14th March 2008

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

Dear Professor Harper,

RE: Submission to the Australian Fair Pay Commission

The Australian Young Christian Workers (AYCW) supports an increase in the Federal minimum wage that reflects the real cost of living, and thus enables young Australians to enjoy a standard of living that is just and sufficient. Only in this way can the dignity of each person in our Australian society be respected, while current interest rates and the risk of inflation are taken into consideration.

It is out of these beliefs, 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 cover sheet (part 1)

The Australian Fair Pay Commission will not accept anonymous submissions. You must provide identifying information marked * in order for your submission to be accepted.

Your details

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Further details required if responding on behalf of an organisation

* Name of organisation: Australian Young Christian Workers

* Your position: National Secretary

If you would like your submission to remain confidential please indicate this here:

Confidential: No

If you wish to have your name published in full, please indicate this here:

Full name published: Yes

Submission cover sheet (part 2)

To assist the Australian Fair Pay Commission in considering and categorising submissions, the following information is requested:

ORGANISATION (if responding on behalf of an organisation)

Community Organisation: Sector: Youth

National
# Submission by the Australian Young Christian Workers

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Submission by the Australian Young Christian Workers

Introduction

We are pleased to present this Submission on behalf of the Australian Young Christian Workers (AYCW). We appreciate the Commission’s commitment to consultation with all sectors in Australia in its efforts to determine a suitable adult minimum wage.

In previous submissions, the AYCW has advocated strongly for young people in low paid and low skilled jobs. Our experiences and involvement with young people have demonstrated clearly that, through their work, young people rely heavily on the minimum wage and conditions as a means of avoiding poverty. We believe it to be essential that minimum wages and allowances are established at just and adequate levels.

In addition, we have consistently supported an increase in the Federal minimum wage that reflects the real cost of living. As we have pointed out in previous submissions, a wage that reflects the reality of our living conditions is the foundation of an adequate minimum wage. It is this foundation, 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 the critical underpinnings in any consideration of the 2008 Minimum Wage Review. At this time also, we support the view of social commentators, that unless the Australian Fair Pay Commission endorses a minimum wage that reflects the current standard of living, Australia is at risk of becoming a two-tiered society – a risk demonstrated by the rapidly increasing gap between rich and poor.

This is not to deny current realities. The AYCW acknowledges that Australia is currently experiencing an increase in interest rates, aimed at helping to offset the increasing threat of inflation. It is with this in mind therefore, that we advocate a two-pronged approach:

1. a sustainable increase to the minimum wage (in line with the current Consumer Price Index increase and as proposed by the Australian Council of Trade Unions at $26.00), supported by
2. complementary cost savings and services.
The increase in the minimum wage would provide the necessary income to deal with the consumer price index. The cost savings and services could include increases in superannuation payments, public transport subsidies, government provision of affordable housing for young people, more easily accessed health cards or private health insurance subsidies, better access to child minding facilities and access to affordable or free education and training. These cost savings and services could assist us as young Australians to make a contribution to the fight against inflation. Additionally, the complementary savings and services for young people would alleviate the need to provide an excessive increase to the minimum wage, and further reduce the risk of inflation.

It is this combination, we are convinced, which would assist young people achieve an acceptable standard of living. We commend the Australian Government and the Australian Fair Pay Commission for those areas that are already being addressed.

**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 to assist young workers to assume responsibility for finding solutions to their situations at the local, national, and international levels, in order to create a better world for all young workers. When we speak of workers we are not limiting ourselves to paid employees only, but we also include unemployed workers, voluntary or unpaid workers, workers undergoing further training, and both full-time and part-time post-school students.

AYCW represents young people from post-school age to thirty years. However, in this submission, AYCW will predominantly present 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.

Throughout this submission, the AYCW will make reference to young people’s real life situations, although different names are used to ensure anonymity and respect for their privacy.

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The capacity for unemployed and low paid young people to obtain and remain in employment

The AYCW argues that the Federal minimum wage needs to be kept at a level that allows young people to maintain an acceptable standard of living whilst still providing the capacity for them to access and sustain stable and new opportunities for employment.

Young people often struggle in the search for suitable and stable work and/or study. Wilkins states that “the risk of poverty has increased for the elderly, non-dependent youth, single people, foreign-born persons and those without post-school qualifications”  

As at May 2007, 13.8% (196,000) of 15-19 year olds were not in full time learning or full time work and 22% or one in five (330,000 people) young adults aged 20 – 24 years were not in full time study or full time work.  

In total, 526,000 young Australians were not in full time learning or work in May 2007. Of these approximately 306,000 were unemployed, working part-time but wanting more hours, or were not in the labour force but wanting to work. This represents 9% of teenagers, 12% of young adults and 11% of all young Australians aged between 15 and 24 years.  

