



YOUNG CHRISTIAN WORKERS

ABN: 28 737 645 713

AUSTRALIAN YOUNG CHRISTIAN WORKERS

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28th July 2006

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

Dear Professor Harper,

RE: Submission to the Australian Fair Pay Commission

The Australian Young Christian Workers (AYCW) movement advocates strongly for young people in low paid and low skilled jobs. We recognise that through this work, young people rely heavily on the fact that the minimum wage and conditions are a means to avoid poverty. It is essential that minimum wages and allowances be established at just and adequate levels.

The AYCW supports an increase in the Federal minimum wage that reflects the real cost of living, and thus enables young Australians enjoy a standard of living that is just and sufficient, and respects the dignity of each person in our Australian society.

It is for these reasons that the AYCW encloses our submission to the Australian Fair Pay Commission to inform the Federal minimum wage determination.

Yours sincerely,

Sara Kane
National Secretary

Encl.

Submission Cover Sheet 1

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

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Name of Organisation: Australian Young Christian Workers
Your Position: National Secretary

Submissions may be made public in full or summary form. If you would like your submission to remain confidential please indicate this here:

Confidential: No

Submission Cover Sheet 2

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

Community Organisation: Youth and Community Development
National

Submission:

Please find the Australian Young Christian Workers movement submission below.

AUSTRALIAN FAIR PAY COMMISSION
Workplace Relations Act 1996

FEDERAL MINIMUM WAGE REVIEW 2006

Submission by the Australian Young Christian Workers

Introduction

1. The Australian Young Christian Workers (“AYCW”) movement makes this submission to the Australian Fair Pay Commission (“AFPC”) to inform the Federal Minimum Wage determination.

2. The AYCW will make a submission focussing on young workers, with particular attention to: -
 - Overview of the AYCW;
 - Profile of young workers;
 - What young workers are currently experiencing at work;
 - Current cost of living for young workers;
 - Areas of concern; and
 - Recommendations.

Our conclusions are derived from our own research and involvement with young people and their families.

OVERVIEW OF THE AYCW

3. The AYCW is a movement that educates, represents, and provides services for young adults. It is autonomously run by, for, and with young workers.

It is our goal that each young worker should be able to live and work in conditions that acknowledge the dignity of all workers, so that each can find value and meaning in work. It is also our aim that each young worker be able to assume responsibility for finding solutions to his or her situations at the local, national, and international levels, in order to create a better world for all young workers. The AYCW believes that both personal and collective action is the starting point for building justice, dignity and harmony into the fabric of society.

4. AYCW represents post school young people aged 18 to 30 years. As at March 2006, the AYCW had an active membership and service base of 451 young people. An additional 500 young people aged 15 to 30 years have been contacted to complete surveys and research enquiries covering work, work/life balance, spirituality and international issues.

As an organisation, we do not limit ourselves only to paid employees but also include in our membership unemployed workers, voluntary or unpaid workers, university students, and those workers in further training.

5. The AYCW is involved with young people across a wide range of social and economic issues. In our Workplace Campaign, we have provided services such as 'casual worker and industrial relations forums' and information packages about work. We have also developed a 'Get Smart about Casual Work' curriculum school kit and given school talks for high school students.

As part of our Employment campaign we provide services such as the *Way Out Project* in Sydney, Job Clubs, classes for young workers experiencing unemployment, homework centres for high school and TAFE students, as well as computer and English classes for unemployed, underemployed, migrant workers and refugees.

We have also represented young people experiencing unemployment on an individual level in the appeals process at Centrelink offices across Australia, at the National Full Employment Conference at the University of Newcastle in December 2003, continuously through postcard campaigns, letter writing and the local media.

We educate our membership about the effects of unemployment by holding discussions and social enquiries that consider the reality of unemployment and youth employment, and the effects of unemployment (including the ways we contribute to the problem). Through our services we share ideas and strategies with young people experiencing unemployment about dealing with Centrelink, budgeting and ways to move from unemployment to employment.

In addition to work related campaigns, the AYCW recognises that young people experience a variety of major life changes at this stage in their lives. They may access independent living for the first time, participate in further education, enter the workforce, begin significant relationships and explore their spirituality and meaning of life. This transitional time can influence young people's future choices, particularly in terms of employment, family formation and living arrangements.

