Australian governments impose wage freezes on public sector workers

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COVID-19 infections may have been contained to a certain extent in Australia—although new outbreaks are emerging as safety restrictions are recklessly lifted for the sake of corporate profit. But the country is certainly no exception when it comes to the ruling class ramping up its drive to impose on workers the full cost of the deepening global economic breakdown triggered by the pandemic.

After handing hundreds of billions of dollars to big business and high-income recipients via "stimulus packages" and tax cuts, the federal, state and territory governments are inflicting wage freezes or below-inflation "caps" on public sector workers, including frontline health workers and teachers.

Liberal-National Coalition and Labor Party governments alike are exploiting the pandemic to deepen a decades-long attack on working class pay and conditions. Real wages had fallen for six years even before the pandemic, taking the wages share of national income to the lowest level since the 1950s.

Last Friday, the federal Coalition government followed the lead of several state and territory governments, notably the Labor governments in Queensland and the Northern Territory, which have both announced protracted wage freezes.

Ben Morton, an assistant minister to Prime Minister Scott Morrison, unveiled an across-the-board restriction on public sector pay rises. He said pay rises for federal public servants would be kept below the increasingly depressed level of private sector wages.

The new policy caps wages for 150,000 federal workers at the level of the private sector Wage Price Index, replacing the existing 2 percent annual limit. This is on top of what will become a year-long outright wage freeze by next April.

That means a real wage cut for the foreseeable future. In the June quarter of 2020, private sector wages grew by just 0.1 percent, or 0.4 percent annually, Australian Bureau of Statistics data showed. That is far below the annualised official inflation rate, which was running at 1.6 percent during the September quarter.

The wage-cutting is set to worsen next year. Just days earlier, the government had declared it would cut the JobSeeker unemployment benefit rate to the sub-poverty level of around $51 a day for single adults at the end of December, in a deliberate move to further drive down all wages by forcing millions of jobless workers into low-paid employment.

Friday's announcement also foreshadowed more cuts to essential social spending, accompanied by the further evisceration of public sector workers' basic workplace rights and conditions.

The Public Sector Workplace Relations Policy 2020 released by Morton specifies that any, even slight, pay rise must be "affordable and funded from within existing agency budgets, without the redirection of programme funding." That is, any rise will mean cutting spending.

The policy further dictates that "enterprise agreements and other workplace arrangements are not to contain restrictive work practices, unduly limit flexibility, or otherwise impede workplace reform." These are code words for scrapping working conditions, ratcheting up workloads and imposing restructuring, inevitably at the expense of jobs.

Over the past seven years, the Coalition government has slashed public sector jobs, intensifying the damaging impact of the previous Labor government's cuts, which were inflicted via annual "productivity dividends." As of last month, there were 12,100, or 7.3 percent, less public sector employees than there were in 2013.

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In effect, Morton endorsed pay-cutting for all workers, saying the new policy would see federal employees paid "in step with their fellow Australians." To try to head off workers' outrage, Morton announced a vague internal review of the now-notorious "performance bonuses" for high-ranking public sector executives.

Far from opposing the lowering of workers' living standards, the opposition Labor Party's only criticism was that the move would undercut efforts to stimulate the economy. Shadow finance minister Katy Gallagher pointed to close collaboration with the trade unions to contain workers' anger. "Labor will work through the implications of this announcement and will consult with the unions which represent the workers who stand to be affected," she said.

The wage cuts will start to flow through in 2021 as existing department and agency enterprise agreements (EAs) expire. It is now three years since the Community Public Sector Union (CPSU) and other unions finally wore down widespread opposition among federal public servants to the last round of union-negotiated EAs.

These 2017 EAs themselves amounted to a three-year wage freeze, having been delayed since 2014. They also set the current 2 percent annual pay ceiling, designed to keep wage increases below the inflation rate.

Throughout that dispute over the EAs, the unions kept workers divided department-by-department and confined them to limited stoppages and protests. After workers in key departments like the Australian Tax Office rejected union proposals, the unions subjected them to ballot after ballot on offers that contained inconsequential changes, until they finally got votes through.

The CPSU and other unions will do everything they can to again bulldoze over the resistance of workers to the new and even-greater government offensive. CPSU national secretary Melissa Donnelly echoed the pro-business concerns of the Labor Party. "If the government wants to stimulate the economy and keep consumer spending up, this is not the way to do it," she pleaded.

The federal government move is part of a bipartisan austerity assault on the working class, with all the country's governments collaborating in a self-proclaimed "national cabinet" that is seeking to fully reopen the economy, regardless of the global COVID-19 resurgence.

Last week, the New South Wales Coalition government said it would reduce the annual pay rise cap for its 410,000 public sector workers from 2.5 percent to 1.5 percent for the next three financial years. That followed an Industrial Relations Commission ruling that the workers, including nurses, paramedics and teachers, would receive a mere 0.3 percent pay increase this year, not the 2.5 percent that was due on July 1.

Also last week, the Northern Territory Labor government unveiled a four-year pay freeze—an attack it kept well hidden during the territory's August election. Chief Minister and Treasurer Michael Gunner said the "pause" would save $424 million to help reduce the record debt forecast in his government's delayed November 9 budget.

Various unions, notably those covering teachers and nurses, accused the government of duplicity for not consulting with them first. Gunner insisted that the unions had been advised of the government's plans and said he was sure they would negotiate EAs in line with the freeze.

Gunner's confidence, based on decades of union betrayals, might have been fortified by the agreement struck between the unions and Premier Annastacia Palaszczuk's Labor government in Queensland, which was the first in the land to declare such a pay freeze. In June, in defiance of widespread anger among teachers, nurses and other workers, the unions in Queensland helped that government push through legislation for a freeze, thinly disguised as a two-year "deferral."

As the WSWS warned in June, the Queensland deal, cynically portrayed as a temporary measure to pay the cost of the COVID-19 pandemic, set "a new precedent for exploiting the health emergency to intensify the ongoing corporate and government attack on the living and working conditions of workers."

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