




CLEAN  
START  
FAIR DEAL  
FOR LEANING

# LIVING ON A KNIFE'S EDGE

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The growth of the working  
poor in Australia

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Authorised by  
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# Message from MAREE O'HALLORAN

**Many of today's workers experience employment that is too often insecure, under-valued and under-paid. This group of workers make up what is known as the "working poor". As Co-Chair of NSW Anti-Poverty Week and the Director of the Welfare Rights Centre, I have noted the increase in the number of people that have fallen into the category of the working poor with increasing alarm. In less than 30 years, this number has grown from 14.5% of Australians to a staggering 20%.<sup>1</sup> Far from increasing, this number should have been rapidly falling.**

Today's workers are increasingly under financial pressure facing longer working hours, in precarious employment conditions. Employers are demanding greater "workplace flexibility" to absorb the impact of economic volatility and maintain their profit margins. Households are being stretched due to the rising cost of living, which includes having to pay for private goods and services that were previously guaranteed by the government, such as health care, childcare and education.

But Anti-Poverty Week is an opportunity for us to discuss the facts and to find a solution. This is an issue that must be resolved by cooperation between government and industry to ensure no Australian workers are left behind and those that have been are able to catch up. This report lays out the truth about the working poor and therefore an opportunity to address the very real and existing crisis that affects 20% of working Australians. I hope this report goes some way to stirring the debate that is very much needed.

**Maree O'Halloran  
Co-Chair NSW Anti-Poverty Week  
Director, Welfare Rights Centre**



**“ Anti-Poverty Week is an opportunity for us to discuss the facts and to find a solution. ”**



# Message from LOUISE TARRANT



**There is an ever growing chasm between Australians who are financially well-off and those who are struggling to afford the basics. This report outlines the truth behind Australia's two speed economy. The case studies that follow focus on the retail cleaning industry, which presents one of the clearest examples of workers suffering the full force of industry pressure.**

Due to contractual processes, most cleaning companies work on very low margins which means that corners must be cut somewhere in order for these companies to remain solvent. As labour is the main cost, workers are generally the ones that suffer the most in the cleaning industry, be it through rock-bottom wages of just \$16.57 day rate per hour, increased work pressures or chronic understaffing.

However, part of the problem in the cleaning industry is that the shopping centre owners have allowed the contract crisis to exist, and in some cases have given positive reinforcement to the practice of serial undercutting by offering only cut-price contracts. This isn't the case for all property owners, but it is clear that a number have washed their hands of any responsibility for those who work in their centres. This has meant an entire industry of workers is struggling to make ends meet. It is therefore clear that all players in the industry must work together to find a solution. Cleaners are ready, and are joining together to campaign for a Clean Start, which will see improvements not just to wages and working conditions but to the entire industry.

But, the problem doesn't stop at cleaning. The workers in this report aren't unique to their industry; they are part of the more than 20% of Australians that make up the working poor. 1 in 5 Australians are struggling financially regardless of how hard they work and how good a job they do. They work, but due to the external pressures, they can't make ends meet.

It is therefore vital that the pressure placed on these 20% of workers is eased - it is time business understood that decent and dignified jobs are not inconsistent with better bottom lines and quality service delivery. This report is designed to highlight the problem. The facts don't make easy reading, but it is the necessary place to start to ensure this debate receives the time and attention it deserves.

**Louise Tarrant**  
**United Voice National Secretary**

# The Working POOR

**The “working poor” is broadly defined as those who are low paid and have an inadequate standard of living, despite generally being employed with regular work.<sup>2</sup>**

The extent and the experiences of the working poor are often hidden and are not widely understood. Low paid workers are workers who earn less than two-thirds of the median Australian wage<sup>3</sup>. They regularly face both time and financial pressures – many do not qualify for government assistance programs, yet their incomes are insufficient to provide decent standards of living and wellbeing. Often, the low paid have to find money for a range of costs that social security recipients do not, such as acceptable work clothing and maintaining a car. Yet, there is not a substantial difference between their take home pay and government benefits.<sup>4</sup> Most concerning, the working poor are frequently trapped in a cycle of precarious employment (casual and contract employment arrangements), low hourly rates of pay, high workloads and limited job security. Despite being engaged in the workforce, they face economic deprivation due to poor wages, but they also face social exclusion due to both financial and time constraints.

