

**Fair Work Commission**

*Fair Work Act 2009*

**Annual Wage Review 2016-17**

**Submission in Reply**

**by the**

**Australian Catholic Council for Employment Relations**

**13 April 2017**

**Table of Contents**

	Paragraph
<b>A. INTRODUCTION</b>	1
<b>B. REPLY TO THE AUSTRALIAN GOVERNMENT’S SUBMISSION</b>	19

**A. INTRODUCTION**

1. This Reply submission by the Australian Catholic Council for Employment Relations (ACCER) concerns two matters that have arisen since ACCER’s initial submission of 29 March 2017 was prepared and filed and a range of matters in the Australian Government’s submission of 29 March 2017.

*The freezing of family payments*

2. ACCER’s initial submission refers to the *Social Services Legislation Amendment Bill 2017* which was, at the time of writing, before the House of Representatives after having been passed by the Senate. We said (at paragraph 90) that we would make a further response after the enactment of the legislation. The legislation was passed on 29 March 2017.
3. The *Social Services Legislation Amendment Act 2017* includes provisions that will freeze for two years, from 1 July 2017, the fortnightly payments of Family Tax Benefit Part A and Family Benefit Part B. The *Explanatory Memorandum* accompanying the Bill stated that the expected savings over the period 2017-18 to 2020-21 will be around \$1,950

million. There will be ongoing savings to the Budget, and losses for families, because the cuts over the two years will not be restored. In the absence of a freeze, these family payments would increase by 1.5% on 1 July 2017 as a result of the 1.5% annual increase in the Consumer Price Index (CPI) at December 2016. The current level of these family payments is set out in Table 18 of the Attachment to ACCER's initial submission. In a family with two children, one under 13 years and the other one 13 years or older, the Family Tax Benefit Part A payment is \$210.35 per week and the Family Tax Benefit, Part B, payment is \$54.32 per week (where the youngest child is age 5 or more).

4. Table 8.6 of the *Statistical Report*, published by the Fair Work Commission (FWC), includes these kinds of payments in its calculations of the disposable incomes of various households, but they are limited to school age children under the age of 13. The various kinds of transfer payments are not disaggregated in the *Statistical Report*, but it is apparent that family payments are a very large part of the disposable income of low income families.
5. On the assumption that family tax benefits are \$250.00 per week, the loss from 1 July 2017 will be \$3.75 per week. This is substantial when compared to, for example, the after-tax increase in the National Minimum Wage (NMW) of \$12.48 per week as a result of the FWC's May 2016 decision. Compensation for the loss caused by the freeze on 1 July 2017 would require a gross wage increase of \$4.63 per week for low paid workers earning between \$18,201 and \$37,000 per year (where the marginal tax rate is 19.0%) and would require a gross wage increase of \$5.56 per week for those earning above \$37,000 per year (where the marginal tax rate for low income earners is 32.5%). These calculations do not take into account the Medicare Levy, which will not be payable by lower income families.
6. The losses that families will suffer on 1 July 2017 come on top of the losses that they have recently suffered as a result of the withdrawal of the Schoolkids Bonus. We have addressed the loss of the Schoolkids Bonus in our submission of 29 March 2017 and have asked the FWC to include within the increases awarded in the current review an amount of \$8.00 per week as interim compensation for the loss of the Schoolkids Bonus; see paragraphs 5 and 87-9.
7. ACCER has accepted that compensation for the loss of the Schoolkids Bonus cannot be achieved in only one annual wage review. It has not revised its wage claim in the light of the freezing of family benefits because it believes that there is a limit on the capacity of the

FWC to address in one wage review the very large cuts to family living standards brought about by this change and by the abolition of the Schoolkids Bonus. These are matters that should be addressed over time in successive annual wage reviews.

