March 2009
Australian Fair Pay Commission
Locked Bag 35003 Collins Street West
Melbourne VIC 8007 Australia

To The Australian Fair Pay Commission,

A Submission by The Smith Family in response to the
2009 Australian Fair Pay Commission ‘Minimum Wage Review’

The Smith Family\(^1\) welcomes the opportunity to make this submission to the ‘Minimum Wage Review’. The evidence shows that contemporary changes in family structure, the workplace, and across society at large are impacting negatively on children’s wellbeing and future participation as adults. After a long period of economic prosperity and security, Australia is now feeling the impact of the global financial crisis that is testing the financial viability of business, Government and non-profit organisations. Last month’s unemployment rate increased from 4.8 per cent to a 32 month high of 5.2 per cent,\(^2\) indicating that individuals and families are also facing greater risk of financial hardship. With a growing number of disadvantaged families ‘falling between the cracks’ in difficult financial times, greater numbers of our parents and children are being left behind. Without an integrated network of support from birth through to adult learning, of which appropriate employment support and skill development opportunities are a crucial element, this cycle of disadvantage is likely to continue across generations.

Our submission recognises the Committee’s overarching objective to *promote the economic prosperity of the people of Australia* and reiterates the recommendations made in our original response to the Australian Fair Pay Commission made in April 2008:
- that employment arrangements provide opportunities for working parents to maintain a healthy work/life balance; and
- that the conditions of minimum wage be sufficient to enable skill development.

The importance of focusing on lone parent families

To make a difference to workforce participation rates in the long term, any workplace reform must focus on the lone parent demographic. As a group lone parents constitute one of the most disadvantaged segments of the Australian labour market. While largely unheard and unseen from the perspective of mainstream services, lone parents have increasingly manifested themselves to The Smith Family among the 16,000 families with whom we work in our 95 communities nationwide. Currently, over 66 per cent of the families participating in our *Learning for Life* suite of programs are lone parent families, and the focus of this submission is accordingly around the different types of services that are required to attract and support these individuals to (re)enter the workforce.

Many factors influence workforce participation, including the disengagement of children from schools, the marginalisation of lone parents and the concentration of unemployment in various postcodes. Recent data from the Australian Institute of Health & Welfare suggests that in 2008, 15% of all children aged 0-14 years

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\(^1\) See Appendix I.

(543,600) in Australia are living in a household where no co-resident parent is employed, this is the second highest percentage of jobless families in all OECD countries.³

The majority of these jobless households are lone parent families, who face considerably greater challenges to workforce participation than those in couple families.⁴ These parents face a variety of cumulative barriers to gainful employment, including low earning capacities, poor working conditions and reduced probability of accessing training options.⁵ Meeting the costs of education, clothing, food, health and housing for their children therefore poses a huge challenge to many lone parents, whose median weekly income is far less than the income of parents in couple families.⁶ As a consequence, over half (58%) of lone parents receive a government pension, benefit or allowance as their main source of income compared to 8% of couples with children aged 0-17 years.⁷

The influence of minimum wage conditions on work/life balance

The relationship between the workplace and the family home has become increasingly complex through the revolution in information and communications technology and rapid developments in globalisation, including the effects on labour markets. Many Australians have had to work longer hours, and many have had to relinquish annual leave entitlements and the right to work standard hours in response to changed workplace expectations and legislative change.⁸ Under these circumstances parents, particularly lone parents have less time to devote to their children and families. This is a shift that the National Investment for the Early Years (NIFTeY) described as potentially being ‘more threatening to the long term future of our country than any other perceived threat’.⁹ In addition, research shows that young people in Australia want more time with their parents, rather than more money obtained via overlong parental working hours. This is the case not only for dual earner and single earner couple households as well as for single parent earner households.¹⁰

The Smith Family recognises that parents are their children’s first teachers and role models. As such they assume hugely important roles in their children’s development, in their communities and in wider Australian society. Parents significantly shape children’s development and thus exert major influence on the life outcomes, including educational and employment outcomes, of children. Our research and that of others has shown that quality employment can have significant positive benefits for parents and their children in terms of their health, economic and developmental wellbeing.¹¹

If wage levels are insufficient, low income, low-skilled parents are more likely to take jobs with longer hours, more non-standard hours, or poorer workplace conditions than those individuals who have stronger labour market qualifications. This may result in children, particularly children from financially disadvantaged backgrounds, missing out on a range of beneficial activities that frequently require parental support and presence. These include the crucial, if not essential, parental help for homework, extra-curricular activities such as choir, music lessons and sport, weekend time or holidays with family and more broadly, parental support, including emotional support during key transition stages in the lives of children and youth.

