

**Fair Work Commission**

*Fair Work Act 2009*

**Annual Wage Review 2012-13**

**Supplementary Submission in Reply  
by the  
Australian Catholic Council for Employment Relations**

**April 2013**

1. This Supplementary Submission in Reply by the Australian Catholic Council for Employment Relations (ACCER) deals with data that has become available since the preparation of ACCER's Reply submission which was filed on 19 April 2013.
2. A number of our calculations in the Reply used the Melbourne Institute's data on Household Disposable Income per head for September 2012 as a proxy for calculations as at December 2012. We advised that this material would be revised in the light of the December 2012 data when it became available and sought leave to file that material by way of a supplementary submission. On 19 April 2013 the Melbourne Institute published its *Poverty Lines: Australia December Quarter 2012*, which contained information on Household Disposable Income per head for December 2012.
3. The rest of this submission amends the part of the Reply that dealt with Poverty Lines and the disposable incomes of various households in the light of the December 2012 data. (In doing so we have corrected arithmetical errors in Table 26A in the row for December 2004.)
4. The following tables and graph are prepared in the context of the matters set out in Chapter 3J of ACCER's March 2013 submission (paragraphs 408-48), in particular the paragraphs dealing with relative poverty lines and the 60% of median poverty line.
5. Table 26A revises and extends Table 26 of the March 2013 submission. It covers the period December 2000 to December 2012 and calculates the poverty lines for single workers, couples with two children and sole parents with two children.

6. The poverty lines in Table 26A have been calculated on the basis of ABS material in *6523.0 Household Income and Income Distribution 2009-10*, supplemented by the Melbourne Institute's estimates of Household Disposable Income per head. The methodology for the calculations is the same as that adopted by the Australian Fair Pay Commission and the Fair Work Commission (FWC) (see, for example, the poverty line calculations in Table 8.2 of the Statistical Report of 18 April 2013). To our knowledge this is the first time these poverty lines covering the period 2000 to 2012 have been calculated and, we submit, Table 26A is the best evidence available to the FWC on this subject and is evidence upon which it should act.

**Table 26A**  
**Poverty lines for workers and families**  
(60% of median relative poverty line)  
**2000-2012**  
(\$ per week)

	Household Disposable Income per head	Median equivalised disposable income	Poverty Line Single	Poverty Line Couple and 2 children	Poverty Line Sole parent and 2 children
<b>December 2000</b>	418.07	438.18	262.91	552.10	420.65
<b>December 2001</b>	451.34	473.05	283.83	596.04	454.13
<b>December 2002</b>	448.19	469.75	281.85	591.88	450.96
<b>December 2003</b>	476.96	499.90	299.94	629.87	479.90
<b>December 2004</b>	504.96	545.55	327.33	687.39	523.73
<b>December 2005</b>	519.01	568.46	341.08	716.26	545.72
<b>December 2006</b>	574.22	632.89	379.34	797.44	607.57
<b>December 2007</b>	621.91	688.25	412.95	867.20	660.72
<b>December 2008</b>	679.18	714.70	428.82	900.52	686.11
<b>December 2009</b>	679.84	715.00	429.00	900.90	686.40
<b>December 2010</b>	723.20	760.60	456.36	958.36	730.18
<b>December 2011</b>	754.01	793.01	475.80	999.19	761.29
<b>December 2012</b>	773.49	813.49	488.10	1025.00	780.95

Household Disposable Income (HDI) per head figures are taken from *Poverty Lines Australia, December 2012*, published by the Melbourne Institute.

The median equivalised figures for 2003, 2005, 2007 and 2009 are taken from the calculations for 2003-04, 2005-06, 2007-08 and 2009-10 in *6523.0 Household Income and Income Distribution 2009-10*, at Table 1. As the published figures for all of those years are in 2009-10 prices, the earlier years have been re-calculated in accordance with the disclosed price adjustments. The figures for each financial year are used for December in each of those years (a practice adopted by the Australian Fair Pay Commission and by the research section of the Fair Work Commission).

The median equivalised figures for 2000 to 2002 and 2010 to 2012 have been adjusted in accordance with movements in HDI per head, published by the Melbourne Institute in *Poverty Lines Australia, December 2012*, with 2003 and 2009 as the respective reference figures. For each of the years between the ABS surveys, ie 2004, 2006 and 2008, the calculation has been made to reflect the proportionate changes in HDI over the 12 months before and after December of those years.