*The Statistical Report and the Schoolkids Bonus*

8. The estimates of disposable household incomes in Tables 8.5 and 8.6 of the *Statistical Report* include the weekly value of the Schoolkids Bonus on the basis that the children are attending primary school. In 2016 the annual value of the payment for each child in primary school was \$430.00, or \$8.24 per week (at 52.18 weeks per year). In a family with two children this amounts to \$16.48 per week, significantly more than the after-tax increase in the NMW in July 2016.
9. The current *Statistical Report* calculates poverty lines and disposable incomes at September 2016. On past practice, these figures will be re-calculated for December 2016 following the release of estimates of Household Disposable Income in the next issue of *Poverty Lines, Australia*, which will cover December 2016. It is appropriate to include the annualised value of the Schoolkids Bonus in figures for 2016. However, it is important that the withdrawal of the payment at the end of 2016 be recognised. ACCER submits that any reference in the updating of *Statistical Report* to the position at December 2016 identify the amounts attributable to the Schoolkids Bonus, with a further notation that they not payable after 2016. We expect, however, that the FWC's consideration of contemporary disposable incomes and living standards in its forthcoming decision will not include the Schoolkids Bonus.

*Response to medium-term target decision*

10. The FWC has rejected the application by United Voice for the setting of a medium-term target for the NMW; see *Decision* [2017] FWCFB 1931, 7 April 2017. ACCER will respond to this decision prior to the consultations on 17 and 18 May 2017, but there are several aspects which can now be addressed. ACCER supported the proposal for the setting of a target relative to median wages because, if adopted, the target would have a direct impact on the relative living standards of the low paid and their ability to purchase the essentials for a decent standard of living.
11. In the absence of such a target, ACCER will ask the FWC to adopt a policy to increase the relative living standards of low paid workers over a period of time with a view to restoring the eroded relative living standards of the low paid to at least the level that applied when

the NMW was first established (as the Federal Minimum Wage) in 1997. It will argue that such a policy can be adopted consistent with the FWC's statutory obligations. The Government's changes to the social safety net, discussed above, add support for such a policy, as does the increasing impact of bracket creep on the after-tax wages of low paid workers; see ACCER March 2017 submission, at paragraph 92. Having regard to the FWC's decision on the medium-term target, ACCER will not seek the establishment of any particular relationship between the NMW and the median or average wage levels.

12. The cause of the decline in living standards, including rising poverty levels, is highlighted by passages in the Australian Government's March 2017 submission which point to the loss in the relative value of the NMW since 1997:

“252. Since the national minimum wage was introduced in 1997, it has increased on average by 3.4 per cent a year in nominal terms and 0.7 per cent a year in real terms. This is less than growth in median full-time earnings, which averaged 4.3 per cent a year in nominal terms and 1.5 per cent a year in real terms to 2015 (ABS *Characteristics of Employment*).

253. Therefore, the minimum wage bite (the ratio between the minimum wage and median full-time earnings) has declined from 62 per cent in 1997 to 53 per cent in 2015. This is still above the average for comparable OECD countries (see Chart 7.1). Most of the decline occurred in the late 1990s and the mid-2000s, with the early 2000s and the period since 2008 exhibiting relative stability.”

13. ACCER submits that the FWC cannot turn a blind eye to the impact that these changes have had on the living standards of the low paid. We are also concerned that the FWC may omit from its recitation of recent history the worst of these deleterious changes. For example, in rejecting the United Voice application the FWC said:

“We do recognize, however, that a series of independent annual Review decisions might have a cumulative impact that was not explicitly intended. It is for this reason that the Panel routinely considers (and publishes in its statistical report) the evolution of economic and social data over the past 10 years, as well as over the more immediate time frame.” (Paragraph 65)

14. It is now 20 years since the NMW was established and the worst damage done to living standards occurred in the first 13 years of its operation, particularly during the *Work Choices* years. It is clear that there was no *explicit* intention over the years prior to *Work Choices*, to cut living standards, but that was the cumulative effect. It still calls for a remedy. The FWC's concentration on the past decade is evident in the current *Statistical Report*. Tables 8.2, 8.4, 8.5, 9.1 and 9.2 and Charts 8.1, 8.2 and 9.1 cover the period 2006

to 2016. Because of the lack of data for 2016 Table 8.1 and Chart 8.3 cover the period 2005-15. There is nothing in chapters 8 and 9 of the *Statistical Report* which records, or even alludes to, the fundamental post-1997 change identified by the Government in its submission.

