Melbourne Citymission

Submission to Fair Pay Commission in relation to the
2008 Minimum Wage Review
March 2008

Terms of reference

In conducting the review, the Commission will consider any views it receives in light of its overarching objective of promoting the economic prosperity of the people of Australia. Submissions should indicate how this objective can be advanced with regard to:

- the capacity for the unemployed and low paid to obtain and remain in employment;
- employment and competitiveness across the economy;
- providing a safety net for the low paid; and
- providing minimum wages for junior employees, employees to whom training arrangements apply and employees with disabilities that ensure those employees are competitive in the labour market.

Response of Melbourne Citymission

Summary

Melbourne Citymission contends that the Federal Minimum Wage must be set at a sufficient level to ensure an adequate income for disadvantaged groups such as women who have been long term welfare recipients. The submission finds that there is insufficient evidence of mobility from low wage to better paid employment for disadvantaged women. Such women are most likely to only find jobs in casualised employment sectors. These jobs do not necessarily lead to better paid, more secure employment. The Fair Pay Commission needs to countenance the long term reliance on casual, low wage employment for many women rather than embed erroneous notions of upward job mobility in its decision on the Federal Minimum Wage.

Introduction

Melbourne Citymission presents this submission on the basis of recent research it has conducted to examine why its employment programs are struggling to meet their objectives of placing disadvantaged women in jobs that improve their social and economic circumstances. The majority of Melbourne Citymission clients are women, and many are single mothers or young women without alternative forms of support. The majority are recipients of Centrelink payments.

Like many welfare agencies, and indeed the former and present Governments, Melbourne Citymission has held to the belief that getting a job, any job is the best route out of poverty.
In light of this belief, much effort is expended in assistance to clients to improve their labour force prospects. However, in recent years, it has become less clear that getting a job, any job, does indeed improve the circumstances of disadvantaged women due to the low pay and poor conditions and prospects offered by many jobs.

In response to this situation in its services, Melbourne Citymission conducted an exploratory research project involving both a literature/policy review and consultations with clients in late 2007. Focus groups were held with 42 women involved in its services around the issues they face in the labour market and in welfare-to-work/welfare reform policies. A number of in-depth interviews were conducted with individual participants.

One of the key research questions was:

*Do low paid jobs lead to better paying jobs and provide a pathway out of poverty for disadvantaged women?*

While it is understood that the FPC has a commitment to setting wages to ensure maximum jobs growth and hence availability to low income and disadvantaged workers, Melbourne Citymission believes that there must be full consideration of an adequate wage for all jobs.

**Wage requirements**

A question was posed in the focus groups as to how much did the women think they would need to earn to make work pay. Answers across the groups coalesced around $25 to $30 per hour which is around twice that of the federal minimum wage currently $13.74 per hour. Young women, all living independently, in one of the groups mentioned $20 per hour, 8 hours per day, 5 days per week for an adequate standard of living.

Some women with children thought that they needed to earn between $800 and $1000 per week to make work pay. This is again approaching double the weekly Federal Minimum Wage of $522 per week.

While only indicative or anecdotal material, it is fair to assume that the women in the study had a very good notion of the sort of pay rates available for any jobs that they applied for and how much they needed to make work pay. We should also recall that these women are living on very constrained incomes and have a finely tuned notion of the costs and the opportunity costs of various activities in their lives.

**Job mobility**

Melbourne Citymission considers that in current social policy there is too much reliance on job mobility from low wage and/or casual jobs to higher paid jobs as the means for a worker to improve her economic circumstances. This notion is embedded in welfare reform or welfare-to-work policy with its strong emphasis on welfare recipients getting a job, any job as a stepping stone to a better job and reducing reliance on income support.

In Australia, recent debate in this area has been largely driven by evidence emerging from the Melbourne Institute’s Household, Income and Labour Dynamics (HILDA) survey. A number of analysts have used HILDA data to show that there is high degree of job mobility from low
paying to better paying jobs. Much of this material was brought together by the (former) Australian Government in its submission to the Fair Pay Commission in 2007 to bolster its argument that an increase to the Federal Minimum Wage should be as little as possible in the interests of employment growth.

