

COMMONWEALTH SUBMISSION TO SAFETY NET REVIEW 2003

REVISED INFORMATION

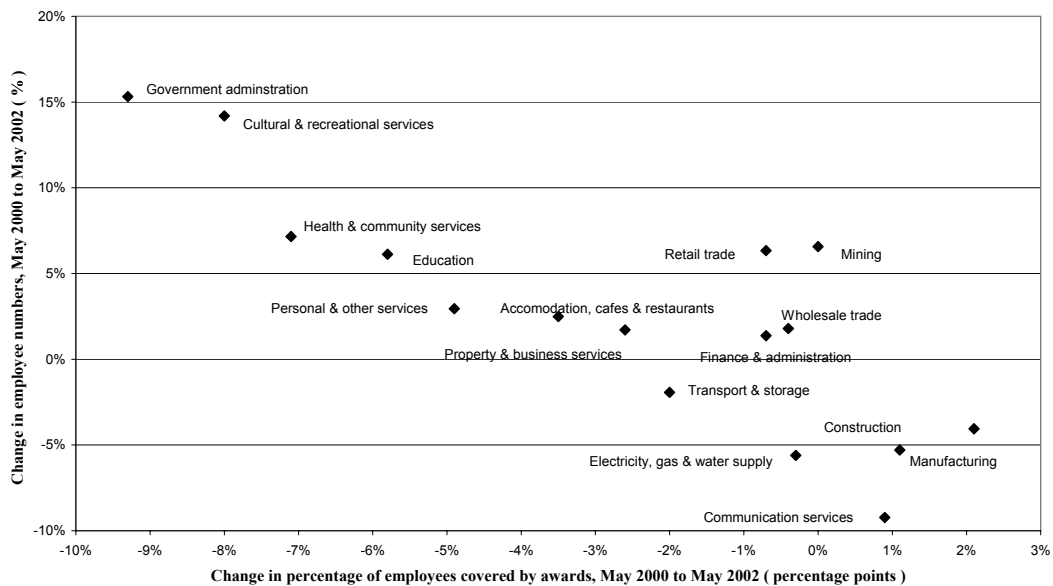
Since the finalisation of the Commonwealth's Reply Submission of 25 March 2003 the ABS has released final data sets which have relevance for tables and figures presented by the Commonwealth in its submissions.

Sectoral Impact

The ABS released on 25 March the final Employee Earnings and Hours Survey, May 2002. This resulted in a revision of the level of award coverage in aggregate and across specific industries.

The figure below is a revised chart showing the relationship between changes in award reliance and employment growth by industry. There were some changes in award reliance by industry in the final release, but these have not affected the overall result. There is still a strong negative relationship between changes in award reliance and employment growth, with a slightly stronger level of statistical support .

Figure 7.1: Comparison of changes in award coverage with changes in employment growth by industry, May 2000 to May 2002 (Revised)



