



NSW.ACT

Submission to the Australian Industrial Relations Commission February 2001 *in relation to award safety net adjustment*

Introduction

This submission is made on behalf of UnitingCare NSW.ACT, drawing on both the teaching of the Uniting Church in Australia and the experience of clients through two of our community services, Burnside and Western Sydney Tenants' Service, as well as the wider research of UnitingCare into human rights, economic justice and human well-being.

We note that the Workplace Relations Act 1996 requires the Commission to have regard to the purposes of the Act, and that one of the purposes is "to ensure the maintenance of an effective award safety net of fair and enforceable minimum wages and conditions of employment". This submission relates to what is fair, supporting the view that a fair wage is a "living wage", that is, a wage which enables people to satisfy their basic needs in the various areas of life that are essential to human identity and human dignity. This includes meeting the needs of their children as well as themselves.

Uniting Church in Australia bases its understanding of a "living wage" on two foundations, namely the international human rights instruments and the Christian understanding of the human person.

The Christian tradition understands that people have basic physical needs such as food, housing, health and clothing, but also have other basic needs, such as the need for education, the need to participate in society and contribute to the common good, the need for intellectual, cultural and creative activity, the need to participate in religious activity and community, and the need for rest and recreation. Without such activity, human beings survive but do not flourish. People need both the time and the money for these activities. Where wages are too low, workers are forced to ignore some of these needs, either because they lack the income to participate, or because they work longer hours to make up for low wages, and thereby lack the time.

5 The International Covenant on Economic, Social and Cultural Rights, which Australia has ratified, includes several relevant clauses.

Article 7

The States Parties to the present Covenant recognise the right of everyone to the enjoyment of just and favourable conditions of work which ensure, in particular:

Remuneration which provides all workers, as a minimum, with

(ii) A decent standard of living for themselves and their families in accordance with the provisions of the present Covenant;

(d) Rest, leisure and reasonable limitation of working hours and periodic holidays with pay...

Article 11 states

The States Parties to the present Covenant recognise the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing,

and to the continuous improvement of living conditions. The States Parties will take the appropriate steps to ensure the realization of this right...

Article 12 is about the right to health, Article 14 is about the right to education, Article 15 about the right to take part in cultural life. In Australian society, these involve costs.

The International Covenant on Civil and Political Rights includes a number of rights such as freedom of thought, freedom of expression, freedom of assembly and freedom of association that citizens are unable to exercise in a meaningful way if they lack an adequate standard of living. Participating in civil society is not a cost-free exercise.

The Convention on the Rights of the Child recognises that in the case of children, governments and public institutions have a particular role to play in ensuring that they enjoy their rights, such as the right to an adequate standard of living, the right to protection against neglect or abuse, the right to health and the right to education.

Underlying these human rights articles is the view that all human beings have a right to a standard of living commensurate with the normal standards of the society in which they live. This is consistent with the Christian view that God gave humankind this earth for the well-being of all, and all have the right to a share in the prosperity engendered by its use.

The Uniting Church in Australia takes the view that human labour is not merely another commodity which can be left to market forces and subordinated to other economic goals. People engage in paid employment as a means of obtaining their livelihood. Human dignity requires a presumption that employers pay their employees a wage which is adequate to meet normal human needs. The onus should not be on workers to show that they deserve a wage adequate to meet normal needs, but on employers to show why any lesser wage is necessitated by the circumstances. The prosperity of business should not be at the expense of the dignity of employees.

Where employers successfully argue the case for low wages, they shift the responsibility for ensuring workers have an adequate income from themselves to taxpayers. This comes out clearly in the case studies below, in which families are unable to meet their most basic needs on their wages alone. They survive only because of substantial family payments from Centrelink. We urge the Commission to consider carefully the balance between wages income and family income support, and suggest that the latter should not be an excuse for employers abrogating their responsibility to pay a living wage. When the balance shifts too far towards family income support as the mechanism for providing a liveable income, it is transformed from a mechanism whereby society supports families to a mechanism whereby society supports businesses - a form of business subsidy.

What are the normal needs that a wage should be sufficient to meet? The Uniting Church in Australia recognises that there are a number of requirements for human well-being. In particular, human beings need to be able to afford :

- Adequate, appropriate housing, sanitation and clean water - including furniture, appliances and furnishings. Heating and cooling. Insurance for home contents. Cleaning materials.
- Adequate, appropriate food
- Education - even public school education involves costs such as school uniforms, books, pens, pencils, paints, excursions and voluntary fees.
- Clothing and shoes
- Transport - for school, work, shopping, community participation and recreation. In many places where people on low incomes live, public transport is poor, and people depend on cars. This involves the car payments, petrol, registration, compulsory third party insurance, comprehensive insurance, road service organisation membership, licence fee.

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- Health care. While Medicare provides access to medical and hospital care, costs include travel for treatment, payments for PBS medicines, over the counter medicines, and dental care.
 - Communication - access to phone, electronic and print media etc.
 - Recreation - toys for children, pets, sport, leisure, cultural and community events and activities, hobbies, holidays. Even ostensibly free public events involve costs such as fares and refreshments (since people are often discouraged from taking their own food and drink to events).
 - Access to community and religious organisations. Most organisations charge a membership fee or depend on donations.
 - Access to ideas and culture through newspapers, magazines, books, records and the internet.
 - Incidental expenses such as haircuts
 - Some discretionary expenditure such as dining out or having guests for a meal
 - Celebrations such as Christmas and birthdays - cards and presents
 - Union fees.
 - Pocket money for children.
 - Savings to cover unpredictable expenses such as ill-health, repairs, legal difficulties.
 - More general savings to provide for the future
 - Some access to childcare.