However, our own examination of the issue of mobility from low paid to higher paid jobs suggests that the evidence is fraught with difficulties, with some researchers and advocates arguing that there is progression for most workers and others saying that the patterns of mobility are complex with no clear cut pathways for certain groups of workers, and with some trapped in low wage employment for long periods (Richardson, 2003; Watson, 2007). In addition, recent papers about the movement between casual and non-casual employment present ambivalent findings (Chalmers and Waddup, 2007, p19; Buddelmeyer and Wooden, 2007, p24). Clearly, more investigation of job mobility and the characteristics of people who are trapped in low wage and/or casual work is required. In any case, assumptions embedded in the Federal Minimum Wage decision and social policy about high levels of job mobility should be removed.

As one woman in the Melbourne Citymission study said:

You get stuck, you are in a casual job …doing whatever job and looking after kids. How is it going to lead to a better job? ….. If I am cleaning toilets for the next 6 months how is that going to make me a rocket scientist in the next 3 years?...

The problems of mobility from low pay, casualised employment are illustrated in the following case studies of several women in the study.

**Case studies of low wage, casual employment – Lynette, Sandra, Shani and Esma**

The jobs which the women in the study could obtain were mostly in highly casualised sectors of employment including cleaning, manufacturing, warehousing, and retail. Aged care while not a casualised sector, was also a popular entry level area for many women. Many of these jobs, they said, afford no security and no guarantees of moving into more secure employment. Many stories emerged of the ‘sudden death’ of casual jobs which they thought were ongoing or would lead to permanent jobs. These are reflected in the case studies below.

The jobs were hostile in terms of the demands of family and caring responsibilities due to changing shifts and family-unfriendly hours. Child care was impossible to organise around these conditions for disadvantaged women. In addition, single parents reported discrimination by employers.

An important issue that emerged from the focus groups related to the problem of managing on low wage employment when social security fringe benefits and subsidies for rental accommodation were withdrawn.

While ‘working credits’ which enable income support recipients to earn up to $1000 without a reduction in income support payments, helped in the short term when they start work, the issues about the sustainability of low paid jobs without fringe benefits was an ongoing issue.
A number of women said they needed to stay on benefits to make work pay and that the income support taper rates for earned income needed to be greatly increased.

The following stories bring into question the notion that getting a job, any job, will lead to a better job.

**Lynette** is a single parent in her mid 40s and required by Centrelink to be looking for jobs as her youngest child is turning 16 in 2008 when she will lose Parenting Payment (single) and will move to a Newstart payment (unemployment benefit) if she has not found a full time job to support herself and her family. In the lead up to her child’s 16th birthday, while still receiving Parenting Payment, she is required by Centrelink to search for work of a minimum of 20 hours per week. Lynette has maintained workforce attachment over the years of parenting to supplement Centrelink payments. Despite having a consistent work record, she has found it extremely difficult to move out of casual employment.

(Job agency) put me into a couple of jobs which didn’t work out….they say “work’s run out or we don’t need anyone from (job agency)” . I was working for (big retail chain) – that was a full time job – that was through the distribution centre in (Melbourne suburb)…. I worked there for four days and then they said “no we don’t want anyone through (job agency) now we want to go through labour hire” and I wasn’t with labour hire at that time.

Because I am nearly there (end of Parenting Payment) I have to put in a form every fortnight… I have to look for at least 20 hours (per week)…..

You’re never guaranteed an any length of time job. A few of the agencies – I worked for (labour hire company)… one week at (clothing manufacturer) joint then the next week I worked 2 days at (company) all through the same agency - then they had no more work. So then the next week I worked at (company) in (Melbourne suburb) and that lasted for 2 weeks – that was supposed to last until March next year

............Now we were guaranteed that and we signed the form and everything and then at the end of the week they said “oh… we’ve run out of work and we won’t have any work for a week”….. so I said ok fair enough.

