Submission
to the
Australian Fair Pay
Commission 2008

Employees of
Elderly Citizens Homes (ECH)
of South Australia Inc

Lodged by LHMU SA Branch
March 2008
on behalf of LHMU Members Employed by ECH of South Australia Inc
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PREAMBLE

This submission is lodged by Liquor Hospitality and Miscellaneous Union South Australia ("LHMU") on behalf of our members employed at ECH Aged Care Facilities in South Australia.

LHMU members employed at ECH Aged Care Facilities in South Australia have endorsed the publication of this submission. LHMU members quoted throughout this submission have authorised the publication of their quotes.

1. SUMMARY OUTLINE

LHMU members employed at ECH Aged Care facilities in SA, support an increase to their minimum wage rates of 5%, operative from 9 July 2008.

LHMU members believe this increase should apply up until March 2009, with a further wage review thereafter.

We believe the relevant broader economic indicators support an increase of this level.

We believe the level of increase will provide a modest "catch up" and is not excessive.

We believe that we fall broadly in to the category of "low paid" and the Australian Fair Pay Commission ("AFPC") should have particular regard to our need to keep pace with the cost of living.

So far, we have been unable to conclude a Collective Agreement with our employer.

We are reliant on AFPC determinations to lift our minimum wage level this year.

There were no adverse effects of the December 2006 or October 2007 AFPC wage increases on our facility.

In 2007 we proposed an increase of 3.8% or $22.00 to our employer. Our employer did not agree to provide the increase and preferred to let the AFPC determine what wage increase should be paid to ECH employees. AFPC determined to increase our gross weekly wages by $10.25.

As we are falling further behind other employees we believe a wage adjustment of 5% is in order.

As part of the community services sector, particularly the Aged Care section, we are conscious of the need to attract and maintain staff.

2. ABOUT ECH

ECH Aged Care is a not for profit charitable Association originally formed to provide accommodation and appropriate care services for ageing persons using capital grants under the Aged or Disabled Persons Homes Act 1954-1974 and the Aged Persons Hostels Act 1972-1976. ECH is one of the largest integrated, charitable providers of these services in South Australia.
ECH operate 1,660 independent retirement units in 96 locations across Adelaide and at Ardrossan, Nairne, Victor Harbor and Willaston. In addition, ECH have 7 residential care centres with over 750 low, high, secure dementia and respite care places. ECH also have community programs to assist aged persons to maintain their independence at home.

ECH employ over 900 staff.

ECH annual report 2006-2007 states:

"The general shortage of nursing and care staff does, however, compel us to rely heavily on employment agencies at a premium cost to make up the staff numbers we need".

3. WAGE INCREASE SUPPORTED

LHMU members support an increase of 5% for all classifications of employees.

Currently we are paid according to an AFPC Scale derived from the Health Services Employees Award ("NAPSA").

Our current wage scale is set out below:

<table>
<thead>
<tr>
<th>Characteristics Level 1 (CL-1)</th>
<th>Gross Weekly Full-Time Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increment – Pt 1</td>
<td>$561.62</td>
</tr>
<tr>
<td>Increment – Pt 2</td>
<td>$574.22</td>
</tr>
<tr>
<td>Increment – Pt 3</td>
<td>$585.62</td>
</tr>
<tr>
<td>Characteristics Level 2 (CL-2)</td>
<td></td>
</tr>
<tr>
<td>Increment – Pt 1</td>
<td>$587.72</td>
</tr>
<tr>
<td>Increment – Pt 2</td>
<td>$592.92</td>
</tr>
<tr>
<td>Characteristics Level 3 (CL-3)</td>
<td></td>
</tr>
<tr>
<td>Increment – Pt 1</td>
<td>$597.12</td>
</tr>
<tr>
<td>Increment – Pt 2</td>
<td>$608.62</td>
</tr>
<tr>
<td>Characteristics Level 4 (CL-4)</td>
<td></td>
</tr>
<tr>
<td>Increment – Pt 1</td>
<td>$615.82</td>
</tr>
<tr>
<td>Increment – Pt 2</td>
<td>$626.22</td>
</tr>
<tr>
<td>Characteristics Level 5 (CL-5)</td>
<td></td>
</tr>
<tr>
<td>Increment – Pt 1</td>
<td>$636.62</td>
</tr>
<tr>
<td>Increment – Pt 2</td>
<td>$657.52</td>
</tr>
<tr>
<td>Characteristics Level 6 (CL-6)</td>
<td></td>
</tr>
<tr>
<td>Increment Pt 1</td>
<td>$668.62</td>
</tr>
<tr>
<td>Increment Pt 2</td>
<td>$685.62</td>
</tr>
</tbody>
</table>

If an increase of 5% was granted, our weekly wage rates will be as below:
LHMU Members Employed at ECH Aged Care Facilities in South Australia
Submission to the Australian Fair Pay Commission

<table>
<thead>
<tr>
<th>Characteristics Level 1 (CL-1)</th>
<th>Gross Weekly Full-Time Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increment - Pt 1</td>
<td>$589.70</td>
</tr>
<tr>
<td>Increment - Pt 2</td>
<td>$602.93</td>
</tr>
<tr>
<td>Increment - Pt 3</td>
<td>$614.90</td>
</tr>
<tr>
<td>Characteristics Level 2 (CL-2)</td>
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</tr>
<tr>
<td>Increment - Pt 1</td>
<td>$617.11</td>
</tr>
<tr>
<td>Increment - Pt 2</td>
<td>$622.57</td>
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<tr>
<td>Characteristics Level 3 (CL-3)</td>
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</tr>
<tr>
<td>Increment - Pt 1</td>
<td>$617.11</td>
</tr>
<tr>
<td>Increment - Pt 2</td>
<td>$622.57</td>
</tr>
<tr>
<td>Characteristics Level 4 (CL-4)</td>
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</tr>
<tr>
<td>Increment - Pt 1</td>
<td>$646.61</td>
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<tr>
<td>Increment - Pt 2</td>
<td>$657.53</td>
</tr>
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<td>Characteristics Level 5 (CL-5)</td>
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<tr>
<td>Increment - Pt 1</td>
<td>$668.45</td>
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<td>Increment - Pt 2</td>
<td>$690.40</td>
</tr>
<tr>
<td>Characteristics Level 6 (CL-6)</td>
<td></td>
</tr>
<tr>
<td>Increment Pt 1</td>
<td>$702.05</td>
</tr>
<tr>
<td>Increment Pt 2</td>
<td>$719.90</td>
</tr>
</tbody>
</table>

We believe this increase is fair and sustainable.

4. OPERATIVE DATE AND FURTHER REVIEWS

We believe the increase should apply from 9 July 2008, which is the traditional date applied to annual wage adjustments to the Health Services Employees Award.

