**SUMMARY OF SUBMISSIONS: PROPOSAL TO ADOPT A MEIDUM-TERM TARGET**

This table is a summary of submissions lodged for the Annual Wage Review 2016–17 preliminary hearing into the proposal to adopt a medium-term target for the annual wage review.

| **No.** | **QUESTION** | **SUMMARY OF SUBMISSIONS** |
| --- | --- | --- |
| 1. | ***Taking into consideration the powers of the Panel to set national minimum wages and modern award minimum wages under s.285(2) and the minimum wages and modern award objectives set out in ss 284 and 134 of the Fair Work Act 2009, does the legislative framework allow the Panel to adopt a medium-term target (or target range) for the NMW or modern award minimum wages?​*** | [United Voice](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/uvsub.pdf) (para. 12) submitted that “the Panel can, as a matter of discretion, adopt a medium-term target” which is (para. 32) “consistent with the Panel’s annual obligation to conduct a review”.[ACTU](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/actusub.pdf) (p. 1) submitted that “the legislative framework does permit the adoption of a medium term target of the type United Voice contends for and which we support”.[ACCER](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/accersub.pdf) (para. 12) submitted that it “supports the submission by United Voice that its proposal for a medium-term target is consistent with the terms of the *Fair Work Act*”.[ACOSS](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/acosssub.pdf) (p. 1) submitted that the proposal by United Voice “is consistent with the view expressed in our minimum wage submissions”.[Australian Government](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/ausgovsub.pdf) (p. 2) submitted that “a medium term target or a predetermined formula for arriving at the NMW is inconsistent with this annualised review process”.[Ai Group](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/aigroupsub.pdf) (p. 3) submitted that “the concept of a medium-term target (or target range) for the National Minimum Wage (NMW) or modern award minimum wages is inconsistent with the duty of the FWC to review minimum wages annually”.[ACCI](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/accisub.pdf) (p. 4) submitted that “the statutory context does not support such an approach”.[ABI&NSWBC](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/abisub.pdf) (para. 3.1) submitted that “the adoption of a medium-term target or target range for the National Minimum Wage or modern award minimum wages would be inconsistent with the prevailing statutory context relating to the AWR”.[AFEI](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/afeisub.pdf) (para. 2) submitted that “[t]here is no statutory remit to have a goal in mind for the medium or long term”. |
| 2. | ***Should a medium-term target be set for the NMW or both the NMW and modern award minimum wages?*** | [United Voice](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/uvsub.pdf) (paras 49–51) submitted that “a medium-term target should be set for the NMW as the “floor” in the system” and “in respect of modern award minimum wages more generally, we submit that no target should be set at this stage”.[ACTU](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/actusub.pdf) (p. 4) submitted that there is “merit, on equity grounds, in developing a mechanism to flow through increases to all modern award minimum wages in order to maintain skills based career paths and associated incentives”.[ACCER](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/accersub.pdf) (para. 69) submitted that a medium-term target should also include modern award minimum wages.[Ai Group](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/aigroupsub.pdf) (p. 5) submitted that “[a] medium-term target should not be set for either”.[ACCI](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/accisub.pdf) (p. 9) submitted that “a medium-term target of the nature sought by United Voice should not be set for either the National Minimum Wage or the modern award minimum wages”.[AFEI](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/afeisub.pdf) (para. 30) submitted that “a target for the minimum wage and for award wages is not necessary”. |
| 3. | ***What are the reasons for or against setting a medium-term target?*** | [United Voice](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/uvsub.pdf) (para. 55) submitted that setting “a medium-term target would assist the Panel to balance the various considerations it is required to take account of”.[ACTU](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/actusub.pdf) (p. 8) submitted that “longer term trends are difficult to discern from the point of view of separate annual changes”.[ACOSS](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/acosssub.pdf) (p. 1) submitted that without a medium-term target “there is a risk that these adequacy and work incentive goals will fade into the background as short term considerations take centre stage”.[Australian Government](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/ausgovsub.pdf) (p. 2) submitted that a medium-term target may not address uncertainty of future annual wage reviews as “a future Panel would be free to adopt an alternative medium-term target, or no target, or to make a decision inconsistent with the target that had been set”.[Ai Group](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/aigroupsub.pdf) (p. 5) submitted that “United Voice has failed to establish any inadequacy in the FWC’s current approach to adjusting minimum wages”.[ACCI](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/accisub.pdf) (p. 10) submitted that “implementing a medium-target based approach … fails to acknowledge the broad range of considerations that the Panel must take into account”.[ABI&NSWBC](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/abisub.pdf) (para. 3.19) submitted that the “primary reason against setting a medium-term target is that the introduction of a medium term target is inconsistent with the current operation of the FW Act” and (para. 3.20) that it “cannot identify any basis for the Fair Work Commission to move the assessment of the AWR to anything other than an annual basis”.  |
| 4. | ***For parties advocating a medium-term target:***1. ***what criteria should be applied in setting a medium-term target?***
 | [United Voice](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/uvsub.pdf) (para. 118) submitted that “the full range of considerations the Panel is required to consider in setting the NMW are also relevant to the question of a target” and proposed the following criteria (para. 120):* that a target will assist the Panel in the performance of its obligations under the Act an in balancing the various factors it must consider:
* that a target contributes to a minimum wage system that is stable, transparent and broadly predictable, while retaining flexibility to respond to economic conditions; and
* that ensures a target ensures appropriate focus on the needs and relative leaving standards of the low paid.

