

Youth Affairs Network of Queensland (YANQ)

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For
The Youth Affairs Network of Queensland**

Submission to the Australian Industrial Relations Commission
Inquiry

Junior Rates of Pay

The Youth Affairs Network of Queensland is pleased to present this submission to the Full Bench of the Australian Industrial Relations Commission inquiry into the feasibility of replacing junior rates of pay with alternatives that do not discriminate on the basis of age.

Preamble

Over the last decade, YANQ has become increasingly and alarmingly aware that participation rates of young people in meaningful long term employment has become ever decreasing.

Labour Force youth unemployment statistics continue to shock, and the longer term trends in the participation of youth in the labour market show increasing longer term problems. As a result, many young people have been pushed to the margins of society, unable to access the benefits which come from employment and economic involvement. This raises concerns that we now have large numbers of young people experiencing all the related issues inherent in being isolated, disassociated and disappointed with the community and structures which usually provide support along the pathways to "adulthood".

We ask the question:

Is it beneficial to individuals, families and communities, when such large numbers of its young people, a societies greatest hope for its future, are so unable to participate in the experiences which represent a basic tenant of our values; being in meaningful and secure employment.?

Recent attempts to address the issues of youth unemployment have been introduced within a framework which appear to have "shifted the blame" from the inability of government programs and industry structures onto young people, for their inability to gain employment. Work for the dole schemes, within themselves, suggest that young people owe some responsibility for not being employed. Recent Youth Allowance changes are presented by Centerlink with strong emphasis to young people that they had better stay in Education or Training under any circumstances or else there will be no assistance available. Sensationalism in the media presents images of young people as lazy, unmotivated and uninterested in gaining employment. This all represents the promotion of the "blame shifting" attitude which currently exists.

While it is easier to shift the responsibility of youth unemployment onto the shoulders of young people, that fact is, that youth unemployment is largely a consequence of the actions and policy decisions of governments, industry and the broader community. People in decision making positions of policy development, industrial management and industrial relations, need to be mindful that they have great potential to affect the real lives of people, and in this context, young people.

YANQ agrees that there are no quick fix answers to the complexities of changing global, national and regional economic, structural and technological changes. YANQ works towards being informed about current factors, which impact on external environments, and current factors affecting young people themselves. With this in mind we are compelled to address issues for youth employment, presenting the following views and perspectives.

Junior Rates

It is desirable to replace junior rates with alternatives that do not discriminate on the basis of age.

YANQ asserts that a comprehensive and coherent employment and economic policy which contains the goal of *ensuring youth participation in meaningful, full time employment and with full employment opportunity* as the central objective of this economic policy will begin to address the provision of quality jobs for the many young people seeking employment.

Quality education and training will remain a key part of this overall strategy to tackle unemployment. Providing jobs at the end of this process will require the development of strategies and action addressing the more difficult question of job creation less reliant on the fancies of the "market forces".

By addressing youth employment in this framework, the debate becomes less of a concern about the fear of increasing youth unemployment (as argued by several industry groups heavy weights such as Coles Myer Ltd, Woolworths Ltd, McDonalds Australia Ltd. and the Retail Council of Australia) and more about having a "plan" for returning young people to meaningful and secure employment opportunities.

The report from the House of Representatives Standing Committee on Employment, Education and Training inquiry into "factors influencing the employment of young people". Received from the Senator the Hon. Amanda Vanstone then Minister for Employment, Education, Training and Youth Affairs, 26 June, 1996 sites many instances from market forces based perceptions and industrial groups. It is difficult to explain why The Commission dispels the AYPAC argument of the Card and Kreuger studies. These studies cited that "using regional variation in wages to measure the effects of the federal minimum wage following the April 1990 rise in the United States Federal minimum wage, the impact on teenage employment is positive, not negative": (Australian Youth Policy and Action Coalition Inc. submission).

In line with the AYPAC, YANQ submits that to dismiss these arguments based on the fear oriented market forces and consequences is to miss the opportunity to really address issues of importance in developing youth employment participation growth.

YANQ advocates for a national job creation strategy to return Australia to full employment which has a National youth jobs creation strategy ensuing young Australians have opportunity to meaningful full employment.

At the same time we argue that the junior rate should be abolished and replaced with the more equitable and socially just competency based wage payment system.

Case previously presented for retaining junior rates

The government's case for retaining junior rates is based on the claim that without it there is the potential that up to 300,000 young people are at risk of losing their jobs. This figure originates from a 1994 survey of the membership of the Australian Retailers Association (ARA). The ARA is an employers group with a clear interest in the retention of junior rates. The ARA figure acknowledged as a "guestimate", is based on the wrong assumption that an alternative to junior rates will result in all young workers receiving the full adult wage, and every 15, 16, 17, & 18 year old worker will be out of work in favour of adult employees..

