



**WRITTEN SUBMISSION
to the
AUSTRALIAN INDUSTRIAL
RELATIONS COMMISSION
SAFETY NET REVIEW -
WAGES - 2000/2001**

(Case numbers: 23840, 23841, 23842, 23843,
23863, 23872, 23873, 39213, 39214, 23889,
39195, 39196, 39197, 39198, 39391, 39392,
39293, 39395 and 51279 of 2000)

19th February 2001

EXECUTIVE SUMMARY

The Australian Catholic Commission for Employment Relations (ACCER) makes this submission to the Safety Net Review 2001 on behalf of Catholic Church organisations in Australia.

The ACCER submission is based on the principles proclaimed in Catholic Social Teaching.

Catholic Social Teaching promotes rights and responsibilities for employers, employees and governments. In respect to this submission, the primary right is that of employees to a just wage. In this context, a just wage is considered to take into account the needs of the individual and not just the employee's value within the labour market.

Catholic Social Teaching also proclaims that a primary responsibility of employers is to provide fair wages and decent working conditions for all employees. Governments (the *State*) have a responsibility to ensure that this primary duty is upheld. In doing this, governments should establish a statutory minimum wage to ensure that a just wage is paid to all employees.

The ACCER supports the award system as the fundamental means of establishing just and fair minimum wages and terms of employment. While it is recognised that wage rates may often be determined by negotiation at the enterprise level, the ACCER considers still that the award system is a major and necessary feature of the Australian industrial relations system.

The ACCER supports the continued use of *flat dollar* increases to adjust the rates of pay in the award system. Flat dollar increases are seen as maintaining just and fair minimum standard of conditions of employment and as providing primary assistance to the low paid.

In relation to internal relativities within the award system, the ACCER recognises that they remain an important feature in maintaining an equitable system. However, it is contended that such relativities should not be maintained at the expense of the low paid, who should remain the overriding concern in adjusting the award safety net.

In this case, the ACCER suggests that a "tapered scale" of flat dollar increases might be awarded to adjust the safety net. Such an adjustment would assist primarily the low paid, provide an equitable adjustment for all rates of pay within the award system and maintain the internal relativities within an award over a longer period of time than an adjustment based on percentage increases.

The ACCER does not identify or suggest an amount for the Federal Minimum Wage or for the subsequent adjustments to the award safety net. Further, the ACCER does not suggest the wage groupings or classification levels at which the "sliding scale" should be implemented. These are left to the discretion of the Australian Industrial Relations Commission.

INDEX

Introduction	page 4
Part A: Catholic Social Teaching	page 5
Part B: The Award System	page 8
Part C: Assessment of Claims	page 14
Part D: Conclusion	page 18
Attachment 1: <i>Industrial Relations: The Guiding Principles</i>	
Attachment 2: Change in Relativities	

INTRODUCTION

The Australian Catholic Commission for Employment Relations (ACCER) is a Commission established by the Australian Catholic Bishops' Conference (ACBC) and supported by the Australian Conference of Leaders of Religious Institutes (ACLRI).

The ACCER makes this submission to the Australian Industrial Relations Commission (AIRC) on behalf of Catholic Church organisations engaged in the health, education and welfare sectors and in diocesan and parish administration. Across these sectors, in Australia, the Catholic Church employs approximately 176,000 persons.

Fundamentally, the ACCER makes this submission based on the principles espoused in Catholic Social Teaching (as outlined in **Part A** of this submission).

Therefore, the ACCER makes this submission from a unique industrial position, that of an employer and social advocate.

In its claim the Australian Council of Trade Unions (ACTU) is seeking a \$28 per week wage increase in all award rates of pay up to and including the C10 level in the Metal, Engineering and Associated Industries Award (Metal Industry Award). Additionally, for award rates of pay above the C10 classification level, the ACTU is seeking a 5.7% increase in weekly wage rates.

The ACCER's submission focuses on the achievement of a *just* wage for low paid employees throughout the community. Further, this submission will focus on the establishment and maintenance of an award system, which is both *just* and *fair* for all employees. It is contended that the award safety net should provide a *just* wage, which recognises not only an individual's level of skill, knowledge and experience in performing the tasks required but also their needs as members of families and participants in the community. Importantly, and as an overriding principal, the award system should provide wage protection to the low paid and vulnerable workers in our community. (The award system is discussed in **Part B** of this submission.)