The household expenditures listed in the case study do not cover all of these items. The interviews focused on the most essential expenditure of day to day subsistence - housing, food, electricity, phone, transport, car, clothes, medical expenses, insurance, loan repayments, child care and schooling.

Taking all these matters into account, the ACTU claim in the 2001 case appears to be the barest minimum required by human rights and ethics. Even if the requested increase is granted, our case studies and housing data illustrate that many families will be dependent on family allowance and related payments just to make ends meet, and many families will struggle from one financial crisis to the next, experiencing serious pressures on their ability to care for their families and to enjoy the gift of human life.

Case studies from UnitingCare Burnside

Introduction

The case study material presented here was drawn from face to face interviews with four UnitingCare Burnside clients (and in some cases their families) during December 2000. Respondents were obtained by contacting Burnside programs and asking if they had clients who would be willing to be interviewed and tell their story for the purposes of a submission to the Australian Industrial Relations Commission.

Each person was asked the same questions which related to family situation, work and income, main items of expenditure and exploration of any issues arising from their financial situation.

All interviews were taped and transcribed. The case studies are compiled from the verbatim transcriptions. All the information in the case studies is as was described by the interviewees. However, the respondents' names have been changed in order to safeguard their privacy.

In two of the interviews an interpreter was present as English was not the respondents' first language. In the first of these the interviewees were able to respond to most questions themselves with only occasional clarification from the interpreter. In the second case, where the interviewees were less fluent in English, all responses were relayed via the interpreter.

Each case study follows the same format, which includes five sections: Section one provides descriptive information for the respondent and their family; Section two outlines the person's work and family income; the third section describes the family's expenditure; Section four addresses any issues the family confronts as a result of living on a low income; the fifth relates what difference a possible rise in income (based on the ACTU living wage claim) would make for the family.

Note: The level of detail in the expenditure section varied from interview to interview. Respondents were not asked to provide detailed records of expenditure but to give an indication of the sorts of living costs they had to meet each week. Not all areas of expenditure could be covered during the course of one brief interview. However, one respondent (case study 4) did provide a very detailed household budget which is included in full.

Case Study 1 - Theary and Vichet

Family Situation:

Theary (26 years) and her husband Vichet (32 years) are originally from Cambodia and have lived in Australia for a number of years. They have two children, aged 4 years and 2 months respectively. Theary and Vichet are buying their own home, a modest three bedroom fibro dwelling, sparsely furnished, in the south western suburbs of Sydney.

Employment and Income:

Vichet works full time as a machine operator for a company that produces food products. He works forty hours a week and has been with the company for nearly eleven years. Vichet earns \$ 450 (net income) per week. Theary is not in any paid employment. The family also receives approximately \$ 200 per week family payment from Centrelink. They have no other sources of income.

Expenditure:

The main areas of expenditure for the family are as follows:

Item	Amount per week
House payment	\$ 300
Food/Groceries	\$ 150-\$200
Electricity	\$ 15
Phone	\$ 5.40
Petrol	\$ 35
Car registration, repairs, insurance etc	\$ 40
Clothes	\$ 10
Medical Expenses	\$ 10
Insurance	\$ 7
Child care costs	\$ 15
Total	\$ 587- \$637

Note: Neither child is in formal child care. Sometimes Theary leaves the children with her mother in law when she needs to go shopping or perform some other task. As the mother in law is on a limited income, the family feels it is important to contribute some money to her, hence the \$ 15 per week for child care.

Issues:

Being on a low income effects the family in a number of ways. They do not find it easy to pay for the everyday expenses they encounter and they have to go without items they would like to be able to buy. For example the family spends little on clothes. Most of the clothes they have are second-hand and children's clothes are passed down from the older to the younger son. They also rely on receiving clothes from friends. They cannot afford to buy new clothes for the children.

Unexpected circumstances add extra pressure to an already tight budget. Recently, the oldest son had a bad throat injury which required him to be hospitalised for a number of weeks. The costs of medication for the boy were high - the first two lots of prescribed tablets cost \$80 each. A hospital social worker was able to help the family obtain a Health Care Card for the child, but medicines still cost the family at least \$10 per week. At present the boy must be taken to hospital twice a week for outpatient care. Vichet has used all his sick leave, holiday and long service leave in order to help care for his son while he has been ill.

The family must budget items very carefully and cannot just buy something when they need it. It took Theary and Vichet seven months to save for a new fridge and three years to save enough money for their car. During this time they had to reduce their home loan repayments. Sometimes they have to delay paying bills or pay in instalments. For example they had to pay their last phone bill late because of the unexpected expenses due to their son's illness. The family visits the dentist only every three or four years.