So end of week come, I ring (labour hire company) and they said “no they haven’t rung us yet, there’s no work yet”. They didn’t ring me until I had started with this other joint (logistics company), for me to go back there, that was about five weeks later. They expect you to just sort of hang around – and wait for the phone to ring. It’s wrong, they just have one week here and one week there. That’s why I am glad, I am hoping for this job I’m starting on Monday to work out for me.

The full-time job starting on Monday … casual for 3 months then supposed to become permanent… like I said to my daughter even if it is just 3 months full on work at least it will get me over holidays, the Christmas period, my daughter’s school – she needs $500 for courses for next year she is in year 11.....
If the job doesn’t work out…. A lot of people keep telling me to do aged care……..but as these women that were here today said they have done aged care and still no better off anyway……. I am worried if I put all my effort into doing all these sorts of courses it won’t get me anywhere.

I would like to get my forklift license or something like that because there are so many jobs out there for people with forklift licenses…a lot of them employ women these days....

When I get a new job… I think ‘I like this job’ then I lose it….understand why some women here get depressed because I got a bit like that too but I don’t go to the doctors to get medication or anything… I just mope around…..and then the next week I pull myself together again and say I can’t do this and then I am back looking again.

You just can’t walk into any factory these days and say “ here’s my resume, have you got any jobs going, can you put my name down for a job”. You used to be able to do that with supermarkets. I mean if I can’t get into (supermarket chain!)…..I had been working for 6 months at (supermarket chain) and still I can’t get into (related supermarket chain)… and yet I was working for (the same company).

Sandra is a single parent in her late 30s with children now in their later teens. Like Lynette, she has been in and out of work over a number of years while on Parenting Payment (single). She is undertaking training so she is able to work in disability services. In her 20s, she had professional employment with a government agency but she has not been able to translate this experience into ongoing, well paid professional employment due to family responsibilities so she has been working in unskilled or semi-skilled jobs.

I have had lots of jobs in the past. In the last couple of years mainly labouring, mainly through agencies. I have been registered with 12 agencies. I keep registered….it is mainly warehouse, industry work. I keep registered. From one in particular I got into the OH&S (occupational health and safety) side of things… trying to get into that to help staying in employment.

They (the jobs) don’t last very long because a lot is seasonal work in warehouses...if you don’t do other things...that why I have done other things. That’s why I did OH&S in pretty much a male environment. If you don’t do that (other things) so they have a reason to keep you there, you’re dispensable… you’re just another number on the books...

I tend to (prefer) permanent... I want full time work... with casual work against part time work I would prefer casual...more money....as you are living day to day week to week...but your full time job is more stable. With casual employment, you can be driving down the highway and get a call and told it has been cancelled....You can be called at the drop of a hat.... You could be sleeping .... And get a call to come in.... just part and parcel of what you have to do these days...a lot of pressure on your family ... you have to "be there in an hour"...run out the door and go....you have to
grab your boots and go…You have to talk to the kids on the way to work… but it is still hard that you are not there for them.. like my daughter was going through a stage where she was getting anorexia… She is still upset of what happened with her Dad…she wants me there when she needs me. I wasn’t there when she needed me.

Better off in work than on Centrelink payments?

Yes I will be better off in work because I don’t have to put my kids in child care…..I am personally better off, mentally better off… if it is a decent paying job … some casual work is paying $12 or $13 per hour that is just not enough you might as well be staying on Centrelink payments but anything above that yes it is a bonus to you...

Shani is only 20 but has been living independently from her family for several years. She has been in and out of work and various training courses in this time….Her story of the youth labour market reflects the experience of the other young women who attended the focus groups. She reports on the precariousness of many youth labour market jobs and one of the major themes for young women in the focus groups… the exploitative nature of many jobs for young women.