15. The limiting of data and inquiry to the past decade excludes a true picture of the changes that have taken place in the relative living standards of low paid workers and the explanation for the increasing poverty levels among low paid workers and their families.
16. The clear purpose of the minimum wage provisions of the *Fair Work Act 2009* was to restore fairness to the minimum wage decision making process and to overcome the unfairness of the *Work Choices* years. They have also presented the means by which the FWC can address the decline in the relative living standards of low paid in the years leading to the *Work Choices* legislation when safety net wages failed to reflect the substantial increases in national incomes. Yet the effect of the increasingly limited time horizon in the FWC's data and its consideration of that data present a very real risk that the large cuts in relative living standards will be deemed irrelevant to contemporary wage setting. We understand that some may wish that the FWC's record be judged by its actions since January 2010, but it has a legacy to address: a legacy which has caused loss and distress to many low paid workers and their families.
17. Several of the filed submissions have referred to the implications for the current wage review of the FWC's penalty rates decision of 23 February 2017: *4 yearly review of modern awards – Penalty Rates, Decision* [2017] FWCFB 1001 (Penalty Rates Decision). The Shop Distributive and Allied Employees' Association has referred to the FWC's view in that case, at paragraph 823, that "The needs of the low paid are best addressed by the setting and adjustment of modern award minimum rates of pay (independent of penalty rates)". Clearly, any improvement in award wage rates has to be achieved over time and by a commitment to provide a contemporary assessment of the needs of the low paid, with wage adjustments to follow. However, the FWC's rejection of the application for the setting of a medium-term target suggests that this may be a false hope, unless the FWC identifies a policy basis upon which the relative level of wage rates for the low paid can be reviewed and adjusted over time.
18. ACCER's submissions on the medium-term target decision will contend that the FWC's construction of the terms of each of section 284(1) and 134(1) of the *Fair Work Act* are

erroneous and will address the FWC’s views at paragraphs 50, 57 and 58 of the decision. ACCER will contend that the FWC has failed to identify its fundamental obligation to set a safety net which, of its nature, is intended to protect the living standards of workers. In setting such a safety net the FWC is obliged to take into account the specified factors in sections 284(1) and 134(1), which have an operation that is ancillary to the fundamental obligation of setting a safety net for the benefit of workers. The FWC’s construction of these sections disconnects the particular matters to be taken into account from the FWC’s fundamental obligation. ACCER notes that the FWC’s views draw on the analysis of the same sections in the Penalty Rates Decision. ACCER contends that the construction adopted in the Penalty Rates Decision was erroneous and should not be followed.

## **B. REPLY TO THE AUSTRALIAN GOVERNMENT’S SUBMISSION**

### *Introduction*

19. The Government’s submission deals with the number of award-reliant and low paid workers in Australia. Award-reliant workers are those who are only paid the minimum wage rate, whether it is the National Minimum Wage (NMW) or the applicable award wage rate. The Government estimates that there are 2.3 million award-reliant workers. Workers who are employed on a wage rate up to two-thirds of the median wage are regarded as low paid. The distinction between the two is important: not all award-reliant workers are low paid and not all low paid workers are only in receipt of the minimum legal rate. Many workers are still low paid, and some are living in poverty, even though they have been able to secure a wage that is above the minimum legal rate. The Government claims that most award-reliant workers are not low paid.
20. The Government provides data from two sources on the distribution of low paid and award-reliant workers across Australian households, pointing out that many low paid workers live in households in the top half of the income distribution. (paragraph 29)
21. The substance of the Government’s argument in regard to increases in the NMW (and by extension award wage rates) turns on “efficiency”:

“... increasing the national minimum wage is not an efficient way to address relative living standards or the needs of the low-paid. Low-paid employees are often found in high-income households.” (Paragraph 10)
22. There are two variations on this efficiency argument in the Government’s submission: that

there are “better ways” to address inequality and to help the low paid; and that wage increases are a “blunt instrument” to address inequality and to help the low paid.