PROFILE OF YOUNG WORKERS

6. According to a recent NSW survey of 10,999 secondary school students aged 12-16 years, some of the most common types of early informal work included babysitting, gardening and cleaning.¹ In time, the students took up more "adult" jobs in the retail, food and personal service sectors. The survey found that in the previous 12-month period more than half of 12 to 16 year-olds had undertaken work, with most students starting a formal working relationship with an employer at age 14. (**Appendix 1**)

¹ NSW Children and Young People's Commission, *Children at Work*, Sydney, 2005.

In 2003² young people aged 15-24 years made up 21 per cent of all employees. **(Appendix 2)**. This equates to 63 per cent labour participation for young people aged 15 years and over³.

7. Based on national statistics drawn from the ABS⁴, 33.7 per cent of Australian young people aged 15-24 years are employed in the retail trade, accommodation, cafes and restaurants. Construction and manufacturing industries employ 16.8 per cent of all employed young people and property and business services account for 9.0 per cent. **(Appendix 3)**

Within these industries, 26.5 per cent of all employed youth work as elementary clerical, sales and service workers. Other common occupational groups include intermediate clerical, sales and service workers (20.4 per cent), tradespersons and related workers (15.3 per cent). **(Appendix 4)**

8. This profile of young workers clearly indicates that a high proportion of young people aged 15 – 24 years are engaged in formal employment, predominantly working in the retail sector, hospitality industry and in small businesses, in low skilled positions as part time or casual workers earning minimal weekly wages. Thus, many young people continue to heavily rely on the Federal minimum wage.

WHAT YOUNG WORKERS ARE CURRENTLY EXPERIENCING AT WORK

Young people are engaged in a range of types of employment. In this submission we will focus on: -

- Casual or part time;
- Apprentices or trainees; and
- Underemployment.

2 Australian Bureau of Statistics, *Australian Social Trends 2005, Catalogue Number 4102.0*, July 2005.

3 Australian Bureau of Statistics, *Australian Social Trends, Catalogue Number 4102.0*, June 2004.

4 Australian Bureau of Statistics, *Australian Social Trends, Catalogue Number 4102.0*, June 2004.

Casual Workers

9. Of the young people engaged in work, 44.5 per cent of Australian young workers are employed on a casual basis⁵. That is nearly one in two young people.

In November 2001, the Australian Bureau of Statistics⁶ recorded that 42 per cent of self-identified casual employees were aged between 15 to 24 years, with almost one in five (19 per cent) being depended students. Casual employment has become a distinct characteristic of the youth labour market. Parallel with the rise in casual employment, the participation in higher education has jumped by 66 per cent over the past decade, while public funding of higher education has not matched this increase⁷.

Sammie (23) works casually in a small retail outlet. She mostly works on Thursday nights and Saturdays and supplements her wage with Austudy. Although she receives income from two sources she is unable to support herself away from home and is dependent on her family⁸.

10. Casual workers are presumed to be compensated for the lack of paid leave entitlements that permanent workers receive through their higher rate of hourly pay. However, according to statistics released by the ABS⁹ casual workers actually have a “lower average hourly earnings than ongoing employees at the total level across all occupations (\$17.09 per hour compared with \$22.29 per hour).” This means all casual workers earn 77 per cent of those ongoing workers.

5 Australian Bureau of Statistics, *Labour Force in Australia, Catalogue Number 6203.0*, July 1999.

6 Australian Bureau of Statistics, *Australia Now: Social Trends: Work: Casual Employees*, 2003.

7 Cassidy, F., “High costs force students to abandon uni”, *Canberra Times*, 8 September 2004.

8 Australian Young Christian Workers Movement, *Don't Bother Coming in Today. Casual Work, Casual Nature*, 2001, p.13.

9 Australian Bureau of Statistics, *Australian Social Trends, Catalogue Number 4102.0*, July 2005.

11. As casual and part time work is often perceived just as a study subsidy or as an alternative to unemployment on the track to more permanent and full time work, young people can become disengaged from their work and remain uninformed of their employment rights.

David (26) As a worker I feel worthless and uninformed. No one bothers to tell us what is going on in our workplace. I find it very difficult to feel committed and loyal to my employers. After all they can dispense of me whenever they feel like it¹⁰.

In response to the perception that casual and part time work will be short term, young people often adopt a 'casual mentality' about work such as "I won't be here long, so it doesn't really matter if I don't know if I'm being paid correctly". This approach to work and patterns of behaviour decreases the young worker's motivation to advocate for improvement.

12. In 1999 the AYCW undertook a survey of 1409 young casual workers across Australia. The results were detailed in a 2001 report, "Don't Bother Coming in Today: Casual Work, Casual Nature". The survey results found that 55 per cent of casual workers reported they did not know their correct rate of pay for their job, nor were they certain they were being paid correctly. Additionally, 33 percent said they worked unpaid overtime.