As in previous years it is submitted that the maintenance of a system of *fair* and *just* minimum terms and conditions of employment should remain a priority of the AIRC and the various parties and interveners in the Safety Net Review proceedings.

Part C of this submission will assess the claims of the ACTU.

Part D provides the conclusion for this submission.

Part A

CATHOLIC SOCIAL TEACHING

Catholic Social Teaching is a collection of teachings and principles, based on Christian values and beliefs, which aim to bring about a good and fair society for the benefit of all.

Official texts establishing Catholic Social Teaching include papal documents - known as encyclical letters - documents of the Second Vatican Council (1962 to 1965) and the statements of local, regional and international conferences of Catholic Bishops, such as the Bishops' Committee for Employment Relations in Australia.

Catholic Social Teaching does not promote a particular industrial ideology; rather it provides a framework of teaching and principles that may be used to examine an industrial relations system.

The primary principle affirmed by Catholic Social Teaching is the dignity of the individual person. This principle should be at the core of any industrial relations system.

Within this context Catholic Social Teaching promotes several fundamental principles, rights and responsibilities for those involved in the employment relationship, including the *indirect employer* or *the State* (refer to Attachment 1 *Industrial Relations: The Guiding Principles* for an overview of all matters relevant to the employment relationship).

For the purposes of this submission, the principles relating to the *right to a just wage* and the role of the *State*, as outlined in Catholic Social Teaching, will be summarised. In particular, the intervention of *the State* or government in the payment of a just wage and the maintenance of an award safety net will be explained.

The right to a just wage

The Catholic Church has consistently affirmed the dignity of labour and the right of the worker to earn a *just wage*. These principles have been espoused since 1891 with the publication of *Rerum Novarum* and have continued in more recent times with the publication of *Gaudium et Spes*¹, *Laborem Exercens*² and *Centesimus Annus*³.

The payment of a just wage is not only important in maintaining the dignity of the individual person, but also in maintaining a *just* socio-economic system.

“It should be noted that the justice of a socio-economic system and, in each case, its just functioning, deserve in the final analysis to be evaluated in the way in which man’s work is properly remunerated in the system.....In every system,wages, that is to say remuneration for work, are still a practical means

¹ Pope Paul VI (1965), Pauline Books and Media: Boston

² Pope John Paul II (1981), St Paul Publications: Sydney

³ Pope John Paul II (1991), St Paul Publications: Sydney

whereby the vast majority of people can have access to those goods which are intended for common use.....Hence, in every case, a just wage is the concrete means of verifying the justice of the whole socio-economic system and, in any case, of checking that it is functioning justly."⁴

In this context, a *just wage* is considered to be a level of remuneration that allows an employee to support him or herself, and their family, in dignity. In other words a just wage allows an employee *"to receive what will enable him housed, clothed, and secure to live his life without hardship."*⁵

This explanation of a just wage has been expanded more recently in *Gaudium et Spes* where it is stated that *"remuneration for labour is to be such that man may be furnished the means to cultivate worthily his own material, social, cultural, and spiritual life and that of his dependents, in view of the function and productiveness of each one, the conditions of the factory or workshop, and the common good."*⁶

Significantly, a just wage is considered to take into account the wider needs of the individual and not just his or her value within the market place. Work is considered to be the one of the principal means by which people seek personal fulfilment and make their contribution to the common good. In 1981 Pope John Paul II wrote, *"...even in the age of more mechanised 'work', the subject of work is man."*⁷ As such, employees are not to be treated like any other commodity in the production process.

Given this, together with the fundamental principle of the dignity of the individual, employers are challenged to provide fair wages and decent working conditions to all employees. This is considered to be a primary duty of the employer. However, *the State* (government) has a responsibility to ensure that this duty is met.

The role of the State

*"In circumstances of exploitation and coercion, the indirect employer, [the State] must provide opportunities for the just settlement of disputes. They may also think it wise to set down a code of minimum standards of wages and conditions based on respect for the dignity of each human person engaged in the workplace and the consignment of the needs of the work and his or her dependents."*⁸

While it is believed that employers have a moral obligation to pay a just wage, government should establish a statutory minimum wage to ensure that a just wage is paid to all employees. This safeguards wages from dropping below such a level that it becomes impossible for the employee to sustain a decent standard of living.

Furthermore, it is not considered to be appropriate for the welfare system to be used as a means of substitution for the payment of a just wage. That responsibility is considered to be the *moral* obligation of the employer.