*Inequality and relative living standards*

23. In regard to inequality, the Government argues that “there are better ways to address inequality than increases in the minimum wage and award classification wages” (paragraph 29). Although the Commonwealth focuses on inequality to make out its “better ways” argument, inequality is not, *per se*, a specified matter that the FWC has to take into account, but relative living standards is; see section 284(1)(c). In regard to gender pay inequality the Government argues that a “decision on the minimum wage and award classification wages is not well suited to addressing the complex factors underlying gender pay inequity, since the gender pay gap is greatest among high-income earners” (paragraph 30).

*The needs of the low paid*

24. The “better ways” argument is also used in respect of the FWC’s obligation to take into account the needs of the low paid. Consistent with the “better ways” argument it argues that increases in minimum wages are a “blunt instrument” because “some low-paid people live in households with high effective marginal tax rates, and others live in households with relatively high disposable incomes” (paragraph 30). The former of these reasons relates to the fact that some low paid workers and/or their partners receive income support payments that are means tested, with the effect that some of the benefit of a wage increase can be lost through a reduction in the income support payment. The second reason is illustrated by (but not limited to) the fact that many children in higher income families will get part time low paid work (which is frequently paid at the award rate) to put themselves through university.

25. The Government seeks support for its efficiency argument from the FWC’ decision in June 2014:

“The Government shares the view of the Panel’s 2014 decision, which stated that ‘increases in minimum wages are a blunt instrument for addressing the needs of the low-paid’ (Paragraph 360)” (Paragraph 30)

26. However, there is more to the FWC’s view than is revealed by the quote. The “blunt instrument” passage in the 2014 decision was a repetition of a passage in the Annual Wage Review decision of June 2013 ([2013] FWCFB 4000, paragraph 57). The passage in the 2013 decision had a footnote to the *Safety Net Review Case, 2004*, where the following

passage appeared:

“As noted in the May 2003 decision, the Commission acknowledges that increases in award wages are a blunt instrument in addressing the needs of the low paid in employment. We accept that a significant number of households with minimum wage earners lie in the middle or high income bands. Moreover, we recognise that adjustments to award wages are a relatively inefficient means of increasing the disposable income of the low paid. On-costs mean that for every dollar awarded by the Commission, employers must spend more than \$1, whereas the impact of tax and tax transfer arrangements means that, in many cases, the employee receives substantially less than \$1 as additional disposable income. *Nevertheless, increasing award wages is the only instrument that the Parliament has conferred upon the Commission in order to discharge its statutory obligation to maintain a system of enforceable awards that act as a safety net of fair minimum wages and conditions of employment in the context of living standards generally prevailing in the Australian community.*” (*Safety Net Review Case, 2004, PR002004, paragraph 308, emphasis added.*)