Liz works for a large retail chain. She started when she had just turned 16 and has been working there for about 21 months. She had her 17th birthday nine months ago and is still being paid the same rate, as she was when she was 16. She isn't sure how much she is supposed to be paid¹¹.

10 Australian Young Christian Workers Movement, *Don't Bother Coming in Today. Casual Work, Casual Nature*, 2001, p.5.

11 Brisbane Young Christian Workers, *Get Smart about casual work*. Curriculum resource kit for teaching secondary students about casual work, 2005, p.49.

13. It alarms the AYCW that in addition to a 'casual mentality' towards work and being uninformed of their rights in casual or part time low paid and low skilled work, young people are experiencing an increasing occurrence of individual contracts, lack of bargaining skills, and find themselves in possible situations of intimidation on the part of the employer in negotiating such agreements, placing them amongst the most vulnerable in Australia's workforce. It is vital that all of these factors are considered when determining a Federal minimum wage, and in this case, when setting casual loadings.

Apprentices and Trainees

14. Apprenticeships and traineeships are an effective way for young people to learn on the job. It benefits both the young worker and the employer. Interestingly, we are also reminded that there is a current skills shortage in Australia. So, ideally there should be a large number of young people applying for apprenticeships or traineeships.

15. However, recent training statistics by the National Centre for Vocational Education Research in June 2006¹² indicate that the number of apprentices and trainees in training at 31 December 2005 was 389,000. This is 0.4 per cent less than the same time in 2004.

The report stated that newly commencing apprentices and trainees were generally aged 19 years or younger (108,600 or 41 per cent) and were male (155 300 or 59 per cent). Apprenticeships and traineeships were mainly in the areas of clerical, sales and services (32 per cent) and trades (28 per cent). 74 per cent of apprentices and trainees were full time.

¹² National Centre for Vocational Education Research, *Australian vocational education and training statistics, Apprentices and Trainees, December quarter, June 2006.*

In the 12 months ending 31 December 2005, 264,700 apprenticeships and traineeships were commenced, 138,700 were completed and 130,300 were cancelled or withdrawn. The number of cancellations and withdrawals was a 4 per cent increase compared to the same period in 2004.

16. Based on the stories that are shared from our membership, young people hesitate to enter an apprenticeship or traineeship arrangement for a number of reasons: -

- The initial low training wages are a disincentive.
 “I can get higher wages to work as a labourer.” (Bill, aged 23, Scaffolder, Perth)
- Young people aged 15 – 24 years in this period of significant transition are faced with many life decisions.
 “I’m not really sure what I want to do, so don’t want to commit to a 4-year apprenticeship.”
- The initial financial outlay on tools, materials and uniform can be a deterrent, particularly if young people commence their apprenticeship whilst they are at school.
- Lack of formal employment arrangements or the guarantees of continued employment once the apprenticeship is completed deter many young people.

Jack has been working as a trainee store person employed by a group training company not directly by the organisation he is working for. During his time with this organisation he did not gain the full store person training and experience required as part of his traineeship. He was disappointed that he was left with the menial tasks that no one else wanted to do.

However, Jack stuck out the traineeship as he recognised the importance of having this qualification to gain other work. During his traineeship, Jack requested annual leave from his employer to travel to the Philippines to visit a sick family member. That same afternoon he was told that his services were no longer needed. No reason was given.

Jack is now waiting for the group training company to find him another placement so he can complete his traineeship. He may not be able to find another placement.

(Jack, aged 21, Store Person Trainee, Kellyville, NSW)

- Varying levels of exploitation such as being asked to work unpaid overtime is an additional disincentive. In some instances, apprentices are asked to work overtime, as it is cheaper than utilizing full time permanent staff for overtime work.

Tom works as an apprentice mechanic and is not being paid for his overtime. His employer is withholding the overtime payment and instead, offered to purchase him something.

(Tom, aged 19, Apprentice Mechanic, Adelaide)

17. The minimum training wages and other conditions of apprenticeship and traineeship employment often discourage young people from entering a trade. The Australian Fair Pay Commission needs to consider these elements when determining the minimum wages for young workers. A decent and dignified wage would perhaps minimize some of the abovementioned scenarios.

Underemployment

18. Statistics show that the level of unemployment in Australia is decreasing and is currently 4.9 per cent¹³. However, these statistics do not account for the number of people in situations of underemployment.

