

# Australian Labor government backs real wage cut for 2.5 million workers

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On Friday, the Fair Work Commission (FWC) handed down its annual wage review ruling, ordering a 5.75 percent nominal pay rise for the 2.5 million workers covered by industrial awards. With inflation at 7 percent, this means a real wage cut for a section of the workforce that already confronts low pay and high levels of casualisation.

The FWC also increased the national minimum wage, which applies to just 0.7 percent of the Australian workforce, by 8.6 percent. While higher than the official inflation rate, this falls far short of keeping up with the real rise in the cost of living, which disproportionately affects low-income earners. The sharpest inflation over the past year has been in the price of basic essential goods and services, including education, health, housing, food and energy.

The minimum wage will increase from \$21.38 per hour to a meagre \$23.23. The average hourly rate for workers employed under the General Retail Industry Award—the most commonly used—will increase from \$24.48 to \$25.89. Average hourly pay for fast food workers employed under the award will reach just \$20.24. This figure is lower than the minimum wage because the industry mostly employs workers under 21, who are paid a fraction of the adult rate.

These are among the lowest wages in the country. According to FWC data from 2021, average hourly earnings across all awards were \$25.80, less than 60 percent of the \$45.20 for workers not employed under awards.

Labor Workplace Relations Minister Tony Burke hailed the ruling, declaring it would make a “huge difference in people’s lives” and provide poor workers with “better capacity to be able to pay their bills.”

Labor’s claim that this is a victory for workers, echoed by the unions and the corporate media, is a

sham.

The FWC spelled this out in its statement announcing the decision: “We acknowledge that this increase will not maintain the real value of modern award minimum wages or reverse the reduction in real value which has occurred over recent years.”

This is the second successive cut to the real wages of low-paid workers delivered under the Albanese Labor government. As was the case last year, Labor’s submission to the review made clear that it opposed an “across-the-board” pay rise in line with inflation.

This year’s recommendation to the FWC repeated the baseless assertion underlying Labor’s federal budget, that inflation has “reached its peak.” Yet the main factor identified in the submission as responsible for the soaring cost of living—the Russia-Ukraine war—is only escalating, along with mounting preparations for a war against China.

Labor’s claim that inflation is falling also flies in the face of Australian Bureau of Statistics figures showing that the Consumer Price Index (CPI) increased 6.8 percent for the year ending in April, compared with 6.0 percent for the 12 months to March.

Business lobbyists and the financial press have responded to the nominal award wage rise with hysterical claims that it will lead to job cuts, inflation and further interest rate rises. Embracing the fiction that wages, which are increasing at less than half the rate of the CPI, are the cause of inflation, the FWC noted, “We have also had regard to the need to avoid entrenching high inflation expectations by taking a perceived wage indexation approach.”

In other words, workers must shoulder an even greater share of the burden of the crisis that global capitalism has created for itself. Repeated interest rate rises instigated by the central banks, in Australia and

globally, are not about lowering inflation, but driving up unemployment in order to force down wages.

Labor's insistence that award rates must fall in real terms is in line with its broader agenda of deep cuts to jobs, wages, working conditions and social spending.

Across the public sector, Labor governments at state, territory and federal level have imposed, or are in the process of imposing, nominal pay rises of half or less the rate of inflation. At the same time, thousands of public servants are being sacked, while spending on health, disability, education, and social housing has been slashed under the May federal budget.

These attacks are being carried out with the full support of the unions, which have hailed the FWC wage review as a "victory."

Having declared in April that a 7 percent pay rise was "a matter of survival," Australian Council of Trade Unions (ACTU) secretary Sally McManus celebrated the 5.75 increase as "the largest increase to minimum and Award wages in Australia's history." The ACTU noted that the nominal wage rise was less than the rate of inflation, yet claimed it "should get wages moving in the right direction."

The unions are in fact playing the leading role in ensuring that wages move in the "wrong" direction. In 2022, wages for workers covered by enterprise agreements increased by just 2.8 percent, compared with the overall Wage Price Index rise of 3.3 percent.

This is a reflection of the fact that the unions are no longer workers' organisations in any sense. They are an industrial enforcement arm of management and government, controlled by a layer of well-heeled bureaucrats who represent the profit interests of "Australian" capitalism, that is, the demand for ever-increasing exploitation of workers.

The unions' endorsement of the award wage cut should serve as a stark warning to the broader working class of the sell-out deals the bureaucracy will seek to ram through in the coming period. It is also yet another demonstration of the unions' unwavering support for the pro-business FWC, which they falsely claim is an "independent umpire."

It is in reality an anti-worker industrial tribunal that enforces Australia's draconian anti-strike laws. Labor's first tranche of industrial relations reforms, rushed through parliament late last year with the full support of the unions, heighten these powers, enabling

the FWC to declare a dispute "intractable," shut down industrial action and impose the demands of big business.

These developments are just the latest among four decades of attacks on the working class, with the union apparatus and Labor playing the leading role. This began with the Hawke-Keating governments of 1983–1996, which slashed jobs, wages and conditions, while the unions suppressed opposition from the working class.

Since then, successive Labor governments, always with union backing, have deepened the assault, including through the establishment of the FWC itself by the Rudd-Gillard government in 2008.

The fight for secure jobs, with decent pay and conditions for all workers, whether covered by the minimum wage, an industrial award or an enterprise agreement, cannot be taken forward within the stranglehold of the union bureaucracy.

Instead, workers need to build rank-and-file committees to democratically plan and take up a political and industrial fight against the corporations, Labor, the unions and the industrial courts.



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