The family's income limits their opportunities for leisure and recreation. Holidays that involve a lot of driving are not an option, as is any break that involves costs for accommodation. Even going to a friend's party may not be possible if petrol money is short. Other sorts of outings are also rare. Sometimes the family may organise joint outings with other families. On one occasion they travelled to a local national park, with three families going in two cars to reduce petrol costs.

The impact of a low income is felt not only in material ways. Before their son was sick they had been planning to buy him a bike for his birthday and have a family BBQ to celebrate the event. Because of the extra costs associated with his illness the party could not take place and they could no longer afford the bike. This was a cause of real sadness to them... "But when he get sick like that, we spent the money, we lost everything, the plan is failed and make everyone depressed, you know - not happy. We just wanted to make the son happy".

Theary and Vichet spoke about how, in their life in Cambodia, powerful people could come and take what belonged to them - even their lives. They both expressed enormous gratitude that they could now live in Australia and how different it was, but commented that life in Australia produces its own pressures:

"We always think that Australia is very good for us - a very peaceful country for us and we are happy to live here. But sometimes it's a little bit something like pressure on us to budget to organise money for our living. Nobody is pointing a gun to our back but we have to control ourselves to do something right. If you do not do something right, one day maybe no home to live. ...Something may happen for us so we have to be prepared, it's a bit uncertain for us, it's a little bit of worry for that."

Benefits of a Wage Increase

Both Theary and Vichet said that an increase of about 5.7 % income would be of some help. It would assist with things like petrol and the increased cost of groceries following the introduction of the GST. It would take a little bit of pressure off.

Case Study 2 - Linna and Mony

Family Situation

Mony (aged 27) and his wife Linna (aged 22) are both originally from Cambodia. They have settled in Australia and had two children, a girl of two years and a two-month-old baby boy. They live in a rented two bedroom town house in the south western suburbs of Sydney. Note: Mony and Linna speak very little English and so all their responses were via an interpreter.

Employment and Income

Mony works as a process worker in a factory that makes window and door frames. He has been employed there for about a year. He earns \$467 after tax is taken out. The family also receives \$160 per week from Centrelink. The family has no other source of income.

Expenditure

Some of the main items of expenditure for the family were rent (\$135 per week), food (\$150), electricity, (\$10), phone (\$15 for local calls) costs of running their 1987 Honda car (\$50), clothes (\$10) medical expenses (\$15) and personal loans (\$7). These expenses total \$392.

Issues

Mony and Linna both expressed the difficulties they have in living on their current income. They have to budget carefully and there are some purchases they cannot afford. For example, Mony had to take out a personal loan in order to buy their fridge and television. They also rent a washing machine. They find it hard to save any money. At times they have simply run out of money and had to borrow from a relative who they then pay back over a period of time.

The family must forgo some items that would help their lives be more comfortable. They cannot afford a heater for the colder months or air conditioning when it is hot. (Note: The interview was conducted in late December 2000 and it was around 35 degrees. The town house was very hot with no external shade from trees or awnings)

Linna was concerned that the heat was affecting the health of her children.

Unexpected expenses put additional pressure on the budget. Recently Mony had a bad tooth ache and went to the Dentist. This cost him \$80. His teeth required further work but he could not afford another visit.

When asked about holidays they replied that they had never been on a holiday. Nor did they go on outings or other trips.

Benefits of a wage increase

Both Mony and Linna felt that it was more difficult to get by financially after the introduction of the GST. The things they normally purchased now cost more. So they did not think that a rise of 5.7 % in Mony's income would make a huge difference, but it would help them a little bit and would certainly be better than nothing.

Case Study 3 - Wendy

Family situation

Wendy is a 35 year old single parent with two children, a son aged eleven and a daughter aged eight. They are currently staying with the children's grandparents but this is a temporary arrangement. Wendy is also studying physical education part-time.

Employment and Income

Wendy works as a casual bar attendant - usually about 25 hours a week and has been in this position for the past four years. She earns about \$250 a week after tax. Wendy also receives about \$200 per week from Centrelink. This figure had been recently increased as Wendy no longer receives any maintenance from her former husband.

Wendy has no other sources of income.

Expenditure

Because she is staying with the children's grandparents Wendy does not have to pay any rent. This is a great help to her. Last year she bought a house which she is renovating. Repayments on the mortgage are \$230 per week. Some damage was done to the house which created more expense and Wendy had to extend the loan period.

Wendy makes a contribution of about \$50 per week to food and groceries (this is much less than she would have to pay if her family was by themselves).

Other main living costs include (per week): her car - a 1985 Ford Telstar (\$60 for petrol, registration, insurance and repairs); clothes (\$12) and school costs (\$58) Note: the children attend a low fee paying Catholic School.

Sewage and land rates on her property cost around \$23 per week, phone \$5 per week, insurance \$4 per week and medical expenses, including six monthly trips to the dentist, \$5 per week.

These expenses total \$447 per week.

Issues

Wendy finds it extremely difficult to make ends meet given her current income. This is especially so after her ex husband's maintenance payments of \$250 per week ceased some four months previously. She has to be resolute in how she apportions her income:

"What I generally do is I always make sure I have my mortgage payments, whether we're starving or not (laughs). I always make sure I pay that. And whatever is left over I just go for the food so I just prioritise."

