

Australia's industrial tribunal maintains poverty-level minimum wage

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13 June 2019

The Fair Work Commission (FWC) ruling last month, raising the minimum wage by a meagre 3 percent, to just \$740.80 a week, ensures that 2.2 million workers and their families will continue to eke out an existence on poverty-level wages.

The decision is part of a decades-long assault on workers' pay and conditions enforced by successive governments, Labor and Liberal-National Coalition alike, and the trade unions. It follows real pay reductions over the past six years, which have resulted in wage growth falling to its lowest level since the 1930s Great Depression.

The FWC, the federal government's pro-business industrial tribunal, has wide-ranging powers, including to set the minimum wage and penalty rate payments. It enforces Fair Work industrial laws, introduced by the previous Labor government with the full support of the unions, which ban virtually all strike action.

The FWC judges rejected raising the minimum wage to a "living wage," openly stating that many working-class households would remain in poverty as a result. "Some low paid, award-reliant employee households have disposable incomes which are less than the 60 percent of median income relative poverty line," they stated.

A 2018 report by the Australian Council of Social Service put the poverty line at 50 percent of median household disposable income. That means a single adult living on less than \$433 a week, or \$909 for a couple with two children, before housing costs.

The minimum pay decision was announced by FWC President Justice Iain Ross, a former union official. In 2017, he ruled in favour of cutting public holiday and Sunday penalty rates for thousands of low-paid workers. Ross said the minimal pay increase awarded "will mean an improvement in the real wages of

employees who are reliant on minimum wages and an improvement in their living standards."

These claims are a fraud. The paltry increase of little more than \$3 a day, or an extra \$21.60 a week, is not enough to buy a loaf of bread each day. It will do nothing to alleviate the deepening social crisis facing thousands of low-paid workers amid rapid increases in the costs of health, food, fuel, rent and electricity.

For their role in imposing the dictates of the corporate and financial elite for the suppression of wages, the well-heeled FWC judges themselves are well paid.

As of 2018, FWC deputy presidents, for instance, were paid \$460,000 a year, while receiving a raft of other benefits such as lucrative retirement packages. Former FWC vice president Graeme Watson received a full judicial officer's pension of \$272,544 per year for life when he retired in 2017. During his reign, Watson continuously worked to hold down pay and complained that the minimum wage was too high.

Major business groups, who had pushed for an even lower minimum wage increase, still welcomed the FWC decision. The Australian Industry Group, which had argued for an increase of no more than 2 percent, said the ruling marked a return to a "more moderate level" compared to the previous two years' rises.

In fact, the 2017 and 2018 increases were just 3.3 percent and 3.5 percent, respectively. They brought up the minimum wage to only \$719.20 per week or \$18.93 an hour. As with the latest ruling, they were designed to maintain the chronic low-pay regime, while acting as a sop to prevent struggles by workers for a real improvement in wages and working conditions.

While the employer groups opposed any significant wage increase for the low paid, the fortunes of the corporate and financial elite continued to rise.

The *Australian Financial Review's* Rich List,

released last month, reported: “The 200 wealthiest individuals or families in Australia now control wealth totalling \$341.8 billion.” Their collective wealth rose 21 percent in just 12 months.

The pay of company chief executives hit the highest level in 17 years in 2018, thanks to what an Australian Council of Superannuation Investors report termed “persistent and increasing bonus payments.”

The median-realised pay for ASX 100 chief executives rose 12.4 percent to \$4.36 million, while salaries for ASX101-200 CEOs jumped by 22.1 percent to \$1.76 million. Bonus payments rose more than 18 percent. Nearly one in three ASX 100 chief executives were awarded at least 80 percent of their maximum bonuses.

The top ASX 200 earners in the 2017 financial year were Domino’s Pizza Enterprises chief executive Don Meij at \$36.8 million, Peter and Steven Lowy of Westfield at \$25.9 million, and Macquarie Group chief executive Nicholas Moore at \$25.2 million.

Just after the FWC handed down its wage decision, the Remuneration Tribunal awarded massive pay increases to federal politicians, who have all supported austerity measures to cut social and working conditions. The tribunal said the rise was necessary to “provide competitive and equitable remuneration sufficient to attract and retain people of calibre.”

While minimum wage workers are obliged to live on an annual wage of just \$38,521, parliamentary backbenchers’ pay will rise from \$207,000 to \$211,000. Prime Minister Scott Morrison will receive a \$10,000-a-year increase, taking his up to \$550,000, while Treasurer Josh Frydenberg will get a further \$8,000, increasing his salary to \$433,000.

As a frontbench Labor Party parliamentarian, Anthony Albanese would have received \$259,000 a year after the increase. However, having become opposition leader, in the wake of Labor’s May 18 federal election defeat, Albanese will get \$390,000 a year.

While admitting the new minimum wage was “not a living wage,” unions welcomed the pittance as a “win for workers.” Australian Council of Trade Unions (ACTU) assistant secretary Liam O’Brien said it was “a welcome pay rise for millions of low-paid workers, especially in the face of penalty rate cuts in a few weeks.”

In February 2017, without any genuine opposition from the unions, the FWC ordered a cut to Sunday and public holiday penalty rates in the retail, pharmacy, fast food and hospitality industries of between 25 and 50 percentage points. Cuts to public holiday rates came into effect on July 1 of that year, but the reductions in the Sunday rate are being phased in over two years.

There have been years of real wage cuts, including to penalty rates, in union-brokered enterprise agreements. Analysis by the Australia Institute’s Centre for Future Work of tax office data for 2012–13 to 2016–17 showed wages over that period rose by just 1.7 percent per annum, below the official inflation rate of 1.9 percent.

The trade unions are fully responsible for the plight of the low-paid workers and the ongoing reduction of wage levels. They fully supported the draconian Fair Work industrial laws introduced by the last Labor government in 2009 and operate as a police force of governments and the corporate elite.



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