28th March 2007

Professor Ian Harper  
Commission Chairman  
Australian Fair Pay Commission  
Locked Bag 35003  
Collins Street West  
MELBOURNE VIC 8007

Dear Professor Harper,

RE: Submission to the Australian Fair Pay Commission

The Australian Young Christian Workers (AYCW) movement advocates strongly for young people in low paid and low skilled jobs. We recognise that through this work, young people rely heavily on the fact that the minimum wage and conditions are a means to avoid poverty. It is essential that minimum wages and allowances be established at just and adequate levels.

The AYCW supports an increase in the Federal minimum wage that reflects the real cost of living, and thus enables young Australians enjoy a standard of living that is just and sufficient, and respects the dignity of each person in our Australian society.

It is for these reasons that the AYCW encloses our submission to the Australian Fair Pay Commission to inform the Federal minimum wage determination.

Yours sincerely,

Sara Kane  
National Secretary

Encl.
# Submission by the Australian Young Christian Workers

## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>4</td>
</tr>
<tr>
<td>Overview of the Australian Young Christian Workers</td>
<td>4</td>
</tr>
<tr>
<td>Profile of Young Workers</td>
<td>5</td>
</tr>
<tr>
<td>What young workers are experiencing at work?</td>
<td>6</td>
</tr>
<tr>
<td>Issues arising from the Federal Minimum Wage Review 2006</td>
<td>7</td>
</tr>
<tr>
<td>Employment and competitiveness across the economy</td>
<td>8</td>
</tr>
<tr>
<td>Providing a safety net for the low paid</td>
<td>8</td>
</tr>
<tr>
<td>Recommendations</td>
<td>9</td>
</tr>
<tr>
<td>Conclusion</td>
<td>10</td>
</tr>
</tbody>
</table>
Submission by the Australian Young Christian Workers

Introduction

The Australian Young Christian Workers (AYCW) would like to congratulate the Australian Fair Pay Commission (AFPC) on the increase to the minimum wage in 2006. We appreciate the Commission’s commitment to consultation with all sectors across Australia, and we are pleased that the Commission has acknowledged the AYCW recommendations regarding junior and training wage reviews in the context of the forthcoming Wage Reviews planned for 2007.

During the review process of setting the Federal minimum wage, the AYCW strongly advocated for young people in low paid and low skilled jobs. We emphasised that through their work, young people rely heavily on the minimum wage and conditions as a means to avoid poverty. It was seen to be essential that minimum wages and allowances were established at just and adequate levels.

We also supported an increase in the Federal minimum wage, which reflected the real cost of living. As we pointed out, it is the foundation of an adequate minimum wage, which enables young Australians to enjoy a standard of living that is just and sufficient, and respects the dignity of each person in our Australian society.

The AYCW still fervently upholds these views. We believe that they are critical underpinnings in any consideration of the 2007 Minimum Wage Review.

Overview of the Australian Young Christian Workers

The Australian Young Christian Workers Movement (AYCW) is a movement that educates, represents, and provides services for young adults. It is autonomously run by, for, and with young workers.
It is our goal and our belief that each young worker should be able to live and work in just and meaningful conditions, and be able to find dignity, value and meaning in work. It is also our goal and belief that each young worker should be able to assume responsibility for finding solutions to work situations at the local, national, and international levels, in order to create a better world for all young workers. We believe that workers are any persons who use their mind or body to take hold of the world around them, to use it productively or to make it useable for society. Thus when we speak of workers we are not limiting ourselves only to paid employees but also include unemployed workers, voluntary or unpaid workers, university students, those workers in further training, and anyone else who fits this definition.

AYCW represents post-school young people aged to 30 years. However, in this submission, the AYCW will focus on the statistics and situations of young people aged 15 – 24 years. This is a time when young people experience independent living for the first time, participate in further education and/or enter the workforce. This transitional time can influence young peoples’ future choices, particularly in terms of employment, family formation and living arrangements.

Profile of Young Workers

According to a recent 2005 NSW survey of 10,999 secondary school students aged 12-16 years, some of the most common types of early informal work included babysitting, gardening and cleaning.¹ In time, the students took up more “adult” jobs in the retail, food and personal service sectors. The survey found that in the previous 12-month period more than half of 12 to 16 year-olds had undertaken work, with most students starting a formal working relationship with an employer at age 14².

In 2003³ young people aged 15-24 years made up 21 per cent of all employees. This equates to 63 per cent labour participation for young people aged 15 years and over⁴.

Based on national statistics drawn from the ABS⁵, 33.7 per cent of Australian young people aged 15-24 years are employed in the retail trade, accommodation, cafes and

---

restaurants. Construction and manufacturing industries employ 16.8 per cent of all employed young people, and property and business services account for 9.0 per cent.

Within these industries, 26.5 per cent of all employed youth work as elementary clerical, sales and service workers. Other common occupational groups include intermediate clerical, sales and service workers (20.4 per cent), tradespersons and related workers (15.3 per cent).

This profile of young workers clearly indicates that a high proportion of young people aged 15 – 24 years are engaged in formal employment, predominantly working in the retail sector, hospitality industry and in small businesses, in low skilled positions as part time or casual workers earning minimal weekly wages. Thus, many young people continue to heavily rely on the Federal minimum wage.

**What young workers are experiencing at work?**

The AYCW provided a brief analysis on what young casual workers, apprentices and underemployed were experiencing at work in the Federal Minimum Wage Review 2006 and we believe the situation remains unchanged.

Casual employment is still a distinct characteristic of the youth labour market. It is presumed that casual workers are compensated for the lack of paid leave entitlements compared to permanent workers through their higher rate of hourly pay. However, on average hourly earnings are actually lower than ongoing employees across all occupations.

