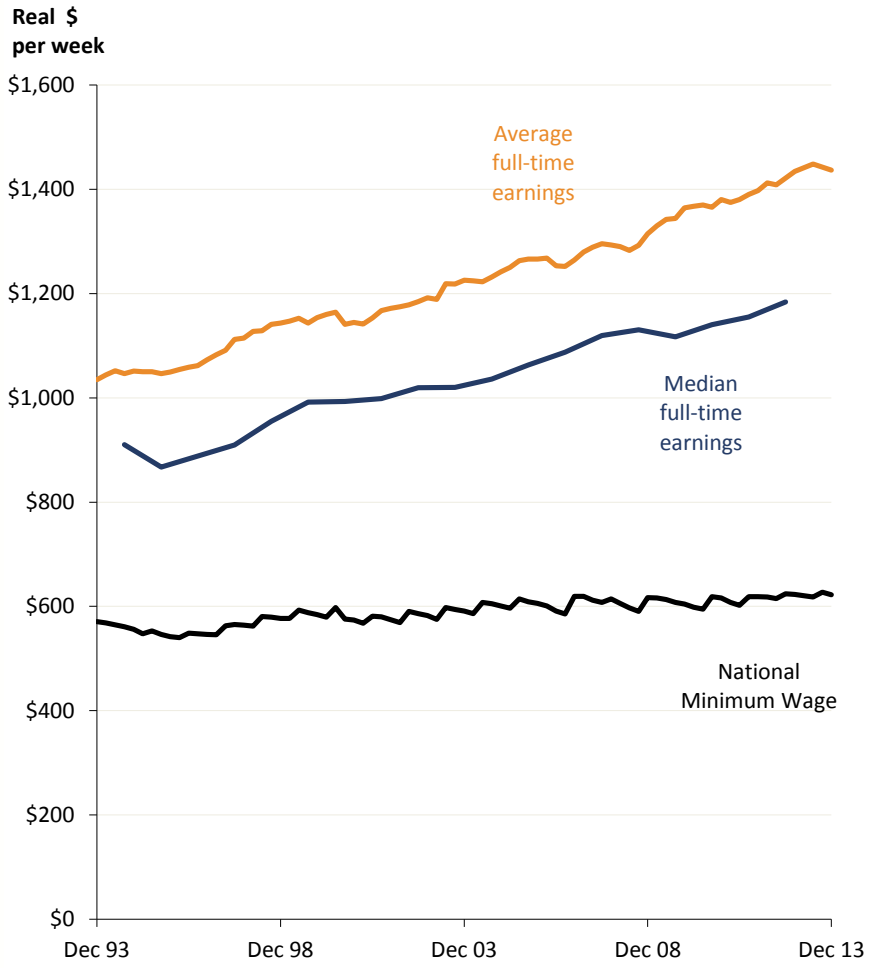
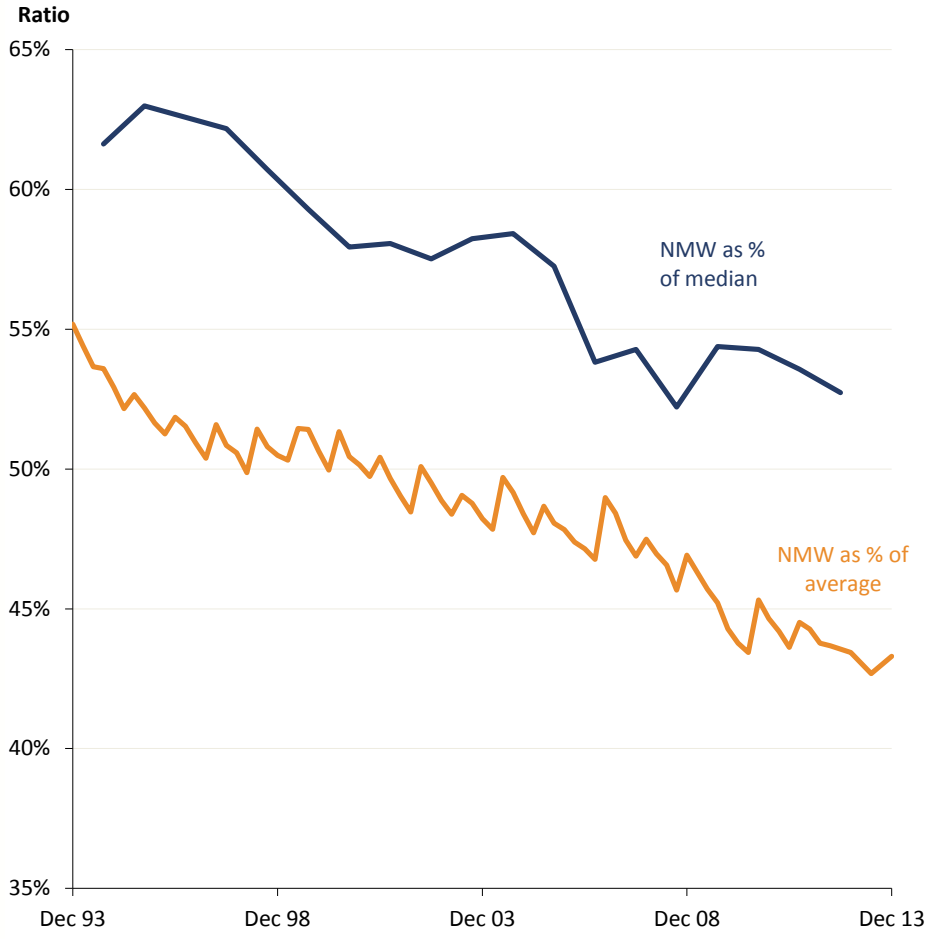
Annual Wage Review 2013-14

Chart pack for consultations

20 May 2014

The relative value of the NMW has declined (Figures 2 & 3)





Source: Average full-time earnings is AWOTE from ABS 6302. Median full-time earnings is from ABS 6310. NMW from past decisions of FWC and predecessors. All series deflated by the CPI (ABS 6401).