Overall, 84% of young male adults were in full time learning or work compared to 71% of young women. It is still a surprising fact that there are fewer young women than young men in full time employment or study.

Even worse, young refugees and migrants face more difficulties in their search for and balance of employment and/or study. Language barriers and lack of financial support and financial reserves make their situation even more severe.

John* arrived in Australia on a humanitarian visa in November 2004 aged 22 years. Since then he has struggled to learn English and finish his High School Certificate (HSC), whilst trying to obtain and retain stable employment. He is currently working casually in construction and wants to go to university, but has been unable to access appropriate study so that he can continue to improve his English and complete his HSC. John* is one of many young migrants to Australia who, despite having a strong desire to complete further study and obtain secure employment, are consistently struggling to obtain this because of the limitations of pay and conditions.

* Not his real name


This problem, of course, is not limited to migrants. Indigenous young people are also experiencing this same difficulty. According to the Australian Bureau of Statistics, 35% of indigenous young people aged 18-24 years are fully engaged in study and/or employment compared with 76% of non indigenous young people who are not.

Regardless of the group of young people, the most common form of employment that young adults in Australia are able to obtain is casual work. According to the Australian Council of Social Services, Australia has one of the highest rates of part time and casual work in the Organisation for Economic Cooperation and Development (OECD). In a phone survey of approximately 800 young people between the ages of 18-24, 40% of those who were working part time or casually said they would rather be working full time. Furthermore, 80% of those who were unemployed wanted to be in full time employment.

This need for more hours at work derives primarily from the reality that young people are earning low wages, but still need to meet the rising costs of living and housing. The lower the wage, the more hours needed to enable young people to pay the rent, buy food and pay bills. This necessity to work significant hours while undertaking study (often just to ensure that basic living expenses are covered), makes study an unattractive and very difficult reality for many young people. Furthermore, the high incidence of casual work results in precarious situations for those young people struggling to make ends meet.

Many young people who are attempting to complete post school study struggle to juggle their studies with low-paying hours of work that often exceed acceptable hours. “Around one in five 18-24 year olds are currently in some combination of work and study and, about half this group say they find it very or fairly difficult to manage doing both”.

Chris* is a young worker engaged in casual work who experiences this precise difficulty. Chris* is a full time TAFE student and works casually. He works as a subcontractor at night cleaning buses and coaches. He is often called in on the day he is required to work, and for this work he receives a very low rate of pay.

These statistics and young worker situations highlight the vulnerability of young workers and the increasing numbers of young people seeking more work. They include the situations of young people trying to escape unemployment as well as those who are pressured to work more hours just to stay above the poverty line.

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* Not his real name
A fair increase to the minimum wage, coupled with support in dealing with living costs in critical areas (such as food, housing, transport, health care, and childcare facilities), would enable young people to live more sustainably in full time employment and/or balance a moderate rate of part time employment whilst studying. A wage increase in line with the CPI, supported by additional non direct financial assistance, would also promote a lower risk of inflation, with young people still able to maintain a quality standard of living.

**Employment and competitiveness across the economy**

As well as establishing a Federal minimum wage that allows young people to obtain and retain good employment, and acknowledges their competency and a sustainable standard of living, the minimum wage must ensure that young people remain competitive in the labour market.

It must of course be acknowledged 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{10}. However, it is the understanding of AYCW that a wage increase, consistent with the Consumer Price Index (CPI), would be economically sound and sustainable, given the current state of the Australian economy.

We argue as well, for those complementary savings and services previously mentioned. Elements such as improved access to education and training, both before entering the job market and on the job, would increase the competitive edge for aspiring young workers, as well as improve market competitiveness for Australian business.

The Dusseldorp Skills Forum’s report, ‘How Young People are Fairing 2007’ in August 2007\textsuperscript{11}, provides a telling overview of young people’s participation in learning and work in 2007. Its conclusions emphasise the need for basic education and training at school or on the job, if only to ensure market competitiveness and entry into the labour market.

A concerning finding of the report is the reality that Australian young people are ranked 20\textsuperscript{th} among the OECD countries in terms of school completion. It demonstrates as well that “24 year olds who have not completed school or its equivalent are twice as likely to be unemployed as 24 years olds who have completed that level of education.”

51.7% of Australian teenagers aged 15 – 19 years old are at school, 18.4% are engaged in tertiary study, 16.1% in full time work, 6.7% in part time work, 3.5% unemployed and 3.7% are not in the labour force (‘people who are neither employed nor unemployed eg: carers, young mothers, people suffering disability or illness’).

