



St Vincent de Paul Society
NATIONAL COUNCIL *good works*

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Submission on Draft Workplace Relations Framework Inquiry

The St Vincent de Paul Society (the Society) is a respected lay Catholic charitable organisation operating in 149 countries around the world. Our work in Australia covers every state and territory, and is carried out by more than 60,000 members, volunteers, and employees. Our people are deeply committed to social assistance and social justice, and our mission is to provide help for those who are marginalised by structures of exclusion and injustice. Our programs assist millions of Australians each year, including people living with mental illness, people who are homeless and insecurely housed, migrants and refugees, and people experiencing poverty.

On 22 January 2015, the Productivity Commission released Issues Papers on the Workplace Relations Framework Inquiry, and called for submissions. The Society submitted to this Inquiry on the 13 March, 2015 emphasising two particular matters that impact on the most disadvantaged people: the importance of maintaining penalty rates, and the crucial role of an adequate minimum wage. While the Government has announced that it will not be making changes to these features of the Workplace Relations Framework,¹ the Productivity Commission's Draft Workplace Relations Framework made recommendations to align Sunday penalty rates with Saturday penalty rates. After consultation with our members, we present this supplementary submission on this point. We are happy to provide more written or oral evidence if desired.

The challenge

In its media release, the Productivity Commission made the argument that developing a Workplace Relations Framework which provided 'balanced bargaining powers between the parties, encourages employment, and enhances economic efficiency' would be a real challenge.² Although the Society understands the complexity involved in creating a balanced Workplace Relations Framework, the recommendation to align Sunday penalty rates with Saturday penalty rates would mean that those who earn the least amount could stand to lose the most in meeting this challenge.

We know that many people in Australia are working hard, but already struggling to get by. The rise of this 'working poor' has been noted by many.³

Case Study provided by a Vinnies volunteer

Laela is a year 2 student living in Melbourne with her family. Last year, she was diagnosed with bone cancer and had a major operation in September. Laela is presently undergoing chemotherapy and her father (who was working full-time) has left his job to stay home to care for her and take her to hospital for the ongoing treatment.

Laela's mother Sameena has a full-time job as a cleaner in a local hospital and earns about \$750 per week [slightly more than the minimum wage]. This is the only income the family currently receives. They pay \$310 per week in rent and \$210 for childcare for Laela's brother to enable Sameena to go to work. The family is really struggling with their finances at the moment and has difficulty paying their electricity and other bills.

¹ Hon Eric Abetz, *Australian Financial Review* (24 February 2015) at afr.com/p/national/work_space/penalty_rates_set_abetz_stay_regardless_oCn3wOHrvXNfwUXHzFifrM

² Productivity Commission, *Media Release, Tuesday 4th August, 2015* available at, www.pc.gov.au

³ See for Example, Australian Bureau of Statistics, *Australian Social Trends, March Quarter 2012*, at <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features10March+Quarter+2012> ; Australian Housing and Urban Research Institute, *What is the relationship between underemployment and housing insecurity?*, May 2015, at, <http://www.ahuri.edu.au/publications/projects/p30674> ; ACOSS, *Poverty in Australia 2014*, at http://acoss.org.au/images/uploads/ACOSS_Poverty_in_Australia_2014.pdf.

A particularly disadvantaged subgroup of the working poor are those who rely on penalty rates: as we highlighted in our first submission,⁴ according to national research conducted by the University of South Australia last year, reliance on penalty rates is not spread evenly across the Australian population. Instead, those who rely on penalty rates to meet their household expenditure are far more likely to have any of the following characteristics: be single parents; women; in receipt of a household income less than \$30,000; not living in cities; be labourers; and be on contracts. Those who work for penalty rates on Sundays are also disproportionately represented in the areas of hospitality and retail,⁵ and include baristas, shop assistants, and waiters. On the other hand, those who were least likely to rely on penalty rates are those with household incomes greater than \$90,000; managers; and people with no children.⁶ What this makes clear is that it is those people already doing it tough who are relying on penalty rates to get by. Single parents, families living on less than the minimum wage, people living in rural and regional Australia, and people in lower-paid professions are the most financially vulnerable to the removal of penalty rates.⁷ This change will impact greatly upon the people's lives of and it creates a very strong presumption that Sunday penalty rates should remain untouched.