In 2003, 12 per cent of young workers aged 15 – 24 years working part time were seeking more hours of work and were available to complete more work.¹⁴ As junior wages are generally lower than adult wages, young people often seek more than one job to cover their basic needs.

Unfortunately, many young people become disillusioned. After struggling to find a job and then finding work, young people may resign themselves to the fact that “this is the best I can get” ... ever. This notion is evident amongst 56.9 per cent of all casual workers in Australia who have been employed for more than 12 months, 40 per cent for more than two years, and almost 7 per cent for more than 10 years¹⁵.

It is essential that, in its consideration of a Federal minimum wage, the Australian Fair Pay Commission set a rate that is sufficient to cover basic living expenses. Only if the Federal minimum wage is above the poverty line will people be able to lead balanced and meaningful lives that respect the dignity of each.

CURRENT COST OF LIVING FOR YOUNG WORKERS

19. The Australian Fair Pay Commission states unequivocally that it will determine the minimum wage with particular attention to “providing a safety net for the low paid; and providing minimum wages for juniors, trainees and people with a disability to make sure they are competitive in the labour market.”

13 Australian Bureau of Statistics, *Labour Force Australia – June 2006*, Catalogue Number 6202.0, July 2006.

14 Australian Bureau of Statistics, *Australian Social Trends*, Catalogue Number 4102.0, June 2004.

15 Wooden, R. and Warren, D., *The Characteristics of Casual and Fixed-Term Employment: Evidence from the HILDA Survey*, Melbourne Institute Working Paper No 15/03, Melbourne, 2003.

With this in mind, an analysis of the current income received by young workers compared to the cost of living is essential.

Limited information and research is available on the average income of young workers. There is an absence of a junior minimum wage, a significant number of Awards that young workers fall under, a national training wage that is determined by the course undertaken, and apprentice wages determined as a percentage of their occupation Award.

Furthermore, the AYCW was not able to find any accessible research outlining the cost of living for young people.

Consequently, as part of this submission, the AYCW worked with other agencies to determine some income scenarios and also conducted interviews with 10 young people aged 15 to 30 years to establish a young person's average expenditure. It is important to note that this initial research was for the purpose of this submission and further in depth research needs to be completed by the Australian Fair Pay Commission in order to set a dignified minimum wage.

20. Based on ABS research available at the time of this submission, statistics indicate that the median income earned by young people across Australia increases with age. Starting from \$16 per week for 15-17 year olds, to \$162 among 18-19 year olds and \$375 for those aged 20-24 years. Young men had higher median incomes than young women¹⁶.

Of all full time employees, young people aged 15-19 years earned a mean weekly income of \$395.00, which is comparably less than people aged 25-34 years earning \$854.00 per week¹⁷.

¹⁶ Australian Bureau of Statistics, *Census of Population and Housing: Australia's Youth 2001*, Catalogue Number 2059.0, April 2004

¹⁷ Australian Bureau of Statistics, *Australian Social Trends*, Catalogue Number 4102.0, June 2004.

It is evident that young people earn a significantly lower wage than their adult colleagues for completing exactly the same tasks. This is a critical issue that the Australian Fair Pay Commission will need to consider.

21. Furthermore, it is difficult to determine apprentice wages. Significant time preparing this submission went into researching apprentice wages. We found however, that wages differed depending on a number of elements¹⁸:

- The level of qualification;
- The year of training;
- The relevant industry and sector;
- The type of apprenticeship and whether it is school-based, part-time or full-time;
- Whether the apprentice finished school;
- Previous skills already acquired;
- Skills and competencies achieved throughout the apprenticeship; and
- Wages and conditions as a percentage of the Award that covers that job.

In some states, reference to the National Training Wage Award is made to cover both trainees and apprentices. A young person, who is a year out of school and who has completed year 12 as the highest level of schooling could commence a traineeship on as little as \$312.00 per week¹⁹. (Additional Wage Levels indicated in the National Training Wage Award can be found in **Appendix 5**). Whether this wage enables a young person living out of home to survive above the poverty line is clearly questionable.

22. A common issue that is raised by Australian YCW members and service users is the struggle to maintain a meaningful and dignified living standard, above the poverty line.

¹⁸ Australian Government, *New Apprentice*, website, July 2006.

¹⁹ Australian Government, *National Training Wage Award 2000 (AW790899)*, www.wagenet.gov.au, July 2006.

A major factor is the increasing cost of living, whether young people are working, studying or engaged in a combination of both. Coupled with this are the changed expectations of employers placed on employees. Many young workers are finding that they are required to pay for additional work expenses that are not being covered by their wage.

