A Catholic Perspective – Minimum Wage Setting

Background to the Government’s Industrial Relations Reform Agenda

Australia is currently engaged in a debate about employment law and workplace relations that will have substantial influence on our Nation’s social and economic future. The debate has arisen from the Commonwealth Government’s recent announcement of its intention to make significant changes to the Workplace Relations Act 1996. Whilst the detail of the proposed legislation is not yet known, the Government has indicated new laws will introduce new arrangements for setting minimum wages and conditions.

The Government argues that these reforms are necessary to enhance the flexibility of Australia’s labour market, which will lead to higher economic growth and employment opportunities. However, many groups have been vocal in expressing their opposition to the reforms, and are concerned that it will in fact lead to wage cutting. Political views aside, the proposed reforms are of such a magnitude that if introduced, they would represent the most significant reshaping of Australia’s workplace relations system since Federation.

Catholic Social Teaching

Catholic Social Teaching on work starts from the nature and dignity of humanity and work and the role of employees in the continuing process of creation. Economic systems and economic philosophies are not the starting point.

It is because of the nature and the purpose of work that employees cannot be treated like other parts of an economic process, with their value assessed only in economic terms. Employees cannot be treated as commodities, nor can their labour be treated in purely economic terms. Their work has to be understood as part of God’s plan. Their work is also vital to their relations with others. It is through work that men and women co-operate and support each other and achieve social progress. In particular, and at its most fundamental level, it is the means by which families are formed and nurtured.

Australian Fair Pay Commission

The Government proposes to create a new body, called the Australian Fair Pay Commission (the AFPC) to determine a single adult minimum wage on a periodic (but not necessarily annual) basis. The decision of the AFPC will replace the annual National Wage Case of the Australian Industrial Relations Commission which currently exists to ensure a ‘safety net’ minimum wage.

The principal right of an employee is the right to a just wage. The proposed method of setting the minimum wage will be on the basis of a single adult worker. The proposal to introduce the “single adult minimum wage” is the most contentious part of the Government’s proposals in regard to wage fixing.

The Church has been a strong advocate of a family wage. The Australian Catholic Commission for Employment Relations (ACCER) argues that the Federal Minimum Wage must meet the needs of the employee and his or her family. It should be sufficient to enable one parent to be in the paid workforce and the other to work in the home, for them to be able to support two children and to be able to achieve the minimally acceptable standard of living. In the last three years ACCER has supported the unions’ claims for increases in the Federal Minimum Wage, but it has not supported the “across the board” increases (applying to all other award rates of pay) sought by them.

If the minimum wage is to be fixed by reference to the single adult employee, ACCER is concerned that there should be sufficient social measures, through taxation and family payment systems, to meet the financial needs of dependents of employees whose wages are insufficient to meet those needs. All families should have reasonable financial means of support to live with dignity through a contemporary Living Wage that takes into account family payments. How this is to be achieved requires careful examination of the necessary balance between wage income levels and the government support mechanisms available to families. These are important matters about which ACCER expresses no conclusions at this time. Rather, they are noted as matters that must be discussed and considered before entering into a system that puts an end to the family wage and before establishing a system that fixes wages only by reference to the needs of a single person.

The contents of this newsletter are taken from ACCER Briefing Paper No 1 on the Commonwealth Government’s Proposals to Reform Workplace Relations in Australia. To see the full text of this briefing paper hold down the control key and click on the following link:  [http://www.ccer.catholic.org.au/contact/links.html](http://www.ccer.catholic.org.au/contact/links.html)

Disclaimer: This newsletter relies on information supplied by external sources. CCER accepts no responsibility or liability with respect to the accuracy of the information. The information is intended as general information only and should not be relied on in place of specific legal or professional advice. CCER excludes liability for any loss or damage which may be suffered by any person arising from the use of information in this newsletter. Please call CCER should you wish to discuss these matters.