26.4% of young adults aged 20-24 years old are studying in a tertiary capacity, 51.1% are in full time work, 10.4% are in part time work, 3.5% are unemployed and 8.5% are not in the labour force.

While these statistics portray the levels of youth unemployment as low, it is clear that they do not account for the increasing trend of youth underemployment. As previously discussed, many young people are seeking more working hours, either to escape unemployment, relieve the strain of poverty, or to obtain full time employment. They are competing for work hours. Not only are these young people competing amongst themselves for work hours, they are also competing against those young workers who are already employed in a full time capacity.

As mentioned earlier, casual work is a common form of employment for young people. This type of work is insecure and precarious by nature and does not guarantee young people working in full time capacity any stability or permanency. According to the Office of the Workplace Rights Advocate, Victoria, more than 90% of casual employees in the retail industry (other than food retailing) receive no workplace training. All young people face the pressure of engaging in ongoing education and training to compete for access employment or simply to retain their job.

Clearly, accessing the required education and training remains inordinately difficult. Just over 50% of young people who were surveyed for the What Young People are Thinking study, stated the cost of education as a barrier to accessing education and training. The study suggests a number of solutions such as “reducing the end cost to students such as free education, lower tuition/HECS fees, increased financial assistance through subsidies for work-related studies, student allowances or loans, or increased education funding generally.”

As has been widely noted in the general media and public conversation, Australia is experiencing a “skills shortage”. Encouraging young people to access and remain in education and training or access on the job training will be critical in skilling young people in Australia and in enabling them to remain competitive in the labour market and gain employment. Not only do we need to encourage young people to access education and training before or on the job, the Government needs to ensure it is both available and affordable. The AYCW believes it to be essential that these proposals are considered in tandem with any increase to the federal minimum wage.

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 low-paid workers. It is moreover consistent with the AFPC’s own professed position.

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13 Dusseldorp Skills Forum (April 2007). What Young People Are Thinking?
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 supports this stance as a decisive underpinning of a just and sustainable minimum wage.

There is however, a spectrum of opinion as to what a safety net should encompass. As previously stated, the AYCW advocates that this safety net is such that young people in Australia are able to live financially independently as a result of a minimum wage that is relevant to the cost of living in 2008. In addition, we advocate strongly that the Australian Government needs to take a broad approach to providing a safety net for the low paid which encompasses not just financial provision through the minimum wage but equitable and affordable access to public services such as health care, transport and affordable housing options. AYCW argues that two provisions are essential:

1. A minimum wage relevant to the cost of living in 2008 (one that enables young people to be financially independent)
2. Equitable and affordable access to public services

Ideally of course this is most effectively achieved through collaboration between Government and private enterprise.

Maxwell* finished secondary school in 2007 in Queensland and decided to work full time as a labourer for a year before beginning an apprenticeship. After looking for work for a few weeks he secured a full time job with a packing and recycling company. Maxwell* had planned to live independently of his family once he started working full time. He soon realised however that this was not going to be something he could achieve on the minimum wage. He spoke to his boss about his wage – and his belief that he was not being fairly renumerated for his time, energy and commitment. In this instance, his boss responded by increasing his wage.

Maxwell’s* situation is an ideal example of the ways that employers can reward their employees for their work ethic and commitment by paying above the minimum wage. It is moreover a telling example of the inadequacy of the minimum wage in Australia to respond in a relevant way to the reality of young Australians at this time. Maxwell’s experience has not been often replicated in the situations of young workers in YCW.

Furthermore, the Federal minimum wage needs to be set at an acceptable standard to provide a safety net for young workers as they are “particularly vulnerable to exploitation in the workplace as a result of their youth and inexperience. They generally have a poor understanding of their rights at work, which directly affects their capacity to negotiate pay and other conditions of employment.
In particular, young people entering the workforce for the first time may often be in a particularly poor bargaining position because of their desire to work, their poor understanding of their rights and the difficulty they experience negotiating with their employers and/or representatives of their employers” (Office of the Workplace Rights Advocate, Victoria). This is particularly the case in hospitality, retail and labouring jobs such as Maxwell’s.

50% of the Victorian retail industry is under the age of 25 years. About one third of employees work on a casual basis. 28% of conditions for retail employees are set by awards, 26% by collective agreements, 30% by common law agreements and 5.9% by Australian Workplace Agreements.

The average weekly earnings of a retail employee were less than $600 per week, which is $61.45 below the recognised poverty line for a couple with 2 children.