My main heartbreak is that I try everyday to get a job…I really really do.. Everyday I try to get a job, I really do from the bottom of my heart ….I am a happy person and I am easy to get along with. I always have a smile….but its like when I do get a job it is only 10 bucks (an hour) and it is not enough to pay for my bills or for my rent or for my clothes or for my health or to go out with friends ........and then I would go for something else but I would always be cheated and lied to..and I could never get an honest job....it makes me feel like I don’t give a ..... anymore.. I don’t even want to try anymore....who cares..I don’t care... I should just be on Centrelink (payments) for the rest of my life... who cares.....

At the moment I have so many resumes at different places….I go in everyday…. I go in “Hi, How are you… my name’s Shani, how are you going… could you please give me a go … and they say... ”yes, give us your resume”….and I go back the next day... and they say “sorry Shani, no positions today” and they have a sign up saying workers wanted..I wish they would say “we don’t want you”.... I would rather that than be lied to....

I went to Centrelink the other day….I said I want to get off Centrelink… I really want to get a job.. I asked them to take me off (job agency) because they never got me a job.... and put me with another agency ... it promised to get me a job in 2 days because this other one never got me a job in 9 months...they (Centrelink) said “no, sorry, rules and regulations..”

Esma – the precarious labour market for a mature age woman

A single woman in her mid 50s, no longer with parenting responsibilities, Esma lost her permanent job in a clothing manufacturing company 8 years ago and has been unable to find
ongoing work since. She is currently employed by a house cleaning agency and she works for several households and paid an hourly rate. She comes from a non-english speaking background, but is fit, healthy, competent and personable with good enough English for many jobs. However, her entire work history for the last 8 years has been in casual, shift work arrangements…. a great source of frustration and anxiety. She described a week to week existence and the constant worry of finding money to pay the rent for her flat. Indeed, her story points to the downward mobility for some women, particularly older women, which is an alternative story of the flexible labour market that receives little attention.

*I have my customers through the agency (housework) – 3 customers for a long time…..I finished now two years with this agency….. not too bad.*

*Before that…… I work in so many different places…..In 2000 I lost my full time job at (clothing company) because at that time they changed the rules… I used to work at (well known clothing company) for 12 years. I went there when I came out to Australia.*

*After they destroyed the company…first of all I had problems they make like something…they sent me from work one day …I am full time but they can’t do it because I am full time…after that I talked to union ladies…*

*Then union went to work just for me… we went to court … we won it… I went back to factory but they gave me a hard time because I was famous… I was doing clipping (for clothing)….Not easy to learn machine….. after that they retrenched people….they retrenched 30 to 40 people*

*I didn’t know what to do for 6 or 7 months. I am single so I have to pay rent…I start casual…. work not easy to find….Can’t be picky about work situation….For so many people it is so hard. We don’t know whether we are working tomorrow.. we go home … 7 or 8 o’clock they contacted us for working tomorrow… We have life … we have to know… everyone wants to know what they are doing… one poor lady…many time she burn her dinner…poor thing so terrible..*

*I work very hard….I was still looking for full time job…with dole money it was not enough but I could never find full time job…*

*I worked in a spice factory for 10 months …. I didn’t know about the spice….The hot chillies made me sick…I was paid $13 per hour no sick leave nothing….but I had to keep working …I lost my life*

*After I start at (house cleaning) agency…. It is big responsibility … with keys for houses …if something happened … they will ask me… ok I have to set alarm in some houses when I leave it…but if something happened will they believe me….The vacuum cleaner so important …. So people don’t have much…Cleaners job very hard job*
I would love to have full time job.... With casual they don’t pay sick leave, holidays or public holidays.....Being a mature age person...its ok.... They (employers) want mature healthy ladies .... Because young ladies have baby problems...having a car is so important...

When we are casual... we are nothing.... they give us the hardest job....they give more pressure to us.... really awful....