There are times when she does not have enough money to pay her bills and this is happening now more frequently. For example recently Wendy has had to delay payment for land rates and school fees. In those cases she has to ask to pay the bill in instalments... "I've got school fees which I just can't pay. I told the school and they're fine about it. They just said, well pay whatever you can each week. I mean well, if they didn't then I'd have to take the kids out of the private school which I don't want to."

Wendy feels financial pressure all the more at particular times - like Christmas, when the money is already allocated and there is nothing left for extras, or on the occasions when unexpected expenses come in, such as car repairs.

We asked Wendy whether there were things that she could not do or buy because of her current income level. She laughed good naturedly and said there were 'heaps of things'. She spoke about not being able finish the repairs on the house she was buying and not being able to afford a celebration dinner when her son was appointed Sports Captain at his school. She would have loved to do this but there was not the money for it. Holidays away from home are also not an option and, because Wendy is employed on a casual basis, any holiday means lost income. Despite these concerns Wendy remains philosophical about the things she must do without, though she is wistful about the things she is not able to provide for her children. She was grateful for the support she received from extended family, and, despite her situation and lack of money, considered herself as pretty lucky.

Benefits of a wage increase

When asked about what difference a small increase in income would make, Wendy replied that any increase would make some difference. It would take off that just a little off the pressure that she felt or allow her to buy a little bit extra of the things her family needed.

Case Study 4 - Brett and Sue

Family Situation

Brett (34 years) and Sue (38 years) live with their four children in the outer south-western suburbs of Sydney. Their four bedroom house is rented from the Department of Housing. One of the children has left school but remains living at home. Another child has a disability for whom the family receives a carer's payment from Centrelink.

Employment and Income

Brett and Sue provided a detailed statement on their income and expenditure. They already had this worked out as they live to a very tight budget.

Brett is employed full time as a pest inspector. He has been in this position for about 12 months and has been in the industry for about 11 years. He earns \$ 615 after tax from this work each week. Sue is employed casually by a local welfare agency to provide child care for clients of a welfare program. She is paid an average of \$ 27.45 per week. The family also receive \$ 144.77 family payment and a carers payment of \$ 39.75 per week Their oldest child is earning \$ 80 a week from casual work. She spends \$10.40 on bus fares to work and another \$20-25 on other fares to look for work, attend interviews etc. However she does make a small contribution to the family from her income (around \$ 10-15 per week). Thus their total weekly income is around \$ 841.97 per week for a family of six. Note: On occasion Sue will also receive a maintenance payment from her ex husband but these tend to be sporadic.

Expenditure

Brett and Sue provided a very detailed list of expenditure:

Item	Amount per week
Rent	\$ 195.00
Food and groceries	\$ 200.00
Maintenance (For Brett's previous marriage)	\$ 20.00
Petrol	\$ 30.00
Car payment	\$ 79.61
Phone bill	\$ 32.30
Comprehensive car insurance	\$ 16.45
Car registration and green slip	\$ 11.30
Vehicle maintenance and repairs	\$ 11.53
Mobile phone	\$ 11.53
School Bus fares (for one of the children)	\$ 8.00
Washing machine rental	\$ 8.30
Mower and whipper snipper loan	\$ 6.63
Electricity	\$ 27 .31
Bulk tobacco for Brett and Sue (they make their own cigarettes)	\$ 60.00
Birthday gifts for immediate family	\$ 8.08
Birthday gifts for extended family	\$ 2.90

Tollway (visits to family)	\$ 5.40
Prescriptions	\$ 9.24
Over the counter medicines	\$ 8.00
On the road lunch money (for Brett)	\$ 35.00
Haircuts (6 people x 4 per year)	\$ 5.93
School excursions	\$ 6.00
School uniforms	\$ 5.76
School books, pencils etc	\$ 3.84
Brett's work clothes (4 x work pants - shirts are supplied)	\$ 4.61
Work boots (3 pairs)	\$ 4.00
Veterinary fees for dog (registration, vaccination)	\$ 2.00
Sporting club fees	\$ 12.00
Dentist	\$ 9.00
Clothes for family	\$ 19.25
Shoes for the family	\$ 12.50
Total Expenditure	\$ 874.37

Sue wrote regarding their family budget.... "Any money left over or not spent is usually spent on replacing household items eg electricals, bedding, utensils, furniture - this is always difficult. When the mower loan is finished another item will be bought."

Issues

The thing that stood out most in speaking to Brett and Sue was the need for relentless vigilance in all their spending. "Anything they (the children) need I can't just say let's have that - well come on we'll go and pick up your new bra or whatever. It has to be done via the budget. We always have to refer back to the budget, we're always juggling it". Their weekly income is divided up and, mentally, portions are set aside to cover the various expenses, the car payment, electricity bill etc. The parents have to be very disciplined in not spending money that is set aside for an upcoming bill.

The tightness of their finances means that if money is spent in one area it has to be made up in another area of the budget. For example money for new brake pads (an unexpected expense) had to come out of that month's car repayment which would have to be made up from some other part of the budget. Their modest income also means that some expenses are out of the question... "we couldn't just get up and go to a restaurant. We've never done that because there just isn't the money." The family had found the loss of family payment due to the oldest daughter leaving school very hard, because she had not found full time work and as a 17 year old was ineligible for any Youth Allowance. Yet the expenses of supporting her were just the same.