Prior to 2006, usual wage adjustments applied from 9 July.

These annual wage adjustments were additional to "work value" wage adjustments, or changes in job classification. The annual adjustments were to help us keep up with cost of living increases.

During 2007, the AFPC awarded a $10.25¢ per week ($0.27¢ per hour) increase from the first pay period on or after 1 October 2007.

Our preference is for a 2008 increase to return to the July timing of years prior to 2006.

LHMU members believe the new rates should apply up to March 2009, whereafter a further review should occur. Further reviews will be necessary to determine fair comparisons with other wage movements.

ECH employees, like other employees in the Community Services Aged Care Sector are falling behind employees in other industries as far as wages are concerned. ECH employees are now starting to fall behind other aged care employees who have concluded collective agreements with their employers.

5. COLLECTIVE BARGAINING AND RELIANCE ON AFPC OUTCOMES

Granting of a 5% wage increase will not be a disincentive to collective bargaining.
LHMU Members Employed at ECH Aged Care Facilities in South Australia
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LHMU members have made it known to ECH that we wish to conclude a Union Collective Agreement with our employer.

Our motivation extends beyond a desire for wage maintenance and certainty, as collective agreements are not just about wages. Our desire is to maintain and protect all of our existing award conditions, in a collective agreement, so we are not only concerned about wages.

Wages are not our only incentive to enter into a collective agreement.

At this stage, we have been unable to secure a Collective Agreement with ECH.

6. COMMUNITY SERVICES SECTOR

ECH is an Aged Care provider and part of the broader community services sector.

The broader community services sector has some commonly identifiable labour market features.

The propensity to conclude industrial bargains is limited. Personal care workers and domestic staff have not traditionally bargained over conditions and wages.

The sector has relied upon commonly determined award wages, and has not been subject to wage competition in attracting and retaining staff.


The report concluded:

"Our three-pronged survey of the aged care facilities and workforce has provided a great deal of new, robust information about the sector and its direct care workers. From this we can draw some quite strong conclusions about the nature of the workforce and the ease or difficulty of recruiting and retaining a suitable set of workers."

P.56

"The major discontent of the staff is with their pay. Should the issue of pay get to the point where it is a real impediment to the recruitment and retention of adequately qualified staff, then there is a straightforward remedy. It may be costly to pay staff more, and there would be debate about who should pay. But it is not difficult to implement and it can be done quickly."

P. 57

A report produced in February 2007 addressed some of the key labour market issues facing Community Services in South Australia.

The report is entitled Careers At The Coal-Face? Community Services in South Australia: Workforce Development. [University of SA & SACOSS - February 2007]

We have included extracts from this report at Appendix ‘B’ to this submission.

The report found that the Community Services Sector experience difficulties in attracting and maintaining staff and generally features low wages.
The general issues affecting community services, such as summarised above, apply in the broader Aged Care sector.

There are difficulties in attracting and retaining staff and there are predicted staff shortages.

Sustainable across the board minimum wage adjustments will be necessary to maintain employees, and to allow any prospect for new employees to have the incentive to enter the sector. Wherever possible, increases should apply across the sector, so as to limit wage competition, between service providers. Smaller not for profit agencies will not be able to compete for labour if larger for profit centres offer to pay higher wages.

During 2007 a number of Aged Care facilities in South Australia concluded Collective Agreements. The average wage increase was 3.8% per annum. Our wages are falling behind these facilities.

7. WORKFORCE PROFILE

Other aspects of significance within our sector, is the high proportion of female, part time and casual staff. As the AFPC noted in its 2006 wage review, we are more likely to fall within the group generally classified as “low paid”.

Our gross current wage rates as set out above, in this submission, are all well below $700.00 per week.

8. NEEDS OF THE LOW PAID

The previous AFPC decisions considered the need to provide a safety net for low paid employees, and considered various definitions of what might constitute “low paid”.

While the AFPC did not seek to define “low paid” in previous reviews it used a range of minimum wage rates up to $700.00 per week as the indicative low paid range. (e.g. 2006 Wage Setting Decision Page 63).

All LHMU members employed by ECH and covered by the relevant AFPC scale earn less than $700.00 per week gross.

Note: the gross weekly figures in the relevant pay scales do not reflect the earnings of Aged Care employees generally because of the prevalence of part-time employment in the industry.

The ECH Workforce is similar to the broader Aged Care sector, in that we have many part-time employees.

9. EFFECT OF PRICE RISES ON LOWER INCOME HOUSEHOLDS

It is insufficient to simply consider Consumer Price Index (CPI) increases as illustrating the effect of price rises on our household budgets.

The fact is, we spend more of our wages on necessities, and the cost of those items have been increasing at a higher rate than the averaged out CPI figure.

For example, we spend a high proportion of our wages on Housing, Fuel, Transport, Food and Clothing.
10. **KEY WAGE AND PRICE MOVEMENT FIGURES**

An increase of 5% is not an excessive increase, at best it just basically keeps us where we are, so we do not fall even further behind other workers, and helps us catch up a bit with rising prices.

Key wage and price movements for comparison are set out below:

**Inflation**

The Annual nationwide inflation rate from December 2006 to December 2007 is 3.0%.

Key increases in the September quarter were in housing costs (rents up 1.6%, purchases up 1% and food up 0.5%).

Key increases in the December quarter were petrol up 7.3% and housing costs (rents 1.8%, purchases 1.3%).

The Adelaide Annual CPI increase from December 2006 to December 2007 was 2.7%. (ABS 6401.0 CPI December 07).

The Reserve Bank of Australia quarterly statistical release (23/01/08) estimated weighted median CPI December 2006 - December 2007 was 3.8%.

The trimmed mean was 3.4%.

Reserve Bank of Australia measures are based on seasonally adjusted quarterly price changes.

**Wages**

The Wage Price Index (WPI) for the annual period from December 2006 to December 2007 has increased by 4.2% Australia wide. (6345.0 Labour Price Index Dec. 07)

**Average Weekly Earnings (AWE)**

In the period from November 2006 to November 2007 AWE increased by 3.8%.

in the same period Health and Community Services all employees AWE increased by 3.8%.

**Average Weekly Ordinary Time Earnings (AWOTE)**

AWOTE nationally increased by 5.0% from August 2006 to August 2007. (4.9% seasonally adjusted). In the period from November 2006 to November 2007 AWOTE increased nationally by 4.9% (4.7% seasonally adjusted).

In the same period from November 2006 to November 2007 Health & Community Services Employees AWOTE increased by 4.5%.

In South Australia AWOTE increased by 3.6%, in the year ending August 2007 and all employees AWE increased by 2.8%. In SA during the period from November 2006 and November 2007 AWOTE increased by 5.2% and AWE Increased by 4.2%.