## What does this mean?

- Close to **20%** of Australian workers are categorised as low-paid, an increase from **14.5%** three decades ago.<sup>5</sup>
- A study of working poverty found that in 2005-2006, **10%** of Australians lived in poverty, or approximately **1.16 million** households. Of these 1.16 million households **18%** had someone in paid employment.<sup>6</sup>
- The wealthiest **20%** of households in 2009–10, accounted for **62%** of total household net worth; an average net worth of **\$2.2 million** per household. The poorest **20%** of households, accounted for **1%** of total household net worth; an average net worth of **\$32,000** per household.<sup>7</sup>
- Low to moderate income households are resorting to increasing their levels of debt to keep up with the cost of living. RBA statistics show that in March 2011 the ratio of household debt to disposable income was **155.1%**, compared to **33.7%** in March 1977.<sup>8</sup>





## Imbalanced wealth distribution in Australia



The wealthiest 20% of households account for 62% of total household worth

The poorest 20% of households account for 1% of total household worth



Average net worth

**\$2.2 MILLION**

Average net worth

**\$32,000**

# Mariam's STORY

**Mariam, Westfield Mount Druitt,  
New South Wales, cleaned by Spotless**

**I came from Sudan a number of years ago. I left because I wanted to bring my daughters up in a safe and comfortable place. But now, I earn approximately \$16 an hour which is too little to live on. I live by myself since my husband died, so there is no other income. Each fortnight, I earn around \$1,300. My rent is \$600 a fortnight, then when you add in bills and food, I have nothing left.**

I have two grandchildren and they stay with me one night a week. I want to be able to buy them presents like any grandmother does, but I can't and that makes me feel ashamed. When they visit I fill the fridge for them, but after that, I have nothing. It breaks my heart and I feel awful.

My sister has a credit card and she lets me put my bills on that. That way, I can pay her back when I can. But sometimes, I can't pay her back quick enough and she gets charged interest. It makes me feel bad that I have to do this.

Cleaners work hard, and the cleaners at my centre are like a family to me. We are very important to a shopping centre, but it is too hard. We need a Clean Start so we can have a chance.

“ I have nothing.  
It breaks my heart  
and I feel awful.

”



# David's STORY

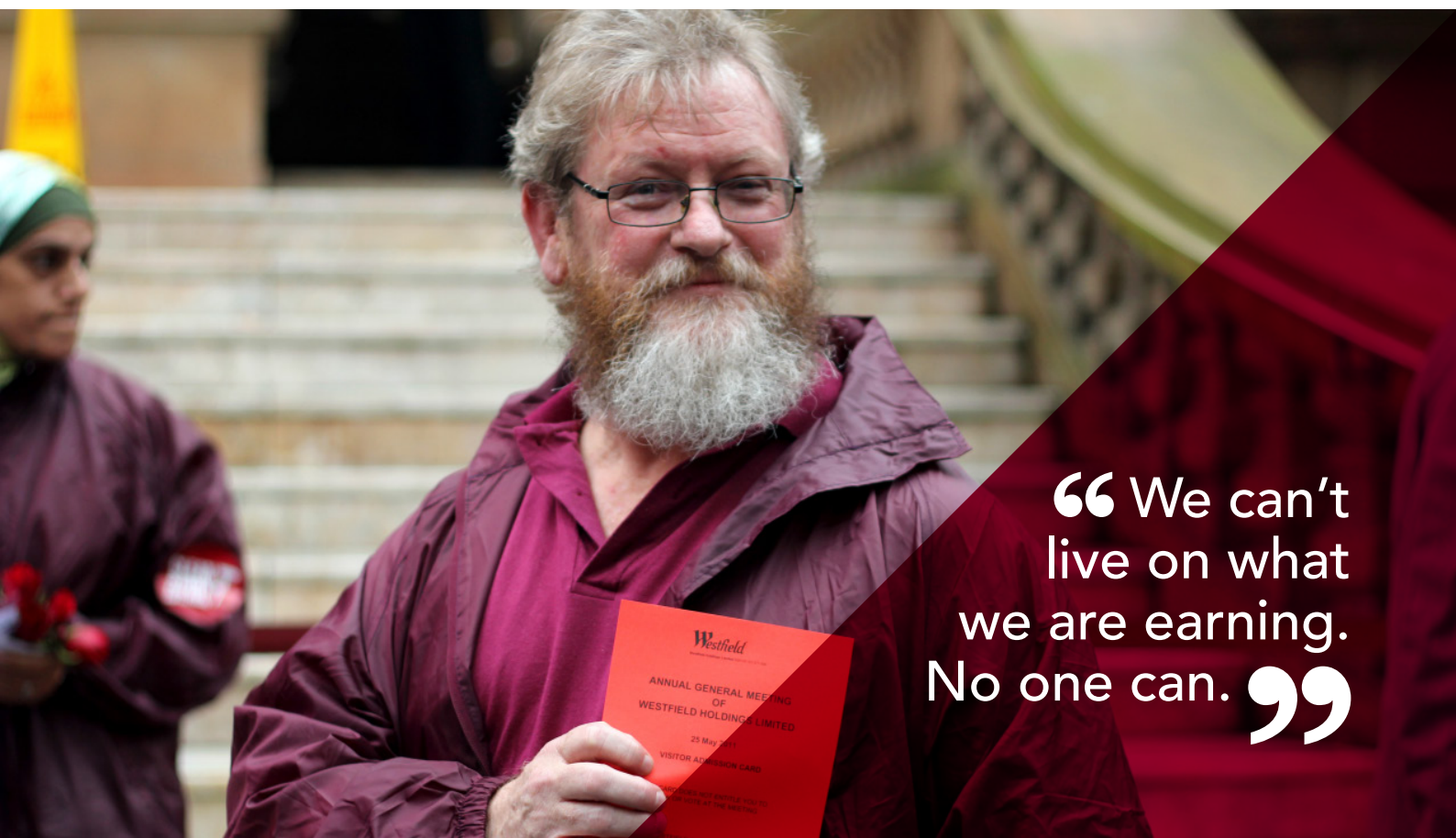
**David, Westpoint Blacktown (Queensland Investment Corporation),  
New South Wales, cleaned by Assetlink**