Medical costs are a significant burden on the family. The child with a disability needs regular medication. Also, if one family member becomes sick, eg with the flu, often other family members will become ill as well. Dental bills are extremely difficult to cover. The children have regular dental checks at school and one child has a Health Care Card so is able to attend the community dentist. Brett never goes to the dentist (although, based on his comments, this appears to be as much because of a negative experience with a dentist as a child as to avoid expense).

The family has not been able to afford holidays. The only time away they have had together is when they have been able to go to a UnitingCare Burnside holiday house at Huskisson (Burnside charges a very low rate for client families - \$5 a day for the family). Brett and Sue must be very careful in any other outings or treats they allow the family, such as going to McDonalds... "We do do it. On occasions we will buy them the specials that are on like the

\$2.95 cheeseburger meal and that's a big treat for them if we do do it. But you feel like a scab when you say, no, you can't have an ice-cream, no you can't have this, no you can't have that." Brett spoke about wanting to take the kids to the zoo but every time they had a bit of money saved ... "someone loses a pair of shoes and you have to put money into that."

The stress of juggling finances and having to say no to their children has an impact on the parents. Brett talked about being irritable when he came home from work and saw a lot of lights on during the day. Conscious of the electricity bill he would then turn them all off. Both parents sometimes feel that they are letting their children down because there are times when they are constantly saying.... "well I'm sorry, we can't do that". Even though the children themselves 'handle it very well' it makes Brett and Sue feel small. Brett, particularly, became depressed when after moving from a job that paid \$600 per week to his current position, his family was no better off financially. This is because their Department of Housing rent went up \$40 per week and they lost a considerable amount of family payment. In the end they were only \$11.70 better off but had lost their family health care card. Brett commented ...

"This is why I took the job - I hate it but I thought the money would be good. We had such great plans and we'd be able to do this with the kids and do that. It's never happened - we're worse off. I mean we've never struggled as hard as what we do now."

A final matter that adds to the family's financial pressure was that Sue's Centrelink family payment of \$289.54 per fortnight is calculated on the basis that she is receiving \$200 per month maintenance from her former husband. However, these payments are made sporadically - probably 6 a year. Prior to the implementation of the GST maintenance payments came through Centrelink and they would adjust family payment if the maintenance was not paid. Now a different system operates with maintenance payments being administered through the Child Support Agency. Sue can notify Centrelink if payments are not made, but if she does this and a maintenance payment comes then she would owe money to Centrelink, a situation she is anxious to avoid. At the end of the year Centrelink will check with the Child Support Agency to see what payments have been made and will reimburse Sue for outstanding amounts but this system means the family has less income available to meet the regular expenses they face during the year.

Benefits of a wage increase

Both Brett and Sue said that some increase in income would help. They would not spend it on anything in particular but it would alleviate some of the pressure week to week, for example in making the car repayment or meeting unexpected expenses.

The above case studies were prepared by Jon O'Brien, *UnitingCare* Burnside.

Summary and further analysis of case studies

	Case study 1	Case study 2	Case study 3	Case study 4
Expenses				
Housing	300	135	230	195
Rates etc	?		23	
Food, groceries	150-200	150	50	200
Electricity	15	10		27
Phone	5	15	5	32
Car expenses	75	50	60	149
Clothes	10	10	12	
Medical, dental	10	15	5	26
Insurance	7		4	
Child care costs	15			

Appliances	7			15
School			58	24
Maintenance (previous marriage)				20
Mobile phone				12
Work expenses (clothes, lunches, shoes)				44
Vet fees				2
Sports club fees				12
Haircuts				6
Presents				11
Tollway				5
Total Expenditure	587-637	392	447	780
After tax wages income \$	450	467	250	615
Hours	F/T	F/T	25	FT
Centrelink income	200	160	200	184
Other income				42
% of net wage income spent on housing	67%	28%	100%	32%
% of total net income spent on housing	46%	21%	57%	23%
% of net wages income spent on housing and food	100%	61%	120%	64%
% of total net income (wages, Centrelink, etc) spent on housing and food	69%	45%	67%	47%

As the last four lines of the table show, the bare essentials of housing and food take a high percentage of income, even when the total income of the household is considered. Wages alone are insufficient to meet essential physical needs, and Centrelink payments are used up in meeting their subsistence requirements.

The expenditure given in the case studies clearly does not cover all basic expenditure.

All these case studies show very limited expenditure on the areas covered, especially matters such as clothes and shoes. Their total annual clothing and shoe expenditure per person is less than many well paid Australians would spend on one item of clothing such as a shirt or pair of shoes.

These families rely on older cars, and make no provision for depreciation or future repairs, maintenance and tyres. The NRMA publishes weekly costs for cars for the first ten years, but not beyond, so standard costs are not available, but it is clear that families keep their costs to the bare minimum and that they would have trouble meeting sudden repair bills or replacing their car.

Health care is minimal - families have trouble paying for dental care and medicines. Health crises can involve other costs, such as transport to obtain treatment, or to visit someone in hospital. There is no room for such expenses in these budgets.

None of the families include self-education costs. For example, in Case Study 3, Wendy is studying part-time but there is no mention of the costs of student fees, books, or stationery.

