Dear President Guidice

AWR MINIMUM WAGE PANEL RESEARCH

I am writing on behalf of Australian Business Industrial to thank you for the invitation to attend the meeting on 21 September to discuss possible areas of research which the Minimum Wage Panel might wish to consider. As advised, unfortunately, ABI is unable to attend. However, ABI would like to make a suggestion which the meeting might wish to discuss.

Last year ABI proposed that the Panel might consider investigating the impact of annual wage review decisions on the capacity to bargain in award-reliant workplaces. ABI understands that research of this kind has been commissioned and scoping has now commenced.

Nonetheless, it seems that the question of award-reliance is itself not straightforward. First, ABS figures on pay setting (Employee Earnings and Hours - ABS cat 6306.0) are infrequently collected and reported. "Award-reliance" is very narrowly defined and reported with very little breakdown. Changes have meant that there is no significant time series. The indirect effect of awards, their operation as starting points for wages and conditions, is not captured. "Indirect" award-reliance, as well as "direct" award-reliance, seems to be important in seeking to assess the impact of annual wage review increases.

Except for work commissioned by the Award Review Taskforce in 2006, ABI is unaware of research into the question of the extent to which award rates, penalties and the like shape actual over-award or agreement rates. It is clear from that research that there was a quite strong indirect effect of this kind, but, given the changes which have occurred since that time, it is not likely that the data from that work remains current.

ABI is hopeful that research directed towards understanding the extent to which there is award-reliance in the sense of awards determining the nature of over-award (and agreement) pay and rates, its demographics (industry, employer size, employee characteristics) and
perhaps the nature of that relationship might assist the Minimum Wage Panel and parties to the Annual Wage Review.

That said, perhaps an investigation into the nature of the relationship between award terms and movements and actual conditions may be more complicated, better suited to different methodology and perhaps more usefully contemplated as a subsequent piece of research. Figures about the extent of direct and indirect award-reliance which can be relied upon with a reasonable level of confidence would seem to be a priority.

Yours faithfully,

Dick Grozier
Director Industrial Relations