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The importance of lifelong learning

Research has shown that for the long term and very long term unemployed, personal factors such as low literacy and numeracy, an absence of the vocational skills required by employers and poor exposure to work experience can act as barriers preventing them from finding sustainable employment.\(^\text{12}\) It is no coincidence that early school leavers and the low skilled make up a majority of the long term unemployed.\(^\text{13}\) Unemployment data indicates that around a half of all early school leavers who do not pursue further education are either unemployed or not in the labour force in the year after leaving school, compared with only one in five Year 12 graduates.\(^\text{14}\)

In today’s global knowledge society, basic literacy and numeracy skills are not sufficient to compete for employment and socioeconomic advancement. The increased frequency with which individuals currently move between multiple forms and sectors of employment throughout their careers has placed new demands on those seeking to enter or return to the workforce. There is now an ongoing necessity to acquire, upgrade and market an individual’s various skills in order to respond to the changing needs of employers and social contexts outside work such as the home and family. Resilience, adaptation and flexibility are critical in this respect, as are the motivation and capacity to absorb an increasingly diverse range of information.

For our constituents, who are often disengaged from education and employment, the development of these capacities requires sustained support over an extended period of time, and access to a comprehensive system of referral across a range of organisations able to facilitate elements of their skills development. Low skill individuals require not only adequate wage levels, but employment security allowing them to plan and engage in training and education. Not only will this kind of development hold them in good stead in current and future labour markets it should also go some way in addressing Australia’s current skill shortage and reducing the likelihood of future skills shortages.

During this time of economic uncertainty, low skilled and low paid jobs are at greatest risk and labour market policy has an important role in protecting the most vulnerable.\(^\text{15}\) The Smith Family recommends finely tuned and sufficient minimum wage levels, in combination with appropriate and accessible welfare and taxation arrangements to ensure that lone parents particularly are encouraged and supported in their attempts to engage or re-engage with employment.

We also recommend that this employment facilitates wage levels sufficient to underpin life long learning and enable lower paid employees to enjoy balanced, productive and beneficial time with their families. To this end, The Smith Family commends the Government’s commitment to improve conditions for minimum wage earners, and we look forward to the development of a more socially inclusive framework aimed at supporting families and lifelong learning.

For more information regarding any of the points raised in this submission, please do not hesitate to contact Dr. Rob Simons, Head of Research & Evaluation at 02 9085 7128 or rob.simons@thesmithfamily.com.au.

Yours sincerely

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The Smith Family


\(^{15}\) Source: Organisation for Economic Development (2009) Frequently Asked Questions – Impact of crisis on employment, viewed 19/03/09 http://www.oecd.org/faq/0,3433,en_2649_201185_42063569_1_1_1,00.html
APPENDIX I

The Smith Family

The Smith Family is a national, independent social enterprise that provides opportunities for disadvantaged Australian families and communities to create a better future through education. The purpose of The Smith Family’s Learning for Life suite of inter-connecting programs is twofold: on the one hand, it works to increase the participation in society of disadvantaged children and their families through the provision of educational opportunities across the life course (increasing human capital); while on the other, it works to increase the engagement of those with the time, talent or dollars to support them (increasing social capital).

All of the programs within our Learning for Life suite are built around facilitating these relationships between disadvantaged children and those in their wider community with the capacity to assist them. Such sound connections are crucial, not only to ensure that disadvantaged children are ready and able to progress through key transition points in their lives where they are most vulnerable (e.g. moving from home to school, from school to work), but also to build capacity in the wider community to be receptive to and supportive of their participation.

Through these relationships, which are built around sponsorship, tutoring, coaching or mentoring by adults or even their peers, disadvantaged children and young people are able to develop their academic, socio-emotional and vocational skills to achieve their full potential. This includes support for essential comprehension, emotional, digital and financial literacies to ensure that students are fully equipped to participate in the 21st century knowledge society.