

Section 10 10. Future directions

10.1. Monitoring the effects of Commission decisions

Section 24 of the *Workplace Relations Act 1996* provides that, in performing its wage-setting function, the Australian Fair Pay Commission (Commission) may inform itself in any way it thinks appropriate including by 'monitoring and evaluating the impact of its wage-setting decisions'.

Based on recommendations received from two research reports commissioned in 2007,²¹⁸ the Commission now has put in place a monitoring framework that will inform its deliberations and future decisions (see Section 1).

Some of the main insights drawn from the monitoring framework have been collated in the Commission's *Economic and Social Indicators – Monitoring Report*.²¹⁹ The first issue of that report was released on 25 February 2008. The report will be published twice yearly, with the next issue due in September 2008.

The Commission is committed to strengthening and refining its monitoring capability, and will seek out all available expertise and information sources in order to fill any gaps in the coverage and scope of its monitoring activity.

The Commission draws on a wide range of sources to enhance its monitoring activity, including:

- focus group research;
- published research and analysis;
- consultations; and
- submissions.

Recent focus group research and the processes for consultations and submissions are summarised in Appendices A & B.

The Commission established a Research Advisory Committee (RAC) to provide advice on research priorities, research gaps and the timing of ongoing and proposed research (see Appendix C). At its April 2008 meeting, the RAC recommended the following refinements to the Commission's monitoring strategy:

- the inclusion of further comparative data on minimum wage reliant employees;
- further identification of those people in the community who are genuinely reliant on minimum wages as a safety net; and
- extended analysis involving minimum wages other than the standard Federal Minimum Wage.

The Commission will consider feedback from members of the RAC and other submissions in preparing future issues of the *Economic and Social Indicators – Monitoring Report*.

²¹⁸ J Healy and S Richardson, *A Strategy for Monitoring the Micro-Economic and Social Impacts of the Australian Fair Pay Commission*, National Institute of Labour Studies, report commissioned by AFPC, 2007; Access Economics, *Monitoring Strategy for Wage-Setting Decisions*, report commissioned by AFPC, 2007.

²¹⁹ AFPC, *Economic and Social Indicators – Monitoring Report*, Issue 01, Commonwealth of Australia, July to December.

Section 10 10.2. Other research

In addition to research undertaken for monitoring purposes, the Commission undertakes research on a range of issues to help inform its wage-setting decisions.

Current research projects include:

- the employment effects of recent minimum wage adjustment patterns;
- the effects of minimum wage changes on broader wage and inflation outcomes;
- modelling the labour supply response to increases in minimum wages;
- detailed profiles of Pay Scale reliant industries;
- qualitative research on industry attitudes to employing young workers;
- the mobility of low-paid workers;
- an analysis of youth who are not fully engaged in education or employment;
- gender pay differentials;
- dimensions of the safety net; and
- the living costs faced by low-income working households.

The RAC also suggested the following research topics as suitable for investigation by the Commission:

- the comparative economic efficiency of providing a safety net through minimum wages or through tax/transfer arrangements; and
- tax, transfers and other support mechanisms (for example, housing subsidies and concessions) underpinning the safety net.

10.3. Minimum wage research forum

The Commission will convene its first annual Minimum Wage Research Forum in October 2008 to enhance access to quality research and expertise on minimum wages. Australian and overseas researchers will present and discuss papers commissioned on a range of topics. The Forum will be an opportunity for researchers and stakeholders to exchange ideas and compare findings.

The Commission will publish proceedings from the Minimum Wage Research Forum following the event. These proceedings will be disseminated widely to inform discussion and debate on aspects of minimum wage setting in Australia.

10.4. Differential increase

Unlike previous decisions, the Commission's general Wage-Setting Decision 2008 is not a differential decision, and therefore applies to all minimum rates of pay in Australian Pay and Classification Scales (Pay Scales).

The Commission recognises that continuing to award differential increases could overlap, duplicate or even conflict with the award modernisation process being conducted by the Australian Industrial Relation Commission (AIRC). In 2007, the Commission commenced a review of Pay Scales. The Commission discontinued this review in December 2007 following a request from the Australian Government which highlighted the new remit given to the AIRC to undertake award modernisation.

The Commission considers that issues raised in submissions regarding a differential increase are therefore best considered by the AIRC through the award modernisation process.