(ABS Average Weekly Earnings 6302 - November 2006 and 2007).
Average Compensation per Employee (AENA)

AENA increased by 6.0% from December 2005 to December 2007. (Australian National Accounts 5204.0 - December 2006).

Workplace Agreements

The Average Annual Wage Increase (AAWI) per employee covered by collective workplace agreements lodged in the period September 2006 to September 2007 was 4.0%.

In the Health and Community Services sector AAWI per employee is a similar average. Current agreements AAWI are 3.8%. (Commonwealth Government Statistics – Trends in Enterprise Bargaining).

The Average Annual Wage Increase (AAWI) per currently operating Collective Agreement is 3.7%. (ADAM report 52, August 2007).

Average Earnings

In May 2006, the average weekly total cash earnings was $852.30 for all employees including $1,020.30 for men and $677.80 for women.

Average weekly total cash earnings for all part time employees was $410.80.

Average weekly total cash earnings for full time non-managerial adult employees who had their pay set by an award was only $767.30. (ABS 6306.0 Employee Earnings and Hours, Australia, May 2006).

In November 2007 Average Weekly Earnings (AWE) for all employees was $880.30. (AWE Cat 6302.0 November 2007).

11. EFFECT OF PREVIOUS WAGE INCREASES

We believe there were no adverse effects on employment levels or the financial viability of ECH in SA as a result of the previous 2006 and 2007 AFPC increases.

The effect of the 2006 and 2007 AFPC increases has not adversely affected employment levels at our facilities, and ECH has demonstrated that it can afford to pay those increases.

We believe that a further increase of 5% will be within ECH’ capacity to pay and will not adversely affect our operations. Other smaller aged care facilities in South Australia are already paying wages similar to that sought by this submission.

12. EMPLOYEE MEETINGS AND PHONE SURVEYS

LHMU members employed by ECH met and discussed this submission and the current AFPC review during early 2008. Members have also been contacted by phone surveys.

Some of their key comments and issues raised by members at these meetings and in phone surveys have been summarised below:
Members at ECH are saying that 85%-95% of their wages are taken up by Mortgage repayments, petrol, food, utility bills and clothing.

They have little or no money left at the end of the fortnight.

Other selected individual comments and issues articulated by LHIMU members at meetings are set out below.

**Typical comments from ECH employees when comparing their wages to the cost of living are:**

"My pay isn't stretching far at all. Most of it is on rent and food"  
(Ms C)

"Cost of living seems to go up a lot more than our wages"  
(Margaret)

"I'm by myself with 3 kids. Half of it goes on rent and the rest on food, shopping and utilities. I live on about $40.00 a week"  
(Helen)

"We are struggling because of mortgage increases, food increases and petrol are really killing us"  
(Lorraine)

"They don't unless you work 6-7 days per week"  
(Tracy)

"It doesn't, cost of living is higher. No comparison"  
(Tracy)

**Typical comments from ECH employees regarding the AFPC 2007 wage setting decision are:**

"Well it's not enough, everything else goes up but wages don't go up to match them"  
(Ms W)

"Obviously we would like more. At the end of the day I end up with $10.00 a fortnight which is nothing"  
(Natasha)

"Not sufficient with inflation and rising costs"  
(Rebecca)

"Didn't even notice it. Made no difference"  
(Frank)

"It's nowhere near enough. It doesn't keep up with the cost of living at all"  
(Gregory)

**Typical comments from ECH employees regarding why they believe they should receive a 5% increase are:**

"There would be less staff turnover"  
(Julie)

"To maintain the cost of living so we can live. If we don't keep getting pay rises we will fall behind"  
(Sue)

"Hold on to better skilled workers so that they can work the job they love and so workers have the security of being able to pay their bills"  
(Marlene)

"Just because everything else is going up - we can't survive"  
(Carolyn)
LHMU Members Employed at ECH Aged Care Facilities in South Australia
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"Everything costs more so we need an increase so we can afford things and have some left over" (Maria)

"My seventeen year old on a check-out earns more than me and we work with people's lives" (Tracy)

"It should be a fair day's pay for a fair day's work. But we don't get it" (Maureen)

"Because I'd like to get by sometimes" (Kim)

Further details and reports about the Employee meetings, and phone surveys are set out in Appendix 'A' to this submission.

13. CONCLUSION

LHMU members employed at ECH facilities in South Australia submit that the AFPC should determine a minimum wage increase of 5%.

The increase should operate from 9 July 2008 with a further review from March 2009.

Granting of the increase will not impact upon bargaining at our workplace because our employer is not prepared at this stage to negotiate an agreement and has advised us that wage increases will be as determined by the AFPC.

5% is a moderate increase which is not out of step with a range of different wage movement measures.

Such an increase will assist us to keep up with employees in other sectors, including those who conclude agreements with their employers.

An increase will also help us keep up with rising prices, including increases in necessities which rise at a faster rate than the CPI "basket of goods".

ECH did not experience any negative effects from the 2006 and 2007 Wage increases, and in our opinion is able to afford the increase we seek.

Our key problems are:

• There is no money left over from wages for anything other than day to day living expenses.
• We struggle to meet housing costs.
• Our wages are not keeping up with rising prices.
• We find it virtually impossible to save.

This submission is made by ECH employees in South Australia, with the assistance of our union, the LHMU.
14. APPENDIX ‘A’ - Member Comments made at meetings and in phone surveys

LHMU members attended meetings and participated in phone surveys in early 2008.

LHMU members commented when discussing how much money they had left from their wage after paying bills like housing, food, transport, utilities etc.

ECH employees stated that between 75%-100% of their wages were spent on necessities like housing, food, transport and clothing.

Main expenses were rent, food, petrol, bills, medical, groceries, loan repayments, mortgages, utilities.

“Rent and food” were the most commonly stated expenditures.

ECH employees’ views about their wages as compared with the cost of living are summarised below:

“it's a bit of a struggle actually. Cost of living goes up and wages stay the same” (Laura)

“It seems that everything else goes up except our wages” (Kath)

“Not much – my wages have not changed but everything else has gone up around me” (Rose)

“No you can’t compare with food, petrol. Have to work far more hours to control spending” (Ms R)

“It does not really – it makes it hard to pay the bills when you are being paid less than everyone else” (Jess)

“Our wages are terrible” (Lesley)

“You start to feel the pinch after a while” (Gary)

“Everything has gone up but our wages, however, it’s hard to keep up” (Maria)

“Wages don’t keep up with anything” (Ms B)

“Deplorable. Everything is going up and our wages are staying the same. I live from fortnight to fortnight” (Susan)

“Really hard actually, especially hard with groceries” (Pauline)

“It’s a struggle” (Ann)

“My pay isn’t stretching far at all. Most of it is on rent and food” (Ms C)

“Shopping, food, school - general living is not affordable” (Marlene)

“Food and everything keeps going up - except wages” (Ms M)