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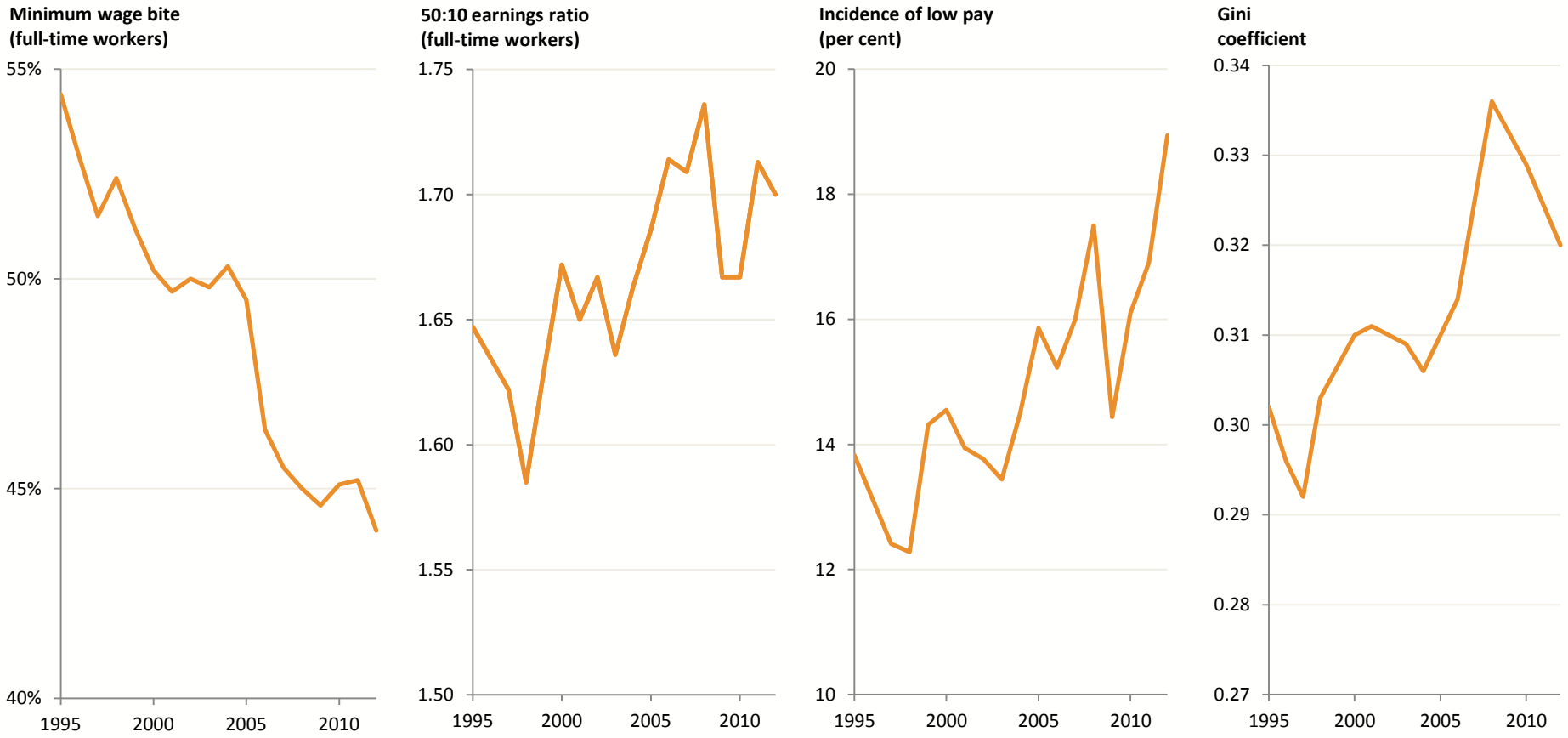
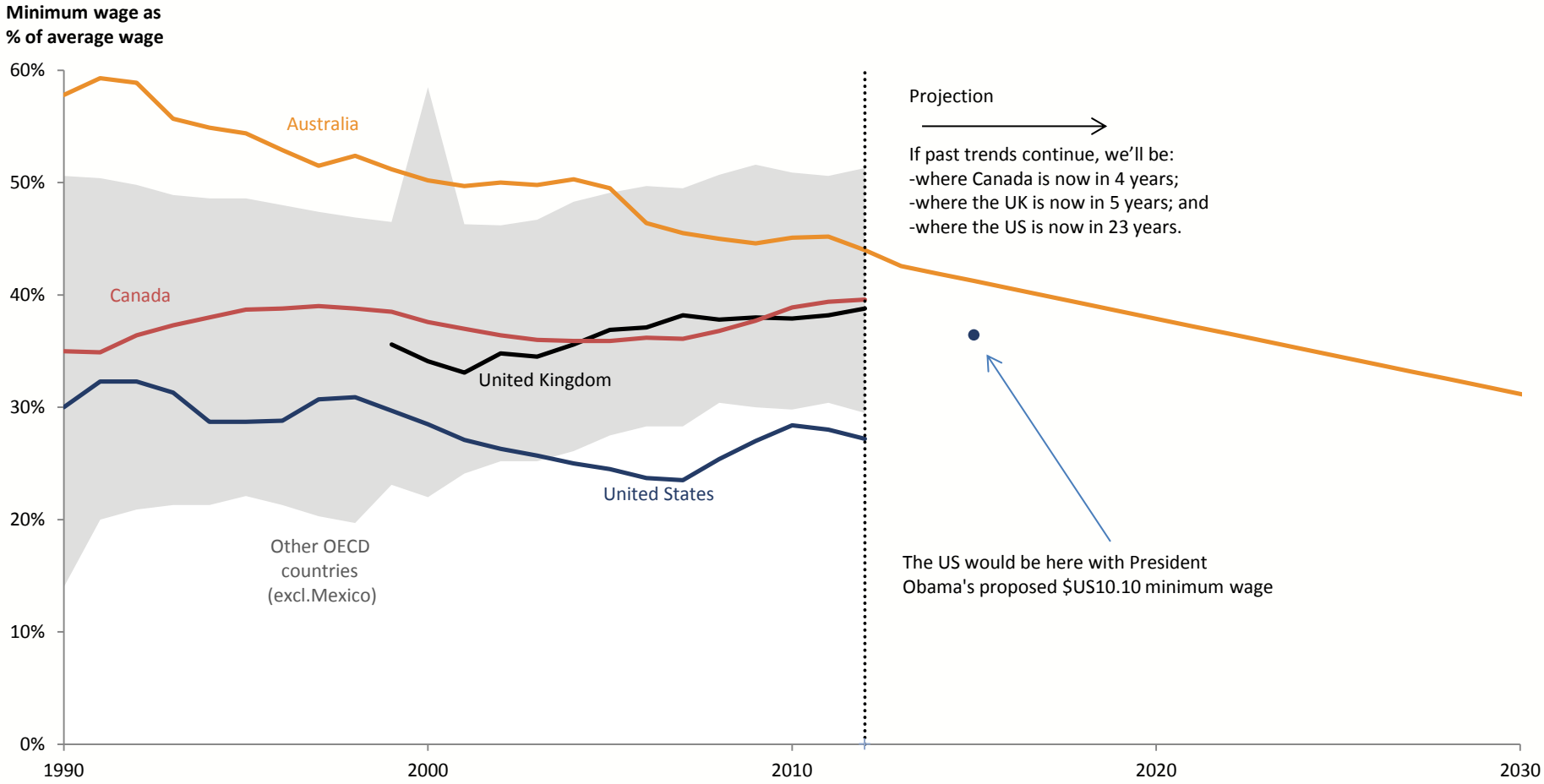
As the minimum wage bite has fallen, earnings inequality & the incidence of low pay have risen (Figure 8)



