20 March 2009

Prof. lan Harper
Chairman
Australian Fair Pay Commission
Locked Bag 35003
Melbourne VIC 8007

2009 Minimum Wage Review

Dear Prof. Harper,

The Australian Childcare Alliance (ACA), on behalf of over 2700 private childcare centres who supply more than 60% of Australia’s centre-based services, are pleased to offer the following input into the Australian Fair Pay Commission’s 2009 Minimum Wage Review.

Our comments relate primarily to the matter of ensuring that childcare workers are able to obtain and remain in employment. We make those comments in the broader context of the Commission’s function of reviewing and setting minimum wages, and in light of its overarching objective of promoting (now trying to preserve) the economic prosperity of all Australians.

In addressing economic prosperity, it should not be lost on the Commission that since early 2008 not only has the world basically "gone broke", but in Australia a recession is frighteningly approaching at a menacing pace.

The Commission would be aware that at a time where many Australian businesses are shedding thousands of workers to remain afloat and many others failing altogether (take ABC Learning, Pacific Brands, etc.) it should exercise restraint in its function of reviewing and setting minimum wages.

ABS figures confirm almost 600,000 people are jobless as the global recession tightens its grip on the Australian economy. The unemployment rate jumped from 4.8 to 5.2 per cent last month, the biggest one-month jump since 1991 and the highest number of people looking for work since July 2003.

"...indicators suggests that unemployment will continue to rise and we expect the unemployment rate to reach 8 per cent by the end of this year, climbing up into the nines next year," ABN Amro senior economist Felicity Emmett is quoted to have said.
With incoming Fair Work laws and the concern that they could lead to large-scale job losses we are hearing messages from the federal government, not only urging employers to do their best to retain workers, but also urging unions and workers to restrain from seeking pay rises.

Our industry’s main concern is affordability, and how pressures on childcare centre affordability are feeding into ever-increasing vacancies in the large majority of locations around the country. Those vacancies, and other pressures, are already resulting in childcare centre job losses, in reductions in the amount of hours available for staff, and in reductions in new employment opportunities.

Our Association is not resourced to do the research needed to underpin a recommendation of specific changes to minimum wage levels. However in light of the extraordinary economic circumstances we find ourselves in, which we ask be taken into account in your deliberations, we suggest that on this occasion minimum wage levels should remain unchanged (if not reduced) or at the very least that whatever reasonable amount the Commission sees fit to award, be phased in over a period three years.

Thank you for this opportunity to comment.

Yours sincerely

Frank J. Cusmano
Secretary
Australian Childcare Alliance