In countering this argument, the Productivity Commission has pointed to the fact that Australia is transitioning towards a 7-day workweek,⁸ and relied on research suggesting that working on Sundays does not cause workers more inconvenience than working on Saturdays. However, in our view, that research did not address the core question relevant to those on low incomes, namely what impact the loss on wages would have for those on the lowest incomes.⁹ It is therefore impossible to conclude that the loss of Sunday penalty rates will not have a serious financial impact on the people already experiencing poverty and financial hardship.

Vulnerable Group: Young People

Young people in particular are impacted by changes in penalty rates, as they struggle to attain sufficient employment to either sustain their independent cost of living or maintain their education whilst living at home.

What we see in our work in the community is that young people want to work, and to participate. In fact, in 2014, 29% of young people aged 15 to 24 combined secondary or tertiary study with work to support themselves or to gain employment skills.¹⁰ These young people rely on casual labour during 'unsociable' hours to fit around their studies, or in

⁴ St Vincent de Paul Society National Council, *Submission on Workplace Relations Framework Inquiry*, March, 2015, at <https://www.vinnies.org.au/page/Publications/National/Submissions/Low-Income-Submissions/Submission-on-Workplace-Relations-Framework-Inquiry/>

⁵ Issues Paper 2, 14.

⁶ Tony Daly, *Evenings, Nights and Weekends: Working Unsocial Hours* (University of South Australia Centre for Work + Life, 2014).

⁷ Daly, above n 4, 19.

⁸ Productivity Commission, *Draft Workplace Relations Framework*, 4th August 2015, 483.

⁹ Productivity Commission, above n 8, 515.

¹⁰ Australian Institute of Health and Welfare, *Australia's Welfare 2015*, at <http://www.aihw.gov.au/australias-welfare/2015/in-brief/children-and-youth/#t5>

balancing multiple casual jobs, and there is little doubt that the increasing amount of young people working in insecure, casual positions is an important feature of the modern Australian labour market.¹¹ Yet it is important to remember that young people often do not choose these 'unsociable' hours of work, but rather are forced to work during these times in order to balance other commitments such as a full-time education.

But the market is changing. Youth labour force participation has declined from 71% in 2008 to 67% in 2014, and youth unemployment has increased from 8.8% to 13.3% between 2008 and 2014.¹² In response to these figures, Prime Minister Tony Abbott posited "You have to be prepared to have a go, work hard and don't believe any job is beneath you. We all have to start somewhere."¹³ However, the fact of the matter is that youth unemployment directly tracks onto the overall performance of the economy,¹⁴ rather than onto any generalised assumption of a 'Gen Y' syndrome that affects everyone under age 30.

In reflecting the changing nature of employment in Australia, youth part-time employment exceeded youth full-time employment for the first time in 2013 (44% to 43% respectively) and continued to reach 45% to 42% in 2014.¹⁵ Not only are the jobs increasingly few, and casual, but young people who want to 'have a go' are unable to afford to leave home due to the acknowledged issue of housing unaffordability,¹⁶ and the drastically increasing cost of education.¹⁷ This contextual backdrop of this worrying is reflected in recent statistics which state that in 1997, 50% of young Australians aged 18 to 24 lived with their parents, whereas in 2012 to 2013, this figure increased by 10% to 60%.¹⁸ Youth educational disengagement, underemployment and unemployment are a cost to us all, socially and economically.¹⁹

At a broader level, the continued rise of temporary, part-time and self-employment has been found to contribute to higher rates of inequality.²⁰ Instead of random tax cuts for the rich²¹ or pay cuts for the poor, like those in the Draft Workplace Relations Framework proposal, what we need to increase employment is a real Jobs Plan for Australia. The St

¹¹ Dan Woodman, 'Life Out of Synch: how New Patterns of Further Education and the Rise of Precarious Employment Are Reshaping Young People's Relationships' 46(6) *Sociology* 1074, 1075.

