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AFPC decision-making unfair on low-wage families with stay-at-home parent

The Catholic Church's employment relations body today questioned the reasoning of this week's Wages Decision by the Australian Fair Pay Commission.

Chairman of the Australian Catholic Council for Employment Relations (ACCER), Brian Lawrence said the decision was unfair on working families.

"The AFPC finding that the combination of wages and transfer payments provides a sufficient safety net for workers and their families is not supported by the evidence," he said.

Earlier this year, ACCER submitted to the AFPC that its 2006 Decision had incorrectly included unemployment benefits for the second parent in calculating the total disposable income of a single income family where the breadwinner is paid a wage at or near the Capital Minimum Wage.

Unemployment benefits, such as the Newstart allowance, are only payable if the person is seeking employment and are therefore not payable to the second parent who stays at home. The effect of this error was to overstate the income of a family on the Federal Minimum Wage in which one parent chooses to stay at home to care for the children by \$108 a week.

ACCER called for this to be rectified, but the AFPC rejected ACCER's submission and has again included the unemployment benefits in the income of the family in which there is only one breadwinner. It therefore once again overstates the income of a family in which one parent remains at home to care for children.

"This decision by the AFPC assumes that families where one parent stays at home to care for children have an income to which they are not entitled," Mr Lawrence said. "It means that wages are being set on a basis that will not allow low income families to support themselves on a single wage, thus allowing one parent to stay at home and look after their children.

"What appeared as an arithmetical error has become an error of principle which discriminates against these families."

Mr Lawrence said ACCER also supported the view of Catholic Social Services Australia that the AFPC had failed to fix a safety net based on the needs of the low paid.

He said the safety net was a guarantee of a just wage that ensured human dignity for low-paid workers. It must be quantified by reference to the actual needs of low-paid workers and their families. The AFPC's continued reliance on the out-dated Henderson Poverty Line as a point of reference for setting wage levels, particularly for families with children, was regrettable. On the AFPC's figures, a family of two adults and two children aged eight to 12, would need (at December 2006 figures), a weekly income of \$650.78 to avoid falling into poverty.

"A more realistic assessment of the financial needs of families is the research conducted by the Social Policy Research Centre at the University of NSW, showing that the minimum needed for this kind of family unit is now in excess of \$775 a week," Mr Lawrence said. "Knowing how much it costs to raise a family is vital to the proper setting of safety wages."

ACCER called for the urgent undertaking of research to provide this information, he said.

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