[ACTU](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/actusub.pdf) (p. 27) submitted “that the criteria which apply under the Act can also be applied to establish a medium-term target”. |
| 1. ***what target (or target range) should be proposed?***
 | [United Voice](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/uvsub.pdf) (para. 121) submitted that a medium-term target for the national minimum wage be set at 60 per cent of median (adult) ordinary time earnings.[ACTU](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/actusub.pdf) (p. 27) submitted that “60% of median adult ordinary time earnings is a suitable target”.[ACCER](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/accersub.pdf) (para. 20) submitted that an “initial” medium-term target “be based on the alleviation of poverty” set (para. 66) “by reference to the poverty levels and relative living standards recorded by the AFPC [Australian Fair Pay Commission] for December 2007”.[ACOSS](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/acosssub.pdf) (p. 3) submitted that the Panel “should substantially increase real minimum wages in order to significantly reduce the gap between them and median pay levels” with decisions informed by “benchmark” estimates of attaining a “decent basic living standard” for a single adult.[ACCI](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/accisub.pdf) (pp. 12–13) submitted that “setting a medium-term target that is directed at the minimum wage bite oversimplifies the social considerations underpinning minimum wage setting and the important role that other measures have in impacting the living standards of low paid workers including tax and offset changes, welfare payments and subsidies”. |
| 5. | ***If a medium-term target is adopted, how should it be assessed or reviewed during subsequent annual wage reviews?*** | [United Voice](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/uvsub.pdf) (paras 130–132) submitted that submissions and Panel decisions during each annual wage review will address the progress towards the medium-term target while the target should be “formally reviewed” after four years as a preliminary process for the *Annual Wage Review 2020–21*.[ACTU](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/actusub.pdf) (p. 30) submitted that “a target effectively operates as a statement of principle. It is the expression of an aspiration or policy goal rather than a binding directive. What the target is, as well as decisions as to whether to adhere to it in any particular year, are inherently flexible”.[Ai Group](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/aigroupsub.pdf) (p. 8) submitted that if, despite objections, a medium-term target is set then it should be assessed and reviewed annually.[ACCI](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/accisub.pdf) (p. 13) submitted that “the statutory framework does not provide the regulatory infrastructure for the assessment or review of a medium-term target”. |
| 6. | ***Would parties be assisted if the Panel decided on whether it ought to set a medium-term target prior to initial submissions made to the Annual Wage Review 2016–17?*** | [United Voice](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/uvsub.pdf) (para. 135) submitted that “it would clearly assist the parties if a decision on a target was made prior to initial submissions for the current AWR”.[ACTU](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/actusub.pdf) (p. 31) submitted that it “would be of substantial assistance if the Commission were able to decide whether it will adopt a medium target prior to the end of this year”.[ACOSS](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/acosssub.pdf) (p. 4) submitted that “it would be helpful for the Commission to publish its view on the desirability and feasibility of such a goal prior to the next round of minimum wage submissions”.[Australian Government](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/ausgovsub.pdf) (p. 3) submitted that “it would provide clarity on the nature of the process and inform the Government’s submission to the Panel”.[Ai Group](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/aigroupsub.pdf) (p. 9) submitted that “if the Commission decides that it ought to set a medium-term target, a more workable approach would be to set the target in conjunction with the *Annual Wage Review 2017-18* decision”.[ACCI](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/accisub.pdf) (p. 13) submitted that “[i]t would assist the parties and efficiency of the process if the Panel’s determination on this jurisdictional issue were made in advance of the process for substantive submissions regarding the Annual Wage Review 2016-17”.[ABI&NSWBC](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/abisub.pdf) (para. 3.24) submitted that “this may be an appropriate step”.[AFEI](https://www.fwc.gov.au/documents/sites/wagereview2017/consultations/afeisub.pdf) (para. 43) submitted that “having an early decision on the question of the Panel’s jurisdiction and desire to set a medium-term target would be essential for the efficiency of the proceedings”. |

**List of abbreviations (in alphabetical order)**

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| ABI&NSWBC | Australian Business Industrial, New South Wales Business Chamber |
| ACCER | Australian Catholic Council for Employment Relations |
| ACCI | Australian Chamber of Commerce and Industry |
| ACOSS | Australian Council of Social Service |
| ACTU | Australian Council of Trade Unions |
| AFEI | Australian Federation of Employers and Industries |
| Ai Group | Australian Industry Group |
| AWR | Annual wage review |
| NMW | National minimum wage |