“Price of living is going up a lot” (Alison)

“Cost of living seems to go up a lot more than our wages” (Margaret)
LHMU Members Employed at ECH Aged Care Facilities in South Australia
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<table>
<thead>
<tr>
<th>Statement</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;It makes day to day living hard&quot;</td>
<td>(Kim)</td>
</tr>
<tr>
<td>&quot;Not too great. My rent and groceries have gone up&quot;</td>
<td>(Vicki)</td>
</tr>
<tr>
<td>&quot;Our wages are going down, everything else is going up. We have to work more hours to be where we were before&quot;</td>
<td>(Regina)</td>
</tr>
<tr>
<td>&quot;Everything else is going up. My rent has gone up twice but my wage is the same&quot;</td>
<td>(Jayne)</td>
</tr>
<tr>
<td>&quot;it's atrocious – everything is going up but our wages aren't&quot;</td>
<td>(Heather)</td>
</tr>
<tr>
<td>&quot;They don't quite keep up. I think, I seem to be getting poorer&quot;</td>
<td>(Deborah)</td>
</tr>
<tr>
<td>&quot;The cost of living has gone up a lot more&quot;</td>
<td>(Christine)</td>
</tr>
<tr>
<td>&quot;I'm by myself with 3 kids. Half of it goes on rent and the rest on food, shopping and utilities. I live on about $40.00 a week&quot;</td>
<td>(Helen)</td>
</tr>
<tr>
<td>I'm a single bread earner with a mortgage&quot;</td>
<td>(Ms M)</td>
</tr>
<tr>
<td>&quot;We are struggling because of mortgage increases, food increases and petrol are really killing us&quot;</td>
<td>(Lorraine)</td>
</tr>
<tr>
<td>&quot;Sometimes it's a struggle when everything's going up and wages are the same&quot;</td>
<td>(Barbara)</td>
</tr>
<tr>
<td>&quot;Wages need to increase so there is some money left over after bills&quot;</td>
<td>(Maria)</td>
</tr>
<tr>
<td>&quot;Cost of living goes up a lot more than our wage&quot;</td>
<td>(Beverley)</td>
</tr>
<tr>
<td>&quot;Can't compete with rising cost of living&quot;</td>
<td>(Barbara)</td>
</tr>
<tr>
<td>&quot;Less in your pocket each week&quot;</td>
<td>(Julie)</td>
</tr>
<tr>
<td>&quot;Just look at the price of petrol&quot;</td>
<td>(Pamela)</td>
</tr>
<tr>
<td>&quot;Cost of living is expensive for people who had kids compared to our wage&quot;</td>
<td>(Ms H)</td>
</tr>
<tr>
<td>&quot;Not real good. I just started a second job&quot;</td>
<td>(Patrick)</td>
</tr>
<tr>
<td>&quot;I'm behind&quot;</td>
<td>(Gregory)</td>
</tr>
<tr>
<td>&quot;Our wages haven't increased with the cost of living&quot;</td>
<td>(Ms M)</td>
</tr>
<tr>
<td>&quot;Very poorly&quot;</td>
<td>(Ms G)</td>
</tr>
<tr>
<td>&quot;They don't unless you work 6-7 days per week&quot;</td>
<td>(Tracy)</td>
</tr>
<tr>
<td>&quot;it doesn't, cost of living is higher. No comparison&quot;</td>
<td>(Tracy)</td>
</tr>
<tr>
<td>&quot;It's not fair. They don't. It never seems to be easy&quot;</td>
<td>(Leesa)</td>
</tr>
</tbody>
</table>
“I'm finding it hard. I am working with a financial planner to ensure my bills and debts get paid off correctly and I have enough for myself”  
(Ms M)

ECH employees' views about the AFPC 2007 wage setting decision are summarised below:

"it's very small and quite unfair"  
(Laura)

"it should be a lot more – at least a few dollars to make it worth while"  
(Rose)

"I think we should get more than that"  
(Ms R)

"Well it's not much really is it? Probably deserve a lot more than that for the job we do”  
(Jess)

"Was very poor"  
(Lesley)

"it's not really a great amount of money"  
(Gary)

"it's not enough”  
(Michelle)

"That's why they have so much trouble keeping staff. The turnover of staff is astronomical”  
(Ms B)

"it's not enough for the aged care system with the heavy work load. The work is getting heavier and harder”  
(Susan)

“A bit piddly”  
(Ms H)

"Pretty pathetic”  
(Julie)

"I think it’s not enough”  
(Jacqueline)

"I think it’s ridiculous. I haven't even noticed it”  
(Linda)

"I don’t think it's very good. We are always behind the 8 ball”  
(Geoffrey)

"it’s a bit pathetic really”  
(Patricia)

"I think it’s ridiculous”  
(Craig)

"it’s not enough for the work we do”  
(Pauline)

"Not enough”  
(Ann)

"I think the pay rate is very low”  
(Sharyn)

"Pathetic“  
(Craig)

"I don’t think it's enough for the heavy work that we do”  
(Sue)

"I am not very happy – the cost of living is more than what we earn. Household debt is higher that what we earn”  
(Marlene)
<table>
<thead>
<tr>
<th>Quotes</th>
<th>Names</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Not enough. That’s a very small pittance”</td>
<td>Wendy</td>
</tr>
<tr>
<td>“It doesn’t really help much with interest rates going up”</td>
<td>Ms M</td>
</tr>
<tr>
<td>“It’s a joke. It’s not enough”</td>
<td>Vicki</td>
</tr>
<tr>
<td>“It’s not much is it – we’re up all night, we’re entitled to proper wages”</td>
<td>Regina</td>
</tr>
<tr>
<td>“Not much, in my view, not worth it. It’s a joke. It’s an insult”</td>
<td>Jayne</td>
</tr>
<tr>
<td>“Well it’s not enough, everything else goes up but wages don’t go up to match them”</td>
<td>Ms W</td>
</tr>
<tr>
<td>“That’s pathetic”</td>
<td>Deborah</td>
</tr>
<tr>
<td>“For what we do it’s not enough”</td>
<td>Elizabeth</td>
</tr>
<tr>
<td>“Obviously we would like more. At the end of the day I end up with $10.00 a fortnight which is nothing”</td>
<td>Natasha</td>
</tr>
<tr>
<td>“Shocking. Disgusting”</td>
<td>Susan</td>
</tr>
<tr>
<td>“Not very much is it?”</td>
<td>Christine</td>
</tr>
<tr>
<td>“It’s a bit of a joke. They should come and work a day with us and do what we do”</td>
<td>Karen</td>
</tr>
<tr>
<td>“It’s definitely insufficient. It’s pathetic how much we get paid, we’re dealing with human lives”</td>
<td>Ms M</td>
</tr>
<tr>
<td>“It’s terrible”</td>
<td>Dean</td>
</tr>
<tr>
<td>“Any pay rise is a start but 27¢ per hour is not good”</td>
<td>Bianca</td>
</tr>
<tr>
<td>“Should have been more”</td>
<td>Sam</td>
</tr>
<tr>
<td>“It’s a joke”</td>
<td>Maureen</td>
</tr>
<tr>
<td>“Not sufficient with inflation and rising costs”</td>
<td>Rebecca</td>
</tr>
<tr>
<td>“Too little, the cost of living is too high”</td>
<td>Maria</td>
</tr>
<tr>
<td>“Hasn’t really helped much”</td>
<td>Daniel</td>
</tr>
<tr>
<td>“Work hard for our money, with everything we have to do they should appreciate us”</td>
<td>Mariene</td>
</tr>
<tr>
<td>“I’d like a lot more. It was pathetic and barely changed my pay”</td>
<td>Julie</td>
</tr>
<tr>
<td>“Didn’t even notice it. Made no difference”</td>
<td>Frank</td>
</tr>
<tr>
<td>“Pitiful”</td>
<td>Pamela</td>
</tr>
<tr>
<td>“I think it was not enough”</td>
<td>Ms H</td>
</tr>
</tbody>
</table>
LHMI Members Employed at ECH Aged Care Facilities in South Australia
Submission to the Australian Fair Pay Commission