The AYCW was not able to find any accessible research outlining the cost of living for young people, so we interviewed 10 young people aged 15 to 30 years on their average expenditure and the factors they considered necessary to remain in employment. Below is a summary table of the Basic Cost of Living. This is an indication only. Further research needs to be completed by the Australian Fair Pay Commission

Basic Cost of Living

Item	Living At Home	Living Away from Home
	\$ Cost per year (Average & approximate)	\$ Cost per year (Average & approximate)
Loans (car, credit card, studies etc)	2,000	2,000
Rent/Board/Mortgage	2,600	5,200
Home & Contents Insurance		100
Home Phone		360
Mobile Phone	360	360
Car Petrol	1500	1500
Car Registration, Insurance, Repairs	1500	1500
Electricity		250
Gas		250
Water		
Groceries	500	3120
Clothes & Shoes	500	500
Health Insurance	**	800
Work related expenses (eg: uniform, tools etc)	600	600
Entertainment & Leisure	2000	2000
Annual Expenses	11,560	18,540

** It has been assumed that young people aged under the age of 21 years are covered under their parents health insurance cover.

23. As is evident in the table, a number of expenses are required to access employment.

The following items were now required in most work places: -

- Completing study or training before entering the labour market
- Purchasing of uniforms and materials required for the job
- Being available to fill a shift change within 2 hours of a work shift commencing – in some cases it is essential to have your own car

Cath works as a casual sales assistant for a major retail chain. When returning from her holidays she was contacted to fill a shift that day. She was given the allowable 2 hours notice. Unfortunately, Cath had to decline the offer, as her public transport route would not get her to work on time. (Cath, aged 18, Sales Assistant, Perth)

Income		
Trainee Wage Level C	Cost of Living at Home	Cost of Living away from Home
1 st year out of school. Year 12 being the highest year of schooling completed		
\$16,224	\$11,560	\$18,540

It is clear that the base training wage barely covers the cost of a young person living at home and does not cover the expenses of a young person living away from home.

24. Other cases prepared by the Youth Affairs Network Queensland (YANQ)²⁰ provide examples of the incomes for independent young people combining social security and work. The following examples demonstrate that some young people are living below the poverty line and there is an immediate need to adjust the minimum wages, particularly for young people to ensure they are able to live with dignity.

²⁰ Youth Affairs Network Queensland, *Examples of Incomes for Independent Young People – Combined Social Security and Work*, July 2006. Figures used in these examples are estimates only. All are based on Centrelink data as at 1st July 2006.

Assumptions were that young people are: -

- Single with no dependent children;
- Assessed as being independent under Centrelink guidelines;
- Do not have sufficient assets to incur reductions in their social security payments; and
- Any income bank credits have been used up through establishment costs. For example:
 - for housing: bond, rent-in-advance, moving costs; and
 - for education: student fees, textbooks, software etc.

17 year old, not in education, unemployed, renting in shared accommodation

Relevant Poverty Line²¹: \$536.42

Item	\$/Fortnight
Social Security	334.00
Rent Assistance ²²	60.30
Work for the Dole Supplement ²³	20.80
Total Income (Before Tax)	415.10

16 year old, not in education, employed, renting in shared accommodation

Relevant Poverty Line: \$661.54

Item	\$/Fortnight
Social Security	334.00
Rent Assistance	60.30
Work:	
32 hrs/fn @ 50% MW ²⁴	204.00
64 hrs/fn @ 50% MW	408.00
Social Security Withdrawn:	
Working 32 hrs/fn	- 71.00
Working 64 hrs/fn	- 207.60
Total Income (Before Tax)	
Working 32 hrs/fn	527.30
Working 64 hrs/fn	594.70

21 Melbourne Institute of Applied Economic and Social Research, *Poverty Lines Australia: March Quarter 2006*, 2006.

22 In Brisbane, Rent Assistance of \$0.75 is payable for every \$1.00 of rent paid above the minimum rent amount (in these cases \$89.60), up to the maximum Rent Assistance payable of \$100.60 for single person living alone or \$67.07 for a single person sharing accommodation. These figures may vary state to state. According to Student Support Services at the University of Queensland, the average price for share accommodation in Brisbane is approximately \$220.00 per fortnight. www.sss.uq.edu.au

23 It is assumed that the young person is participating in a Work for the Dole activity to be eligible to receive the Work for the Dole Supplement.

24 MW = Minimum Wage (currently \$484.00 a week or \$12.75 per hour). Junior rates (as a % based on age) used here are based on those specified in the Shop Distributive and Allied Employees' Association — Red Rooster Award 2002 (updated October 2005).

