

# Australian industrial tribunal slashes workers' wages

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The Fair Work Commission (FWC), the federal government's industrial tribunal, yesterday cut wage rates for workers on Sundays and public holidays across the retail, hospitality, pharmacy and fast food industries.

The wage reductions, which target some of the lowest-paid workers, will be used by the corporate elite to step up the assault on the wages and conditions of the entire working class. Employer groups and media editorials are already demanding deeper and more sweeping cuts.

Around one million workers will be directly affected by the pay cuts. Another three million, who work on weekends, likewise face the future prospect of being stripped of the after-hours penalty rates on which they depend to live.

The ruling follows a protracted campaign by business groups, the financial press and successive Labor and Liberal-National governments against penalty rates, which were first introduced in 1947 for after-hours work.

It was the Labor government of Kevin Rudd and Julia Gillard that established the FWC in 2009, with the full support of the trade unions, and then included penalty rates in a four-year FWC review, aimed at stripping back conditions in industrial awards.

Under the FWC ruling, Sunday penalty rates will be reduced from 175 to 150 percent of the base rate of pay for permanent employees in the hospitality industry. Permanent fast food workers face a reduction from 150 to 125 percent, while casuals will suffer a cut from 175 to 150 percent.

For permanent retail and pharmacy workers, the rate will be slashed from 200 to 150 percent, while for casuals, it will be reduced from 200 to 175 percent. Across the sectors, public holiday rates will decrease from 250 percent to 225 percent. Most of the cuts take

effect at the beginning of July.

According to trade union estimates, which are likely to be under-stated, the changes will strip workers of up to \$6,000 in annual wages. Permanent retail workers, paid the award rate of \$19.44 per hour will lose over \$72 for every Sunday shift.

This comes on top of the lowest wage growth in recorded history, with average weekly earnings rising only 1.6 percent over the past year, just above the official inflation rate of 1.5 percent.

These figures hide a widespread decline in real wages, particularly hitting the poorest workers. Forty-one percent of households earning less than \$40,000 a year reported a decline in income last year, according to this month's Household Financial Comfort Report. Less than a third of households, overwhelmingly the wealthiest, reported income gains.

Under conditions of soaring major city housing and rental prices, fuelled by speculative investment, the penalty rates cut will increase the hardships facing broad sections of the working class. According to recent figures, over 42 percent of low-income renters are in housing stress—spending more than a third of their income on housing. Household debt is at record highs, with a debt-to-income ratio of over 189 percent.

The FWC ruling has already provoked widespread opposition, with thousands of hostile comments on social media and elsewhere pointing to the social consequences of the ruling. Labor, the Greens and the trade unions have adopted cynical postures of opposing the decision, making vague claims of challenging it by seeking to amend industrial legislation.

In reality, it was current Labor leader, Bill Shorten who amended the Fair Work Act in 2013, as workplace relations minister, to specifically include penalty rates among those aspects of award rates to be “reviewed,”

i.e., cut. The FWC president who handed down yesterday's ruling, Ian Ross, is a former union official whom Shorten appointed in 2012.

Throughout last year, including during the July 2 federal election, Shorten stressed that he would not challenge any FWC ruling cutting penalty rates, in a bid to assure the corporate elite of Labor's pro-business credentials.

Moreover, in handing down its ruling, the FWC was fulfilling its mandate, based on draconian legislation enacted by the last Labor government, which outlaws most industrial action by workers and is aimed at facilitating continuous cuts to workers' wages and conditions, usually via union-negotiated enterprise agreements.

In January the FWC endorsed pay cuts of up to 65 percent for power workers at AGL's Loy Yang A plant in Victoria's Latrobe Valley, establishing a new wage-cutting precedent. In other aggressive interventions into industrial disputes, the FWC has banned strike action on a number of occasions, including with the support of state Labor governments.

The statements of Greens leaders denouncing the ruling are no less hypocritical. In 2013, Senator Peter Whish-Wilson, the party's treasury spokesman and a former Wall Street banker, denounced penalty rates as "outdated" and called for a "national discussion" on their abolition.

For their part, the union leaders who condemned the ruling as "the biggest wage cut since the depression" have already established a host of backroom agreements eliminating penalty rates and other rights for broad sections of the working class.

In 1998 the Australian Workers Union (AWU) established a secret deal with Cleanevent, a major cleaning corporation, to dismantle penalty rates, costing poorly-paid cleaners up to \$400 million over more than a decade. Bill Shorten, as AWU national secretary, was intimately involved in the arrangement.

In 2015, the Shop Distributive and Allied Employees Association (SDA), the country's largest union, struck a deal with Business South Australia to abolish Saturday and weeknight penalty rates for up to 40,000 shop assistants. The agreement, a precedent for the FWC ruling, slashed Sunday rates by 50 percent, and public holiday loadings by a third.

At the time, Shorten hailed the SDA deal as a "win-

win," and Mark Butler, a Labor shadow minister and former union official said: "This is what we envisaged when Paul Keating's government put together the enterprise bargaining model." In other words, the entire industrial relations framework set in place by Labor and the unions was aimed at imposing wage cuts.

Hailing the FWC decision, Martin Ferguson, who was president of the Australian Council of Trade Unions during the Keating Labor government, and later became a key government minister, urged workers to accept the ruling. Currently the chairman of Tourism Accommodation Australia, an employer organisation, he complained that his industry still did not get the full rate reductions it was hoping for.

Likewise, editorials in the financial press, while welcoming the ruling, demanded much more. The *Australian* said the ruling was "correct in principle" but "evolutionary" and "limited in scope." The *Australian Financial Review* said the decision fell "well short" of those recommended by the government's Productivity Commission in 2015, and declared that "a less regulated job market is a critical condition for sustaining Australia's modern prosperity in a more competitive world."

In other words, what is being demanded is essentially the destruction of all that remains of the conditions and basic rights won by workers over decades of struggle.



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