Most importantly, there is no provision for many items that most Australians take for granted and that are recognised by bodies such as Creditline as part of normal family budgets. (See for example the booklets *Budgetting: making it easy* and *Stop that crisis*, published by the

Credit Union Services Corporation and distributed by Creditline, and Creditline's "Personal money plan" worksheet.) There is no provision for furniture, furnishings, linen or utensils, or for recreation, entertainment or hobbies, or, with one exception for one child, for membership of clubs or organisations. Most families make no allowance for presents.

All these families have children, but there is no provision for toys, books or outings, nor for pocket money. There is also no provision for savings, either for an emergency, or for long term objectives.

Finally, there is no capacity to buy newspapers, magazines, books or internet access, or to pay the expenses involved in participation in civil society or religious organisations. Their income does not match their civil and political rights.

These budgets appear to fall far short of the economic rights guaranteed in the International Covenant on Economic, Social and Cultural Rights.

Rent as a proportion of income - analysis from UnitingCare Western Sydney Tenants' Service

Housing has for several decades been recognised as a primary determinant of whether or not people live in poverty. Furthermore, the quality of housing impacts in many ways on the health and general quality of life of workers and their families. The cost of housing is thus an item that needs to be considered in its own right in determining what constitutes a living wage.

The following material was prepared by UnitingCare Western Sydney Tenants' Service. It is located at Harris Park. UnitingCare established WESTS in March 1990. Its work includes:

- providing a tenants' advice and advocacy service;
- assisting tenants preparing cases for the Residential Tribunal, and
- promoting policy initiatives and changes in the area of housing policy, aimed at ensuring greater social justice for low income and socially and economically disadvantaged people.

The ACTU is seeking a \$28 per week increase to all award wage rates below \$490 and a 5.7% increase for all award rates above this figure. The figures take as a reference figure a wage rate of \$490 per week. No account is taken of dependent spouse or children, nor entitlement to Family Tax Benefit paid through Centrelink. Clearly, the family's hardship will increase dramatically if the worker provides the only source of income and has dependents. Family Tax Benefit will ameliorate this hardship slightly.

Figures have been extracted from the *Rent and Sales Report* No 53 produced by the Housing Data and Analysis Service of the Department of Housing (NSW), available at www.housing.nsw.gov.au. These figures relate to rents in the private rental market in New South Wales for new tenancies that commenced in the three months ending 30 September 2000. They are the most up-to-date figures at the present time. For "All Dwellings" these figures represent median rents. For "Separate Houses" and "Flats/Units" these figures represent First Quartile rents which represents the highest rent in the bottom 25% of the rental market and therefore give a more conservative analysis than median rents.

The figures look at rent as a proportion of income and the costs of getting into the private rental market. The traditional benchmark has been that a person should not pay more than 20% of their income in rent, although these days governments are using a proportion of 25%.

Analysis:

Median rent as a proportion of income.

A worker on a wage of \$490 per week who rents:

- A two bedroom dwelling in the Sydney Statistical Division pays 52% of their income in rent;
- a two bedroom dwelling in the inner ring of local government areas, pays 70% of their income on rent;
- a two bedroom dwelling in the outer ring of local government areas, pays 41% of their income in rent;

First Quartile rent as a proportion of income:

A worker on a wage of \$490 per week who rents:

- a three bedroom house in the inner ring of local government areas, pays 73% of their income in rent;
- a three bedroom house in the outer ring of local government areas, pays 39% of their income in rent;
- a one bedroom unit in the inner ring of local government areas, pays 44% of their income in rent;
- a one bedroom unit in the outer ring of local government areas, pays 26% of their income in rent.

The cost of getting into a two-bedroom dwelling rented at the median rent in the private rental market in the Sydney Statistical Sub-division is:

Rent in advance (2 weeks @\$255 per week)	= \$ 510
Bond money (equivalent to 4 weeks' rent)	= \$1,020
Preparation of residential tenancy agreement	= \$ 15
Electricity deposit	= \$ 120
Gas deposit	= \$ 100
Telephone reconnection (existing phone)	= \$ 55
Total payments	= \$1,820

For a worker on \$490 per week, this represents 3.7 weeks' wages.

For a worker who seeks to rent at the median rent:

- a two bedroom dwelling in the inner ring of local government areas, the total blows out to \$2,360 which represents 4.8 week's wages;
- a two bedroom dwelling in the outer ring of local government areas, the total reduces to \$1,490 which represents 3.0 week's wages;

For a worker who seeks to rent at the First Quartile rent:

- a three bedroom house in the inner ring of local government areas, the total blows out to \$2,450 which represents 5.0 week's wages;
- a three bedroom house in the outer ring of local government areas, the total reduces to \$1,430 which represents 2.9 week's wages;

- a one bedroom unit in the inner ring of local government areas, the total increases to \$1,580 which represents 3.2 week's wages;
- a one bedroom unit in the outer ring of local government areas, the total reduces to \$1,040 which represents 2.1 week's wages.

The above rent analysis was prepared by Dr Robert Mowbray.

Further analysis

Because low wage workers have no discretionary income, they are unlikely to own or be purchasing their own home and are likely to depend on the private rental market.