Similarly in the Victorian hospitality industry, 67% of hospitality based businesses employ a majority of casual staff. 40% of the hospitality industry in Victoria is aged under the age of 25 years. Within this industry, 58% of employee conditions of employment are by awards, 29% common law agreements, 7.7% Australian Workplace Agreements and 5% collective agreements. 40% of businesses in the hospitality industry pay less than $400.00 per week to their employees.

Yet, despite a low skills base these workers have the potential to invest time, commitment and energy in their job, just as any worker has in a professional field. Regardless of the complexity of the skills involved in their role the minimum wage must be such that a young worker can be financially independent if employed on the minimum wage. They shouldn’t – as Maxwell was compelled to do – have to appeal to their boss for a wage that supports the basic cost of living in 2008.

The experiences of young people throughout Australia at this time demonstrate clearly that a sustainable minimum wage is essential. This on its own however is not sufficient.

In reviewing the minimum wage the Australian Government must also examine the associated living costs to which the minimum wage must relate. It is important too that this examination is carried out within the context of the varying demographics in the Australian community e.g. families, young people, the elderly.

* Not his real name


Young people rely heavily on public transport, the health care system and the rental market. According to the CPI released in January 2008\textsuperscript{18} prices for food have risen by 1.2%, housing 4.8%, health 4.1% and transport 5.6% between December 2006 to December 2007. It is these areas which are increasingly expensive and are compensated for by the income received in full time (much less part time and casual low skilled positions).

A ‘fair go’ is a notion that Australia parades and claims as a national value. The minimum wage in Australia has to be a relevant and adequate response to the reality of young people in 2008 if they are to experience a ‘fair go’ in participating as financially independent members of the Australian community.

Summary

The AYCW has outlined the situation faced by young Australians in this submission:

- Young people are faced with increasing costs of food, housing, transport and health
- Young people need access to more working hours to meet the increasing costs of basic amenities
- The current minimum wage is not enough to sustain a basic standard of living for a young person living independently
- Young people are pressured to bargain with their employers for higher wages to sustain a good standard of living
- Young people find it difficult to balance the need to work more hours with study commitments. Making study a difficult reality for young people
- Cost and time are barriers to accessing education and training
- Young people are competing for work hours and are under pressure to remain in ongoing education and training
- Youth underemployment is increasing
- There are more young men in the workforce than young women
- Young refugees face difficulties such as language and financial barriers to gaining the required education to access employment
- There is a high incidence of young indigenous unemployment
- Most young people are engaged in casual work leading to job uncertainty and instability
- Young people who have not completed school or the equivalent are twice as likely to be unemployed as those who have completed this training
- Australia is experiencing a skills shortage
- Hospitality and retail industries employ a high number of young people in casual employment on wages that cannot sustain them above the poverty line

Recommendations

In the light of the reality faced by young Australians today, the Australian Young Christian Workers argues for two clear directions in this submission:

1. A sustainable increase to the minimum wage (in line with the current Consumer Price Index increase and as proposed by the Australian Council of Trade Unions at $26.00\textsuperscript{19})
2. Complementary cost savings and services (to support the fight against inflation).

In addition to an increase in the federal minimum wage in line with the current CPI, we have suggested a range of complementary cost savings and services, which could include:

- A financial investment in young worker on the job training could be given to employers as an incentive to hire young workers.
- Lower tuition/HECS fees
- Increased financial assistance through subsidies for work-related studies
- Student allowances or loans
- An increase in superannuation payments
- Public transport subsidies
- Provision of affordable housing for young people
- More easily accessed health cards or private health insurance subsidies
- Better access to child minding facilities
- Access to affordable or free education and training
- Creation of simplified apprenticeship and traineeship access, process, wage structure and assessment
- Creation of opportunities to encourage young women, refugees, and indigenous young people to access and remain in education, training and employment
- Establishment of an education program aimed at high school students outlining their basic work rights and responsibilities, including minimum wages etc
- 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
- Provision of incentives to industry employing young people to provide fair working conditions and stable employment
- Establishment of a just and adequate Federal minimum wage that ensures young people can live a dignified and meaningful life

We urge the Australian Fair Pay Commission to consider these proposals seriously when determining its stance and coming to a decision on the Federal minimum wage.

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 reality that a just minimum wage and fair conditions enable them to avoid poverty. It is essential that minimum wages and allowances be established at adequate levels if this is to occur.

We support the stated belief of the Australian Fair Pay Commission that all Australians are entitled to a just and sustainable wage. We support the efforts of the Commission to promote the realisation of such a wage. It is an underpinning philosophy of AYCW that a just wage and complementary services are essential for young people who are the Australians of today and tomorrow. Their aspirations for a hope-filled future can be promoted through a sustainable wage that enables them to enjoy a standard of living that is just and sufficient, and respects the dignity of each person in our Australian society.