"For what we do we are underpaid"
(Pamela)

"It stinks"
(Patrick)

"It's not enough. It's ridiculous"
(Manfred)

"It's just not fair"
(Hazel)

"It's nowhere near enough. It doesn't keep up with the cost of living at all"
(Gregory)

"Disgusting"
(Tracy)

"I think that we deserve more"
(Leesa)

"27¢ - that's lousy."
(Maureen)

Other comments from ECH employees' expressing why they believe they should receive a 5% increase are summarised below:

"Because the level of care we give to the residents is what we have trained for and we should be paid for it"
(Laura)

"Just to make it easier to get through the fortnight"
(Rose)

"If you want to keep staff you must pay them properly. We work very hard and it is not comparable"
(Ms R)

"Because of the type of work we do and it's essential work"
(Lesley)

"There would be less staff turnover"
(Julie)

"We deserve it"
(Michelle)

"We work hard and need a wage rise"
(Maria)

"Just to keep up with things and pay us what we're worth"
(Ms B)

"Cost of living and the extra work involved. People are getting heavier and we're not getting any help"
(Susan)

"Because our wages have been pretty stagnant"
(Julie)

"The cost of living keeps going up"
(Linda)

"Cause everything has gone up"
(Patricia)

"We are dealing with stresses both physical and mental. We deal with death and people's family members"
(Craig)

"To match up with the cost of living"
(Pauline)
LHMU Members Employed at ECH Aged Care Facilities in South Australia
Submission to the Australian Fair Pay Commission

"Cost of living is too much" (Ms C)

"To keep up with inflation" (Craig)

"To maintain the cost of living so we can live. If we don't keep getting pay rises we will fall behind" (Sue)

"Hold on to better skilled workers so that they can work the job they love and so workers have the security of being able to pay their bills" (Marlene)

"To keep up with the cost of living" (Wendy)

"To keep up with other people's wages and the cost of living" (Alison)

"Because the cost of living has had a 10% increase" (Margaret)

"The work is back-breaking and other people's lives are in our hands" (Kim)

"ECH is a non profit organisation that needs to take into consideration the standard of care we give" (Jayne)

"I think we work damn hard - we are underpaid for what we really do" (Heather)

"It would help a little bit because my husband is on a pension" (Ms W)

"To keep in line with the bills and living expenses and being able to save to buy a home. Can't afford to save for it" (Elizabeth)

"Just because everything else is going up - we can't survive" (Carolyn)

"Because we have been out of an EB Agreement and fear of AWA's have frightened people" (Lorraine)

"Besides that we don't get paid what we're worth. We don't get respected for what we do" (Dean)

"Because we need it to help us live (make ends meet)" (Blanca)

"We do our duties and work very hard and well. Work very demanding" (Maureen)

"Everything costs more so we need an increase so we can afford things and have some left over" (Maria)

"Because compared to other workers we are very badly paid particularly considering what we do" (Barbara)

"Because we work very hard and do our job properly" (Julie)

"I think it's fair, we have a lot of responsibilities and standards we need to maintain" (Frank)

"To keep in line with the rest of the employees" (Cindy)

"Just to keep us up with everyone else" (Pamela)
LHMU Members Employed at ECH Aged Care Facilities in South Australia
Submission to the Australian Fair Pay Commission

“Things are very expensive, childcare is very expensive. I don’t get anything from the government” (Ms H)

“Because I think I’ve earned it. For the work load we do, because we’re short staffed, we deserve it” (Pamela)

“Because we work very hard and over extend ourselves” (Ms M)

“Because we are some of the lowest paid workers and are hard working” (Ms G)

“Because the cost of living keeps going up” (Graeme)

“Because we deserve it. Our wages should comply with the increases in the cost of living” (Andrea)

“My seventeen year old on a check-out earns more than me and we work with people’s lives” (Tracy)

“It should be a fair day’s pay for a fair day’s work. But we don’t get it” (Maureen)

“To keep up with inflation. Not reflective of the work we do. We break our backs. It’s incredibly hard work and a lot of responsibility” (Vanessa)

“Because I’d like to get by sometimes” (Kim)
Appendix 'B' includes extracts from the report. The complete report is publicly available.

**Careers At The Coal-Face?**  
**Community Services In South Australia:**  
**Workforce Development**  
A joint project by the University of South Australia Social Policy Research Group and SACOSS  
Condensed Report  
To The Human Services Research Initiatives Program  
Professor Ed Carson  
Christine Maher  
Peter King  
February 2007

"ABS data indicate that in the late 1990s the community services sector overall grew by some 15%, with the number of government organisations in the sector remaining almost static (1.5% increase) while the not-for-profit (10%) and especially the for-profit organisations (32%) have grown very strongly (ABS 2006). Although there was dramatic growth in the number of for-profit agencies, at more than twice the rate for not-for-profit agencies, the not-for-profit sector organisations are on average getting bigger while on average the for-profit sector organisations are getting smaller. Total employment in the sector grew nationally by 12.4% between 1995-96 and 1999-2000 (from one quarter of a million persons in 1995-96 to 282,000 persons in 1999-2000 – a rise of 31,000). All of this growth was accounted for by the not-for-profit sector employment, which rose by 37,000 persons. Offsetting this was a decline in total employment in the for-profit sector of 6,000 jobs."  - Pg 1