27. The bluntness, or relative inefficiency, relates to the facts that some low paid workers live in higher income households (or do not have family responsibilities) and that part of a wage increase does not end up in the wage packets of workers. The fact that workers without family responsibilities are advantaged by a minimum wage that takes into account the position of workers with family responsibilities has been understood since minimum wages were first set more than a century ago. Parliaments have enacted this kind of legislation because of the need for an effective safety net for those workers and families who need it. The common good of Australian society is promoted by a wage system that provides an adequate standard of living for workers with family responsibilities, even when those wages are paid to workers who do not have the same level of need, such as single workers and workers who have non-dependent children.
28. The more specific targeting of needs through increased transfer payments has been a feature of Australian budgetary policy over the last four decades, so that the work that is required of the ‘blunt instrument’ is much reduced. As a result of the changes, minimum wage increases are less blunt and less inefficient than they once were. That trend has been reversed.
29. The FWC is being presented with a charade. The Government’s arguments about the inefficiency of wage increases, of better ways to help the low paid and of wage increases being blunt instruments to provide for the needs of the low paid, are disconnected from the real world. Those who draft and approve the Government’s submission must know of the budgetary measures that have been taken to cut the social safety net and must know that at

present there is no better way to maintain and improve the living standards of safety net-dependent and low paid workers than wage increases. No better way has been proposed in the Government's submissions.

*The needs of the low paid not addressed*

30. As in past years the Government has failed to provide any evidence or submissions on the needs of the low paid. In the *Annual Wage Review 2015-16, Decision* ([2016] FWCFB] 3500) the FWC concluded that full time workers have a reasonable expectation of a standard of living that would be in excess of poverty and that their needs include the ability to purchase the essentials for a decent standard of living and engage in community life, assessed in the context of contemporary norms.
31. The attainment of the decent standard of living identified by the FWC requires an understanding and measurement of poverty and the estimation of the income needed so that workers and their families can purchase the essentials for a decent standard of living and engage in community life, assessed in the context of contemporary norms.
32. Therefore, we should find that the Commonwealth Government, in dealing with the operation of Commonwealth legislation, would address the relative living standards and needs of low paid workers and their families in the context of the FWC's views. Its submissions should consider those needs, and the degree to which they are unmet, and the living standards of the low paid relative to community living standards and relevant comparators within the community.
33. The Government's submission is, however, bereft of any attempt to cast light on the costs of the essentials for a decent standard of living and any attempt to identify the standard of living that should be afforded to low paid workers and their families by the wages safety net required by Commonwealth legislation. It does not address the statutory criteria of relative living standards and the needs of the low paid in any meaningful way. To illustrate our point, we invite the FWC to search the Government's submissions for the terms "relative living standards" (appearing five times) and "needs of the low paid" (appearing four times). The contexts in which they appear show no serious consideration of these vital elements in the wage setting process.
34. Our criticisms of the Government's participation in successive annual wage reviews have been made under both Labor and Coalition Governments. We first made comment about the paucity of the Australian Government's contribution to the annual wage review in our Reply

of April 2011 following the Government's submissions to the first and second annual wage reviews under the *Fair Work Act 2009*.

"We are particularly concerned that the Commonwealth does not attempt to deal with the vital issue of the needs of the low paid. By way of introduction to this matter, we set out two paragraphs from its submissions to last year's inaugural wage review under the *Fair Work Act 2009*:

"There is little up-to-date data currently available that enables in-depth analysis of the adequacy of minimum wages in providing for the needs of the low paid. In this regard, the Government supports the research currently being undertaken by FWA for the 2010-11 Annual Wage Review looking at approaches to defining and measuring relative living standards and the needs of the low paid." (Paragraph 5.2)

"In submissions to future FWA wage reviews the Government will provide a more detailed analysis of the needs of the low paid. The Government will also investigate whether there is a need to undertake further research in this area to compliment (sic) the work of FWA." (Paragraph 5.3)

The Commonwealth has again failed to make any submissions on the needs of the low paid, despite its advice last year. The FWA research was finished and released early this year (*Relative living standards and needs of the low paid: definitions and measurement*) and there could be no excuse for inaction by the Commonwealth.

35. The FWC will see from these passages that the Government had told the tribunal in 2010 that in future reviews it would "provide a more detailed analysis of the needs of the low paid" and would "investigate whether there is a need to undertake further research in this area". It has failed to do so in the all of the years since and, moreover, has shown no sign that it was prepared to provide relevant assistance to the FWC.

