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Commission releases latest Monitoring Report

The Australian Fair Pay Commission today released its second ***Economic and Social Indicators – Monitoring Report*** for the period January - June 2008.

Commission Chairman, Professor Ian Harper, said this half-yearly Report monitors the impact of the Commission's wage-setting decisions.

He said: "Over the last six months, growth in aggregate economic activity has slowed and the labour market has been adjusting to those new conditions.

"Relative to all industries, some of the more Pay Scale reliant industries have experienced higher than average employment growth over the past year, while others have experienced lower than average growth.

"Trends in employment for population groups containing many low-skilled workers have been similar to those of the general population, and there have been no significant changes in employment rates for these workers closely following the Commission's first and second wage-setting decisions."

Professor Harper said: "The report finds that employment in low-skilled occupations grew at a higher rate than employment in higher skilled occupations over the six months to May 2008, with employment of Labourers and related workers increasing significantly."

"For individuals in a broad range of circumstances, there continues to be significant financial incentives to take up low-paid employment. However, some groups face weaker financial incentives, for example, people contemplating a return to part-time work whose partners are already in low-paid full-time work."

A feature of this Report is a comparison of the cost of living for low-paid households with that of average households.

Professor Harper said: "Various organisations have suggested that the costs for low-paid households are increasing at a greater rate than for other households.

"The Secretariat has compiled a living cost index for low-paid employee households, based on the ABS methodology, to examine this issue. The index reflects average expenditure patterns of low-paid households, consumer price data and interest expenses."

Professor Harper said: "The report finds that there are minor differences in average expenditure patterns between low-paid households and the community generally.

"Recent changes in living costs for low-income employee households have been similar to those of employee households as a whole, increasing by 5.8 per cent over the year to the June quarter 2008 compared to 5.7 per cent for all employee households.

“Wages for the lowest-paid employees have been growing more slowly than for the labour force as a whole. However, our modelling also shows that, for Pay Scale reliant employees in a variety of household types earning up to at least \$750 per week, the wage rises granted by the Commission and relevant changes to the tax and social security systems have resulted in sustained real increases in disposable income.”

Professor Harper said the Monitoring Report provides insights into the economic and social circumstances of Australia’s lowest paid, and will contribute to public understanding of the Commission’s wage-setting role.

Copies of the Monitoring Report are available from the Commission’s website at www.fairpay.gov.au

The next Monitoring Report will be released in March 2009.

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