**At the present time I earn around \$16 an hour and to live on that is very hard. When I get my pay, three quarters of it goes direct on my rent. That is a massive chunk. I pay \$750 a fortnight. Now with increasing electricity prices, and food prices, day-to-day living is a struggle.**

I have \$220 left out of my pay to buy food, pay my electricity bills and get to work and it's unbelievable the things I go through to make ends meet. In the long term I could not pay my bills and I ended up having to go bankrupt because of it.

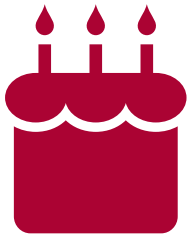
For 18 months, I didn't even buy a pair of shoes. I have had to borrow money and luckily enough its family, and they understand that when I can pay it back they will get it back.

It's a daily struggle for everybody; this is not just my story, it's everybody's story in the retail cleaning industry. It's so hard. We can't live on what we are earning. No one can.



“ We can't  
live on what  
we are earning.  
No one can. ”

# The Retail Cleaning INDUSTRY WORKFORCE



Which range of **age** groups do you fit into?<sup>9</sup>

<b>15-24</b>	<b>25-34</b>	<b>35-44</b>	<b>45-54</b>	<b>55-64</b>	<b>64+</b>
8%	15%	27%	<b>32%</b>	17%	2%



How many **years** have you worked as a cleaner?

<b>&lt;1 YEAR</b>	<b>1-5 YEARS</b>	<b>5-10 YEARS</b>	<b>&gt;10 YEARS</b>
8.4%	<b>43.5%</b>	19.0%	29.1%



How many **hours** a week do you work?

<b>1-10 HOURS</b>	<b>11-20 HOURS</b>	<b>21-30 HOURS</b>	<b>30+ HOURS</b>
8.4%	27.7%	12.6%	<b>51.3%</b>

Is it easy to get by **comfortably** on your current wage?

**NO**  
**68%**

Do you think you will have **saved enough** to retire at 65?

**NO**  
**92%**

Do you feel that **your financial future** is secure?

**NO**  
**86%**





“ One in five  
Australians are  
struggling to  
make ends meet.”

”

# Jason's STORY

**Jason Peel,  
Indooroopilly Shopping Centre (ARIA),  
Queensland, cleaned by Assetlink**  
**To explain what it is like living on \$16  
an hour, I can sum it up in two words:  
a battle.**

Feeding the kids, paying the rent, electricity, phone bill, car payments, the list goes on. Although, the outcome stays the same. There are constant hikes in the price of living but is there ever a rise in wages?

Feeding my kids a nutritionally balanced diet has become a thing of the past, with low priced foods, such as junk food being the only option. Think of the impact this has on children's lives. Yet, it is a problem I can't solve. The increase in rent has caused me to move into shared accommodation. A family living within a family is not ideal, and restricts my individual family. My current wage impacts not only on my life, but also my family's.