The above figures show that in Sydney, low wage employees are likely to have to pay a high proportion of weekly wages in rent. It further needs to be recognised that housing in the private rental market is not distributed on the basis of ability to pay. While people on high incomes may consider high housing costs to be part of their discretionary or lifestyle expenditure, people on lower incomes may have little choice as to what they spend on rent. Award wages need to be related to the realities of the private rental market and the high cost of housing for many workers.

Low wage families have little or no discretionary income and are therefore unable to save. This means that they often face serious problems when they enter the housing market or when they have to negotiate a new lease. In addition to the costs outlined above, there is also the cost of physical removal. Many bonds are never recovered, so it cannot be assumed that money from one lease is available for the next.

Many workers face little choice but to relocate their housing from time to time, either because their landlord wants the dwelling back or because of employment opportunities. Those on low wages struggle to meet relocation expenses.

Low wages severely restrict where workers can live. Where workers are forced to shift location for the sake of low rents, this can damage family and social networks, affecting health, family relationships, and sense of being part of a community.

Implications: Poverty puts families and children at risk

The material in the following two subsections has been prepared by UnitingCare Burnside, as part of its ongoing work on behalf of clients. While it was originally prepared for other contexts, it is included here as relevant to the question of what happens when the award safety net does not provide a living wage, leaving people in poverty. It is not intended to suggest that all, or even most, families experience the problems outlined here. That is, fortunately, false. Rather the point is that research shows that poverty puts families and children at risk, and that families in poverty are more likely to have problems than others. Children are sometimes harmed as a result. This imposes significant personal and social costs. A living wage is a matter of how vulnerable people experience their human rights, or the violation of those rights, in everyday life. This is not, however, merely about worthwhile spiritual, philosophical or moral aims - it is a matter of survival for many families and their children.

UnitingCare Burnside's Mission Statement is:

UnitingCare Burnside (Burnside) stands in the Uniting Church tradition of compassion and concern for justice. Our role is to facilitate the development of children and families most in need through quality services, research and advocacy.

The Aims of UnitingCare Burnside are:

To protect and nurture children and young people who are unable to live with their families by care.

To develop preventative services aimed at children and young people at risk of abuse and/or admission to care.

To strengthen the capacity of vulnerable young people and families within the community.

To assist in the development of networks and self-help initiatives which support families and strengthen communities.

To promote just and equitable social structures aimed at reducing the causes of social disadvantage.

As an Agency of the Uniting Church in Australia, Burnside operates as a practical arm of caring for the most vulnerable in our society. Burnside does not work in isolation. Every day partnerships and links are forged with other parts of the church, volunteers, government departments, foster carers, local community groups, supporters and donors and, most importantly, with the families and young people who are all working together with the common focus of caring for and protecting children.

The impact of economic stress on parenting

The case studies suggest that lack of money increased parents' anxiety and at times led to irritability and tension with children (Case study 4). More generally, a substantial body of evidence is developing concerning the impact of economic and social stress on family functioning in general and parenting in particular.

Weatherburn and Lind (1997) have provided a useful overview of some of the research on the impact of stress on the parenting process. They helpfully distinguish between economic and social stress.

Economic stress is defined as economic deprivation which results in financial hardship. Weatherburn and Lind (1997) state that aggregate level of studies predictably reveal a strong positive correlation between measures of economic stress and rates of child maltreatment. Kotch et al (1997) in a study of low income mothers demonstrated the persistent effect of low socio-economic status in predicting substantiated child maltreatment reports.

The findings from Australian research, though more limited, have paralleled overseas results. A cross sectional analysis by Young, Baker and Monnone (1989) indicated the same relationship between low socio-economic status and elevated levels of child maltreatment. Vinson, Berreen and McArthur (1989) found rates of physical abuse were 2.5 times higher in the bottom four percent of post code areas (according to socio-economic variables) than in the six percent of post codes immediately above. Hood (1998) analysed 334 referrals to the Child Protection Service at the Women's and Children's Hospital, Adelaide. She found that 82% of these referrals came from suburbs in the bottom two of four socio-economic groups.

These data reveal the fact of the connection between economic stress and child maltreatment. The processes by which the relationship occurs is another matter. Welfare practitioners have long been aware of the propensity of poverty to exacerbate stress and disrupt the parenting process. Tregagle (1990) summarises some of these impacts. Poorer parents get less relief from the constancy of parenting. They are less able to afford baby sitting, quality child care, entertainment, social or sports activities or go on stress relieving holidays. They are more likely to live in substandard and crowded housing where it is difficult to get a break from other family members. Parents living in relative poverty are less likely to be able to afford parenting books, resources or courses that give practical input on parenting skills and coping with the normal stresses of parenting. Under these circumstances it is understandable that some parents form unrealistic expectations of children's behaviour, which compound their sense of being stressed and may add to feeling they are living in an intolerable situation.

The negative impact of economic hardship on parenting is stark. In a review of eight self report studies on the relationship between economic stress and child abuse, Weatherburn and Lind (1997) noted the following results. Poverty and economic hardship were associated

with: elevated levels of paternal rejection for sons and daughters, (Elder, Van Nguyen and Caspi, 1985); reduced parental nurturance and parental attachment (Lempers, Clark-Lempers and Simons, 1989; Sampson and Laub, 1994; Conger et al, 1992; McLoyd and Wilson, 1990); harsh, erratic and inconsistent discipline, (Larzeler and Patterson, 1990; Sampson and Laub); reduced maternal supervision, (Sampson and Laub, 1994) and depressed mood in both parents, (Conger et al 1992).