19 year old, full-time student, working part time, renting in shared accommodation. Relevant Poverty Line: \$661.54

Item	\$/Fortnight
Social Security	334.00
Rent Assistance	60.30
Work:	
32 hrs/fn @ 50% MW	326.40
64 hrs/fn @ 50% MW	652.80
Social Security Withdrawn:	
Working 32 hrs/fn	- 54.20
Working 64 hrs/fn	- 250.80
Total Income (Before Tax)	
Working 32 hrs/fn	666.50
Working 64 hrs/fn	796.30

**16 year old, full-time student, not working, renting in shared accommodation
Relevant Poverty Line: \$536.42**

Item	\$/Fortnight
Social Security	334.00
Rent Assistance	60.30
Total Income (Before Tax)	394.30

**17 year old, full-time student in fast food outlet, renting in shared accommodation
Relevant Poverty Line: \$661.54**

Item	\$/Fortnight
Social Security (Special Benefit) ²⁵	44.06
Rent Assistance	60.30
Work:	
38 hrs/wk @ 60% MW	290.64
Total Income (Before Tax)	395.00

²⁵ Maximum rate in this case \$334.70, reduced at the rate of \$1 for each \$1 of income earned

Figures and examples from the AYCW and YANQ have been prepared specifically for submissions to the AFPC. The AYCW would strongly recommend to the AFPC that members conduct further research into the cost of living experienced by young workers, particularly in light of the financial expectations placed on them before they enter the labour market. Such consideration is essential if young people are to remain in employment and maintain a dignified life above the poverty line.

AREAS OF CONCERN

Dignity for all Workers and their Families

25. Workplaces are environments where workers meet and mix with other workers. Work promotes a real sense of identity, fulfilment, status and commitment, as well as providing a wage. In our society, work forms the basis of our dignity and worth because work is the foundation of our relationship with others in the community. This belief underpins the very foundations of a civilised society.

Already, YCW review groups have expressed concern about the vulnerability of young people in this area.

It is essential that a just minimum wage be established to ensure workers and their families are able to live full and dignified lives.

Just Wages

26. It is the worker, and particularly the low-skilled worker, rather than the skilled worker or those in management positions, who will be forced to pay the price for increasing profits in the workplace. It appears that the new workplace agreements will reduce the pay of the low skilled, theoretically to help provide work for others, while the wages and conditions of those at the top will continue to rise.

The increasing gap between the cleaners' wages and the CEO salaries at Macquarie Bank indicate clearly who are the winners and losers in the current economic climate. The claims of the Government that the changes are needed to advance the economy and create lower unemployment are not only questionable in economic terms; they undermine the rights of all workers for a fair day's pay for a fair day's work. It is our strong belief that the burden of providing work for all should not fall on the low-paid, but on society as a whole. In addition, those who are unemployed and underemployed must be assured that the work they seek will provide a fair and just wage that will keep them out of poverty.

27. The setting of the minimum wage according to the wage of the single adult raises significant questions about the attitude of the Commonwealth Government to families and the needs of individuals. In the first place, the AYCW has real and fundamental concern about the minimum wage being set according to the needs of a single adult. There has been a general belief in Industrial Relations in Australia for almost 100 years that the minimum wage should be set according to the living costs of a family. The reason for this emphasis on the family's cost of living has been the importance of protecting and enhancing family structures and relationships. In the recognised breakdown of "the family" in our society, there is often not enough support available in families and communities to develop the dignity and worth of individuals and families. The "Living Wage," based on a family, has been a foundation of Australia's Industrial Relations system because as a nation we have recognised the need to support and build families as the basic units of our society. Without them society cannot function effectively. There is absolutely no doubt that the new legislation clearly undermines this principle.

If the wages paid to workers do not allow them to provide financial support and human dignity to their partners and children the family will experience difficulty and breakdown. This is a fact emphasised by the United Nations Declaration²⁶:

²⁶ United Nations, *Declaration of Human Rights Article 23*.

“Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment; Everyone, without any discrimination, has the right to equal pay for equal work; Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.”

The Australian Fair Pay Commission will need to have regard to “the capacity for the unemployed and low paid to obtain and remain in employment.” There is a clear imperative for the new Federal minimum wage to be set at a just and meaningful level, not only for single individuals, but also for families, whose very existence remains dependent on a just and sufficient wage.