Purchasing new clothes, going to the movies, going out for dinner and enjoying my family life outside a cramped house – these things do not exist. All activities have a cost, a cost that isn't allowed for when you are living on such low wages. A holiday seems like a dream. One that is never going to happen. Why? Because I'm barely able to pay for the necessities of life for me and my children. It is all of these little things that people take for granted, that someone like me dreams about.

I feel as though I'm disadvantaging my children all because of the work I do. This creates disbelief, sadness, misery, heartache and shame on my behalf. A liveable wage would be like winning lotto. It would mean so much. Not only in terms of money, being able to treat my family to outings. In fact, just being a family in general. If this happened, I would be over the moon. This would mean myself and the children could move into an apartment, or at least out of others' living space and into our own. Or even the stress relief of a more comfortable budget. It would mean a different life.





“ A liveable wage would be like winning lotto. It would mean so much. ”

# Getting by on POVERTY WAGES



**Weekly** cleaner's fulltime base wage before tax is **\$630** or **\$32,742** a year<sup>10</sup>

**Average** New South Wales household **weekly** expenditures<sup>11</sup> are...



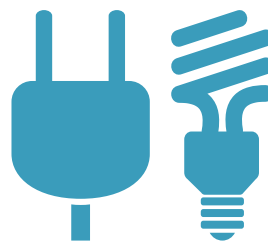
RENT<sup>12</sup>

**\$380**



GROCERIES

**\$213**



POWER AND HEATING

**\$32**



TRAVEL

**\$198**

## Cleaners are frequently underpaid

**T I M E**  
**E Q U A L S**  
**M O N E Y**

**30%** of cleaners work for more hours than they are paid for.





Have you experienced any of the following at work?

**Incorrect pay (including allowances and unpaid overtime) under payment**



Have you ever **not been paid** on time?



# Cathy's STORY

**Cathy Daniels, David Jones at  
Westfield Marion South Australia,  
cleaned by Menzies**

**My name is Cathy and I work in a retail  
store in a Westfield centre in South  
Australia. I've worked in that centre for  
10 years now and in that 10 years my  
hourly rate has gone up by only \$3.**

The workloads have increased but our hours have been reduced and our staff numbers have been cut severely. I once looked forward to the thought of retiring on a moderate income. I know now that that's not the case; I know that I'll be working well after my 65<sup>th</sup> birthday.

If I had an increase I'd be able to pay my bills without the pressure and the stress that I face on a weekly basis. I would be able maybe to have dinner out with my husband, maybe once a month.

Those things are just not possible at the moment. Virtually all the wage goes to mortgage, food, and bills - we rob Peter to pay Paul.

I know that my workmates are frightened of what the future will be for their children and for themselves; they know that the electricity is going to cost them more and they just don't know what the day-to-day costs are going to be in the next 6 months, and it scares them.

We don't do holidays, our friends do overseas trips and we would love to think that we could fit that in some time in our life but at this stage we don't think so. It's very different to our own parents who retired well and could enjoy some leisure time. That's not going to be an option for us.

“ I know that I'll  
be working well  
after my 65th  
birthday. ”



# Ruth's STORY

**Ruth Sorbello, Westpoint Blacktown  
(Queensland Investment Corporation)  
New South Wales, cleaned by Assetlink**  
I'm the only earner in a family with three boys. I've got two teenage boys and a seven year old and it's really hard to make ends meet on that wage.

By the time you pay your rent, groceries and bills, if you can pay them, there's hardly anything left.

If my kids want shoes or to go to the pictures or need a new outfit, I have to tell them no a lot of the time and you can see the disheartened looks on their faces. Christmas is around the corner, and that will be a struggle, as well. They won't get much, maybe one gift each, if that. My son got one shift a week at his part-time job and sometimes I had to borrow that money, just for school lunches. I paid him back when I got paid and sometimes that was a struggle. Just trying to have enough money for food and essentials, plus keeping up with the rent on my wage, is pretty hard.

It's depressing – you get really down and upset. You feel like there's no way out of the cycle. You don't know if the future is going to be better. A living wage would make a huge difference. Hopefully, we'd be able to survive on that.

