

Submission
No 3

INQUIRY INTO IMPACT OF COMMONWEALTH WORKCHOICES LEGISLATION

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Theme:

Summary

**The impact of Commonwealth *WorkChoices* legislation on:
vulnerable and low paid workers**

Diocese of Parramatta

The Diocese of Parramatta takes in seven local government divisions: Baulkham Hills Shire, Blacktown City, the City of the Blue Mountains, Hawkesbury Shire, the Municipality of Holroyd, Parramatta City and Penrith City and parts of Wollondilly and Liverpool - a total of 45 parishes and more than 74 primary and secondary schools.

Since the proposed Commonwealth *WorkChoices* legislation was mooted, Bishop Kevin Manning and members of his staff have been involved in public forums, meetings and consultations with politicians and union members regarding the impact of the *WorkChoices* legislation on workers, particularly low paid and vulnerable workers. Articles have been published in *Catholic Outlook* and letters written to the Prime Minister and the Minister for Industrial Relations.

1. Catholic Social Teaching

The reason for the involvement of the Diocese of Parramatta in responding to the *WorkChoices* legislation can be found in Catholic Social Teaching. Since the encyclical of Pope Leo XIII, *Rerum Novarum* (1891), Popes and Bishops have consistently argued that the rights of workers, particularly vulnerable workers, must be taken into consideration when rates of pay and conditions of work are established. Paramount in any Catholic social teaching is the dignity of the human person and the belief that people cannot be treated as commodities nor can their labour be considered in purely economic terms. Reflecting on *Rerum Novarum* in his encyclical *Centesimus Annus* (1991) Pope John Paul II said:

..There are many human needs which find no place on the market. It is a strict duty of justice and truth not to allow fundamental human needs to remain unsatisfied and not to allow those burdened by such needs to perish. It is also necessary to help these people to acquire expertise, to enter the circle of exchange and to develop their skills in order to make best use of their capacities and resources. (#34)

The Australian Catholic Bishops have repeatedly expressed their concern for low paid and vulnerable workers. In 1993 they wrote:

Human work cannot be treated as a resource or as a commodity to be traded in like any other commodity. Every family has the

*right to sufficient income through work. Workers have the right to just minimum wages and to just and safe working conditions.*¹

In 2005, noting that the Catholic Church is one of the largest employers in the country the Australian Bishops acknowledged that they could take the easy way and accept things that could benefit them as employers but ...*we are guided by our own social teaching that offers us ethical principles and terms of reference. A major concern of Catholic Social Teaching is always the effect legislation has on the poor and vulnerable and its impact on family life.*²

Bishop Christopher Saunders, Chairman of the Australian Catholic Social Justice Council (ACSJC), writing in May this year, again reiterated the Church's concern for the rights of workers, particularly the low paid:

*The person is the measure of the dignity of work. Adequate pay, fair conditions, the representation of industrially weak workers and the availability and security of work are the grounds on which the fairness of industrial relations is and will continue to be tested.*³

2. Low paid and vulnerable workers

In a submission to the Senate Inquiry into *Workplace Relations Amendment (WorkChoices) Bill*, in September last year ACCER concluded:

*The system must provide fairness and protection for the poor and vulnerable, whether employed or unemployed, for working families and for young persons. We have considered the major features of the Commonwealth's proposals for the purpose of determining whether they meet these criteria. We are not satisfied that they do.*⁴

The Diocese of Parramatta is also not satisfied that the *WorkChoices* legislation adequately protects young workers, women in casual and part time jobs and low paid workers in general. Poor people, including the unemployed and the under-employed are most likely to find work in low paid jobs and they are the people most likely to be laid off, to have seasonal work and to be without bargaining power.

Recent investigative articles in the Sydney Morning Herald demonstrate that young workers are particularly vulnerable to exploitation and injury. Often desperate for work to

¹ Australian Catholic Bishops Conference, *Industrial Relations – The Guiding Principles* 1993, p.2)

² Australian Catholic Bishops Conference, Media Release November 25, 2005.