⁴ Pope John Paul II, *Laborem Exercens*, (1981), St Paul Publications: Sydney, paragraph 19.

⁵ Pope Leo XIII, *Rerum Novarum*, (1891), St Paul Publications: Sydney, paragraph 51.

⁶ Pope Paul VI, *Gaudium et Spes*, (1965), Pauline Books and Media: Boston, paragraph 67.

⁷ Pope John Paul II, *Laborem Exercens*, (1981), St Paul Publications: Sydney, page 24.

⁸ Bishops' Committee for Industrial Affairs, *Industrial Relations - The Guiding Principles*, (1993), page 5

In conclusion, Catholic Social Teaching proclaims that:

- one way in which the dignity of the individual is affirmed and enhanced is through the payment of a just wage;
- employers are morally responsible to pay a just wage; and
- the State is to ensure that employees receive a just wage.

These are the principles against which the ACCER examines the current Safety Net Review of the award system and the claims made by the ACTU.

Part B

THE AWARD SYSTEM

The Statutory Framework

The *Workplace Relations Act 1996* (the Act) establishes the award system as the means of determining a safety net of *fair* minimum terms and conditions of employment.

The AIRC is charged with ensuring that a safety net of *fair* minimum wages and conditions of employment is established and maintained.⁹ Such a safety net is to take into consideration:

- the need to provide fair minimum standards for employees in the context of living standards in Australia;
- economic factors; and
- the needs of the low paid, when adjusting the safety net.

Additionally, in maintaining the award as a safety net of fair minimum terms and conditions of employment, the AIRC must have regard to the following:

- the need for any alterations to wage relativities between awards to be based on skill, responsibility and the conditions under which the work is performed;
- the need to support training arrangements;
- the need to provide supported wage system for people with disabilities;
- the need to apply the principle of equal pay for work of equal value;
- the need to prevent and eliminate discrimination based on race, colour, sex, sexual preference, age, physical or mental disability, marital status, family responsibilities, pregnancy, religion, political opinion, national extraction or social origin.¹⁰

The Act also establishes “*classifications of employees and skill-based career paths*” as an allowable award matter.¹¹

Finally, the ACCER acknowledges the *Statement of Principles* issued by the AIRC in previous Safety Net Review decisions. It is supported that the Statement of Principles promotes consistency and reduces uncertainty in the exercise of the AIRC’s powers.

In this submission, the ACCER does not seek to amend the current Statement of Principles, except where it is necessary as a result of its determinations in this case.

⁹ *Workplace Relations Act (Cth) 1996*, section 88B

¹⁰ *Workplace Relations Act (Cth) 1996*, section 88B(3)

¹¹ *Workplace Relations Act (Cth) 1996*, section 89A(2)

The importance of the award system

The ACCER maintains that the Award system continues to be one of the most important features of the Australian industrial relations system, as it:

- establishes the minimum terms and conditions of employment for employees in their own right;
- provides protection to employees who are unable or unwilling to undertake enterprise negotiations;
- provides information to employers and employees about the minimum terms and conditions of employment for a particular industry or type of work undertaken;
- forms the basis for the *no disadvantage test*, which certified agreements must pass before being formally recognised; and
- therefore, often creates a starting point for enterprise negotiations.

Within this context, it is considered to be important for the award system to reflect the payment of a *fair* and *just* wage, and not merely that of a statutory *minimum*. Therefore, the review and maintenance of the award system becomes important in ensuring that the rates of pay outlined in awards do not fall significantly behind rates of pay determined by enterprise bargaining, which may result in the award system becoming unfair and irrelevant.

Among other objectives, the review and maintenance of the award system should continually seek to improve the living standards of the low paid and to assist the low paid in better meeting their needs, as far as is practicable. This corresponds to the legislative requirement placed on the AIRC to have regard to the needs of the low paid when adjusting the award safety net.¹²

In 1997 the AIRC stated that:

*“the needs of the low paid award wage-earners, however, cannot be met solely by the Commission’s establishing and maintaining a safety net of fair minimum wages and conditions. There are many factors apart from wages, which determine the living standards of such employees. They include private circumstances, the level of assistance provided by income support programmes, the taxation system and other government social initiatives.”*¹³

The ACCER recognises the assistance provided by government, through taxation and supplementary payments, to the low paid. However, such payments should not be used as a substitute for the payment of a just wage. The moral obligation for the payment of a just wage rests with the employer. Where this is not upheld, government has the responsibility to ensure that a just wage is paid.