"An increasing number of researchers in Australia (Owen et al, 2001) (Spall & Zetlin, 2004) (Buchanan & Considine 2002) (Healy 2004) (Meagher & Healy 2003) (Wagner & Spence, 2003) have identified a range of serious challenges as a result of such changes in the community services, including:

- increased responsibilities (for organisations and their workers), with less funding  
- a shift in the nature of funding  
- competition for scarce resources  
- a shortage of volunteers  
- predominantly female employees constrained by heavy workloads, long hours, and high vulnerability to burnout due to low pay,  
- workers' talents and achievements not being well rewarded "  - Pg 4

"In general key informants agreed that the industrial relations tools available to them to attract and reward a high quality workforce had some limitations due to the fragmented nature of the sector and its limited resource base. For example, one of the strategies available to counteract the disadvantage of the low wage structures in the sector is salary sacrificing. Salary sacrifice is limited, however, to organisations which can maintain or achieve PBI status, so interviewees reported that this advantage is principally limited to the larger and longer-established organisations among the not-for-profits in the sector."  - Pg 6

"Implications of Caring Work Being Undervalued"
As with the findings in the literature (Meagher & Healy 2003), there was strong general agreement among survey respondents that the work of caring is seen to be both complex and demanding (81%) and also undervalued (91%) and that the demands of high case loads, long waiting lists and the complexity of client needs were contributing to workforce burnout and staff turnover (93%). The strong conviction that the work of caring is undervalued is reinforced by the widespread observation (97% agreement) that wages and working conditions in the sector are lower than comparable private and public sector employment and, in particular, that employment in the sector is predominantly insecure due to short-term and casual employment contracts (91%).

The consistent theme reiterated by the key informants and in focus groups is well encapsulated by the survey respondents who wrote about the causes of workforce stress and burnout:

"...expectation that organisations will 'do more with less'...increased pressure on staff...exacerbated by the increasingly high and complex needs of clients ...There isn't a lot to motivate (you) if you don't have a strong personal commitment to working in this sector."

The impact of this issue was reinforced by the fact that only a low proportion of respondents reported that they found it easy to attract qualified and experienced applicants for job vacancies. There was an indication that a majority of agencies often had to fill vacancies with candidates who were less qualified or experienced than ideal. Yet training uptake across the sector has been highly variable, in part attributed to a lack of coordination of Industry Training needs." Pgs 15 & 16

"The need to address the implications of an ageing workforce was identified as a concern of both key informants and survey respondents, with 96% of respondents agreeing that there is a need to develop strategies to retain the skills of mature workers as well as attract young people and recent graduates to the sector. (More on both of these points in the next section.) Yet the sense of frustration in the face of challenges to developing a workforce for the future is well expressed by the following quote from a survey respondent: "everyone who ever wanted to work in aged care is already doing it." - Pg 17

"Low wages were also identified as a deterrent, with Award wages consistently reported to be 10–25% less than Government Award rates for similar positions, a factor which disadvantages the community services sector in competing with better paid Government agencies for prospective workers, and this is exacerbated when combined with low rates of employment security in the sector." - Pg 17

"One of the critical elements cited by the majority of respondents as contributing to the widespread difficulty of attracting qualified and experienced people to available positions was the relatively low level of pay, and insecure employment conditions prevailing in the sector. This is borne out by the large majority (79%) of respondents reporting that new staff, once in the job, considered that the salary and conditions were not well matched to the demands of the job. A majority (81%) agreed that it is difficult to attract young people to work in the sector, and 89% observed that recent graduate entrants are more attracted to better paid government positions. A majority of agencies (75%) held the view that larger corporate organisations can recruit to higher standards because they can offer better career paths for their workers. This perception of relative attractiveness is countered, however, by the fact that even the larger multi-site agencies reported concerns about competing with government agencies for suitable staff, and they reported difficulties in recruiting suitable trained staff as often as did smaller agencies." - Pg 22
"Our respondents observed that attracting workers to the sector was exacerbated by low pay rates and limited funding resources that make it difficult for workers and the employing agencies to arrange training to upgrade skills for the current workforce. The level of resources available for training, and workforce development more generally, was a major concern for agencies of all sizes across the sector."

-Pg 41
16. APPENDIX ‘C’ - ECONOMIC INFORMATION

Wages

In Australia there are several measures of wages growth that can, at times, present different signals of wage trends. These differences occur because the series are designed to measure different concepts.

The four most commonly used measures are:

- **Average Weekly Earnings (AWE)** of non-farm wage and salary earners, from the ABS survey of the same name (Cat No. 6302.0), published for both all employees, and also full-time adult employees.

  For the year to November 2007:
  
  • Full time adult ordinary time earnings (AWOTE) and adult total earnings (AWE) increased by 4.9% and 3.8% respectively.
  
  • All employees' total earnings seasonally adjusted increased by 3.8%. (AWE = $880.30).

- **Average Weekly Ordinary Time Earnings (AWOTE)**, which is derived from the same AWE survey but includes only ordinary time earnings of adults working full-time; (for the year to November 2007 AWOTE increased by 4.9%. (4.7% seasonally adjusted).

- **Average Compensation per Non-Farm Employee** - published as part of the ABS’s Quarterly National Accounts (Cat. No. 5206.0) September 2007 - also referred to as Average Earnings on a National Accounts basis (AENA) (For the year to September 2007 the AENA grew by 6%); and

- **The Wage Price Index (WPI)**, which forms part of the expanded Labour Price Index (LPI) Survey (Cat No. 6345.0) (the WPI increased by 4.2% seasonally adjusted for the year to December 2007).

The WPI (excluding bonuses) increased by 4.2% over the same period.

In South Australia WPI increased by 4.9%. Overall the Health and Community Services WPI nationally increased by 4.5%.

Labour Price Index, Australia, ABS-Category 6345.0, 2002/03.

South Australia has the second largest WPI increase at 4.9%

The first three series are all measures of the wage bill, designed to measure the average level of wages or labour costs per employee. As these are measures of labour costs per employee, their movements will reflect both movements in wage rates and compositional change of the labour force.

Compositional changes in the labour force which may affect wage bill measures include:

- changes in the relative share of full-time and part-time workers; and

- increases in the number of high paid full-time jobs and low paid part-time jobs.

The AENA differs from the other two wage bill measures as it incorporates the major non-wage costs superannuation, redundancy payments and workers compensation payments. Thus an increase in any one of these will result in an increase in the AENA even though wage payments remain the same.
The WPI is designed to measure changes in wage movements rather than levels and unlike the AENA it does not incorporate non-wage costs. The WPI is constructed measuring the cost of purchasing the same quality and quantity of labour input. It is analogous in its construction to that of the CPI. Hence, the WPI is less subject to compositional change and therefore less volatile than the other measures of wage movements.

As the WPI is not affected by compositional change, it is the best measure to assess the economic impact of wage changes to the employer. The WPI is the RBA’s preferred measure of wages growth.

