

# Annual Wage Review 2018–19: Questions for consultations

All interested parties are invited to comment on any question published for consultations, including those that have been addressed to specific parties.

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# 1 Decision-making process

## 1.1 Questions to CCIQ and other parties

The CCIQ has sought a deferral (by six months) of any increase in the NMW and modern award minimum wages on the basis of the January and February 2019 rainfall event in the Townsville region. The submission states that:

‘The proposed mechanism to determine which employers should receive the minimum wage deferral is to be guided by the Disaster Recovery Funding Arrangements 2018 (DRFA) and specifically the DRFA event – North and Far North Queensland Monsoon Trough, 25 January – 14 February 2019’.<sup>1</sup>

This has been clarified in supplementary submissions to confirm that the deferral is sought for all employers who are in receipt of the Special Disaster Assistance Recovery Grants (Special Recovery Grants) available under the relevant DRFA event assistance.<sup>2</sup>

To what extent do the eligibility criteria for the relevant Special Recovery Grants actually inform the Panel about exceptional circumstances that might warrant a deferral of NMW and modern award minimum wages?

Should the Panel be satisfied that relevant exceptional circumstances exist, how would it ensure that the Determination (the deferral) is limited just to the particular situation to which the exceptional circumstances relate—s.286(2) and s.287(4) of the *Fair Work Act 2009* (Cth)?

What factors (if any) differentiate the relevant DRFA event – *North and Far North Queensland Monsoon Trough, 25 January – 14 February 2019* from other DRFA events and other declared natural disasters and is this relevant to assessment of exceptional circumstances and/or the exercise of any discretion by the Panel to defer increases?

## 2 Economic and labour market considerations

### 2.1 Question to ACCI

In response to a question on notice, ACCI stated that ‘given the private non-mining sector is more heavily reliant on the NMW decision, more weight should be placed on non-mining terms of trade data.’<sup>3</sup>

Is ACCI able to provide such data to the Panel, or direct us as to where to find it?

### 2.2 Question to NRA

In the introduction to its submission in reply, the NRA says ‘(i) The majority of goods of the kind subject to retail sale continue to experience minimal increases, or further decreases, in real price, as a result of continuing price competition in the retail industry.’<sup>4</sup>

Can the NRA provide any information on the extent to which the wholesale costs of goods ‘of the kind subject to retail sale’ have fallen?

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<sup>1</sup> CCIQ submission, 15 March 2019 at para. 44.

<sup>2</sup> CCIQ submission in reply, 12 April 2019, p. 2.

<sup>3</sup> ACCI submission in reply, 12 April 2019 at para. 97.

<sup>4</sup> NRA submission in reply, 11 April 2019, p. 1.

### 3 Relative living standards and the needs of the low paid

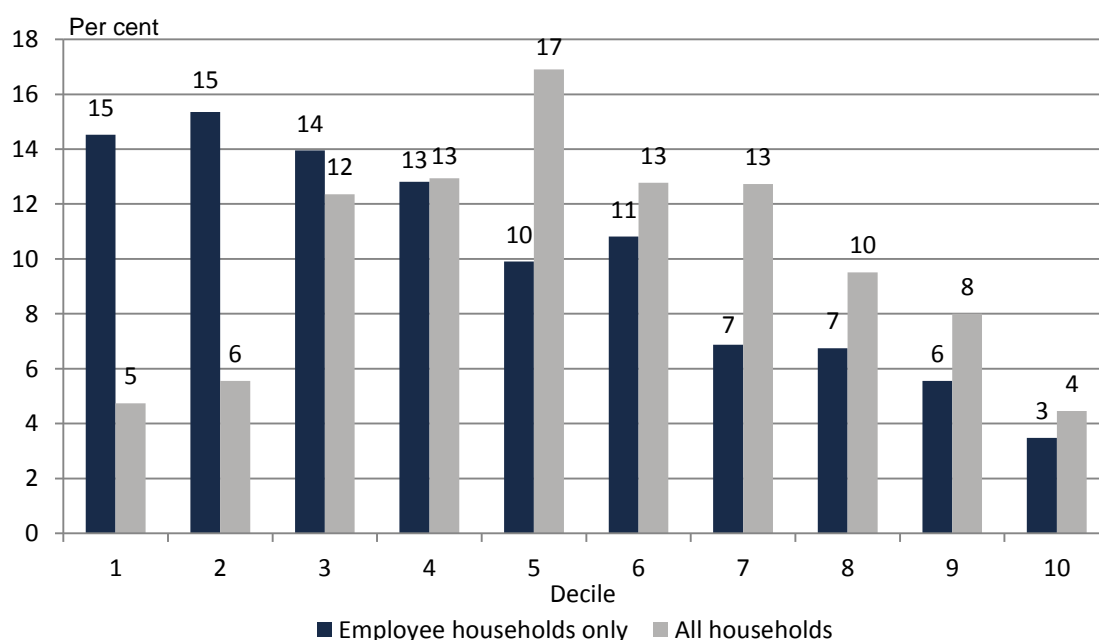
#### 3.1 Question to all parties

The submissions about the relative living standards and the needs of the low paid tend to focus on the level of the NMW, yet 95.8 per cent award-reliant workers paid the adult rate are paid above the level of the NMW.<sup>5</sup>

The available data suggest that 25 per cent of award-reliant workers live in households that are in the 2<sup>nd</sup> lowest quintile of the distribution of equivalised household disposable income, and a further 30 per cent are found in the 3<sup>rd</sup> (middle) quintile. These data are shown in Chart 1 below.

Analysis of award-reliant workers across the equivalised household disposable income distribution is presented in Chart 1 from Research report 1/2017, using data from the Household, Income and Labour Dynamics in Australia Survey for 2015.<sup>6</sup>

**Chart 1: Distribution of award-reliant workers across household income for all households and employee households**



Source: HILDA Survey, wave 15; Jimenez C & Rozenbes D (2017), *Award-reliant workers in the household income distribution*, Fair Work Commission Research Report 1/2017, February, Figure 1.

Chart 8.6 in the Statistical report also shows that over the period 2011–12 to 2015–16 (the latest data available) living standards fell for households in the middle (3<sup>rd</sup>) quintile, and rose only slightly for households in the 2<sup>nd</sup> (lowest) quintile.

Two propositions seem to follow from these data:

<sup>5</sup> Yuen K, Ellis G & Nelms L (2018), *Characteristics of workers earning the national minimum wage rate and of the low paid*, Fair Work Commission Research Report 3/2018, Table 2.1.

<sup>6</sup> Jimenez C & Rozenbes D (2017), *Award-reliant workers in the household income distribution*, Fair Work Commission Research Report 1/2017, February, Figure 1.

1. A substantial proportion of award-reliant workers paid above the level of the NMW live in households in the second and third quintiles of the distribution of equivalised household disposable income.
2. These award-reliant workers have received little growth in their real equivalised household disposable income in the period 2011-12 to 2015-16.

We ask the parties to comment on the above propositions.