

# Australian unions offer to protect employers from “wage theft” penalties

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After months of confidential talks on “industrial relations reform” between trade union, government and big business representatives, the Australian Council of Trade Unions (ACTU) has volunteered further sacrifices of workers’ conditions in a plea to cement the trilateral partnership.

ACTU secretary Sally McManus last week offered to end civil or criminal penalties for employers paying workers less than their legally-entitled wages, saying she hoped that the employer groups and Prime Minister Scott Morrison’s government would reciprocate with concessions toward the unions.

In her appeal, McManus divulged some of the far-reaching agenda advanced in the talks by the corporate elites, which are demanding the further dismantling of workers’ conditions. At the same time, McManus pleaded for the unions to retain their role as the best mechanism for policing the working class.

To demonstrate the success of the tripartite collaboration since March, McManus divulged that “broad agreement” had been reached on numbers of measures. One was an agreement to grant immunity from punishment to businesses that underpay their staff, with fines being issued only in “extreme cases.”

In other words, no financial penalties, however meagre, would be imposed on employers that have stripped millions of dollars from low-paid workers via “wage theft”—paying workers even less than the low wages agreed between employers and the unions.

Such an agreement would give a green light for employers to continue to underpay workers, a practice that is rampant in Australia, carried out by large companies, including retail chains, agricultural business that exploit backpackers, high-end restaurants and universities.

According to a 2019 PricewaterhouseCoopers (PwC)

report, based on modelling from estimates and data from the government’s own Fair Work Ombudsman, underpayments total approximately \$1.35 billion each year. Sectors most involved are construction, healthcare, social assistance, accommodation, food services, and retail.

The data indicates that wage theft affects approximately 13 percent of the workforce, more than one million people. As the PwC model is based on official estimates, the true scale of the workers affected and the money stolen could be much higher.

McManus’s appeal came after talks broke down last month between union leaders and employer representatives in five closed-door industrial relations “working groups.” The results of these secretive talks, hidden from the view of workers, are due to be revealed in an omnibus bill later this month.

McManus told the *Australian* she was “concerned” about “employer lobbyists” who were urging “the government to adopt some of the more extreme ideas.” Her anxiety is that some of these proposals could cut the unions out of dispute negotiations, undermining their control over workers and triggering rank-and-file resistance.

Some employer groups are seeking to bypass the unions by removing the need to take disputes to the Fair Work Commission (FWC) industrial tribunal. The FWC, in which the unions have a cemented status, supervises the anti-strike laws introduced by the last Labor government with the agreement of the unions.

Last month, Master Builders of Australia chief executive Denita Wawn publicly opposed an agreement struck between the ACTU and the Business Council of Australia (BCA), which represents the largest companies.

The deal featured a fast-track system for registering

union-negotiated enterprise agreements with the FWC, in return for the scrapping of the Better Off Overall Test (BOOT), a test that supposedly prevents workers being worse off under a new enterprise agreement. BOOT, in reality, has allowed unions to sell out jobs and basic rights. But doing away with it would permit companies and unions to dismantle workers' conditions more openly.

The Australian Mining and Metals Association and the Australian Industry Group also rejected this pact. Their proposals included eight-year enterprise agreements on new projects, with the FWC having no role in resolving disputes, thus reducing the reliance on the unions.

According to McManus these employer organisations are pushing for the eradication of penalty and overtime rates, instead creating a single base rate of pay for all employees. They also want a new form of casual employment, with no compensation for overtime or any pay loadings.

In line with the function of unions, McManus couched her appeals in pro-business terms. She said: "Consumer confidence is one of the main things in economic recovery. If workers get the message their pay could be cut permanently... this is not good for confidence."

Regardless of what the Liberal-National Coalition government includes in its upcoming legislation, McManus's appeals show that the unions will deepen their collaboration with big business and employers amid mass unemployment and the worst economic and social breakdown since the 1930s Great Depression.

In fact, McManus told the *Guardian* the ACTU had not made any demands for sector-wide bargaining or calls to reform insecure work and the gig economy, because the employers would not agree.

Since the beginning of the COVID-19 pandemic, the unions have intensified their decades-long alliance with big business and the government. In March, the ACTU helped employers cut the pay and conditions of millions of workers in hospitality, retail and clerical work. It also agreed that employers across the board could do likewise under the JobKeeper wage subsidy scheme.

For this, Industrial Relations Minister Christian Porter proclaimed McManus to be as his "BFF" (best friend forever). This friendship is not an aberration. It is

taking to a new level the relations established under the Accords between the ACTU and the Hawke and Keating Labor governments in the 1980s and 1990s, which provided for the deregulation of the economy and the destruction of hundreds of thousands of jobs across industry and manufacturing.

Now the COVID-19 pandemic has accelerated the destruction of working class conditions. The unions are working closely with their "friends" to prevent eruptions of resistance. For workers to fight this assault they have to break from the unions and form rank-and-file committees to unify the struggles of the working class nationally and internationally against the capitalist profit system.



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