Women’s employment

The case studies represent the human face of the broad dimensions of women’s employment in the Australian labour market in which there is continuing gender based occupational segregation and pay disparities. The main features of women’s employment are described here (drawn from Australian Bureau of Statistics: Australian Social Trends 2006 and Australian Year Book 2006)

Women’s employment has grown dramatically in the last 25 years:

- The proportion of women in employment (15 and over) has increased from 40 per cent to 53 per cent between 1979 and 2004.

- The proportion of men (15 and over) in employment decreased from 74 per cent in 1979 to 68 per cent in 2004.

- Women now represent 45 per cent of the employed workforce (2004) as opposed to 36 per cent in 1979.

But the nature of women’s employment is significantly different from that of men:

- Around 30 per cent of employed women are casual employees (2004) as opposed to 22 per cent of employed males. Casual employment is defined by the ABS as employment which does not include sick or holiday pay. However, since the early 1990s most of the growth in casual employment has been for males rather than females.

- Around 45 per cent (2004) of all employee women are part-time. The proportion of women aged 15 and over in part-time employment increased from 14 per cent in 1979 to 24 per cent in 2004. Part-time work is defined by the ABS as a job of less than 35 hours per week. The proportion of women aged 15 and over in full time work increased from 26 per cent to 29 per cent. Fifty-three per cent of all women aged 15 and over are employed


- Permanent part-time jobs for women increased by 75 per cent in the past decade
• Casual full time jobs for women, without paid leave entitlements increased by 83 per cent in the past decade albeit from a low base (pp 4-5)

The Australian labour market is strongly segmented across gender lines continuing long term trends since the beginning of the great expansion of women’s participation in the labour force in the 1950s and 1960s.

However, the story is a complex one in a post-industrial economy where there has been considerable restructuring across industry and occupations mirroring fundamental changes in the economy caused by globalisation, technological change and major policy and regulatory shifts. Preston and Whitehouse (2004) show the complexity of changes but also the resilience of labour market inequality. A principal observation made by their study is that there have been gains for women in some areas of employment in terms of seniority but that there are still strongly feminised occupational segments particularly in clerical, sales and service jobs. In this occupational category women make up 87 per cent of advanced, 72 per cent of intermediate, and 65 per cent of elementary clerical sales and service jobs where there is also a very high proportion (63 per cent) of part-time employment with women holding 72 per cent of these jobs. Women predominate also in health and community services at 77 per cent and education at 69 per cent. (Office for Women, 2004).

**Women’s pay**

The characteristics described above of the labour market position of women contribute to the lower overall earnings for women compared to men. According to the ABS, for May 2006, (Year Book 2006) women’s earnings for full-time employment were 85 per cent that of men. Taking account of all employee earnings including part time employment and over time women’s earnings were 66 per cent that of men.

According to the submission of the Australian Government to the Fair Pay Commission (2007), 15.3 per cent of employed women receive low pay compared to 10.5 per cent of males. Low pay is defined here as at or below the Federal Minimum Wage, as set annually by the Fair Pay Commission.

**Conclusion**

Melbourne Citymission considers that close attention must be paid to the adequacy of minimum wage levels in the next decision. The FMW is a particularly salient issue for women locked into low paid, casual employment who enjoy few or no occupational benefits and protections.

**The decision should take account of:**

- Occupational segregation along gender lines in the Australian labour market;
- The extent of casual employment held by women;
- The requirement for the Federal Minimum Wage to “make work pay” amongst social welfare recipients.
Notes

This submission comes out of a suite of projects on ‘Women, Welfare and Low Pay being conducted for Melbourne City Mission by Veronica Sheen (research consultant), with Professor Jan Carter, Associate Professor Margarita Frederico and Sally James at Melbourne City mission. A literature synthesis and policy study on low paid women in general is soon to be published; a large empirical study on sole parents is being planned for 2009; and further projects on younger women and older women are being considered. A pilot experiment and practice intervention are also under examination.

References