#### *The characteristics of low paid workers*

36. The Government has also failed to make submissions on the intended operation of the NMW and award safety nets in the context of the varying household circumstances in which low paid workers live. The Government points to, for example, the high number of full time students who are on low wage rates while working part time, many of whom would be living with their families in high income households, yet remains silent on whether this is relevant to the setting of a wage rate that can provide workers with family responsibilities with a standard of living which is in excess of poverty and enables them to purchase the essentials for a decent standard of living and engage in community life. It avoids the question of whether or not the expectation and entitlement of workers with family responsibilities to a decent standard of living in excess of poverty should be compromised by the proportion of adult workers without children and by the proportion of

full time students working part time on junior rates of pay.

37. If the Government were to argue that that the proportion of singles and couples without children and the proportion of full time students who are working part time (whether on adult or junior rates) are relevant to wage setting, it would need to argue how this is relevant to human rights considerations and the formulation provided by the FWC.
38. We submit that the Commission should draw the conclusion that the Government does not take the view that the spread of low paid workers across higher income households should compromise or restrict the rights of low paid workers and their families to the benefit of a wage that enables them to live in excess of poverty and to purchase the essentials for a decent standard of living and to engage in community life. ACCER's view on this is at Chapter 8F of the Attachment to its March 2017 submission.
39. Finally, in regard to the Government's failure to address matters of importance, we emphasise its failure to address the fact that in the current annual wage review the FWC is confronted with an unprecedented situation. It is well-known to the Government because it is of its own making. For the first time in the history of Australian wage setting the social safety supporting low paid workers and their families has been cut. This is of fundamental importance in the current wage review, yet the Government is silent on the matter. The FWC should, we submit, press the Government to address the wage setting consequences of the cut in the social safety net.

*The Government's submissions on the operation of tax and transfer systems*

40. We now turn to four tables in the Government's submission. Chapter 8.3 to 8.5 the Government's submission deals with inequality and the operation of the Australian tax and transfer systems. The purpose of this discussion is to support the conclusion in Chapter 8.6 that the "tax-transfer system is the primary means of redistributing income in Australia. It can provide better targeted and more effective assistance to maintain living standards, including the living standards of low-paid workers in low income households, than increases in the national minimum wage and award classification wages" (paragraph 286). This merely states the obvious, but it is clear that the Government's budgetary policy is operating in the other direction: away from the targeting of need, with the result that wages have to be increased if the economic welfare of low income families is to be protected and advanced. There is no argument put as to how the matters raised in Chapter 8.3 to 8.5 are relevant to the setting of minimum wage rates in 2017.

41. The choice of households in Chapter 8 to illustrate the Government's proposition is narrow and selective. Tables 8.3, 8.4 and 8.6 are selective in that they focus on families in receipt of Centrelink income support payments received by singles and couples with children and, for comparative purposes, singles and couples without children. They say nothing about the operation of the tax-transfer system for families who do not receive income support allowances, but who receive Family Tax Benefits (family payments), which are another very significant part of the Australian tax-transfer system. The difference between these two parts of the social safety net is that income support payments are income-tested, whereas, for lower income groups (who are unaffected by taper rates), family payments are not. To concentrate on the impact of income support payments and to leave out those who are not in receipt of those allowances is to give a narrow and misleading picture of the impact that wage increases have on low income households.
42. Income support payments are a vital part of the social safety net; and it is quite appropriate for those payments to be income-tested so that they phase out over an appropriate income range. The problem with the current income support provisions is that they are inadequate. In particular, the Newstart allowance, which is the primary income support allowance, is too low by any reasonable standard and the tapering of the payment leaves too many singles and families in poverty.
43. There are two ways in which income support allowances measures are adjusted over time. First, they are increased each March and September by reference to increases in the CPI. Second, there is an income free range set for recipients of income support allowances, after which the allowance is reduced at a specified rate. In the past these amounts have been increased each 1 July in line with annual CPI increases. The adjustment of this amount has been frozen for three years as a result of the enactment in March 2017 of the *Social Services Legislation Amendment Act 2017*. This freeze will disadvantage those receiving income support allowances.
44. The operation of the income support system to date has meant that income support allowances will be reduced where the income of a recipient has increased by more than the CPI, such as where more employment or a higher paid job have been obtained or where there has been a wage increase in excess of the CPI. When minimum wage rates exceed CPI, as they typically have in recent years, there will be some impact on the level of income support payments.