Young people are hesitant to commence apprenticeships and traineeships due to the initial low training wages, the required financial outlay on materials, tools and uniforms to commence the training and in some cases, limited guarantees of continued employment once apprenticeships and traineeships are completed. Again, we understand that the Commission will be addressing some of these issues.

---

in the proposed National Junior Wage Review and National Training Wage Review scheduled for later this year.

Finally, there is the issue of young people experiencing underemployment. Statistics show that the level of unemployment in Australia is at an all time low at 4.6\(^\text{th}\) per cent. However, these statistics do not account for the number of people in situations of underemployment.

In 2003, 12 per cent of young workers aged 15 – 24 years working part time were seeking more hours of work and were available to complete more work.\(^9\) As junior wages are generally lower than adult wages, young people often seek more than one job to cover their basic needs.

Unfortunately, many young people become disillusioned. After struggling to find a job and then finding work, young people may resign themselves to the fact that “this is the best I can get” ... ever. This notion is evident amongst 56.9 per cent of all casual workers in Australia who have been employed for more than 12 months, 40 per cent for more than two years, and almost 7 per cent for more than 10 years\(^11\).

It is essential, in its consideration of a Federal minimum wage, that the Australian Fair Pay Commission set a rate that is sufficient to cover basic living expenses. Only if the Federal minimum wage is above the poverty line will people be able to lead balanced and meaningful lives that respect the dignity of each.

Further analysis of the situation of young workers will be explored in the National Junior Minimum Wage Review and the Training Wage Review in late 2007.

**Issues arising from the Federal Minimum Wage Review 2006**

According to the Australian Bureau of Statistics (ABS) Labour Price Index released in December 2006, it is difficult to assess the impact of the Federal Minimum Wage Review 2006 on the standard of living and working experiences of Australians. The first ruling of the Commission came in effect as of 1\(^{st}\) December 2006, which was

---

after the required ABS data was collected for the December 2006 quarter\textsuperscript{12}. The full effect of the Federal minimum wage increase cannot be determined statistically until the ABS releases the March 2007 quarter figures on 16\textsuperscript{th} May 2007.

**Employment and competitiveness across the economy**

The AYCW realises that an excessive increase in minimum wages and allowances could be detrimental to youth employment, as youth employment becomes particularly vulnerable with any increase to minimum wages\textsuperscript{13}. However, it is the AYCW’s understanding that a wage increase that is at least consistent with the Consumer Price Index (CPI) would be economically sound and sustainable given the current state of the Australian economy.

**Providing a safety net for the low paid**

An economically sound and sustainable wage increase is particularly critical for the provision of a safety net for the low-paid. Moreover, it is consistent with the AFPC’s own professed position. The Australian Fair Pay Commission has stated unequivocally that it will determine the minimum wage with particular attention to ‘providing a safety net for the low paid; and providing minimum wages for juniors, trainees and people with a disability, to make sure they are competitive in the labour market.’ The AYCW sees this as a decisive underpinning of a just and sustainable minimum wage.

Limited information and research is available on the average income of young workers. The absence of a junior minimum wage, of awards that young workers fall under, of a national training wage determined by the course undertaken, and of apprentice wages determined as a percentage of occupation Award indicates the difficulties experienced in this area. The lack of accessible research outlining the cost of living for young people further complicates an already imprecise area.

Further research into the living conditions experienced by young people, particularly in the context of the financial expectations placed on them both before and on entering the labour market, is critical if the AFPC’s specified aim of providing a safety net is to be achieved.

Recommendations

The Australian Young Christian Workers Movement urges the Australian Fair Pay Commission to consider these issues seriously when determining its stance and coming to a decision on the Federal minimum wage. The Commission’s decision to conduct a National Junior Minimum Wage Review and the Training Wage Review in late 2007 is a real recognition of the need for ongoing review, and we applaud this initiative. It is the context of this review and those proposed for later in 2007 and beyond, that we continue to make the following recommendations.

The AYCW strongly recommends the following areas for further investigation:

- Development of annual labour force participation statistics, type and trends for young people aged 15 to 30 years (this annual labour force information should include casual workers, part time and full time workers, apprentices and trainees).
- Development of annual wages and income statistics for young people aged 15 to 30 years (this annual labour force information should include casual workers, part time and full time workers, apprentices and trainees).
- Investigation of the financial expectations of employers from young workers and the ways this should be funded (for example, should a uniform, car or mobile phone be expected? If so, would the young worker supply these and be reimbursed for these? Or would the employer provide these items?).
- Completion of a thorough analysis of the cost of living for young people – including work requirements and the general costs of living.
- Creation of simplified apprenticeship and traineeship access, process, wage structure and assessment.
- Establishment of an education program aimed at high school students outlining their basic work rights and responsibilities, including minimum wages etc.
- Identification of the real worth of minimum casual wages compared to ongoing or regular wages, in the light of current costs of living (with particular importance placed on this when the casual loadings are being determined).
- Serious exploration of the possibility of an increase to the National Training Wage Award and apprentice base wage rates and incentives to encourage young people to commence this form of training and employment.

• Establishment of a just and adequate Federal minimum wage that ensures young people can live a dignified and meaningful life.

Conclusion

The Australian Young Christian Workers Movement advocates strongly for young people in low paid and low skilled jobs. We recognise that, through their work, young people rely heavily on the fact that the minimum wage and conditions are a means to avoid poverty. It is essential that minimum wages and allowances be established at just and adequate levels.

The AYCW supports an increase in the Federal minimum wage that reflects the real cost of living, a fair and sustainable wage, which enables young Australians to enjoy a standard of living that is just and sufficient, and respects the dignity of each person in our Australian society.