¹² *Workplace Relations Act (Cth) 1996*, section 88B(2)

¹³ Australian Industrial Relations Commission, *Safety Net Review - Wages - April 1997*, [Print P1997], (1997), page 56.

Further, the assistance provided by government through taxation and supplementary payments to low income earners may be a recognition, in part, that the wage being paid to this group of employees is too low. Thus, further financial assistance is required to support the low paid to enable a decent standard of living. It is recognised that government assistance is provided on a “sliding scale” where those earning the least receive the most assistance. Hence, those people employed solely on a part time or casual basis may receive assistance where eligible. However, the fact that a full time employee may require financial assistance through the welfare system might indicate that a *just* wage is not being paid at the lower end of the wages structure.

The ACCER recognises that wages and conditions of employment may be determined by means other than awards. Indeed, the terms and conditions of employment in the current industrial relations environment are increasingly determined through enterprise negotiations and bargaining. This has been supported by the Act, which affirms a principal object of the Act to be:

“to provide a framework for cooperative workplace relations which promotes the economic prosperity and welfare of the people of Australia by:ensuring that the primary responsibility for determining matters affecting the relationship between employers and employees rests with the employer and employees at the workplace or enterprise level.”¹⁴

However, the ACCER supports enterprise bargaining as one method of establishing the wages and conditions of employment for some employers and employees. Enterprise bargaining should not be considered to be the most appropriate or only method of establishing wages and conditions of employment for every group of employees in every industry or occupational sector.

Working largely in the not for profit sector of the community, Church employers continue to use the award system as the primary means of determining wages and conditions of employment at the workplace. For many Catholic organisations, funding constraints result in enterprise bargaining not being a practical consideration. Despite this, Church organisations do not consider that their employees should be disadvantaged by the award system falling into disrepair.

Furthermore, some organisations in the wider community utilise the award system, even if they are not respondents to a particular award, as a guide to determine the terms and conditions of employment at their particular workplace. The motivation for this is to ensure a sense of fairness and relevance in the setting of rates of pay. Additionally, some organisations may not possess or may not have access to the specialised knowledge often required to undertake enterprise bargaining. Small business can be at a disadvantage in this regard.

Furthermore, vulnerable employees may be unwilling to undertake enterprise bargaining due to uncertainty or vulnerability, especially where they are in an industrially weak bargaining position.

Therefore, the ACCER contends that employers and employees should be free to choose the method of determining the wages and condition of employment suited to their needs. This is consistent with the current legislative framework, which states in

¹⁴ *Workplace Relations Act (Cth) 1996*, section 3(b).

section 3(c) of the Act that organisations should be able to “*choose the most appropriate form of agreement for their particular circumstances.*”

As such, employers and employees should not be forced into determining wages and conditions of employment through enterprise bargaining because the award system has not be maintained in a *just* and *fair* manner.

Employees employed under the terms and conditions of an award should not be denied fair wage increases, purely because they are employed under an award. Therefore, proper award rates of pay need to be maintained.

Relativities within an award classification structure

In the Safety Net Review Decision of 2000, the AIRC indicated that:

“on the next occasion that award rates are reviewed we shall expect to be addressed on whether a return to percentage adjustments is appropriate to ensure that the award system provides fair wages for employees paid at the middle and upper award classification levels.”¹⁵

Internal relativities within an award system remain an important feature of the award system in ensuring that wage rates in awards remain a safety net of *fair* minimum terms and conditions of employment.

The two legislative requirements placed on the AIRC - to have regard to the ‘*needs of the low paid*’¹⁶ and the ‘*need for any alteration to wage relativities between awards*’¹⁷ - may potentially create tensions when adjusting the award safety net.

In reality, the AIRC has two primary means of making adjustments to the wage classification structures within an award; flat dollar increases or percentage increases. While flat dollar increases in award classification levels assist the low paid they may also distort the internal relativities of the award classification system. In itself, this may create inequities for employees and distort the fairness of the award system. However, percentage increases, while maintaining award relativities, do not provide maximum assistance to the low paid.

Over the past ten years vertical relativities in individual award classification structures have been compressed by the awarding of flat dollar increases. Such compression has occurred primarily at the middle and top classification levels, with a greater degree of compression of relativities occurring at the top level of the award classification structure (refer to Attachment 2: Change in Relativities).