Source: Minimum wage bite, 50:10 ratio and incidence of low pay from OECD Stat. Gini coefficient from ABS 6523. The bite shows the NMW as a proportion of the average full-time wage. The 50:10 earnings ratio is the ratio of the median full-time wage to the 10th percentile. The incidence of low pay is the proportion of full-time workers with earnings below 2/3 of the median for full-time workers. The Gini coefficient is a summary measure of inequality in equivalised household disposable income.

As the minimum wage bite has fallen, earnings inequality & the incidence of low pay have risen (Figure 15)



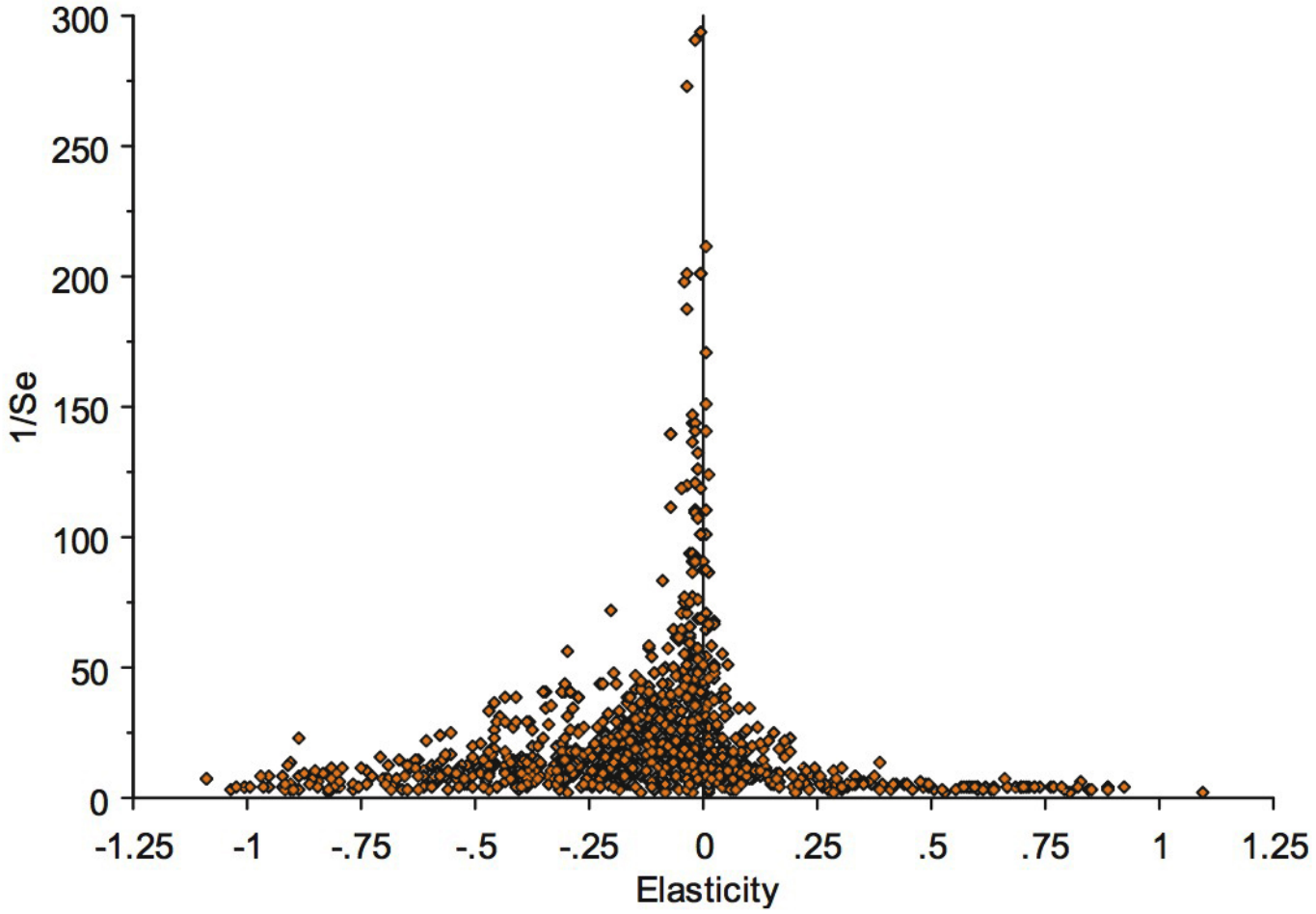
Source: OECD Stat and ACTU calculations. The projection assumes a 0.67 percentage point decline per year, the average since 1990. The average between 2002 and 2012 was 0.68 percentage points.