Conditions and Bargaining Powers

28. The conditions of workers, and particularly low-paid workers are threatened by the new legislation, in the areas of working hours, allowances for overtime, duties, classification and union rights. The new legislation clearly changes the power-balance held in our society, increasing the power of employers at the expense of workers.

Our Australian society and economy has traditionally focussed on ensuring that there is a “fair go” for all, that the interests of employers are balanced against the interests of employees, and also that the needs of those employees with low levels of skills and experience are balanced against those who are highly skilled and experienced.

Naturally, the AYCW is particularly concerned about the impact of these changes on young people. Because of their age, young workers often have little workplace experience, low levels of skills and very limited knowledge of their rights and responsibilities. For these reasons, young workers generally possess a weak bargaining position and are amongst some of the most vulnerable workers in a deregulated labour market. The majority of young workers will find it extremely difficult to negotiate successfully with employers who are in a position to both sack employees and reduce their wages and conditions with impunity.

Without a decent wage, this situation is exacerbated for young workers.

RECOMMENDATIONS

29. The AYCW urges the AFPC to seriously consider this submission when making a decision on the Federal minimum wage. This submission makes it clear that there are gaps in both information and research. It is essential that there is up to date information to ensure that a decent minimum wage for all Australians is established annually.

The AYCW strongly recommends the following areas for further investigation.

- Development of annual labour force participation statistics, type and trends for *young people aged 15 to 30 years* (this annual labour force information should include casual workers, part time and full time workers, apprentices and trainees).
- Development of annual wages and income statistics for *young people aged 15 to 30 years* (this annual labour force information should include casual workers, part time and full time workers, apprentices and trainees).

- Investigation of the financial expectations of employers from young workers and the ways this should be funded (for example, should a uniform, car or mobile phone be expected? If so, would the young worker supply these and be reimbursed for these? Or would the employer provide these items?).
- Completion of a thorough analysis of the cost of living for young people – including work requirements and the general costs of living.
- Creation of simplified apprenticeship and traineeship access, process, wage structure and assessment.
- Establishment of an education program aimed at high school students outlining their basic work rights and responsibilities, including minimum wages etc.
- Identification of the real worth of minimum casual wages compared to ongoing or regular wages, in light of current costs of living (with particular importance placed on this when determining the casual loadings).
- Serious exploration of the possibility of an increase to the National Training Wage Award and apprentice base wage rates and incentives to encourage young people to commence this form of training and employment.
- Establishment of a just and adequate Federal minimum wage that ensures young people can live a dignified and meaningful life.

CONCLUSION

30. The AYCW advocates strongly for young people in low paid and low skilled jobs. We recognise that through this work, young people rely heavily on the fact that the minimum wage and conditions are a means to avoid poverty. It is essential that minimum wages and allowances be established at just and adequate levels.

The AYCW supports an increase in the Federal minimum wage that reflects the real cost of living, and thus enables young Australians enjoy a standard of living that is just and sufficient, and respects the dignity of each person in our Australian society.

Appendix 1 Number of young people (by sex and age) who have worked

Number of young people (by sex and age) who have worked²⁷

	Worked		Not Worked		Total	
	No	%	No	%	No	%
	6172	56.1	4827	43.9	10999	100
Sex						
Male	3315	54.7	2747	45.3	6062	55.7
Female	2811	58.3	2011	41.7	4822	44.3
Age						
12 years	821	42.7	1101	57.3	1922	17.7
13 years	1388	50.5	1362	49.5	2750	25.3
14 years	1541	54.7	1277	45.3	2818	26
15 years	1844	69.8	796	30.2	2640	24.3
16 years	478	75.9	152	24.1	630	5.8

²⁷ NSW Children and Young People's Commission, *Children at Work*, Sydney, 2005.

Appendix 2 Labour Force Participation of People aged 15 – 24 years

LABOUR FORCE PARTICIPATION OF PEOPLE AGED 15-24 YEARS

	1983(a)			2003(a)		
	15-19 years	20-24 years	Total aged 15-24 years	15-19 years	20-24 years	Total aged 15-24 years
	%	%	%	%	%	%
Labour force participation rate(b)	57.6	80.2	69.1	56.3	79.1	68.0
Unemployment rate(c)	22.6	14.7	17.9	15.1	8.7	11.3
Employed(b)	44.7	68.5	56.8	47.6	72.2	60.3
Full-time(d)	72.1	89.0	82.4	32.0	66.9	53.3
Part-time(d)	27.9	11.0	17.6	68.0	33.1	46.7
	'000	'000	'000	'000	'000	'000
Total employed	570.1	907.8	1 478.0	657.9	1 041.7	1 699.6
Total population	1 277.8	1 326.8	2 604.6	1 375.5	1 442.7	2 818.2

(a) Data refer to month of August.