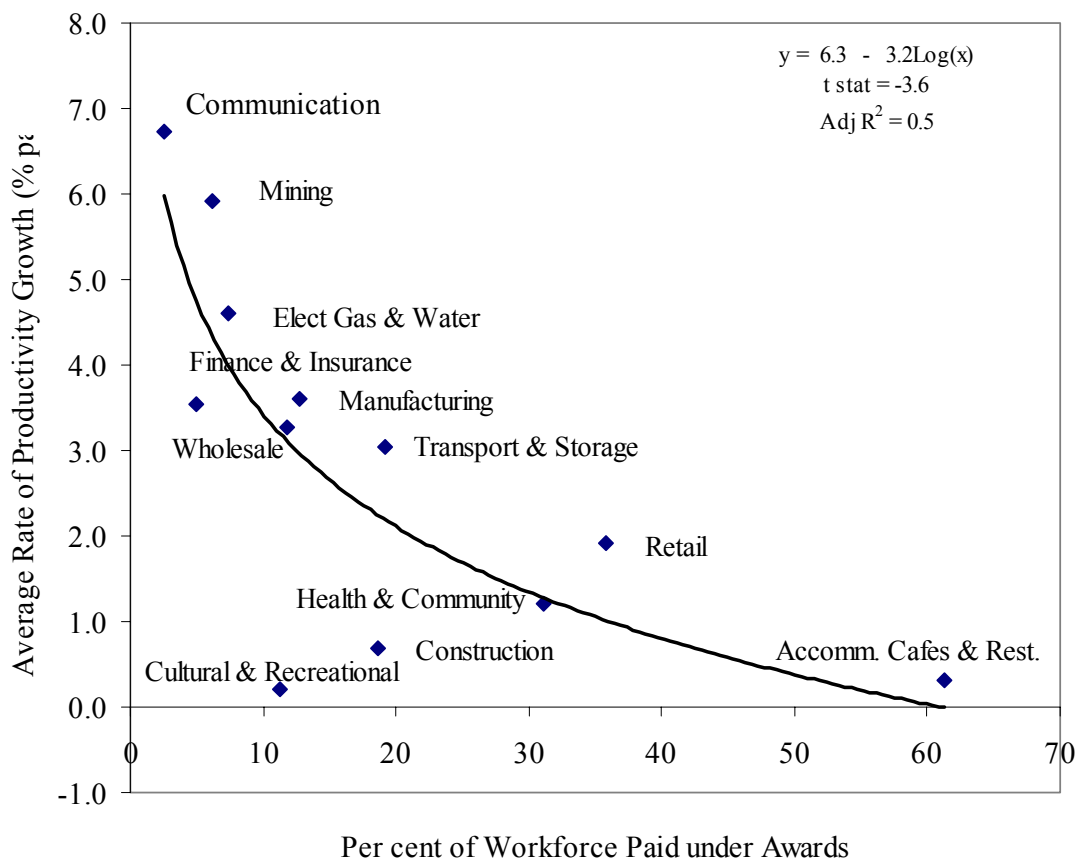
Sources: ABS Employee Earnings and Hours Survey, May 2002, (Final), Table 24 (Cat. No. 6306.0); ABS SuperTABLE – Industry Catalogue

Workplace Bargaining and Productivity

Below is a revised Figure 8.2 presenting the relationship between award coverage and productivity growth. As can be seen from the figure the inverse relationship between industry award coverage and productivity growth identified in the Commonwealth's original Submission and Reply Submission continues to hold with the revised ABS data. Statistical tests indicate that the relationship is both significant and strong.

Figure 8.2: Award coverage as at May 2002 and labour productivity growth by industry June 1990 to June 2002

(Revised)



Source: ABS Employee Earnings and Hours Survey, May 2002, (Final), Table 24 (Cat. No. 6306.0); ABS AusStats, National Accounts (Cat. No. 5204.024).

Living Standards

The revised final Employee Earnings and Hours data (Cat. No. 6306.0) released on 26 March 2003, do not change the overall analysis of the Commonwealth at paragraphs 9.5 to 9.10 of its submission.

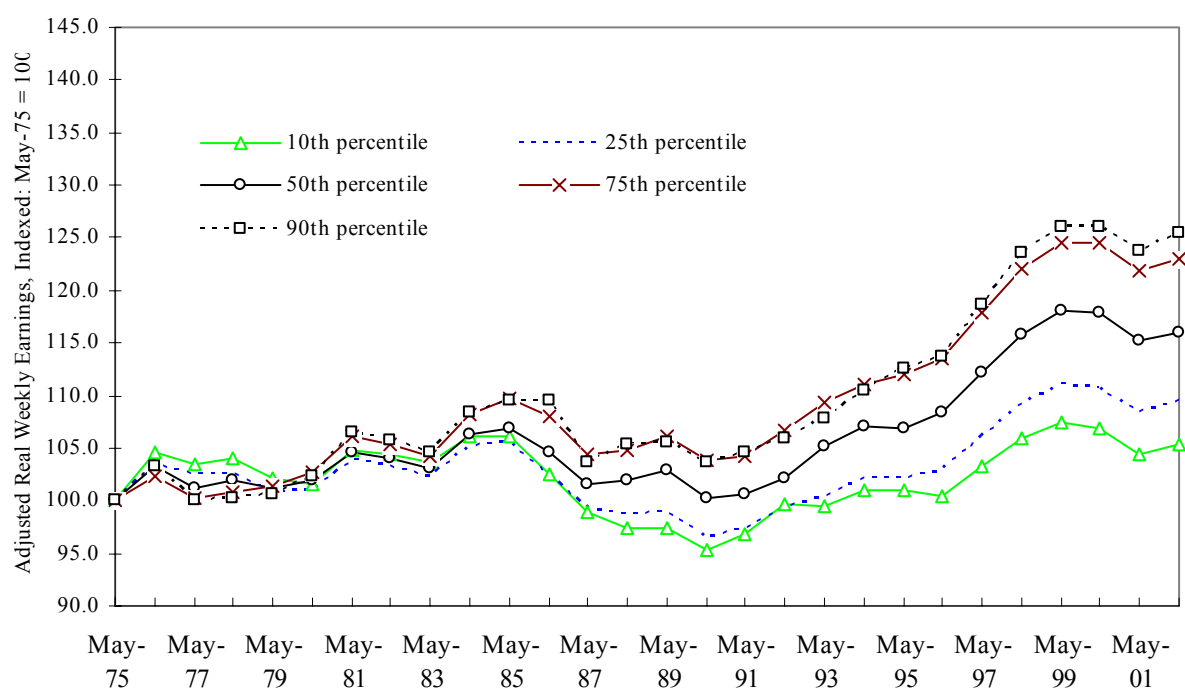
There is a slight change in the earnings growth recorded for those at the 25th percentile of the earnings distribution from May 1996 to May 2002, of 6.5 per cent (revised down from 6.7 per cent).