It is acknowledged that the use of percentage increases in the adjustment of rates of pay in the award system would constrain the compression of award relativities at the middle and top classification levels. However, percentage increases do not assist the low paid as much as flat dollar increases. While it is recognised that the AIRC must have no more than “*regard*” for the needs of the low paid, it is submitted that the low paid should remain the priority of the AIRC when adjusting the safety net.

¹⁵ Print S5000, paragraph 118

¹⁶ *Workplace Relations Act (Cth) 1996*, section 88B(2)(c)

¹⁷ *Workplace Relations Act (Cth) 1996*, section 88B(3)(a)

The ACCER considers that employees engaged under the terms and conditions of an award should not be denied a fair and equitable wage classification structure. It is important for awards to contain appropriate relativities in recognition of skill levels. Correspondingly, it is important for adjustments to award wages to have regard to the skill relativities within an award. However, the maintenance of historically exact relativities needs to be weighed against the legislative and moral imperative of meeting the needs of the low paid.

The ACCER has analysed the types of increases that may be awarded by the AIRC. It has examined the material provided by the ACTU in respect of the Metal Industry Award. Attachment 2 provides a table based on actual changes in the relativities in the Metal Industry Award.

The structure of the ACTU claim consists of a flat dollar increase for those earning what is considered to be a low wage and a percentage increase for all people earning above the C10 level in the Metal Industry Award. It is claimed that this type of increase in the award classification structures assists in minimising the compression of vertical award relativities while taking into consideration the needs of the low paid. Therefore, on the surface, a balance between the competing requirements of maintaining a skill based career path and giving regard to the needs of the low paid appears to have been achieved.

However, the ACCER would suggest that the awarding of flat dollar increases and percentage increases may be inherently unfair to the low paid. A 5.7 % increase awarded at the top classification level provides those employees with a greater dollar figure than the \$28 per week received by those employees on the low classification levels. Thus, while the needs of the low paid appear to be met with a flat dollar increase, employees on the middle and upper classification levels are receiving a greater dollar amount than that received by the employees on the low classification levels. This is inequitable in a situation where the needs of the low paid should be the fundamental priority.

In its 1998 Safety Net Review decision, the AIRC Full Bench stated that

*"a percentage increase, whilst preserving relativities, necessarily maintains the relative position of those at the lower end of the award hierarchy."*¹⁸

In the alternative, the ACCER would propose that flat dollar increases be awarded across the classification structure to provide a benefit to the low paid worker. It is suggested that tapering of flat dollar increases across the award classification structure be examined as a possible way to maintain the internal relativities of the award and meet the needs of the low paid. While it is recognised that a certain level of compression of the internal relativities may occur in this scenario, it is not believed to be of a significant degree to create unfairness.

On two other occasions in its review of the Safety Net, the AIRC has decided to award flat dollar increases on a tapered basis. The balance between meeting the needs of the low paid and maintaining vertical relativities in an award classification structure was recognised in both the 1998¹⁹ and 1999²⁰ Safety Net Decisions. In its 1999 Decision

¹⁸ Print Q1998

¹⁹ Print Q1998

the AIRC stated that the tapered increases of \$12 per week and \$10 per week struck *“the right balance between the competing equity and cost considerations which the parties have drawn to our attention in their submissions.”*²¹

As stated in previous submissions, the ACCER supports the use of flat dollar increases rather than percentage adjustments to improve the relative position of the low paid. However, this does not mean that the ACCER supports the *significant* compression of award classification relativities. The significant compression of vertical award relativities will create issues of inequity among employees.

Therefore, in this circumstance the ACCER would submit that a tapered flat dollar amount may be an appropriate adjustment for the AIRC to award as it enables a balance between the competing needs of the low paid and the maintenance of award relativities.

It is noted that the Joint Submission of the Labor State Governments to the 2001 Safety Net Review states that:

*“At present relativities have not eroded to such an extent as to be ineffective.”*²²

Given this circumstance, the ACCER would submit that the continued adjustment of the award system should be by flat dollar increases. If the compression of relativities is of concern at a later date, the AIRC has the ability to examine and remedy any inequity. In this respect, the ACCER agrees with the Submission of the Joint Labor States where it states that:

*“While there has been compression of relativities over the past 10 years, the scheme still provides a genuine system of skill-based advancement that is of great benefit to workplace efficiency and productivity as well as to the interests of workers. If compression continues apace, there will at some point be a need to address the bases of the relativities set under the structural efficiency principle. This would be a major undertaking requiring the separate consideration and support of all relevant parties. The Joint Labor States submit that this stage has not yet been reached and that the system of relativities is still viable and robust.”*²³

²⁰ Print R 1999

²¹ Print R 1999, paragraph 92.