“ You feel like there's no way out of the cycle. You don't know if the future is going to be better. ”



# Final WORD

**As the number of Australians falling into the poverty trap rapidly increases, it is time to properly address this crisis that has been left to grow for far too long. The confronting reality is that it is not just those who are low-paid that struggle; it is also their families and their communities. Low pay not only creates financial pressures; it also creates immense family stresses and serious health issues. Low pay inhibits ambition and opportunity and it creates a cycle that will be difficult to break unless there are immediate changes.**

But, what is most concerning is that those falling into the poverty trap aren't limited to the occasional person down on their luck; workers from whole industry sectors are suffering. Cleaners struggle to get by on poverty wages while working, day and night, in some of the most profitable spaces in the entire world. The cleaners profiled in this report provide an example of an entire industry workforce fighting to keep their heads above water.

However, while this report paints a bleak and confronting reality, there is a way to reverse the trend. We must commit to making changes to ensure our society and economy are fair and that business, government and industry share the responsibility. We must address these problems by working together to find real and meaningful solutions within our industries and communities to end the cycle of poverty.

Taking responsibility to create better industries and a better society requires courage. In the cleaning industry we know what is required.

It needs everyone - from the cleaner, to the contractor to the property owners - to work together to create a more equitable and efficient industry. Just as office cleaners, property owners and cleaning companies took up the challenge to reform office cleaning, shopping centre stakeholders must do the same.

Shopping centre cleaners have come together across the country as part of the Clean Start campaign to create a better retail cleaning industry. Cleaners are incredibly proud of their work and of the future of their industry. They are calling on contractors and owners to join them to take responsibility to improve retail cleaning. Cleaning companies must take responsibility for competing on the basis of quality and sustainability rather than solely on price. Shopping centre owners must recognise their responsibility to those who work in their centres. This responsibility can be demonstrated by recognising the need to improve contracting processes; rejecting risky cleaning practices and ensuring cleaners can earn a living. This is the only way for cleaners and their families to get out of the poverty trap and create better lives for their families and for our society's future.

Addressing the problems on an industry-wide scale is the only way to adequately address the crisis currently being faced by tens of thousands of Australians. The poverty cycle can only be broken if those in power accept that their responsibility extends to more than just their shareholders or voters, but to the workers who maintain their investments and the wider community. It involves a change to the status quo, but it is the only way we can prevent our two speed economy being a permanent and devastating part of our society.

## ENDNOTES

### PAGES 2-3

- 1 Masterman H and Pocock B (2008) *Living Low Paid: The Dark Side of Prosperous Australia*, pp. 30-31.

### PAGES 4-5

- 2 Hahn M and Wilkins R (2008), *A Multidimensional Approach to Investigation of Living Standards of the Low-Paid: Income, Wealth, Financial Stress and Consumption Expenditure*, report commissioned by Australian Fair Pay Commission, Research Report No. 4/09, p. 10.
- 3 Australian Council of Trade Unions, *Annual Wage Review 2010-2011*, submission to Minimum Wage Panel, March 18 2011, p. 134.
- 4 Masterman H and Pocock B (2008) *Living Low Paid: The Dark Side of Prosperous Australia*, pp. 132-133.
- 5 Masterman H and Pocock B (2008) *Living Low Paid: The Dark Side of Prosperous Australia*, pp. 30-31.
- 6 Payne A (2009), "Working Poor in Australia: An Analysis of Poverty Among Households in which a Member is Employed", *Family Matters*, Australian Institute of Family Studies, no. 81, p. 18.
- 7 Australian Bureau of Statistics (2011), *Household Income and Income Distribution, Australia, 2009-2010*, Cat. No. 6523.0, August 30 2011.
- 8 Reserve Bank of Australia (2011), "Table B21 Household Finances – Selected Ratios", *Statistical Tables*, Accessed 18 August 2011 <<http://www.rba.gov.au/statistics/tables/>>

### PAGES 8-9

- 9 Australian Bureau of Statistics (2000), *Cleaning Services Industry, Australia, 1998-99*, Cat No. 8672.0.
- All other statistics from United Voice (2011), *National Shopping Centre Cleaners' Survey*, September 2011.

### PAGES 12-13

- 10 Based on *Cleaning Services Award 2010*, day rate of \$16.57 per hour working 38 hours per week, 52 weeks per year.
  - 11 Australian Bureau of Statistics (2011), *Household Expenditure Survey, Australia: Detailed Expenditure Items, 2009-10*, Cat. No. 6530.0, Table 27A
  - 12 NSW Government Housing Analysis and Research (2011), *Rent and Sales Report - Rent: June quarter 2011*, No. 96, p. 1
- All other statistics from United Voice (2011), *National Shopping Centre Cleaners' Survey*, September 2011.



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FOR  
ALL