This overlooks the fact that juniors are employed under State awards, which already allow permanent discrimination.

The claims about mass sacking of young workers if youth wages are abolished is completely unsubstantiated, we assert that this is a scare tactic and until real qualified data is produced on this point, it should not have influence on the issue.

It is interesting to note that the Mitsibishi Motor Company has recently abolished junior rates as they have recognised that age is irrelevant to the issue of productivity in their workforce.

Young People as Consumers

Young people are high consumers of goods and services. Companies such as Coles Myer , Woolworths and MacDonalds, benefit from the consumer capacity of young people.

The industry association's arguments that abolishing the junior rates has the potential to increase some 16 year old wages 100%, can alternatively be seen in the context of increasing their consumer spending capacity by 100%.

It can be argued therefore, that in circumstances where junior rates are abolished in favour of more equitable methods of linking wages to competencies and productivity, and where this results in an increase in wages for some young people, that there are benefits to be gained by industry through the increased spending power for young people.

Junior Rates, based on the Harvester ruling

This decision is based on the assumption that "Children have less needs than adults". YANQ argues that there have been major social and sociologically based evidence for changes in this thinking since this ruling came down in 1929.

To bring the assumptions made in this ruling to current context in 1998, we make the following points.

- Recent, changes to the Workplace Relations Act 1996, has made the wages and conditions of young workers particularly vulnerable.
- Young workers can be placed on individual contracts, which they are expeted to negotiate directly with employers. In theory, young people are not forced to sign these contracts, and have the right to consult a union.
- In practice, young workers have no say at all in their conditions, because if they don't sign the individual contracts they are given, someone else will get their job.

- The Act has potentially entrenched wage discrimination against young people. In Australia most industrial relations legislation contains provisions to prevent discrimination at work (including in awards and workplace agreements) on a number of grounds, including age
- In most State and Territory awards affecting young people there is a permanent exemption for junior rates from anti-discrimination legislation. The exceptions are Tasmania where there is no such legislation and NSW where it can be repealed by proclamation.

Specific Groups with High Needs:

Over the past twenty years, Australia's political policy stance has moved towards a position of stating the need to establish equity across its political, economic and social structures. This move has highlighted the need to act pro actively about ensuring this happens especially for groups and communities, which are identified as marginalised.

Aboriginal and Torres Strait Islander Communities

The extent of poverty and low participation in the mainstream economic systems, of young Aboriginal and Torres Strait Islander people is well documented. These young people have higher than average needs for fair wages and the ability to compete in mainstream employment on the basis of competency and productivity.

Young People from Non English Speaking Backgrounds

The Non English Speaking Background Youth Issues Network (NYIN) which has in excess of 125 individual and organisational members from across the state of Queensland that have an interest in NESB youth affairs, has presented its submission.

YANQ supports this group's arguments that are broadly stated as follows:

- Studies conducted in North America suggest that Junior rates do little to increase employment opportunities for young people, while conversely, creating situations where young people are susceptible to exploitation in the workplace.
- Language barriers and a lack of access to information on industrial rights precipitates this for of exploitation. Junior rates will entrench the notion that young people, especially those from NESB who face additional barriers to participation are exploitable.
- It is widely acknowledged that NESB young people often leave school early to augment family income. If young people from NESB can only secure employment that offers junior rates of pay, then this will place added pressure on the young person and the whole family unit. In short, junior rates of pay will institutionalise the working poor, which in this case are often young people from NESB.

Summary

YANQ prefers a the development of a comprehensive and coherent employment and economic policy which contains the goal of ensuring youth participation in meaningful, full time employment and which works towards full employment opportunity for all.

In this submission YANQ argues that it is desirable to replace junior rates with alternatives that do not discriminate on the basis of age.

Our points are presented as follows:

Cases previously presented for retaining junior rates are fear based, unsubstantiated, and fail to take recent Industrial Law changes and some State and Federal awards.

Young people are high consumers, increasing the spending power of this group has the potential to increase spending especially within Retail, Fast Food Service Industries and other entertainment and allied industries.

Maintaining Junior Rates, based on the Harvester Agreement, is regressive as the underlying values of that agreement ignore changes in attitudes to young people.

There are specific groups with particularly high needs. Studies have identified that Aboriginal and Torres Strait Islander communities, people from Non English Speaking Backgrounds and young women as sole parents are already living below acceptable poverty lines. These groups of young people have high needs.

Junior rates will institutionalise the working poor, which in this case is often those with the greatest need for increased spending capacity.

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