7. In Tables 28A, 28B and 28C we have extended the data in Table 28 of the March submission by calculating the disposable incomes of three sets of safety net-dependent workers over the period December 2000 to December 2012. The workers are those paid at the NMW, C12 and C10 rates. For single workers, the disposable incomes are those in the “net” columns. For those workers with family responsibilities we have provided the detail of the various kinds of family transfers, with a disposable income calculated for each year. Consistent with our March 2013 submissions, we have made those calculations on the basis of each family having two children. As we have explained, the transfer payments are the same for couple parent and sole parent families. This has the effect of suggesting that sole parents have a higher standard of living than the family of four, but the figures fail to take into account the need for sole parents to pay for childcare services, a cost that is not required of families where one parent stays at home to care for the children.
8. Table 28A shows wage, tax and family payment calculations for NMW-dependent workers and families over the period December 2000 to December 2012.

**Table 28A**  
**Wages, taxes and family payments for NMW-dependent workers and families**  
**2000-2012**

(\$ per week unless otherwise indicated)

Year	NMW	NMW per year	NMW net	Medicare exemption	FTB A	FTB B	FTB A Supp.	FTB B Supp.	Rental assist. max.	Disposable income
<b>2000</b>	400.40	20,893	343.65	6.00	116.20	34.79	-	-	50.43	551.07
<b>2001</b>	413.40	21,571	354.76	6.20	122.92	36.82	-	-	52.46	573.16
<b>2002</b>	431.40	22,510	366.37	6.47	126.70	37.94	-	-	53.93	591.41
<b>2003</b>	448.40	23,397	377.93	6.73	130.48	39.06	-	-	55.40	609.60
<b>2004</b>	467.40	24,389	396.78	7.01	133.56	39.97	23.50	2.87	56.80	660.49
<b>2005</b>	484.40	25,276	412.84	7.27	139.06	41.02	24.06	5.88	58.27	688.40
<b>2006</b>	511.86	26,709	449.93	7.68	140.84	42.14	24.76	6.02	60.58	731.95
<b>2007</b>	522.12	27,244	467.59	7.83	147.46	43.54	25.60	6.23	61.84	760.09
<b>2008</b>	543.78	28,374	494.29	8.16	151.34	44.87	26.20	6.44	64.63	795.93
<b>2009</b>	543.78	28,374	497.17	8.16	156.94	46.55	27.28	6.65	65.61	808.36
<b>2010</b>	569.90	29,737	521.86	8.55	160.30	47.53	27.84	6.79	67.57	840.44
<b>2011</b>	589.30	30,750	537.49	8.84	164.64	48.79	27.84	6.79	70.02	864.41
<b>2012</b>	606.40	31,642	556.87	9.10	193.25	50.53	27.84	6.79	71.16	915.54

The figures are at December of each year.

The family comprises a couple where one parent stays at home to care for two children or a working sole parent with two children. The breadwinner in each family is employed full time and is paid the safety net rate. The incomes of both families are the same because FTB B, which is paid to the stay at home parent, is also paid to the sole parent. The children are aged 8 and 12 and, for the purposes of calculating the Schoolkids bonus in 2012, one is at primary school and the other at secondary school. The weekly value of the schoolkids bonus (calculated at 52.18 weeks per year) is included in the FTB A column.

Family Tax Benefits are taken from Table 16 in ACCER's submission of March 2013.

Rent assistance, is calculated on the basis of 52.18 weeks per year.

The "net" amount includes the Medicare levy, and is applicable to single workers. For families, the exemption from the Medicare levy (all families fall under the prescribed thresholds) is taken into account by it being treated as a transfer in the "Medicare exemption" column.

9. Table 28B shows wage, tax and family payment calculations for C12-dependent workers and families over the period December 2000 to December 2012. This wage classification is very close to the base cleaner's wage rate that ACCER has argued should be adopted as the target level for the NMW pending the completion of research into the financial needs of low paid workers and their families. The C12 rate is currently \$648.00 per week, 20 cents a week more than the base cleaner's rate.
10. Table 28C shows wage, tax and family payment calculations for NMW-dependent workers and families over the period December 2000 to December 2012.

**Table 28B**

**Wages, taxes and family payments for C12-dependent workers and families  
2000-2012**

(\$ per week unless otherwise indicated)

