



# STATEMENT

*Fair Work Act 2009*

s.285—Annual wage reviews to be conducted

## **Annual Wage Review 2021–22** (C2022/1)

JUSTICE ROSS, PRESIDENT

MELBOURNE 18 OCTOBER 2021

### **DRAFT RESEARCH PROGRAM**

- [1] A draft research program for the Annual Wage Review 2021–22 is provided at Attachment A for comment. The draft research program includes a description of the Statistical report and Research reference list.
- [2] Submissions to the Fair Work Commission (Commission) regarding the draft research program should be made by close of business on **5 November 2021** and can be filed electronically at [awr@fwc.gov.au](mailto:awr@fwc.gov.au).
- [3] All submissions will be posted to the Commission’s website.

PRESIDENT

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<PR734976>

## Attachment A

# Annual Wage Review 2021–22 —draft research program



### Statistical report

This will follow the format of previous Statistical reports and will be updated throughout the 2021–22 Review as new data are released. Each version of the Statistical report will be available on the Fair Work Commission (Commission) website.

### Research reference list

This will follow the format of previous Research reference lists and will include Australian and international literature, such as working papers, journal articles or other types of published reports relevant to the minimum wages and modern awards objectives. The list will initially cover literature published following the *Annual Wage Review 2020–21* and be updated throughout the 2021–22 Review.

### Research report

#### Experimental estimates for a Consumer Price Index for low-paid households

The Australian Bureau of Statistics' (ABS) Consumer Price Index (CPI) measures quarterly changes in the price of a 'basket' of goods and services. The goods and services of the CPI basket are weighted based on the amount of expenditure by the average household on these goods and services. These weights are derived from the ABS Household Expenditure Survey (HES). This research would explore and develop a CPI for low-paid households by deriving an index based on the expenditure patterns of low-paid (employee) households using the HES and tracking the prices of these items over times using the CPI. This would provide support to measuring the impact on, and needs of, low-paid households.

### Future research

#### Budget standards for the low paid

The *Annual Wage Review 2019–20* decision referred to budget standards as one consideration when assessing the needs of the low paid, including a 2017 report by the Social Policy Research Centre at the University of New South Wales that priced budgets in 2013.<sup>1</sup> It was acknowledged from the report that 'beyond the seven-year time horizon, it is preferable to review and revise

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<sup>1</sup> Saunders P & Bedford M (2017), *New minimum income for healthy living budget standards for low-paid and unemployed Australians*, SPRC Report 11/17, Social Policy Research Centre, UNSW Sydney.

the entire budgets to ensure that items, quantities and lifetimes as well as prices are reviewed and adjusted to reflect changes in community norms and average living standards'.<sup>2</sup>

In recent annual wage reviews, the budget standards from the 2017 report have been updated based on the Consumer Price Index. The Commission intends to review and revise the budget items in the 2017 report. The research will expand on the previous report by including feedback from a broader section of the community (both low-paid and middle-income households) and a supplementary budget of discretionary items which might be considered expenditures required to participate in Australian society. This will be externally commissioned for publication in late 2022.

### **Accessing ABS data sources**

The Commission continues to engage with the ABS to explore opportunities to use and link various data sources to undertake research topics relevant to the minimum wages and modern awards objectives. Research proposals and expectant projects will be communicated in due course.

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<sup>2</sup> [2019] FWC 3500 at [306].