(b) As a proportion of all people in that age group.

(c) As a proportion of people in the labour force.

(d) As a proportion of employed people.

Source: ABS Labour Force Survey.²⁸

**Appendix 3 Most Common Industries Of Employed People
Aged 15-34 Years**

**MOST COMMON INDUSTRIES OF EMPLOYED PEOPLE AGED 15-34 YEARS –
AUGUST 2003**

Industry(a)	Young people			
	15-19 years	20-24 years	Total aged 15-24 years	25-34 years
	%	%	%	%
Retail trade	50.8	22.9	33.7	12.2
Accommodation, cafes and restaurants	9.8	9.9	9.9	4.2
Property and business services	6.5	12.0	9.9	13.5
Construction	6.4	9.8	8.5	9.1
Manufacturing	6.4	9.5	8.3	12.4
Other(b)	20.1	35.9	29.8	48.6
Total employed	100.0	100.0	100.0	100.0

(a) Classified according to the Australian and New Zealand Standard Industrial Classification (ANZSIC).

(b) Includes: Agriculture, forestry and fishing; Mining; Electricity, gas and water supply; Wholesale trade; Transport and storage; Communication services; Finance and insurance; Government administration and defence; Education; Health and community services; Cultural and recreational services; Personal and other services

Source: ABS 2003 Labour Force Survey.²⁹

**Appendix 4 Most Common Occupation Groups Of Employed People
Aged 15-34 Years**

**MOST COMMON OCCUPATION GROUPS OF EMPLOYED PEOPLE AGED 15-34 YEARS - AUGUST
2003**

Occupation group(a)	Young people			25-34 years
	15-19 years	20-24 years	Total aged 15-24 years	
	%	%	%	%
Elementary clerical, sales and service workers	41.4	17.1	26.5	7.2
Intermediate clerical, sales and service workers	15.9	23.3	20.4	18.4
Tradespersons and related workers	12.8	16.8	15.3	14.2
Labourers and related workers	16.9	10.6	13.1	7.8
Intermediate production and transport workers	6.3	7.1	6.8	8.1
Other(b)	6.8	25.0	18.0	44.3
Total employed	100.0	100.0	100.0	100.0

(a) Classified according to the Australian Standard Classification of Occupations (ASCO) second edition.

(b) Includes Managers and administrators, Professionals, Associate professionals and Advanced clerical and service workers.

Source: ABS 2003 Labour Force Survey.³⁰

Appendix 5 National Training Wage Award³¹

Wage Level A

	Highest year of schooling completed		
School Leaver	Year 10	Year 11	Year 12
	\$	\$	\$
	173.00 (50%)	216.00 (33%)	
	202.00 (33%)	243.00 (25%)	293.00
Plus 1 year out of school	243.00	293.00	340.00
Plus 2 years	293.00	340.00	396.00
Plus 3 years	340.00	396.00	453.00
Plus 4 years	396.00	453.00	
Plus 5 or more years	453.00		

Wage Level B

	Highest year of schooling completed		
School Leaver	Year 10	Year 11	Year 12
	\$	\$	\$
	173.00 (50%)	216.00 (33%)	
	202.00 (33%)	243.00 (25%)	283.00
Plus 1 year out of school	243.00	283.00	325.00
Plus 2 years	283.00	325.00	382.00
Plus 3 years	325.00	382.00	435.00
Plus 4 years	382.00	435.00	
Plus 5 or more years	435.00		

³¹ Australian Government, *National Training Wage Award 2000 (AW790899)*, www.wagenet.gov.au, July 2006.

Wage Level C

School Leaver	Highest year of schooling completed		
	Year 10	Year 11	Year 12
	\$	\$	\$
	173.00 (50%)	216.00 (33%)	
	202.00 (33%)	243.00 (25%)	278.00
Plus 1 year out of school	243.00	278.00	312.00
Plus 2 years	278.00	312.00	349.00
Plus 3 years	312.00	349.00	390.00
Plus 4 years	349.00	390.00	
Plus 5 or more years	390.00		

School Based Traineeships Wage

	Year of schooling	
	Year 11	Year 12
	\$	\$
Level A, B, C	221.00	243.00

Certificate IV Traineeships

	First Year of Traineeship	Second Year of Traineeship
	\$	\$
Wage Level A	470.00	488.00
Wage Level B	452.00	468.00
Wage Level C	405.00	420.00