Year	C12	C12 per year	C12 net	Medicare exemption	FTB A	FTB B	FTB A Supp.	FTB B Supp.	Rental assist. max.	Disposable income
<b>2000</b>	439.60	22,938	370.50	6.59	116.20	34.79	-	-	50.43	578.51
<b>2001</b>	452.60	23,617	380.05	6.79	122.92	36.82	-	-	52.46	599.04
<b>2002</b>	470.60	24,556	391.74	7.06	126.70	37.94	-	-	53.93	617.37
<b>2003</b>	487.60	25,443	408.93	7.31	130.48	39.06	-	-	55.40	641.18
<b>2004</b>	506.60	26,434	421.18	7.60	133.56	39.97	23.50	2.87	56.80	685.48
<b>2005</b>	523.60	27,321	438.14	7.85	139.06	41.02	24.06	5.88	58.27	714.28
<b>2006</b>	551.00	28,751	475.17	8.26	140.84	42.14	24.76	6.02	60.58	757.77
<b>2007</b>	561.26	29,287	500.28	8.42	147.46	43.54	25.60	6.23	61.84	793.37
<b>2008</b>	582.92	30,417	526.67	8.74	151.34	44.87	26.20	6.44	64.63	828.89
<b>2009</b>	582.92	30,417	529.54	8.74	156.94	46.55	27.28	6.65	65.61	841.31
<b>2010</b>	609.00	31,778	553.15	9.14	160.30	47.53	27.84	6.79	67.57	872.32
<b>2011</b>	629.70	32,857	569.59	9.45	164.64	48.79	27.84	6.79	70.02	897.12
<b>2012</b>	648.00	33,813	589.96	9.72	193.25	50.53	27.84	6.79	71.16	949.25

See notes to Table 28A.

**Table 28C**

**Wages, taxes and family payments for C10-dependent workers and families  
2000-2012**

(\$ per week unless otherwise indicated)

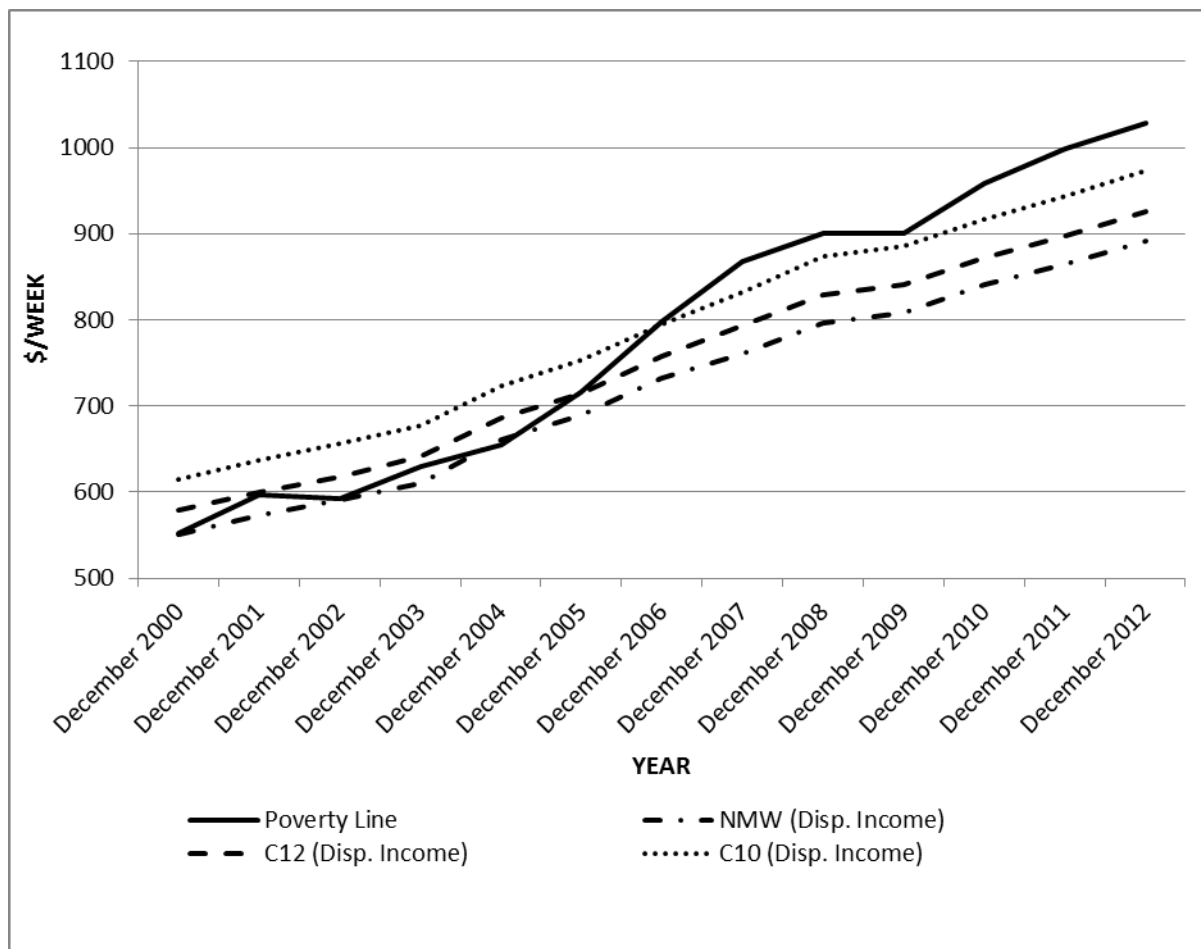
Year	C10	C10 per year	C10 net	Medicare exemption	FTB A	FTB B	FTB A Supp.	FTB B Supp.	Rental assist. max.	Disposable income
<b>2000</b>	492.20	25,683	406.53	7.38	116.20	34.79	-	-	50.43	615.33
<b>2001</b>	507.20	26,466	416.81	7.61	122.92	36.82	-	-	52.46	636.62
<b>2002</b>	525.20	27,405	429.14	7.88	126.70	37.94	-	-	53.93	655.59
<b>2003</b>	542.20	28,292	444.77	8.13	130.48	39.06	-	-	55.40	677.84
<b>2004</b>	561.20	29,283	457.78	8.42	133.56	39.97	23.50	2.87	56.80	722.90
<b>2005</b>	578.20	30,170	475.40	8.67	139.06	41.02	24.06	5.88	58.27	752.36
<b>2006</b>	605.56	31,598	510.94	9.08	140.84	42.14	24.76	6.02	60.58	794.36
<b>2007</b>	615.82	32,133	538.06	9.24	147.46	43.54	25.60	6.23	61.84	831.97
<b>2008</b>	637.48	33,263	570.03	9.56	151.34	44.87	26.20	6.44	64.63	873.07
<b>2009</b>	637.48	33,263	572.90	9.56	156.94	46.55	27.28	6.65	65.61	885.49
<b>2010</b>	663.60	34,627	596.56	9.95	160.30	47.53	27.84	6.79	67.57	916.54
<b>2011</b>	686.20	35,806	614.52	10.29	164.64	48.79	27.84	6.79	70.02	942.89
<b>2012</b>	706.10	36,844	636.14	10.59	193.25	50.53	27.84	6.79	71.16	996.30