In terms of the figures for the widening of the earnings distribution from May 1996 to May 2002:

- The gap between the full-time earnings at the 90th percentile of employees and those at the median rose by 3.1 per cent (revised from 3.5 per cent).

The gap between the full-time earnings at the median and at the 10th percentile increased by 2.1 per cent (revised from 2.3 per cent).

Figure 9.1: Australian real total weekly earnings, by percentile, from 1975 to 2002 for full-time adult non-managerial employees (revised)



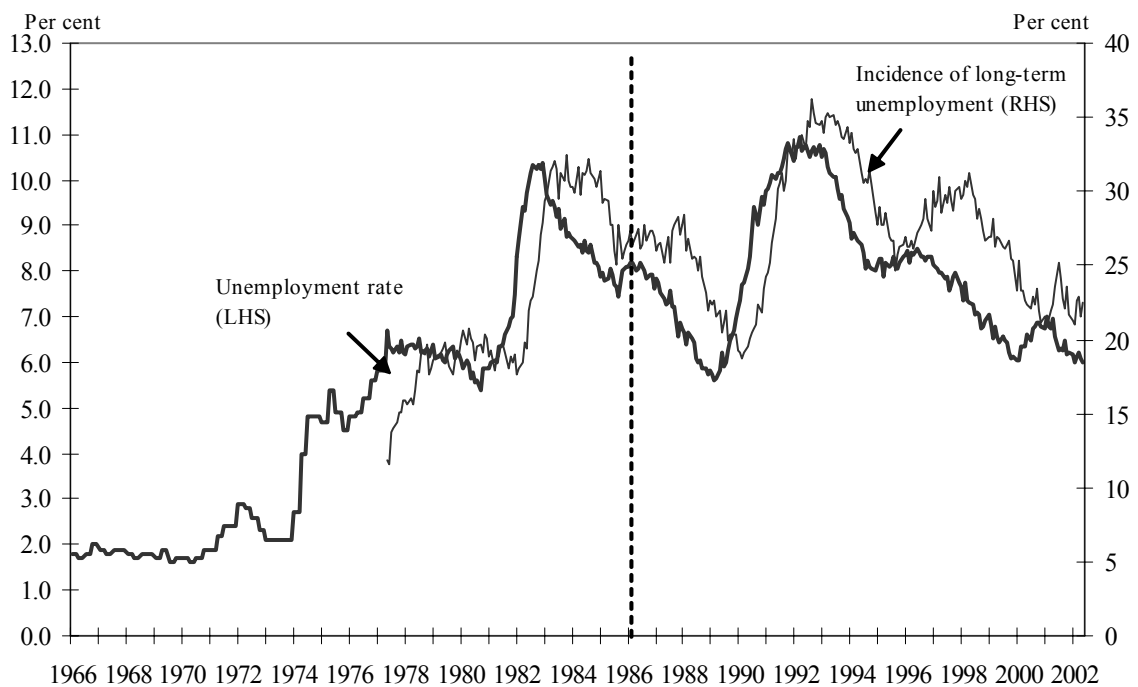
Source: Published and unpublished data from the ABS Survey of Employee Earnings and Hours (EEH), (Cat No 6306.0). The EEH Survey was not conducted in 1982, 1984, 1997, 1999 and 2001. Results for these years have been obtained through linear interpolation. All series deflated by the all groups CPI.