³ ACSJC, *The voice of vulnerable workers in the changing world of work*. A Pastoral Letter for the Feast of St Joseph the Worker, 1 May 2006.

⁴ Australian Catholic Commission for Employment Relations – Submission to Senate Inquiry into Workplace Relations Amendment (Work Choices) Bill 2005, No.89, p.22

fund their studies or as an entrée to full time employment, young people are most likely to be in casual work, characterised by poor pay and conditions. A recent survey by the Sydney University Students Council found that young people are generally powerless when it comes to negotiating pay and conditions. They called on the Federal Government to ban individual contracts for workers under 20.

- **AWAs**

The *WorkChoice* requirement that employees are to negotiate individual contracts for pay and conditions will hit unskilled and part time workers very hard. What bargaining power does a young worker applying for her first job have? The Australian Young Christian Workers noted in their study:

With the work environment turning increasingly towards individual contracts in the form of Australian Workplace Agreements, the desire for job security on the part of the employee, the lack of bargaining skills among many young workers and the possibility of intimidation on the part of the employer in negotiating agreements makes the so-called 'casual mentality' an issue of growing concern.⁵

AWAs, contractual agreements and the increase in casual jobs are “marketed” by the government as examples of freedom and flexibility. While this may be true for high salary earners and those with skills in demand, low-skilled workers and the recently unemployed are without bargaining power and are generally the first to be dismissed. Domestic evidence and international experience have shown that AWA type agreements are *rarely beneficial for the vast bulk of employees.*⁶

- **Unfair dismissal laws**

The scrapping of unfair dismissal laws for companies with fewer than 100 employees creates a climate of intense insecurity for workers, particularly those “on the bottom rung.” Employees need to have redress against unfair dismissal and their right to do so should not be dependent on the size of the employer’s business. This is a matter of justice. From the perspective of the Catholic Church the protection of young and vulnerable workers should be given the highest priority. The “Clean Start” campaign of the LHMU is seeking to address the vulnerability of cleaners, many of whom are newly arrived migrants with little English, existing on incomes of \$15,000 or less. People desperate for employment are easily exploited and unlikely to “negotiate their pay and conditions. At the “Clean Start” rally in Sydney a young Thai woman told of being required to do a month’s “training” without pay which meant, in fact, a month working for nothing. Had she protested she would have been without a job.

⁵ AYCW, 2005 *From Money to Meaning: Young People and Work* Catholic Social Justice Series No 56 ACSJC, Sydney

⁶ John Spoehr, *Workplace – Fightback Revisited*, Australian Institute for Social Research 7.7.05

▪ **“Living Wage”**

Justice Higgins, in the famous Harvester Case, which was the start of our industrial relations system, said that a fair wage had to allow a worker to function as *a human being in a civilised community.*” The wage was based on the needs of a worker, a non-working partner and three children. Catholic Social Teaching requires three key elements for justice to be done in the setting of the minimum wage:

- The minimum wage must be fair and just and the State has a role in ensuring that standards of pay and conditions are fair.
- The minimum wage must provide for the needs of the employee and his or her family
- As a wage is the by which people meet their daily needs the minimum wage must not be set at subsistence level.

The *WorkChoices* legislation flies in the face of these basic elements with the requirement that the new Australian Fair Pay Commission base the minimum wage on the needs of a single adult. Under this legislation struggling families will then be supported by family allowances and other benefits. The Diocese of Parramatta strongly believes that the needs of the lowest paid families are better accounted for in the minimum wage rather than forcing families on to welfare payments.

The Diocese of Parramatta, as a Catholic employer and as a faith-based organisation concerned for the well being of workers, will continue to monitor the impact of *WorkChoices* on low paid and vulnerable workers. Work is of central importance to the dignity and well being of individuals and families. If workers and their families are, as we believe they are, demeaned and left vulnerable by this legislation we will continue to represent on their behalf.