See notes to Table 28A.

11. In Graph 3 we have plotted the relative changes in the poverty lines and disposable income for families of two adults and two children over the period 2000 to 2012 by reference to each of the three wage rates in Tables 28A, 28B and 28C.

**Graph 3**

**Disposable Incomes of Safety Net-dependent Families Relative to Poverty Line  
(Couple and two children)  
December 2000 - December 2012**



12. Graph 3 and the foregoing tables show that in December 2000 the NMW-dependent family of four was virtually on the poverty line, with a poverty gap of only \$1.03 per week; but by December 2012 the poverty gap had grown to \$109.46 per week. From being 0.02% below the poverty line, the family fell to 10.7% below the poverty line. In December 2000 the C12-dependent family was 4.8% above the poverty line and in December 2012 it was 7.4% below it, with a poverty gap of \$75.75 per week. The C10-dependent family has

fallen from 11.4% above the poverty line to 2.8% below it, with a poverty gap at December 2012 of \$28.70 per week.

13. Graph 3 shows that the poverty gaps began to emerge just before the *Work Choices* legislation came into operation and were substantial by the end of that legislation in 2009. However, the poverty gaps have grown slightly since the *Fair Work* legislation came into operation.
14. We have not included other higher paid classifications, but as indicated at Table 17 and the surrounding paragraphs of our March 2013 submissions, the losses for safety net-dependent workers in these classifications have been greater. By contrast to the growing poverty gaps for safety net-dependent families, Table 17 and Table 26A show that the AWOTE family has moved from 24.7% to 26.9% above the poverty line. This illustrates the growing inequality within the workforce, which, we submit, has been largely brought about by the failure of the wage-setting system to provide fair safety net wages.
15. Similar calculations can be done for sole parent families and single workers. In the case of the NMW-dependent single worker, the decline has been greater: from 30.7% above poverty in 2000 to 14.1% above poverty in 2012. C10-dependent singles have fallen from 54.6% to 30.3%. These falls have been greater than those suffered by families because families have received some support from the Commonwealth by way of increased family payments.
16. The decline in the position of sole parents is illustrated by the changes to the C12-dependent sole parent family, where the fall has been from 37.5% above poverty to 21.6% above it. As we have discussed in our March 2013 submissions, these kinds of calculations do not take into account the high costs of childcare. Childcare costs can put the family into poverty.
17. Our examples of changes across safety net rates and households have been made on the basis of the workers being engaged in full time ongoing employment. Sole parents who are unable to secure full time work (because of limited job opportunities or child care availability and costs) will have been more seriously impacted by these changes; and many sole parents and their children will have fallen below, or further below, the poverty line.