



16 MAY 2014

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President Justice Iain Ross AO
Fair Work Commission
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Dear President

ANNUAL WAGE REVIEW 2013-2014: CONSULTATION QUESTIONS

I am writing on behalf of the Victorian Government in response to the Fair Work Commission's (Commission's) consultation questions in relation to the Annual Wage Review (AWR) 2013-2014. I understand that these questions were posted on the Commission's website on 2 May 2014.

Under question [1.1], the Commission has asked the Commonwealth and certain State Governments their position on what would constitute a "cautious" or "balanced" approach when considering a dollar or percentage outcome for the AWR 2013-14.

In determining the quantum of any percentage or dollar increase to minimum wages, the Victorian Government refers to its written submission, which submits that a cautious approach is one based on sound economic grounds, in which the Commission takes account of the Victorian and national economy and labour market; the need to ensure that minimum wages do not act as an impediment to workers securing, maintaining or regaining employment, and the limited capacity for employers to absorb or pass on increases in minimum wages.

Further, in the context of the Victorian public sector, as noted in the Victorian Government's written submission the Government's public sector wages policy has a wage guideline rate of 2.5 per cent per annum, with any enterprise agreement outcomes in excess of the guideline rate being fully offset by genuine productivity gains linked to workplace reform achieved as part of the agreement negotiations. Wage outcomes need to take account of increases to the employer superannuation guarantee.

Yours sincerely

Melissa Skilbeck
Deputy Secretary
Budget and Finance