45. Table 8.3 is an update of tables appearing in past Government submissions. It shows the impact of the 1 July 2016 increase on disposable incomes as a result of the operation of the income-related means-testing of the income support payments received by the nominated families, comparing those outcomes with single and couples without children. It is a “day 1” assessment, as is acknowledged in paragraph 271. It does not show the impact over the full year. To estimate the impact over a period of time means that we have to take into account the March 2016, September 2016 and March 2017 increases and the increase in the income free area on 1 July 2016. In contrast to these households in Table 8.3, low income families not in receipt of income support payments will not have their family payments reduced as a result of a minimum wage increase. Similarly, the family payments component of the incomes of families on income support will not be reduced.
46. Table 8.4 is entitled “Transfer payments to full-time households with children, January 2017”. Tables in similar form to Table 8.4 have been included in the Government’s submissions since 2014. We have made a number of criticisms of this kind of table in the past. Table 8.4 has no notes of explanation. Its source is “Government modelling”. We are left to guess about the basis of the calculations; in particular the basis of the very low transfers to the dual income couple family with one child. Table 8.4 does not claim to be representative and does not present any data on the numbers or percentages of families covered. We accept, of course, that transfer payments are a high percentage of the disposable incomes of low income families.
47. Table 8.5 is introduced by the claims (in paragraph 283) that the tax transfer system “helps compensate for the costs of raising children” and that “while equivalised (adjusted for household size) earnings are much lower in households with children, equivalised disposable income is actually higher in some minimum wage households with children than in households with equal earnings but without children. This is true even when childcare costs are taken into account.” Table 8.5 shows that single income couples, even where they are in receipt of the Newstart allowance, have an equivalised income that is much lower than the single person reference point: the equivalised income for the couple family with two children is only 81.5% of the single person’s equivalised income.
48. However, the claim in Table 8.5 that a NMW-dependent sole parent and a 3 year old child in full time childcare have a higher standard of living than a single NMW-dependent worker is highly contentious. It is inconsistent with the costs of childcare found in the Australian

Workplace Relations Survey, which are now at Table 12.1 of the *Statistical Report*. Again, the source for Table 8.5 is “Government modelling”, with no reference to other material. It may draw on the contents of Appendix B of the Government’s submission, which is has been prepared for the submissions at Chapter 7.2 on minimum wages and the incentive to work. If it has, those figures do not include before school care and vacation care. Furthermore, the basis of those calculations has changed because of recent childcare reforms. These uncertainties support ACCER’s proposal at paragraphs 95 to 97 of its initial submission that the FWC’s research section undertake research on childcare costs.

49. Table 8.6 is another variation on a table that has been included in the Government’s submissions since 2014. The table refers to increases in the real value of the NMW and disposable incomes for households in receipt of transfers. It is said (at paragraph 284) that for the selected 14 hypothetical households “even if the national minimum wage had remained constant in real terms, most minimum wage households’ disposable incomes would have improved in real terms due to changes in the tax-transfer system” and that “the real increase in the national minimum wage only increased household incomes by a marginal amount”. It appears that the table is limited to households that are in receipt of income support allowances. Again, the source of the table is “Government modelling” and there is no information on the representativeness of the sample and their receipt of income support payments. Like the other tables, there is no attempt to connect the information in this table to the issues currently before the FWC.