Projected effect of 2014-15 Budget measures on households' real disposable incomes in 2016-17 (ANU table)

	Disposable income (2014 $ pw)		Difference	
Household type	**Under current policy**	**Under 2014-15 Budget policy**	**$ pw**	**%**
Single person on Newstart, 23 years	259	211	-47	-18.3
Lone parent, one child aged 3, Parenting Payment Single	553	540	-13	-2.4
Lone parent, 1 child aged 3 (67% AWOTE)	1013	999	-15	-1.5
Lone parent, 1 child aged 6, Parenting Payment Single	530	476	-54	-10.2
Lone parent, one child aged 6 (67% AWOTE)	990	935	-56	-5.6
Lone parent, 1 child aged 8, Newstart	446	392	-54	-12.2
Lone parent, 1 child aged 8 (67% AWOTE)	957	889	-67	-7
Single income couple with two children, 3 and 6 years (100% AWOTE)	1310	1282	-28	-2.1
Single income couple with two children, 6 and 9 years (100% AWOTE)	1287	1205	-82	-6.4
Dual income couple with two children, 3 and 6 years (100% and 33% AWOTE)	1658	1590	-69	-4.2
Dual income couple with three children, 3, 6 and 9 years (100% and 33% AWOTE)	1723	1656	-67	-3.9
Single person (300% AWOTE)	2847	2823	-24	-0.9
Couple, no children (150% and 100% AWOTE)	2712	2712	0	0

Source: Professor Peter Whiteford and Daniel Nethery, 'Sharing the budget pain: background note', Crawford School of Public Policy, ANU. Available from: https://crawford.anu.edu.au/sites/default/files/news/files/2014-05/sharing_the_budget_pain_background_note.pdf

Estimates of employment effect of US minimum wage increases are clustered around zero (Figure 28)



Source: Doucouliagos and Stanley 2009, Figure 2

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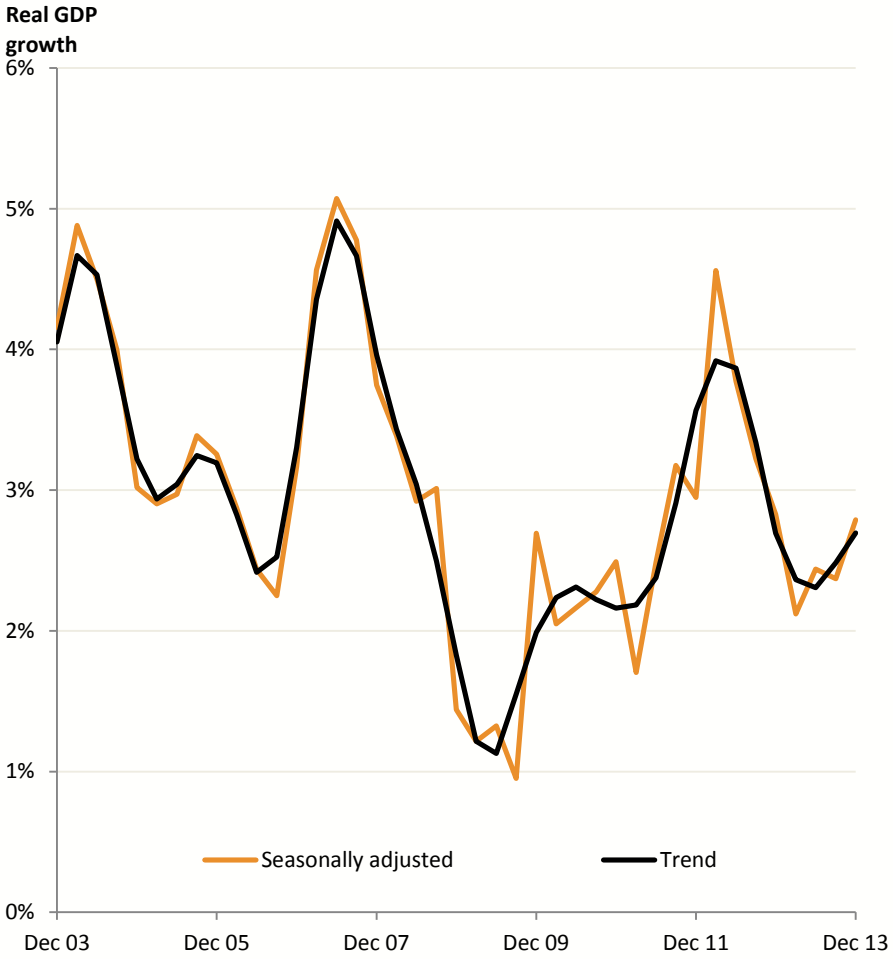
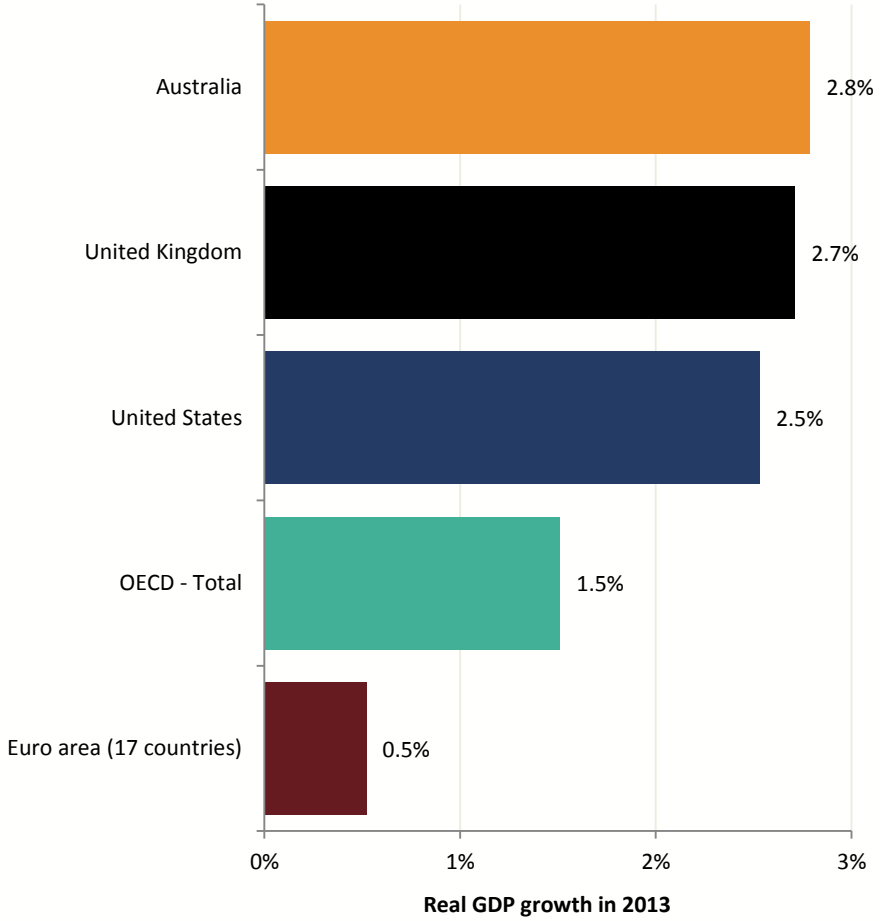
Economic growth has been slightly below trend (Figure 35) but still stronger than most advanced economies (Figure 38)