²² State Labor Governments' Joint Submission, *2001 Living Wage Case Submission*, 9th February 2001, paragraph 18.

²³ State Labor Governments' Joint Submission, *2001 Living Wage Case Submission*, 9th February 2001, paragraph 281

Part C

ASSESSMENT OF CLAIMS

THE ACTU LIVING WAGE CLAIM

The ACTU Living Wage Claim is for:

1. a \$28 per week increase in all Federal award rates of pay between the minimum full time adult rate of \$400.40 and the Metal Industry Award qualified tradesperson rate of \$492.20; and
2. a 5.7% increase for all Federal award rates about \$492.20 per week.

This claim would increase the Federal minimum full time adult rate from \$400.40 to \$428.40 per week or \$11.27 per hour.

The ACTU claim is based on:

- prevailing macro-economic figures specifying a level of growth within the Australian economy; and
- costs calculated by the ACTU which are believed to have a negligible impact on economic conditions in Australia; and
- the perceived needs of the low paid; and
- the prevailing living standards in the context of the Australian community.

ACCER Position

As in previous years the ACCER does not purport to identify or suggest an amount for the Federal Minimum Wage or the subsequent changes to the award system. The ACCER is not in a position to assess the relative merits of the claims of the ACTU in relation to the economic situation or the economic impact that an increase may have on the economy.

However, the ACCER submits that there does not appear to be any identified evidence to suggest that the \$15 per week increase awarded in the Safety Net Review Decision 2000 has had a negative impact on the Australian economy. This has been supported by the State Labor Governments who have submitted jointly that:

“There is no evidence of any negative economic effects from increases previously granted by the Commission [the AIRC] and the forecast for 2000-2001 is generally more favourable than those provided in the preceding Living Wage Cases.”²⁴

²⁴ State Labor Governments’ Joint Submission, *2001 Living Wage Case*, 9th February 2001, paragraph 8.

Furthermore, the Australian Chamber of Commerce and Industry - the peak employer association - has for the first time publicly supported an increase in award rates of pay, although it has not supported the full claim of the ACTU.²⁵

In deciding the manner in which the award safety net is to be adjusted the AIRC acts within the Statutory Framework, as outlined in Part B of this submission. In doing so the AIRC must have regard for the needs of the low paid and the living standards generally prevailing within the Australian community.

The ACCER recognises the difficulties in which the AIRC may have in identifying either the *low paid* or the *living standards* prevailing within the Australian community. However, it is contended that it is useful to consider both of these legislative requirements together rather than separately. Thus the needs of the low paid becomes a relative concept when compared with the relative living standards within Australia. Otherwise, the needs of the low paid might be treated as an abstract historical measure without any contemporary reference points.

This was recognised by the AIRC in the 1999 Safety Net Review decision, which stated:

*“Considering the needs of the low paid requires the exercise of judgement as to varying income levels and the resultant living standards attained in the Australian community.”*²⁶

It is considered to be counter productive to focus on the individual definitions of “low paid” and “living standards.” Simplistically, low paid employees may be considered to be those employees who are not earning a *living wage*, whose wage is below that of the statutory *minimum*, or whose wage is considered to be *unjust*. An alternative definition of “low paid” may incorporate the requirement that a person does not earn enough income to obtain a “decent standard of living.” However, these are empty abstracts in the absence of an understanding or measurement of what constitutes a “decent standard of living”.

Social justice requires that all people within a society should achieve a “reasonable” or “decent” standard of living. The standard of living of the poor should not stagnate or fall behind that of the rest of society.

However, within the concept of a standard of living is the complex problem relating to the individual nature of workers and their unique family and social responsibilities. This results in a uniform minimum wage not conferring necessarily the required uniform standard of living for all employees. For example, an individual earning a minimum wage may have a different standard of living if living in a single income family when compared to a double income family or if he or she is unmarried.