¹² AIHW, above n 10.

¹³ The Australian, *Youth unemployed need tough love, says Tony Abbott*, April 17, 2014, at <http://www.theaustralian.com.au/national-affairs/industrial-relations/youth-unemployed-need-tough-love-says-tony-abbott/story-fn59noo3-1226887053227>

¹⁴ Brotherhood of St Laurence, *Counting the Costs: Australian Youth Unemployment 2014: Snapshot*, at www.bsl.org.au/pdfs/MyChanceOurFuture-March.pdf

¹⁵ AIHW, above, n 10.

¹⁶ The Senate Economics References Committee, *Out of reach? The Australian housing affordability challenge*, May 2015, at www.apo.org.au/node/54571

¹⁷ St Vincent de Paul Society National Council, *Submission to the Inquiry into School Funding, 2014*, at http://www.vinnies.org.au/icms_docs/182292_Submission_to_the_Inquiry_into_School_Funding.pdf

¹⁸ AIHW above, number 10.

¹⁹ Inner Metro Youth and Community Partnership, *Education to Employment: Who pays for youth disengagement and unemployment?* July, 2015, at www.apo.org.au/files/Resource/e2e_paper_july_2015.pdf

²⁰ ACARA, *The new work order Ensuring young Australians have skills and experience for the jobs of the future, not the past*, at <http://www.acara.edu.au/verve/resources/fya-future-of-work-report-final-lr.pdf>

²¹ Dan Conifer, ABC: *Joe Hockey accused of 'defer and distract' strategy after speech on income tax cuts*, 24 Aug 2015, 6:55pm at, <http://www.abc.net.au/news/2015-08-24/hockey-to-argue-case-for-income-tax-cuts/6718968>

Vincent de Paul Society has already put forward a strategy on job creation which suggests that income adequacy and the opportunity to participate are key in creating a platform for economic growth in Australia which reduces, rather than ramping up, inequality²²

Conclusion

Those relying on penalty rates are already doing it tough, and shouldn't be asked to disproportionately bear the cost of any re-structuring of the workplace relations framework that arguably benefits only the employers.²³ Neither does it appear to be efficient or wise to eliminate a mechanism that attempts to provide some compensation when, without penalty rates, employees may be less willing to work on weekends and, as the Draft Workplace Relations Framework states, 'employers might have to pay some kind of premium to attract employees'.²⁴

While the Commission has supported maintaining the minimum wage, for the reasons above we would also reiterate our position in favour of adequate growth in the minimum wage, so that it does not leave the lowest-paid workers behind. The minimum wage must be indexed adequately, to maintain its standing as a safeguard to prevent a working individual from being exploited unfairly, and in ensuring that less pressure is placed on the social welfare system.

The Society supports the Productivity Commission's recommendation to retain awards and the minimum wage, and the acknowledgement that youth unemployment and apprenticeships are also in need of attention. Nonetheless, the recommendation to align Sunday penalty rates with Saturday rates will disproportionately impact low-income earners, and young people in particular. The Society strongly urges the Productivity Commission to more deeply consider the socio-economic impact on young people and those on low-incomes in any future recommendations.

²² St Vincent de Paul Society, *Submission to the Inquiry into A New System for Better Employment and Social Outcomes Report*, 2014, at [https://www.vinnies.org.au/page/Publications/National/Submissions/Low-Income Submissions/Inquiry into A New System for Better Employment and Social Outcomes Report/](https://www.vinnies.org.au/page/Publications/National/Submissions/Low-Income%20Submissions/Inquiry%20into%20A%20New%20System%20for%20Better%20Employment%20and%20Social%20Outcomes%20Report/)

²³ Issues Paper 2, 3.

²⁴ Productivity Commission, above n 8, 504.