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CHURCH EMPLOYMENT BODY ECHOES CONCERN ON MINIMUM WAGE

The Catholic Church's industrial relations body today backed growing concerns that the minimum wage could be eroded under the new WorkChoices regime.

This follows comments made by President Giudice of the Australian Industrial Relations Commission that the growth in the minimum wage would slow down into the future as a result of WorkChoices.

Australian Catholic Commission for Employment Relations executive officer, John Ryan said "ACCER is concerned also that the new Australian Fair Pay Commission will not take into account the need for workers to support their families and that it will not be able to influence the Commonwealth's taxation and welfare policies on low income earners."

The taxation debate has to resolve the issues facing low income earners and welfare to work participants, he said. "The current tax debate is focused on the top end. There also needs to be a focus on those at the bottom of the income scale who are confronted with higher marginal tax rates as they earn more in wages."

"The neglect of low income earners in the tax debate has come at a time when their tax rates are at historically high levels. Over the last 40 years, the wage earner on the Basic Wage/Federal Minimum Wage has seen his or her income tax increase from 8.71% to 13.27%, a 52.4% increase in the tax burden. Their marginal tax rates have increased from 17.6% to 34%, an astonishing 93%."

Mr Ryan said the long term trends for low income workers are continuing. "Even since the introduction of the GST in July 2000, the proportion of tax of these low income earners has gone up, while the percentage paid by those on five times that income has decreased," he said.

"Importantly, government policies on taxation of low income earners will have an impact on the cost to an employer of employing workers. Wages policies must be integrated with taxation and welfare policies in order to promote economic competition, fair pay and employment opportunities."

ACCER's concern also follows comments by the Chairperson of the Fair Pay Commission that "minimum wages in Australia, as far as is practicable and over time, do not impede unemployed people from gaining employment and do not induce employers to shed low-paid workers".

"The debate about the living standards of low income workers has neglected the impact that the Commonwealth Government's own policies have on the standard of living and job prospects of low income workers. We hope that the Fair Pay Commission will evaluate the impact that income tax has on the employment of low income workers, so that there can be a more considered public debate about the impact of wage and taxation levels on employment in the globalised market place," he said.

Mr Ryan added: "This income tax operates as a cost of employment. We should be asking whether it operates as a tax on employment. If so, true reform of the income tax system would be the progressive introduction of zero taxation for workers at and below the minimum wage."

Further discussion on taxes, wages and welfare is available on ACCER's website www.acer.asn.au. Mr Ryan can be contacted on 03 9614 8644 or 0417 371 054.