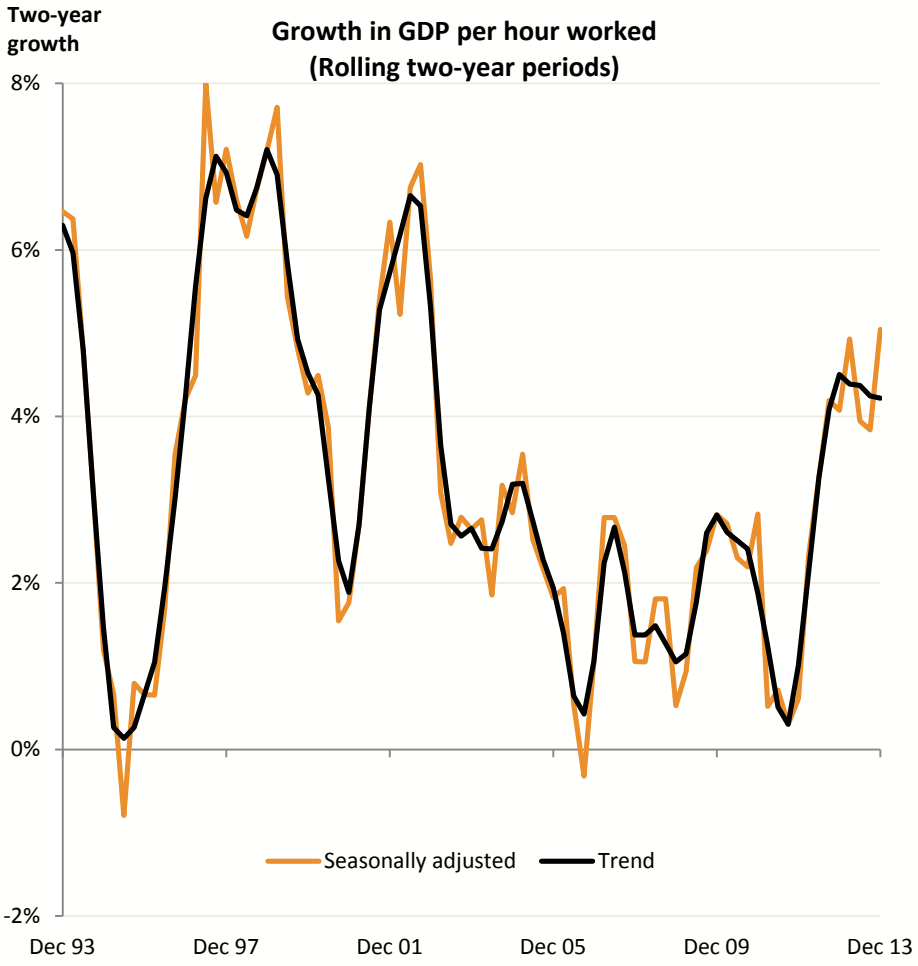


Source: ABS 5206 and ACTU calculations.

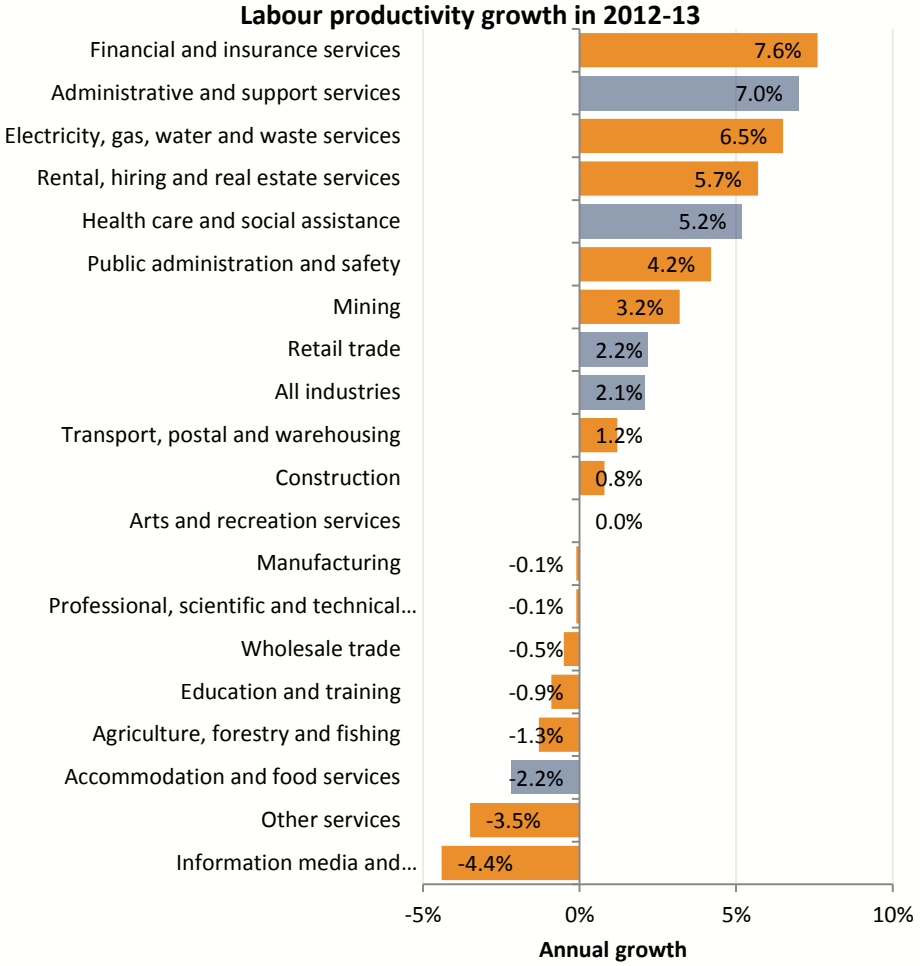


Source: OECD Stat and ACTU calculations. OECD total growth figure is for the year to Q3 2013; all others are the year to Q4 2013.

Labour productivity growth has accelerated (Figure 54) & has been strong in 3 more award-reliant industries (Figure 38)



Source: ABS 5204 and ACTU calculations.



Source: OECD Stat and ACTU calculations. OECD total growth figure is for the year to Q3 2013; all others are the year to Q4 2013.

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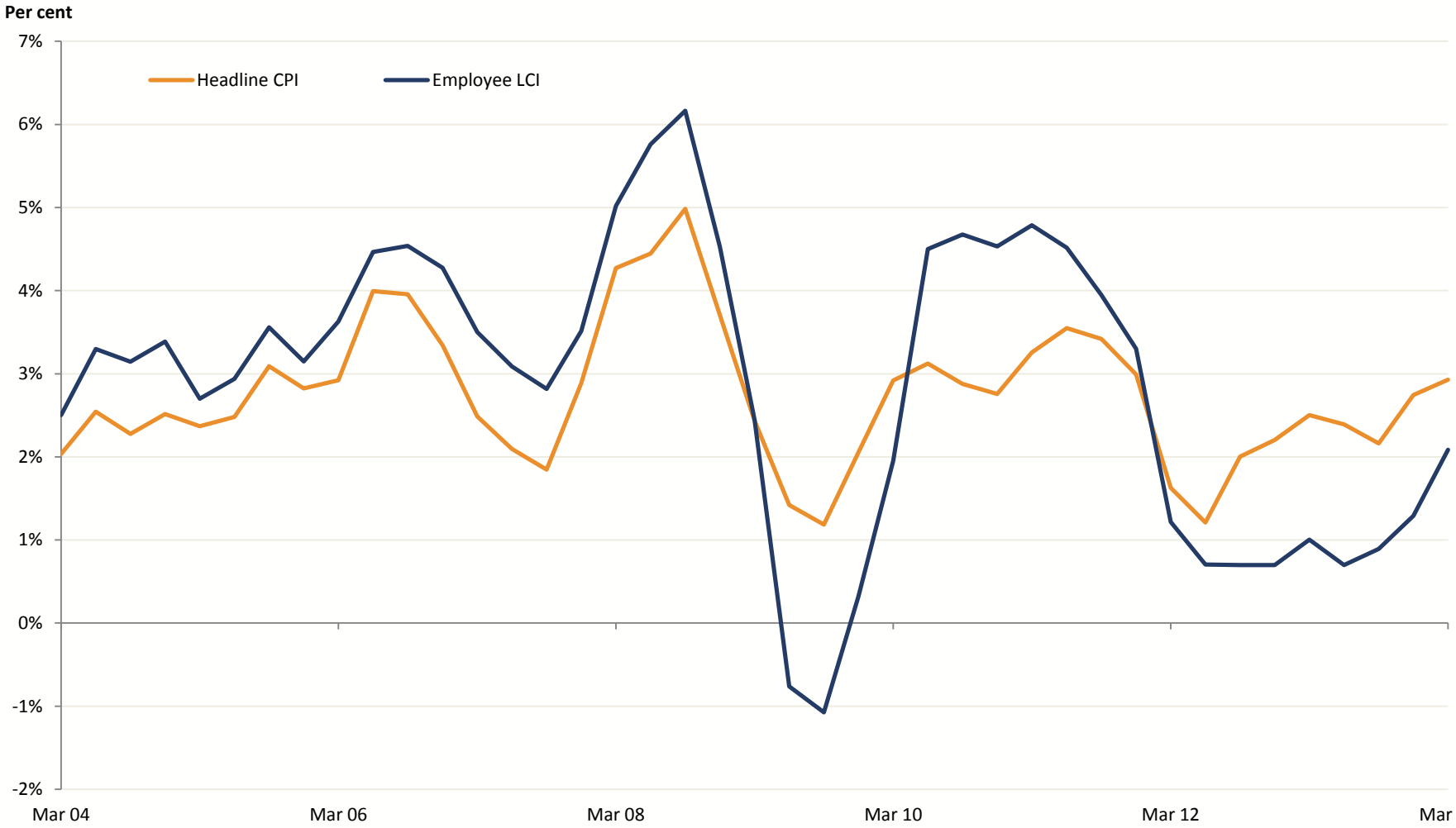
CPI inflation at 2.9%, employee LCI 2.1% (updated Figure 73)



Source: ABS 6401, ABS 6467 and ACTU calculations.

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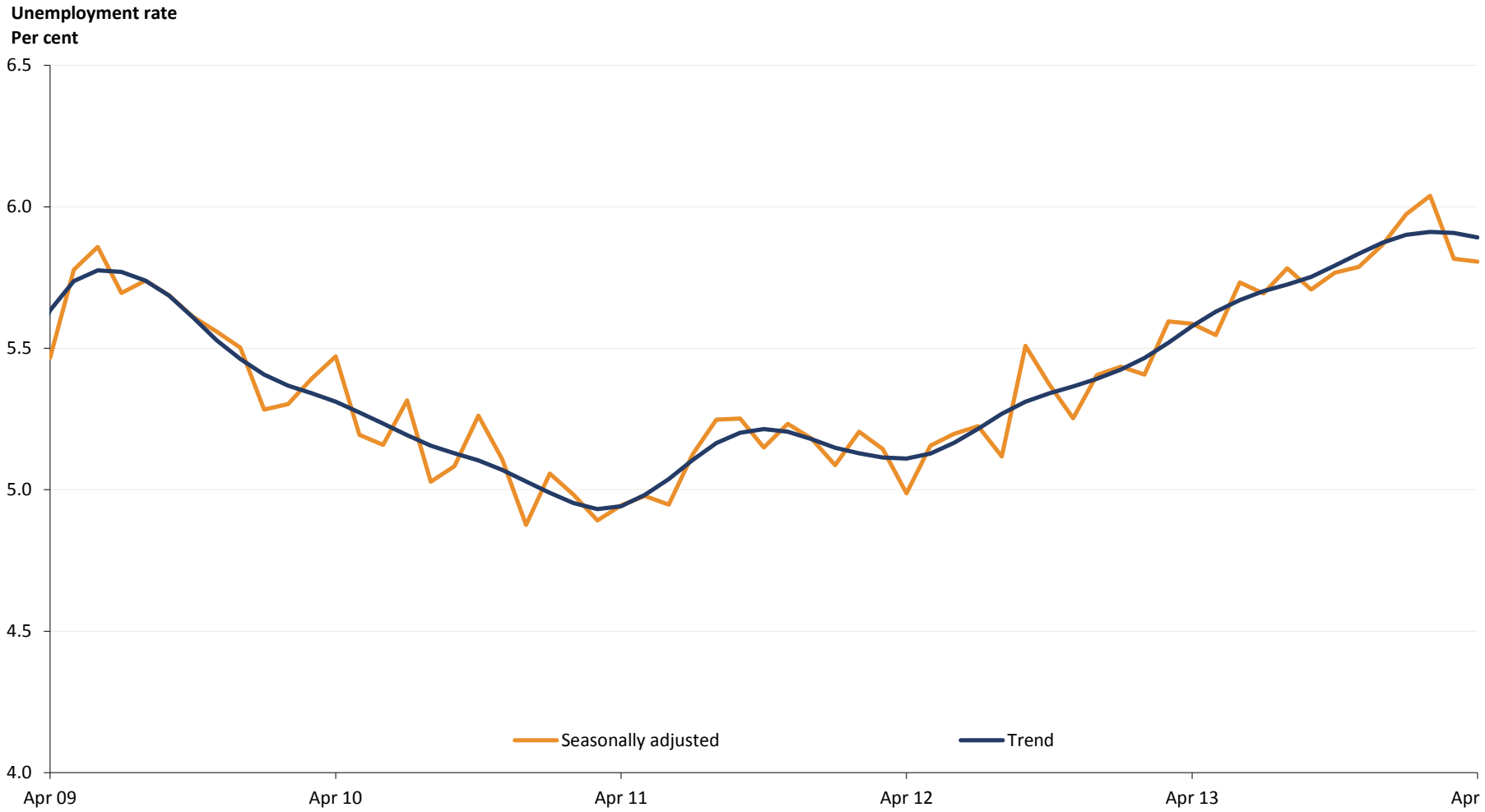
Unemployment looks to have peaked (updated Figure 80)