Adopting the needs of family or household units requires the AIRC to make assumptions regarding the *inter* and *intra* relationships that exist between employees, their dependents, if any, and their social commitments. Given the uniqueness of each family, such assumptions may be false or misleading in their application.

²⁵ Robinson, P., *Employers support wage rise*, The Age, Friday 1st December 2000.

²⁶ Print R 1999 (1999), page 213.

However, the AIRC may be forced to make some assumptions in relation to family units. In having regards to the needs of the low paid, the AIRC must consider the circumstances in which the low paid are currently living. Thus, as many employees earning a low income are the “*sole, primary or critical wage earner*,”²⁷ the family unit should be taken into account in determining a minimum wage.

In the previous year’s decision, the AIRC indicated that:

*“it may be that safety net wage increases intended to assist the low paid will supplement the income of some households of relatively high means.”*²⁸

While this may be the case for some individuals and households, it is contended that in determining a minimum wage the AIRC must consider the needs of people in possibly the most desperate financial situation. Consequently, the argument that some low-income earners live in dual income households distorts the reality for many low wage earners. The AIRC must not allow the incidence of dual income families to be used as a generalisation to maintain the minimum wage at low levels. This disregards the needs of those employees who rely solely on one income.

Therefore, the needs of a single income earner with dependents should be considered by the AIRC when assessing the needs of the low paid. This enables the people who potentially require the greatest financial assistance to have their individual and family needs met by the provision of a minimum wage. Again, this accords with Catholic Social Teaching to enable an employee to satisfy *worthily his or her own material, social, cultural, and spiritual life and that of his or her dependents*.

Ultimately, it is the needs of the low paid to which the AIRC must have the greatest regard. In 1961 Pope John XXIII wrote:

*“if the organisation and structure of economic life be such that the human dignity of workers is compromised, or their sense of responsibility weakened, or their freedom of action removed, then we judge such an economic order to be unjust, even though it produces a vast amount of goods, whose distribution conforms to the norms of justice and equity.”*²⁹

Therefore, while the ACCER recognises that the statutory framework in which the AIRC must operate in adjusting the award safety net requires it to have regard to such economic factors as levels of productivity and inflation, it is contended that such factors should not override the primary concern relating to the needs of the low paid. While macro-economic indicators provide a general overview to changes in the Australian economy, they do not indicate the effect that such changes have had on the individual or their family circumstances. Thus any adjustment to the minimum wage and the effect that such an adjustment has had on the low paid will not be necessarily highlighted in macro economic indicators. Furthermore, many factors - both domestic and global - may affect these economic indicators.

²⁷ State Labor Governments’ Joint Submission, *2001 Living Wage Case Submission*, 9th February 2001, paragraph 201.

²⁸ Australian Industrial Relations Commission, *Safety Net Review Decision 2000*, Print S5000, (2000), paragraph 108.

²⁹ Pope John XXIII, *Mater et Magistra*, (1961), paragraph 250.

Therefore, the ACCER would call on the parties to provide information to the AIRC regarding the effects on the individual employee of previous award safety net adjustments. To a certain degree the ACTU has done this in preparing “witness statements” for the current and past Safety Net Reviews. However, it is contended that further information could be gathered and analysed to provide a better picture of the impact of these cases upon the low paid. At this point in the history of the Safety Net Review, the lasting impact of the adjustments to the award safety net upon the needs of the low paid is unknown.

CONCLUSION

In conclusion the ACCER submits that:

- the dignity of the individual should be at the core of any industrial relations system or framework;
- one way to maintain the dignity of the individual is to ensure that *just* remuneration is able to be earned;
- the employer has a *moral* obligation to ensure that a just wage is paid to all employees;
- where the employer does not meet such a moral obligation it is the duty of the State to ensure that a just wage is paid;
- in ensuring that a just wage is paid, the State may establish minimum terms and conditions of employment;
- there is still a strong need for a safety net of minimum terms and conditions of employment to protect the low paid and industrially weak workers;
- the needs of the low paid should remain the priority for the AIRC in adjusting the safety net; and
- in establishing and maintaining a *fair* safety net of minimum terms and conditions of employment the AIRC must also have regard to the internal relativities within an award but not at the expense of the low paid.

Finally the ACCER suggests that a tapered scale of flat dollar adjustments to the award safety net might provide the best balance between meeting the needs of the low paid and maintaining the vertical relativities within the award system.

If the Commission pleases.