Long-term unemployment and joblessness

The latest data for February 2003 from the Labour Force Survey (Cat. No. 6203.0) do not change the substantive arguments of the Commonwealth in this section. The trend unemployment rate is now 6.0 per cent.

Long-term unemployment (LTU), defined as unemployment lasting longer than a year, currently affects 137 500 people and accounts for 22.5 per cent of total unemployment in trend terms (updated for February 2003).

Figure 9.2: Long-term unemployment incidence and unemployment rate (seasonally adjusted) (a)(b) (revised)



Source: ABS, Labour Force (Cat No 6203.0)

Notes: (a) Unemployment data from August 1966 to November 1977 are quarterly, then the series from February 1978 is based on monthly data.

(b) The dotted line represents a break in both the series from April 1986, when the definition of employed persons was changed to include persons working 1 to 14 hours without pay in a family business or farm, in line with ILO definitions (ICLS 1982).

APPENDIX C: PAY SETTING METHODS

Figure C.1: Methods of setting pay, proportions, by industry (Revised)

	Awards only	Collective agreements (a)	Individual agreements (b)	Total
Mining	5.9 (d)	40.5	53.6	100.0
Manufacturing	12.5	37.5	50.0	100.0
Electricity, gas and water supply	1.1 (c)	78.1	20.9	100.0
Construction	17.1	23.1	59.8	100.0
Wholesale trade	11.7	7.9	80.4	100.0
Retail trade	34.2	30.3	35.4	100.0
Accommodation, cafes and restaurants	61.2	6.8 (c)	32.0	100.0
Transport and storage	16.4	40.3	43.3	100.0
Communication services	2.4 (c)	69.1	28.4	100.0
Finance and insurance	4.9 (c)	50.0	45.1	100.0
Property and business services	18.1	11.7	70.1	100.0
Government administration and defence	6.0	86.6	7.4	100.0
Education	7.8	83.5	8.7	100.0
Health and community services	30.3	49.5	20.1	100.0
Cultural and recreational services	10.9	31.2	57.8	100.0
Personal and other services	22.2	42.6	35.3	100.0
All industries	20.5	38.2	41.3	100.0

Source: ABS, Employee Earnings and Hours Survey, May 2002 (Cat No 6305.0).

Notes:

(a) Includes registered and unregistered collective agreements.

(b) Includes registered and unregistered individual agreements.

(c) Estimate has a relative standard error of between 25 per cent and 50 per cent and should be used with caution.

(d) Estimate has a relative standard error greater than 50 per cent and is considered too unreliable for general use.

Figure C.2: Average weekly total earnings, by pay setting method and industry (Revised)

	Awards only \$/week	Collective agreements (a) \$/week	Individual agreements (b) \$/week	Total \$/week
Mining	1486.4	1569.1	1371.7	1458.4
Manufacturing	503.5	869.2	832.8	805.1
Electricity, gas and water supply	905.8	1056.9	1313.8	1108.9
Construction	589.1	1033.4	796.4	815.7
Wholesale trade	445.9	804.2	831.4	784.2
Retail trade	332.3	323.8	625.0	433.4
Accommodation, cafes and restaurants	366.6	376.5	538.6	422.4
Transport and storage	633.1	977.5	782.9	836.6
Communication services	381.5 (c)	888.2	1117.5	941.0
Finance and insurance	460.8	786.2	1136.8	928.4
Property and business services	439.0	781.1	843.5	762.9
Government administration and defence	562.0	829.4	1021.3	827.6
Education	530.2	752.4	632.8	724.6
Health and community services	424.5	694.6	619.1	597.4
Cultural and recreational services	355.8	670.1	575.9	581.2
Personal and other services	340.1	874.3	519.6	630.8
All industries	419.9	755.4	781.7	697.6

Source: ABS, Employee Earnings and Hours Survey, May 2002 (Cat No 6305.0).

Notes:

(a) Includes registered and unregistered collective agreements.

(b) Includes registered and unregistered individual agreements.

(c) Estimate has a relative standard error of between 25 per cent and 50 per cent and should be used with caution.