued the services of the unions, noted today that while penalty rates were a “tricky issue” for any government, “a lot of major employers have already demonstrated that negotiated outcomes to address penalty rates can be achieved.”

Shorten himself was instrumental in imposing an enterprise agreement on lowly-paid casual cleaners that saved their employer, Cleanevent, millions of dollars by eliminating penalty rates. Earlier this year, Shorten hailed as a “win-win” an agreement signed by the Shop Distributive and Allied Employees Association to drastically reduce penalty rates for South Australian shop assistants.

This record typifies the function of the unions over the past three decades in helping to break up working class conditions and eliminate jobs in the name of making Australian business “competitive” amid the globalisation of production. Over the past year alone, the unions have enforced the destruction of thousands of jobs in the car industry, steel plants, mines and other basic industries.

Regardless of the fragility of the Turnbull government and the posturing of the Labor and union leaders, the Productivity Commission report signals an even deeper assault on workers’ jobs, wages and conditions amid the worsening meltdown of the Australian and world capitalist economy.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact