

Justice Ross
Fair Work Commission
Level 4, 11 Exhibition Street
MELBOURNE 3000

Via e-mail: awr@fwc.gov.au

5 November 2021

Your Honour,

Annual Wage Review 2021-22: Draft Research Program

We refer to the draft research program annexed to the Statement of the Commission dated 18 October 2021.

We commend the Commission on the continued commitment to providing a Statistical Report and Research Reference list for the coming Review. We have found these resources to be highly useful in identifying relevant issues for further analysis in our submissions.

We welcome the Commission's interest in developing a Consumer Price Index for low paid households. This research proposal will assist to better understand and quantify the impacts on lower income households of changes in the prices of essential items, an issue which we have raised in successive submissions. If present trends persist, we would expect electricity prices to be a strong driver of differences between the mainstream CPI and the low paid index being developed by the Commission. We also appreciate that some shifts in prices which may be significant in this year's review, such as rental accommodation for workers in tourist areas outside capital cities, would not be reflected.

We are very pleased that the Commission is now proceeding further with its proposed research regarding Budget Standards, which was initially foreshadowed in the 2020-21 research program. Whilst we have been consistent in acknowledging that the 2017 report by the Social Policy Research Centre was a commendable and valuable undertaking, we have also expressed our concerns about some of the limitations in its design, including:

- An underrepresentation of working people (compared to unemployed people or people not in the labour force) in focus groups;
- A lack of measurement of the costs of workforce precarity;
- A lack of representation of persons across the socio-economic spectrum and the city/regional divide in focus groups;
- The exclusion of cars in measuring the costs of transportation;
- Very low allocations for health, childcare, emergencies/unexpected outlays and clothing expenses; and
- A gendered view concerning workforce participation.

In our view, these limitations resulted in an underestimation of living costs and provided a poor basis for the Panel to make an informed judgement about the needs of the low paid. We anticipate that the further Budget Standards research foreshadowed by the Commission will be informed by these observations and the review conducted in the Commissions research report 2/2020 “Budget standards: international measures and approaches”.

The Panel has held on multiple occasions that:

- Budget standards are relevant to the assessment to the needs of the low paid; and
- That assessment involves analysing the extent to which low-paid workers are able to purchase the essential items necessary for achieving a decent standard of living for them and their families, and to allow to them to participate in community life, assessed against contemporary norms.

In light of this, we consider that the methodology utilised in the United Kingdom by the Resolution Foundation and the Living Wage Foundation is the best candidate for adaptation to the Australian context in the Commission’s research.

We look forward to further consultation about these research initiatives through the Minimum Wages Research Group, in due course.

Yours faithfully,



Trevor Clarke

Manager, Industrial & Legal