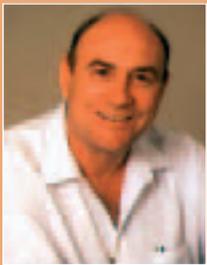


*A Pastoral Letter for the
Feast of St Joseph the Worker - 1 May 2005*

The Minimum Wage in an Age of Prosperity and Wealth



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This pastoral letter marks the Feast of St

Joseph the Worker – a day on which we acknowledge the importance of work in the lives of individuals and their families. This day coincides with the Living Wage claim of the Australian Council of Trade Unions (ACTU), currently before the Australian Industrial Relations Commission (AIRC). The day is also celebrated at a time when far-reaching policy reforms are being proposed that hold implications for low paid, unemployed and underemployed workers who are seeking a fair and just wage.

Work and pay — the measure of justice

The Church recognises the importance of work for the personal formation and dignity of the individual worker. Work is vital in supporting family life and the life of the community. The Church teaches that work is an essential key to the whole social question about the just and proper functioning of society. If work is a key to this social question, then the adequacy of wages provides the

measure by which we judge the justice of the entire socioeconomic system – a system that should always be at the service of its people.

At a time when minimum wage protection and the operation of other aspects of the Industrial Relations system are being questioned, our attention turns to the needs of almost 1.6 million workers struggling to make ends meet and relying on the current wage case because they are unable to bargain for increases above the award rate of pay.

There are others – including the unemployed and underemployed – who also rely on the maintenance of a fair minimum wage to ensure they will not be living in poverty or hardship when work becomes available. The possibility of an employment strategy focused on restraining minimum wages poses a threat to the low paid and unemployed alike.

Workers in the vineyard

What are the circumstances faced by low-paid, unemployed and underemployed workers? What is rightly owed to them? We might draw insight about the dignity of the worker and wage justice from the parable

told by Jesus on the workers in the vineyard (Mt. 20:1-16).

Jesus told this story to draw his listeners' attention to the reality of the Kingdom of God and the invitation to all, even latecomers, to share in this Kingdom by the mercy of God. Jesus builds the story around a structure of wage justice that spoke to the reality of labourers of that time.

In the parable an employer goes out at daybreak to the market to hire labourers to work in his field. He returns four more times during the twelve hour working day to hire – even as late as the eleventh hour. The parable paints a picture of a labour market devoid of security for the low skilled worker.

At the end of the working day, the labourers are called to receive their pay. Those hired last each receive one denarius. Seeing these workers who toiled for only one hour in the relative comfort of twilight being paid a denarius raises the hopes of the other workers. Expecting to be paid more, those who had worked longer and harder are disappointed and disgruntled when they receive the same. It is easy to sympathise with those 'bearing the burden of the day and the scorching heat'.

But the payment which appears on first reading to be unfair and arbitrary, is in fact generous and socially responsible. The denarius was the basic wage for unskilled labour – the minimum wage of the day. In the eyes of those who are desperate enough to accept the smallest of wages at the end of a working day the employer sees the faces of a family waiting for their father to return home with their daily bread. The workers were paid according to their need – not according to the prevailing standards of the market.

The minimum wage in Australia

In this sense, the parable resonates with the 1907 'Harvester decision' of the Australian Court of

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Conciliation and Arbitration to establish a national minimum wage. This wage was set to provide for an unskilled man, his wife and three children living in frugal comfort estimated according to general living standards. The minimum wage would protect unskilled rates of pay from the unequal contest of the market and secure a level of pay and conditions that were out of the reach of many through the process of individual bargaining with employers.

Our Nation's proud tradition of setting a minimum wage has become a central feature of the Industrial Relations system. Today it is adjusted regularly through wage cases heard before the AIRC.

During these wage cases some, including the Church, have argued that the current minimum wage is inadequate for the needs of workers and their families and must be increased. Others who would like to contain wage increases say the minimum is too high and that market forces should play a greater role in setting a price that would increase demand for workers and reduce unemployment.

The possibility that the value of the minimum wage could be reduced in real terms as Australia pursues wage flexibility of the kind commonly known as the 'low-wage agenda' calls us to consider what the Church says about the just remuneration of workers and what should be the key standards of a minimum wage.

Key standards of a minimum wage

In the Church's teaching there are three standards concerning wage justice that are very relevant to today's debate concerning the minimum wage.

First, the minimum wage must be a fair or 'just' wage. It must adequately reward workers for their labour. For this reason, the minimum wage and basic conditions cannot be left simply to an agreement between

employer and employee but also require the State to ensure there are fair minimum standards of pay and conditions.

Secondly, because work is a foundation for family life, the minimum wage must provide not only for the worker but for the needs of his or her family and for those seeking to start a family. A Government can also provide family benefits to enhance the family income.

Thirdly, because the wage is the means by which the vast majority of people meet their daily needs, the minimum wage should not be set below the level of subsistence.

It was on these standards that the Catholic Church recently supported the ACTU's claim for a \$26.60 increase to the federal minimum wage. Appearing before the AIRC, the Australian Catholic Commission for Employment Relations (ACCER) said that the minimum wage must be sufficient to enable one parent to be in the paid workforce and for the couple to be able to support two children and achieve an acceptable standard of living. Clearly, this is far from the case at the moment. The best available evidence reveals that a couple with two children relying on a minimum wage of \$467.40 per week (and after tax and government benefits) would be struggling to meet the very necessities of living.

In addition to supporting the minimum wage increase, the ACCER has called for the AIRC to undertake thorough research into the adequacy of the minimum wage measured against the real needs of low paid workers as a basis for future safety net increases.

What future for the minimum wage?

This could be the last time a Minimum Wage Case of the current type is heard. The Government has criticised the AIRC for supposedly lacking "economic rigour" and has

suggested that alternative mechanisms for setting the minimum wage are being examined.

The Catholic Commission, ACCER, has expressed its concerns to Government that the wage decisions, affecting the lives of so many low income Australians, could be taken from the Industrial Relations Commission. This independent institution is obliged to consider a fair minimum in the context of general living standards, the likely impact of increases on the economy and with special concern for the low paid.

Those seeking to restrain minimum wage increases often argue that it impedes employer demand and keeps people who are unemployed out of work. But a failure to appreciate the common interests and experiences of the unemployed, the underemployed and the low paid is likely to result in unjust proposals for the reduction of minimum wages and the creation of jobs.

The burden of providing work for all should not fall on the low paid but on society as a whole. And those who are unemployed and underemployed must be assured the work they seek will provide a fair and just wage that will keep them out of poverty.

In this age of prosperity and wealth, there are many who exist both in and out of work at the margins of the labour market. They will be hoping that, like the owner of the vineyard in Jesus' parable, our Government, business, trade unions and others with influence in Industrial Relations will recognise and honour their need for a wage that allows them to live in dignity. ■

The ACSJC gratefully acknowledges the contribution of the Australian Catholic Commission for Employment Relations.

For further information on ACCER's policies visit www.acer.asn.au