Agreements

Data on the national wage trends in enterprise bargaining is available from two main sources:

- The Trends in Enterprise Bargaining, series which is published quarterly by the Department of Employment and Workplace Relations (DEWR); and

- The Agreements Database and Monitor Report (ADAM), published quarterly by ACIRRT.

One of the main differences between the two series is that Trends in Enterprise Bargaining reports the Average Annualised Wage Increase (AAWI) ‘per employee’, while the ACIRRT ADAM report measures AAWI increases ‘per agreement’.

The September 2007 issue of Trends in Enterprise Bargaining reported that the Average Annual Wage Increase per employee for those agreements lodged in the September quarter 2007 was 3.9%.

Over the four quarters to September 2007 the AAWI for agreements lodged in each quarter has averaged 3.9%.

In Health and Community Services, AAWI is 3.8% for the previous 12 months and AAWI for agreements lodged in previous successive quarters are set out below:

<table>
<thead>
<tr>
<th>Health and Community Services AAWI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept 07</td>
</tr>
<tr>
<td>4%</td>
</tr>
</tbody>
</table>

AAWI in all currently operating Health and Community Services Agreements over previous quarters is set out below:

<table>
<thead>
<tr>
<th>AAWI in all currently operating Health and Community Services Agreements over previous quarters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept 07</td>
</tr>
<tr>
<td>3.8%</td>
</tr>
</tbody>
</table>

As mentioned above ACIRRT’s ADAM report differs to the DEWR measure of wages growth in agreements in that it measures Average Annual Wage Increase (AAWI) ‘per agreement’.

The AAWI for agreements registered in the December 2007 quarter was 4%.

Across all industries the average annual wage increase ‘per agreement’ for currently operating agreements is 3.7%.
The AAWI for currently operating Agreements in the Health and Community Services sector is also 3.7% per agreement.

(ADAM report 52, August 2007).
17. APPENDIX 'D' - ECH Employees Have Needs Associated With The Costs Of Living - The True Effect of "CPI"

Fairness is also about maintenance of the real value of wages. In this submission we refer to the ABS Household Expenditure Survey to provide an indicator of the living standards of low income wage and salary households, and to cost of living increases as measured by the Consumer Price Index (CPI).

Indicators of Australian standards of living are provided by the Australian Bureau of Statistics publication 'Household Expenditure Survey' (HES).


The 2003-04 HES was a subsample of the households comprising the 2003-04 Survey of Income and Housing. The 2003-04 HES collected information on the expenditure, income and other characteristics of a sample of 6,957 households resident in private dwellings throughout Australia. ABS, Household Expenditure Survey Australia 2003-04, Cat No. 6530.0, page 2

One of the stated uses of the HES is to conduct standard of living studies:

Levels and composition of household expenditure are used to indicate standard of living. For example, households which spend more per person, or spend proportionately less on 'necessities', can be considered to have higher standards of living than other households. ABS, Household Expenditure Survey Australia User Guide 1998-99, Cat No. 6527.0, page 2

Results from the HES can be presented according to principal source of household income. Unpublished data from the survey to provide an indicator of the standards of living of the population 'Households whose principal source of household income is wages and salaries'. The data was provided for quintile groups which represent 20% groupings of the estimated population when households are ranked in ascending order according to each household's total gross weekly income.

Household Characteristics for Households whose principal source of household income is wages and salaries are detailed in the table below:

<table>
<thead>
<tr>
<th>Household Characteristics by gross household income quintile of households where principal source of income is wages and salaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quintile 1</td>
</tr>
<tr>
<td>Upper boundary of income quintile</td>
</tr>
<tr>
<td>Mean gross household income per week</td>
</tr>
<tr>
<td>Source of income (% of total)</td>
</tr>
<tr>
<td>Employee income</td>
</tr>
<tr>
<td>Average number of employed persons in household</td>
</tr>
<tr>
<td>Average age of reference person</td>
</tr>
</tbody>
</table>
LHMIU Members Employed at ECH Aged Care Facilities in South Australia
Submission to the Australian Fair Pay Commission

<table>
<thead>
<tr>
<th>Family composition of household (% of households)</th>
<th>Quintile 1</th>
<th>Quintile 2</th>
<th>Quintile 3</th>
<th>Quintile 4</th>
<th>Quintile 5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>One family households</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple family with dependent children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One parent family with dependent children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple only</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other one family households</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multiple family households</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-family households</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lone person</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group households</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quintile 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quintile 2</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Quintile 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quintile 4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quintile 5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other tenure type</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average number in household</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dependent children</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Persons</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 18 years</td>
<td>0.4</td>
<td>0.8</td>
<td>1.0</td>
<td>1.0</td>
<td>0.9</td>
<td>0.8</td>
</tr>
<tr>
<td>18-64 years</td>
<td>0.4</td>
<td>0.7</td>
<td>0.9</td>
<td>0.9</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>65 years and over</td>
<td>1.5</td>
<td>1.8</td>
<td>2.0</td>
<td>2.2</td>
<td>2.7</td>
<td>2.0</td>
</tr>
<tr>
<td>Total</td>
<td>2.0</td>
<td>2.6</td>
<td>3.0</td>
<td>3.2</td>
<td>3.5</td>
<td>2.9</td>
</tr>
<tr>
<td>Estimated number in population</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total households</td>
<td>892100</td>
<td>894000</td>
<td>891000</td>
<td>891500</td>
<td>891100</td>
<td>4459900</td>
</tr>
<tr>
<td>Persons</td>
<td>1767500</td>
<td>2310900</td>
<td>2672300</td>
<td>2852300</td>
<td>3138500</td>
<td>1274150</td>
</tr>
</tbody>
</table>

Source: Unpublished data ABS Household Expenditure Survey 2003-04

The lowest quintile households in the population of households whose principal source of household income is wages and salaries are the central concern in this submission.

It is sometimes argued that the first quintile households do not represent award workers, however Anthony O’Donnell, a research fellow at the Centre for Employment and Labour Relations at Melbourne University’s Law School, states:

The Government and employer groups sometimes suggest that low wages are not a problem because many low-wage workers are “secondary earners” – that is women and young people – living in reasonably prosperous multi-earner households. Most low-wage workers do not, in fact, fall into this category.

O’Donnell A. Should Australia’s Safety Net be made from Earnings or Welfare, The Age newspaper, 19 January 2006

For 2003-04 the first quintile comprises households with income up to $850.00 per week. The average household income in this quintile is $543.00; 89.9% of which is sourced from wages and salaries. The number of employed persons is, on average, 1.2 persons, 46.2% of the households being Lone Person. Note that the average number of dependent children in the first quintile households is only 0.4, the same as the number of persons under 18 years of age.
LHMU Members Employed at ECH Aged Care Facilities in South Australia
Submission to the Australian Fair Pay Commission

Data

From the 2003-04 HES on the Detailed Expenditure Items for Households whose principal source of household income is wages and salaries is set out below.