The effect of poverty in reducing parental monitoring and positive supervision of children is especially significant. Both nurturing and appropriate monitoring of children are associated with healthy child development and the growth of competence (Amato, 1987). The disruptive effect of poverty on parental care was starkly expressed in one study of single parent families... 'the more efforts mothers saw themselves as having to make to balance family needs and family income, the more distressed and less nurturant they became' (Weatherburn and Lind, 1997).

Weatherburn and Lind concluded their survey of the relationship between poverty and parenting by writing:

Taken together, the findings from these studies provide strong evidence that...economic stress really does disrupt the parenting process in ways which encourage child neglect and abuse. (Weatherburn and Lind, 1997, p. 6.)

The links between poverty, family functioning and learning difficulties

A range of studies has identified how factors associated with poverty impact on children's health, development, school performance and employment prospects (McClelland, 2000). A United States study by Chase-Lansdale and Brooks-Gunn (1995) concluded that child poverty was associated with reduced cognitive development, problems in adjustment and lower school achievement as well as contributing to poor peer relations, depression and delinquency. The Australian Brunsvick Family Study (Carmichael and Williams, 1987) found that cognitive functioning at the age of 11 was strongly related to the mother's years in schooling, degree of poverty during the child's first year and current poverty. Furthermore, the longer the child was exposed to poverty the greater the negative impact on their IQ and reading scores. Later work by Brooks-Gunn and Duncan showed similar findings (1997).

In a review of United States studies based on longitudinal data sets Brooks-Gunn and Duncan found that children living below the poverty line were more likely to experience learning disabilities and developmental delays and to score significantly lower than other children on scores of IQ, verbal ability and school achievement. The effects on IQ were particularly apparent for children exposed to poverty early in life. The duration and intensity of the poverty were also important for many outcomes, with deeper poverty and more time living in poverty being associated with more negative effects (Brooks-Gunn & Duncan, 1997). Several studies also found poorer children having greater behavioural and emotional problems. To illustrate, one study found persistent poverty associated with greater dependence, anxiety and general unhappiness among four - eight year olds, while current poverty was linked to hyperactivity, peer conflict and headstrong behaviour (McLeod & Shanahan, 1993). However, the links between poverty and negative educational outcomes are not simple but complex. Most importantly, research is beginning to illuminate the mechanisms or pathways by which poverty exerts its influence on children. Among these, the home environment, including learning experiences in the home, and the types of parental interaction with children seem to be most important. For example, home and parenting factors accounted for at least half the impact of family income on a child's cognitive ability (Brooks-Gunn & Duncan, 1997). Australian research is also contributing to our understanding of these underlying mechanisms.

Recently, the Brotherhood of St Laurence's 'Life Chances' survey has demonstrated how poverty contributes to lower levels of literacy, and numeracy, difficulties in the transition from preschool to school and lower school achievement (Taylor & MacDonald, 1998). The authors found that poorer families had less access to educational resources such as books and computers, were less likely to read to children and foster an expectation around educational achievement and were subject to higher levels of family conflict and disruption.

The Western Australian Child Health Survey (Zubrick et al, 1997) has also found strong links between factors such as family income, family stress, parental education and employment and children's academic competence. This comprehensive study was designed to determine priorities for health, education and social services in Western Australia. It sampled 2,732 young people aged 4-16 years from 1,462 households. Analysis revealed that the education history and employment status of caregivers was more significant for academic performance than the structure of the family (one or two parents) or the level of income.

The researchers suggest that the mechanism that links caregiver education and employment to their children's academic capabilities is likely to be related to the skills and knowledge that the caregiver has about caring for and raising children rather than the numbers of caregivers or income level per se (Zubrick et al, 1997, p. 32). The attitudes and values of caregivers, which in part have been formed in their educational and occupational contexts, will influence:

How caregivers use their time and income.

What proportion of that time and income is directed to educational activities.

The expectations of caregivers and students about education and its value.

Family and parental involvement with the school and its community.

These and similar findings lead researchers to recommend both programs that support and enhance effective parenting and quality child care as appropriate strategies to reduce the negative educational consequences of poverty (Brooks-Gunn & Duncan, 1997; Zubrick et al, 1997).

However, it is important to minimise the number of families at risk in the first place, by reducing the level of poverty. More adequate wages for low paid workers is an important mechanism for this.

Conclusion

It is evident from the material provided by UnitingCare Burnside and UnitingCare Western Sydney Tenants' Service that many workers on low wages are living in poverty, unable to meet many of the expenditures that are necessary to meet the basic human needs acknowledged in the international human rights instruments and taken for granted by most Australian workers. The problem of low wages is particularly acute for workers dependant on the private rental market in cities such as Sydney where rents are high. However, even when housing is affordable, the lowest award wages are insufficient. In terms of workers' need, the \$28/5.7 per cent award wage rate increase requested by the ACTU seems a very moderate rise, a mere amelioration of the situation.

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(This submission was prepared by Rev. Dr. Ann Wansbrough, Jon O'Brien and Dr. Robert Mowbray on behalf of UnitingCare NSW.ACT).

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