

Australian unions and Labor Party launch bogus campaign over penalty rate cuts

Oscar Grenfell
2 March 2017

Over the past week, Labor and the trade unions have launched an utterly fraudulent campaign, posturing as opponents of the Fair Work Commission (FWC) ruling to slash the penalty wage rates of up to 700,000 low-paid workers.

The FWC decision covers employees in the retail, fast food, pharmaceutical and hospitality industries. Some of those affected by the ruling, which cuts weekend and public holiday wage rates by between 25 and 50 percent, are set to lose over \$70 per Sunday shift, or as much as \$6,000 a year.

The ruling sets a wider precedent that will be used against millions of workers, especially young workers.

The decision has created widespread anger among workers, students and young people, many of whom depend on penalty rates to survive. However, the attempts by Labor politicians and union bureaucrats to present themselves as champions of workers' rights display staggering hypocrisy. They are the ones most responsible for this historic wage cut.

Labor Party leader Bill Shorten, as workplace relations minister in the last Labor government, included penalty rates in a list of award issues to be reviewed by the FWC in 2013. During last year's election campaign, he pledged that Labor would accept the outcome of the FWC review, as part of a broader pitch to establish Labor's pro-business credentials.

The trade unions have already imposed a host of enterprise agreements and backroom deals with the major employers slashing, or entirely eliminating, penalty rates for some of the most impoverished sections of the working class. Shorten, a former national secretary of the Australian Workers Union, was directly involved in such deals.

More broadly, the FWC ruling is a direct product of the entire "Fair Work" laws regime set in place by the

last Labor government, with the support of the trade unions, to ban or suppress industrial action and enable the unions to work closely with employers to dismantle workers' conditions.

Successive Labor governments have played the central role in implementing the dictates of the corporate elite over the past three decades for the decimation of jobs, wages and hard-won conditions.

Responding to the FWC decision, Labor made an empty pledge to introduce legislation to amend the Fair Work Act, supposedly to prevent any wage reduction. Liberal-National government ministers, and the bulk of the parliament's right-wing crossbenchers, have indicated they will block such a bill, rendering it a dead-letter.

Asked last Sunday about Labor's previous promises not to challenge any ruling to cut penalty rates, shadow treasurer Chris Bowen declared that the party reversed its position in January. Summing up the opportunist character of Labor's posturing, which is aimed at diverting the enormous anger back behind the parliamentary set-up, Bowen said "when circumstances change, you change your position."

Likewise, the unions cynically denounced the FWC ruling as "the biggest wage cut since the Great Depression" and backed Labor's manoeuvre. A complete record of the pro-business deals and attacks on workers' wages and conditions carried out by the unions would span volumes.

Agreements imposed on its members by the Australian Workers Union (AWU), which Shorten headed in the state of Victoria from 1998, and nationally from 2001 to 2007, provide a picture of how the unions have worked hand-in-glove with employers to cut wages.

In 1998, for example, the AWU signed a secret deal

with Cleanevent, a major cleaning company, to slash the wages and conditions of hundreds of low-paid workers. It eliminated all penalty wages, establishing an hourly base pay rate of around \$16, and saved the company up to \$400 million over more than a decade.

In 2001, the AWU established an agreement with the Olympic Parks Trust that stripped up to 850 workers of all award conditions and entitlements. It provided unprecedented workplace “flexibility,” with cleaners and others at sports stadiums paid just \$14.70 an hour, including for night and weekend work.

A 2003 agreement between the AWU and engineering contractor Cut & Fill entirely eliminated penalty rates for many of the company’s workers. A deal in 2004 with Chiquita Mushrooms, a farming company, reclassified hundreds of low-paid workers as “independent contractors,” stripping them of any rights.

Hosts of other unions have enforced similar arrangements. In 2015, the Shop Distributive and Allied Employees Association (SDA) signed agreements with retail and fast food chains, including Coles, Woolworths, KFC and Hungry Jacks, that cut or eliminated penalty wages and resulted in 250,000 low-paid employees receiving below poverty-level award rates. In the same year, Labor and other unions hailed as a model an agreement between the SDA and Business South Australia that slashed Sunday penalty rates for 40,000 shop assistants by 50 percent.

The posturing of the Greens is no less hypocritical. In 2013, Senator Peter Whish-Wilson, now the party’s treasury spokesman, described penalty rates as “outdated” and called for a “national discussion” on their abolition.

The pseudo-left organisations, which function as the attorneys of the unions, play a particularly pernicious role. Some, such as Socialist Alliance, have been entirely silent on the record of Labor and the unions in dismantling penalty rates.

Others, like Socialist Alternative, seek to draw a distinction between the AWU and the SDA and “militant” unions, such as the Construction Forestry Mining and Energy Union (CFMEU). The fraudulent character of these claims was underscored by the CFMEU’s role in pushing through a 5 percent pay cut last week affecting up to 900 workers at the Maryvale paper mill in Victoria’s Latrobe Valley.

In 2007, Labor, the unions, the Greens and the pseudo-

left groups came together in a diversionary campaign against the Liberal-National government’s WorkChoices industrial laws, channeling the intense opposition of workers behind the election of a Labor government. The result was the Rudd government’s introduction of the equally draconian and pro-business Fair Work legislation.

This record demonstrates that a genuine struggle against the cuts to penalty rates and other attacks on working class jobs, conditions and basic rights, can only go forward in a direct political fight against Labor, the unions, the Greens and all their backers, including the pseudo-lefts.

Such a fight must be directed against the source of the austerity offensive of the ruling class, the capitalist profit system itself. The mobilisation of the working class on a socialist program, aimed at establishing a workers’ government, is required to establish the social right to a decent, well-paid job for all. That is the perspective being fought for by the Socialist Equality Party (SEP) and its youth movement, the International Youth and Students for Social Equality (IYSSE).



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact