Australian Labor governments and unions inflicting real pay cuts on public sector workers

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Around the country, Australia's federal, state and territory Labor governments are seeking to impose wage caps on public sector workers that are far below the soaring cost of living.

This underscores the fraud of Labor's claims to want to see wages rise after a decade of real income cuts for workers. In fact, Labor governments are spearheading the pay-cutting, setting wage limits even lower than those of major corporate employers.

In the face of brewing discontent and breakouts of strikes, the Labor leaders are working with the trade unions to enforce the pro-business agenda laid out in the Albanese federal government's first budget last month, which was based on at least two more years of real wage cuts.

In October, the Albanese government announced an interim pay increase of just 3 percent for Australian Public Service employees who were due a pay rise between 1 September 2022 and 31 August 2023. That is less than half the official inflation rate of 7.3 percent over the past year, which is expected to accelerate to 8 percent by the end of 2022.

Even that is a gross understatement of the ongoing reduction in public sector workers' living standards. Prices for "non-discretionary" items, such as food and fuel, rose by 8.4 percent over the past 12 months.

Nevertheless, the main trade union covering public sector workers, the Community and Public Sector Union (CPSU), endorsed the government's edict. The union admitted that the 3 percent rise "falls short of cost of living pressures" but welcomed it as an improvement on the previous Liberal-National government's "wage caps, freezes and delays."

In fact the sub-inflation rise cements the severe impact of those caps, freezes and delays, which the Coalition government could implement only because the CPSU blocked any unified struggle by public sector workers against them.

CPSU national secretary Melissa Donnelly tried to placate workers by saying she hoped for higher pay rises in negotiations with the Albanese government next year. But Labor's budget is predicated on keeping wages below inflation until at least 2024.

Underscoring its collaboration with the Labor government, the CPSU praised it for "re-establishing consultation and representation rights" with the union, with a return to "centralised service-wide bargaining." That is a warning that the CPSU bureaucrats will work hand-in-glove with the government to enforce its austerity agenda across the entire workforce.

State and territory Labor governments are attempting, also with the assistance of the unions, to execute similar, or even deeper, cuts to public sector wages.

The Victorian state government's wage policy is for a 1.5 percent cap on pay rises in 2022, with a 2 percent increase available for workers whose current enterprise agreements reach their nominal expiry date in 2022. Premier Daniel Andrews inflicted that limit on government school teachers this year, with the help of the Australian Education Union.

That is even more draconian than the Liberal-National government in neighbouring New South Wales (NSW), whose annual public sector pay cap is 2.5 percent in 2022-23 and 2023-24, plus a 0.5 per cent superannuation contribution increase in each year. Nevertheless, the union bureaucrats in NSW, including those covering nurses, teachers and rail workers, are attempting to divert workers' opposition into campaigning for a state Labor government.

In the Australian Capital Territory, the Labor-Greens coalition government is proposing public service pay rises of just 1 percent in 2023, with two $1,750 top-ups at the start and end of the year. A worker on $75,000 per annum would receive a rise of about 5 percent, while one on $150,000 would receive about 3 percent—both well below inflation.

The Western Australian (WA) Labor government's public sector-wide pay "offer," unveiled in September, involves a sliding scale, supposedly to benefit the lowest paid workers.

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But even those on $50,000 a year would receive only 3.1 percent a year for two years.

Earlier this month, WA nurses booed and jeered Australian Nursing Federation (ANF) officials for striking a deal to impose such a real pay cut, alongside continued delays in introducing nurse-to-patient ratios. Premier Mark McGowan's government rushed to the state Industrial Relations Commission to postpone a nurses' ballot and gag public comment on the sellout. The ANF was compelled by the anger to retreat from the sellout for now. McGowan's government viciously denounced the nurses when they struck last Friday.

In the Northern Territory (NT), public servants walked off the job for four hours earlier this month, protesting against the NT Labor government's 2 percent annual wage increase limit. In October, workers' outrage forced Chief Minister Natasha Fyles to backtrack on an earlier demand for a four-year wage freeze.

Responding to the stoppage, Fyles said work on enterprise bargaining agreements was underway with the unions to defuse the revolt. "We continue to work with unions through this process, and to ensure minimal disruption to Territorians," she said.

Confronted by similar anger among workers, the Queensland Labor government has offered nurses and teachers 4 percent a year over the next two years and 3 percent the year after. Because of the glaring gap with soaring prices, a "cost of living adjustment" of up to 3 percent a year has been promised if the official cost of living exceeds the base offer.

Wage Price Index (WPI) figures recently released by the Australian Bureau of Statistics showed the worst decline in real wages on record, with public sector workers suffering the biggest falls. The 3.1 percent annual increase in the WPI was less than half the 7.3 percent surge in the CPI over the same 12 months, indicating a real wage cut of at least 4.2 percent.

Wages in the public sector, where Labor governments now prevail, rose by just 2.4 percent—even less than the 3.4 percent in the private sector, where union membership has fallen to around 10 percent.

Overall, real wages are now 4 percent lower than before the pandemic hit in March 2020, and back below the level of December 2011. That represents a decade-long, and accelerating, decline in living standards for working-class households.

Millions of working people face skyrocketing prices, interest rates and rents, producing immense financial pressures and the danger of mortgage default or homelessness. With Labor's backing, the Reserve Bank of Australia is still ratcheting up rates, month-by-month, in order to cut consumption, induce an economic downturn and drive real wages down further.

Labor and the unions are trying to force workers to pay for the global capitalist crisis. The soaring prices have been triggered by the pouring of trillions of dollars into the financial markets over the past decade, the "let it rip" COVID-19 disaster created by profit-driven governments and the US proxy war against Russia in Ukraine.

Labor's budget tore up what was left of its phoney May election promises of a "better future," "higher wages" and a dramatic cut to electricity bills. The budget was the opening shot of the greatest attack on working-class living standards since World War II, while pouring billions more dollars into the military in preparation for catastrophic US-led wars.

The unions are working with Labor to isolate and suppress unrest as much as possible, while fraudulently claiming that the Albanese government's "Secure Jobs, Better Pay" industrial relations bill will answer workers' demands for relief from the cost-of-living crisis.

In fact, that bill seeks to bolster the capacity of the unions to police cuts to wages and conditions, whether via enterprise or collective agreements, and the powers of the Fair Work Commission, the pro-business industrial court, to ban industrial action by workers.

As evidenced by repeated stoppages by nurses, teachers and other public sector workers, the union bureaucrats are having increasing difficulty in stifling workers' discontent. But these struggles require a break from the Labor and union straitjacket and the formation of new working-class organisations—rank-and-file committees—to take power out of the hands of the ruling class and its political servants.

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