Source: ABS 6202

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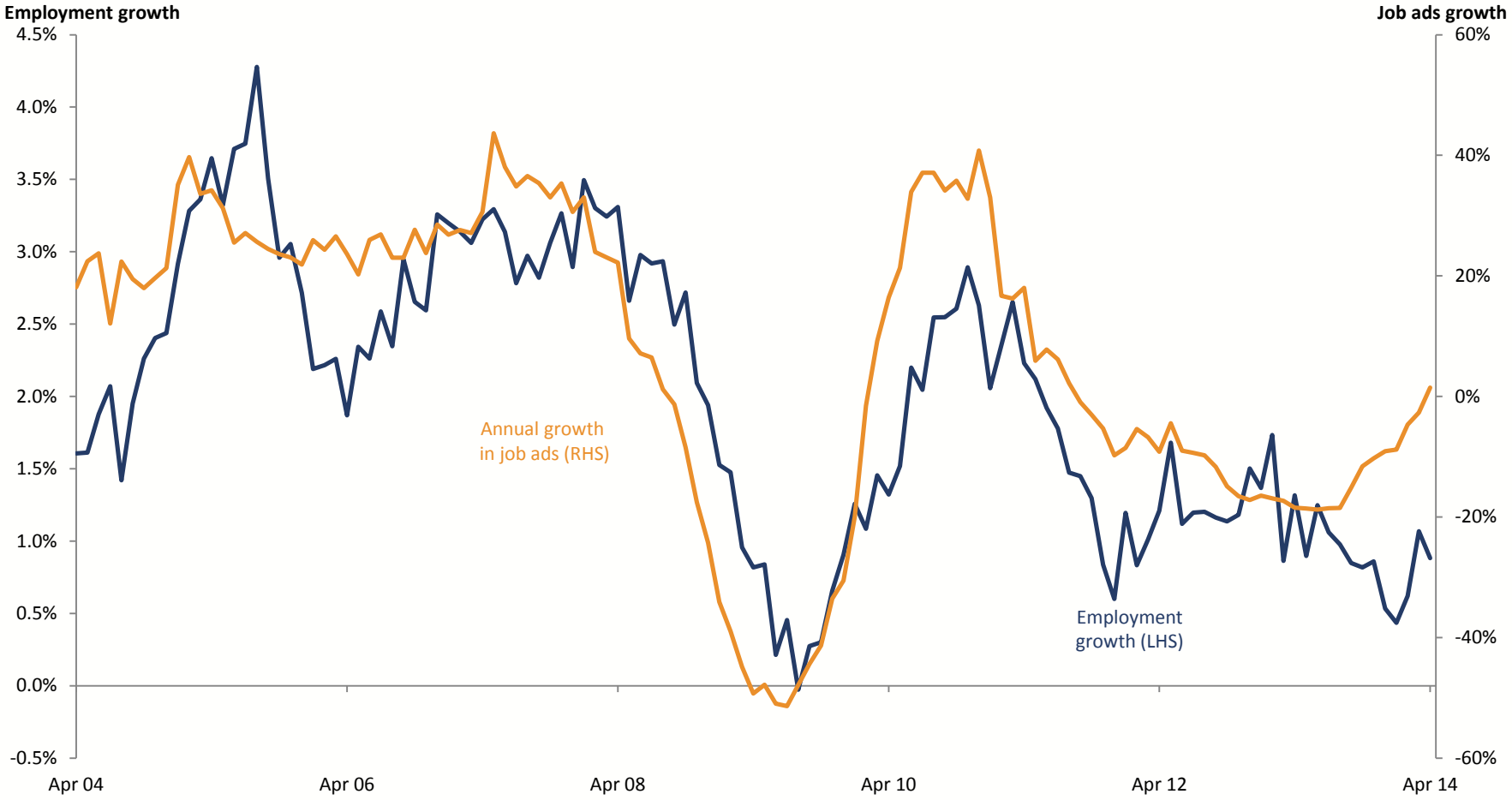
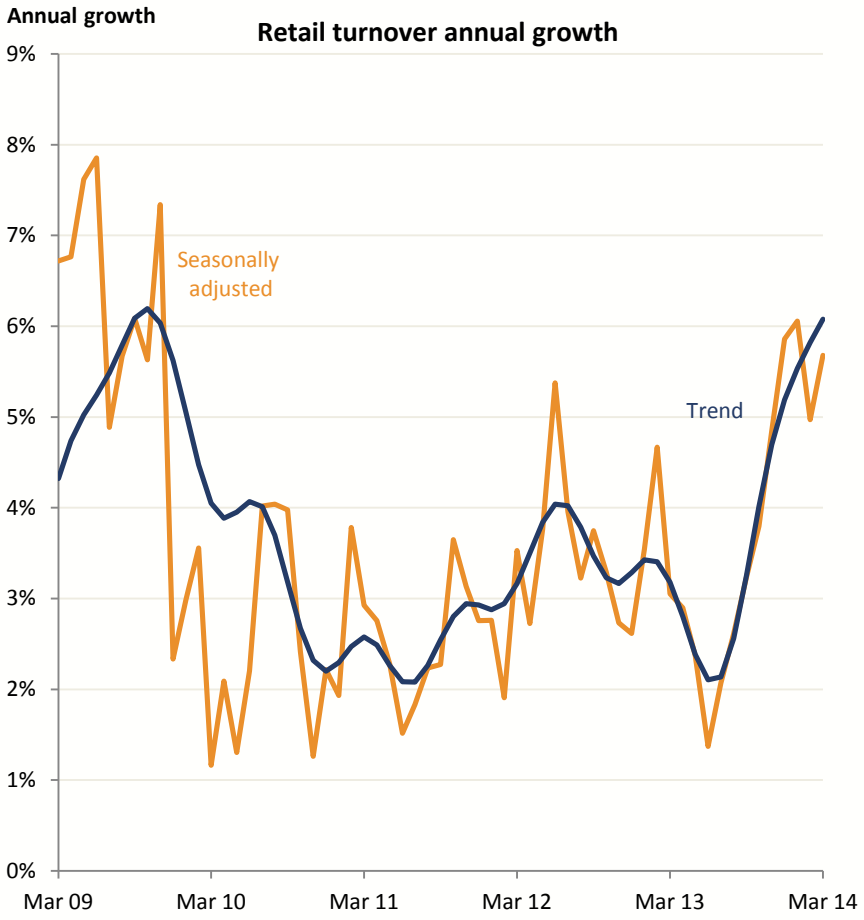
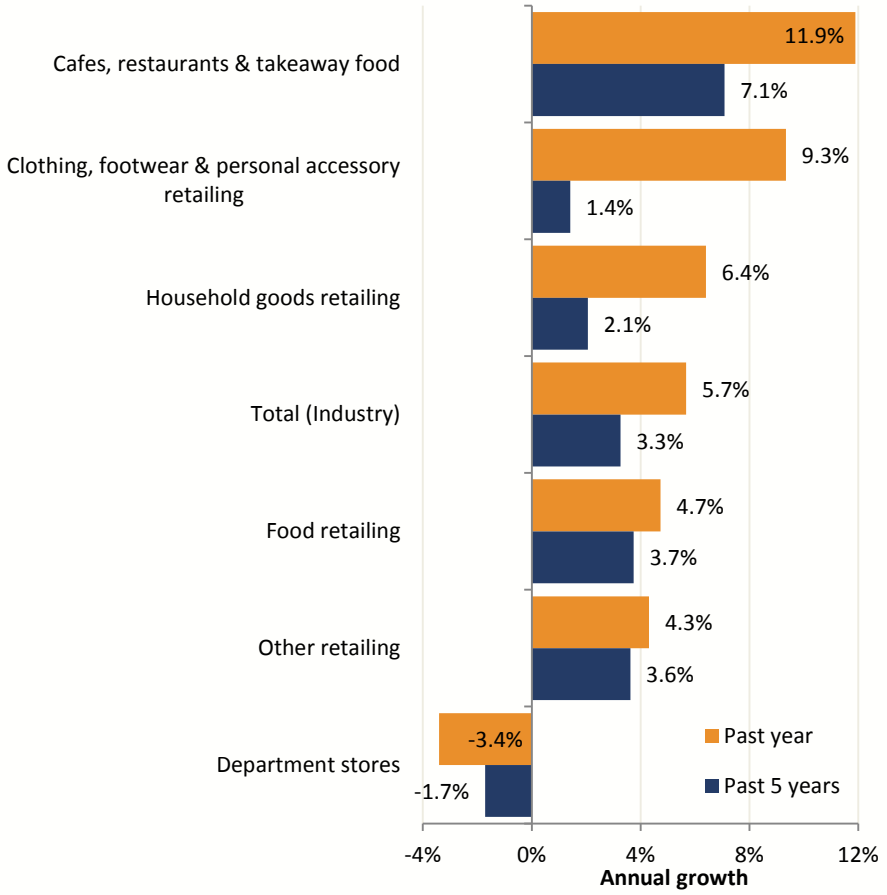
Job ads have increased, which tends to precede improved employment growth (Figure 5 post-Budget submission)



Source: ANZ Job Advertisements series, ABS 6202 and ACTU calculations

Retail turnover growth has been strong overall (Figure 8 post-budget submission) & in all but one sub-sector (Figure 9 PBS)





Source: ABS 8501 and ACTU calculations

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Summary of key data

	Measure	Latest level	Level 12 months earlier	Change (%)	Date of latest figure
Wages	NMW	$622.20	$606.40	2.6%	01 July 2013
	AWOTE	$1,437.00	$1,396.00	2.9%	Nov Q 2013
	Median full-time earnings	$1,150.00	$1,100.00	4.5%	August 2012
	WPI	117.2	114.2	2.6%	Dec Q 2013
	Min wage bite - NMW/AWOTE	43.3%	43.4%	-0.3%	Nov Q 2013
	Min wage bite - NMW/FT median	54.1%	55.1%	-1.9%	August 2012
Prices	Employees LCI	102.8	100.7	2.1%	March Q 2014
	CPI	105.4	102.4	2.9%	March Q 2014
Output	Real GDP (quarterly, millions)	$390,572	$379,977	2.8%	Dec Q 2013
	Labour productivity (total economy, index)	104.1	102.2	1.9%	Dec Q 2013
	Labour productivity (market sector, index)	104.2	102.3	1.9%	Dec Q 2013
Labour market	Unemployment rate (15+)	5.8%	6%	0.2 ppts	April 2014
	Employment (thousands)	11572.9	11471.6	0.9%	April 2014
	Employment-to-population ratio (15+)	61.0%	61.5%	-0.5 ppts	April 2014
	Participation rate (15+)	64.7%	65.2%	-0.4 ppts	April 2014
	Underemployment rate (quarterly, 15+)	7.4%	7.1%	+0.3 ppts	Feb Q 2014