Broad expenditure groups by gross household income quintile of households
Where principal source of income is wages and salaries

<table>
<thead>
<tr>
<th>Broad expenditure group</th>
<th>Quintile 1 ($)</th>
<th>Quintile 2 ($)</th>
<th>Quintile 3 ($)</th>
<th>Quintile 4 ($)</th>
<th>Quintile 5 ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current housing costs (selected dwelling)</td>
<td>137.63</td>
<td>156.92</td>
<td>165.57</td>
<td>159.43</td>
<td>236.46</td>
<td>179.58</td>
</tr>
<tr>
<td>Domestic fuel &amp; power</td>
<td>19.96</td>
<td>23.44</td>
<td>24.71</td>
<td>27.74</td>
<td>33.67</td>
<td>25.90</td>
</tr>
<tr>
<td>Food &amp; non-alcoholic beverages</td>
<td>109.60</td>
<td>144.07</td>
<td>175.45</td>
<td>202.76</td>
<td>288.10</td>
<td>179.96</td>
</tr>
<tr>
<td>Alcoholic beverages</td>
<td>17.85</td>
<td>22.56</td>
<td>27.48</td>
<td>32.19</td>
<td>48.26</td>
<td>29.73</td>
</tr>
<tr>
<td>Clothing &amp; footwear</td>
<td>21.10</td>
<td>31.80</td>
<td>49.55</td>
<td>49.50</td>
<td>74.67</td>
<td>45.27</td>
</tr>
<tr>
<td>Household furnishings and equipment</td>
<td>39.11</td>
<td>48.43</td>
<td>60.68</td>
<td>66.68</td>
<td>91.24</td>
<td>61.42</td>
</tr>
<tr>
<td>Household services and operation</td>
<td>41.33</td>
<td>53.89</td>
<td>59.92</td>
<td>74.65</td>
<td>88.21</td>
<td>63.59</td>
</tr>
<tr>
<td>Medical care and health expenses</td>
<td>28.83</td>
<td>40.74</td>
<td>45.18</td>
<td>56.22</td>
<td>82.14</td>
<td>51.01</td>
</tr>
<tr>
<td>Transport</td>
<td>100.63</td>
<td>148.16</td>
<td>184.98</td>
<td>179.94</td>
<td>266.50</td>
<td>174.61</td>
</tr>
<tr>
<td>Recreation</td>
<td>71.48</td>
<td>105.02</td>
<td>132.50</td>
<td>167.31</td>
<td>237.41</td>
<td>142.71</td>
</tr>
<tr>
<td>Personal care</td>
<td>10.22</td>
<td>16.72</td>
<td>20.68</td>
<td>25.32</td>
<td>33.88</td>
<td>21.36</td>
</tr>
<tr>
<td>Miscellaneous goods and services</td>
<td>54.92</td>
<td>76.08</td>
<td>96.79</td>
<td>137.15</td>
<td>154.76</td>
<td>103.91</td>
</tr>
<tr>
<td>Total goods and services expenditure</td>
<td>664.44</td>
<td>881.87</td>
<td>1057.73</td>
<td>1233.97</td>
<td>1520.27</td>
<td>1091.44</td>
</tr>
</tbody>
</table>

Source: Unpublished data ABS Household Expenditure Survey 2003-04

Defining necessities as housing, utilities, food, clothing and transport the unpublished data obtained from the ABS indicates the following percentages of total goods and services expenditure expended on necessities:

Expenditure on necessities: first quintile households – proportion of total goods and services expenditure

<table>
<thead>
<tr>
<th>Necessity</th>
<th>First Quintile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>$137.63</td>
</tr>
<tr>
<td>Fuel/power</td>
<td>$19.96</td>
</tr>
<tr>
<td>Food</td>
<td>$109.60</td>
</tr>
<tr>
<td>Clothing</td>
<td>$21.10</td>
</tr>
<tr>
<td>Transport</td>
<td>$100.63</td>
</tr>
<tr>
<td>% on necessities</td>
<td>58.5%</td>
</tr>
</tbody>
</table>

Source: Unpublished data ABS Household Expenditure Survey 2003-04

The table shows that expenditure of low paid, low income households is generally focussed on necessities.
Cost of Living Considerations

We have also identified in the following table the key areas of expenditure for the first quintile households.

The table below sorts the expenditure of the first quintile households in a descending order of proportionate value.

Broad expenditure groups: first quintile households - proportion of total goods and services expenditure

<table>
<thead>
<tr>
<th>First quintile expenditure</th>
<th>Descending order of expenditure proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current housing costs [selected dwelling]</td>
<td>20.7%</td>
</tr>
<tr>
<td>Food and non-alcoholic beverages</td>
<td>16.5%</td>
</tr>
<tr>
<td>Transport</td>
<td>15.1%</td>
</tr>
<tr>
<td>Recreation</td>
<td>10.8%</td>
</tr>
<tr>
<td>Miscellaneous goods and services</td>
<td>8.3%</td>
</tr>
<tr>
<td>Household services and operation</td>
<td>6.2%</td>
</tr>
<tr>
<td>Household furnishings and equipment</td>
<td>5.9%</td>
</tr>
<tr>
<td>Medical care and health expenses</td>
<td>4.3%</td>
</tr>
<tr>
<td>Clothing and footwear</td>
<td>3.2%</td>
</tr>
<tr>
<td>Domestic fuel and power</td>
<td>3.0%</td>
</tr>
<tr>
<td>Alcoholic beverages</td>
<td>2.7%</td>
</tr>
<tr>
<td>Tobacco products</td>
<td>1.8%</td>
</tr>
<tr>
<td>Personal care</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

Source: Unpublished data ABS Household Expenditure Survey 2003-04

The CPI measures changes in the price of a 'basket of goods and services'. The composition of the 'basket' for the 15th and current Series of the CPI is based on the pattern of household expenditure of the CPI population, information on which was obtained from the ABS 2003-04 Household Expenditure Survey (HES).

ABS Guide to the Consumer Price Index, 15th Series, 5440.0, October 2005

The total basket is divided into 11 major groups, each representing a specific set of commodities:

- Food
- Alcohol and tobacco
- Clothing and footwear
- Housing
- Household contents and services
- Health
- Transportation
- Communication
- Recreation
- Education
- Financial and insurance services.

Research shows that the CPI figures, under estimates the effect if price rises on lower income households. Lower income households spend more on necessities.

The price of necessities has been increasing at a higher rate than other goods included in the basket of goods.

This shows that ECH employees, like other employees in similar income brackets, feel the inflation effects, much higher than the headline inflation figures suggest.
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