



**Government  
of South Australia**

TRS19D2875

Hon Stephen Mullighan MP  
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Dear Mr Mullighan

**APPLICATION UNDER THE *FREEDOM OF INFORMATION ACT 1991***

I refer to your application made under the *Freedom of Information Act 1991* (FOI Act), dated 16 October 2019.

Your application seeks access to:

*"All minutes, briefings and correspondence titled 'Commercial and Economics – ACTU Living Wage' as described on the Objective document management system, between 23 February 2019 and 16 October 2019."*

The legislative prescribed timeframe to determine this application has expired and is now deemed to have refused you access to all documents relevant to your application. I refer to my letter dated 3 November 2019 where I sought additional time to make my determination.

The purpose of this letter is to advise you of my determination. An extensive search was conducted within this office. A total of 1 document was identified as answering the terms of your application.

I grant you access in part to 1 document; a copy of which is enclosed.

The Australian Financial Review article (Attachment 1) dated 6 March 2019, is publicly available and therefore has not been provided to you.

Please note, in compliance with Premier and Cabinet Circular PC045 - *Disclosure Logs for Non-Personal Information Released through Freedom of Information* (PC045), the Department of Treasury and Finance is now required to publish a log of all non-personal information released under the *Freedom of Information Act 1991*.

In accordance with this Circular, any non-personal information determined for release as part of this application, may be published on the DTF website. A copy of PC045 can be found at the following address: <https://dpc.sa.gov.au/resources-and-publications/premier-and-cabinet-circulars>. Please visit the website for further information.

As I am determining this application as Principal Officer, Section 29(6) of the Act does not provide for an internal review. If you are dissatisfied with my determination you are entitled to exercise your rights of external review with the Ombudsman.

Alternatively, you can apply to the South Australian Civil and Administrative Tribunal. If you wish to seek a review, Section 39(3) of the Act states you must do so within 30 calendar days of receiving the determination.

If you require any further information, please contact Vicky Cathro on 8226 9769.

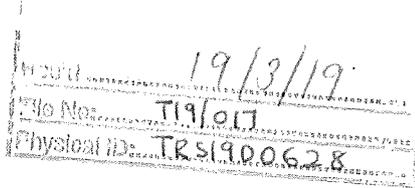
Yours sincerely



**Hon Rob Lucas MLC**  
*Principal Officer*

12 January 2020

MINUTE



Government  
of South Australia  
Department of Treasury  
and Finance

MINUTES forming ENCLOSURE

File T&F19/0146

Doc No A1069592

To The Treasurer

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**ACTU LIVING WAGE**

Timing: ROUTINE — For information only

**Recommendations/Issues:** It is recommended that you note:

- Based on the latest published data on the full-time median wage (for August 2018), raising the full-time national minimum wage to 60 per cent of the full-time median wage (\$792 per week) would reflect a weekly increase of \$72.80 (10.1 per cent) on the current full-time national minimum wage (\$719.20 per week).

Noted

Hon Rob Lucas MLC  
Treasurer

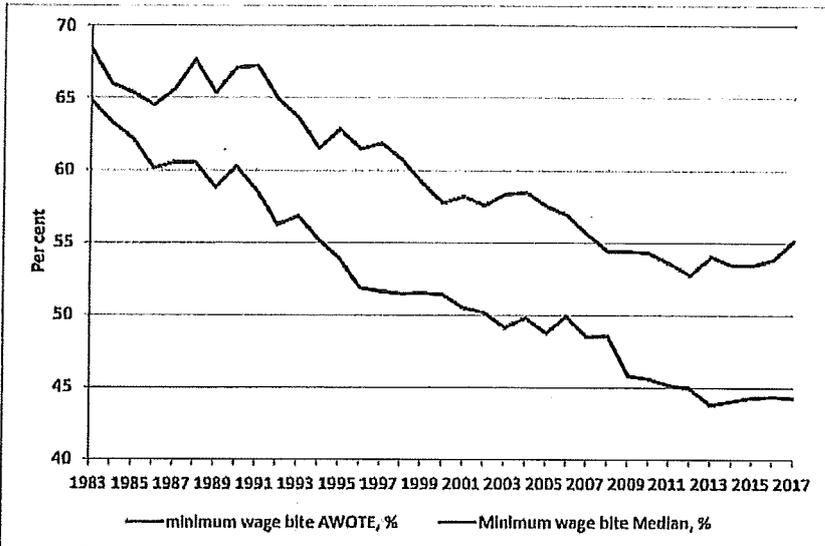
23/3/19

### Background:

The Australian Council of Trade Unions (ACTU) has consistently supported the concept of a 'living wage' being 60 per cent of the full-time median wage.

In its March 2018 submission to the Fair Work Commission's (FWC) Annual Wage Review (AWR), the ACTU argued that the 'minimum wage bite' (the national minimum wage, as a percentage of the full-time median wage) has fallen significantly since 1983 (see figure below).

**Figure 3B: Minimum wage bites, ratio of the NMW to AWOTE, ratio of NMW to median FT earnings, 1983 to 2017**



Sources: Average full-time earnings is AWOTE from ABS 6302. Median from ABS 6333. NMW Bray 2013 and FWC. All series deflated by the CPI (ABS 6401). ACTU calculations.

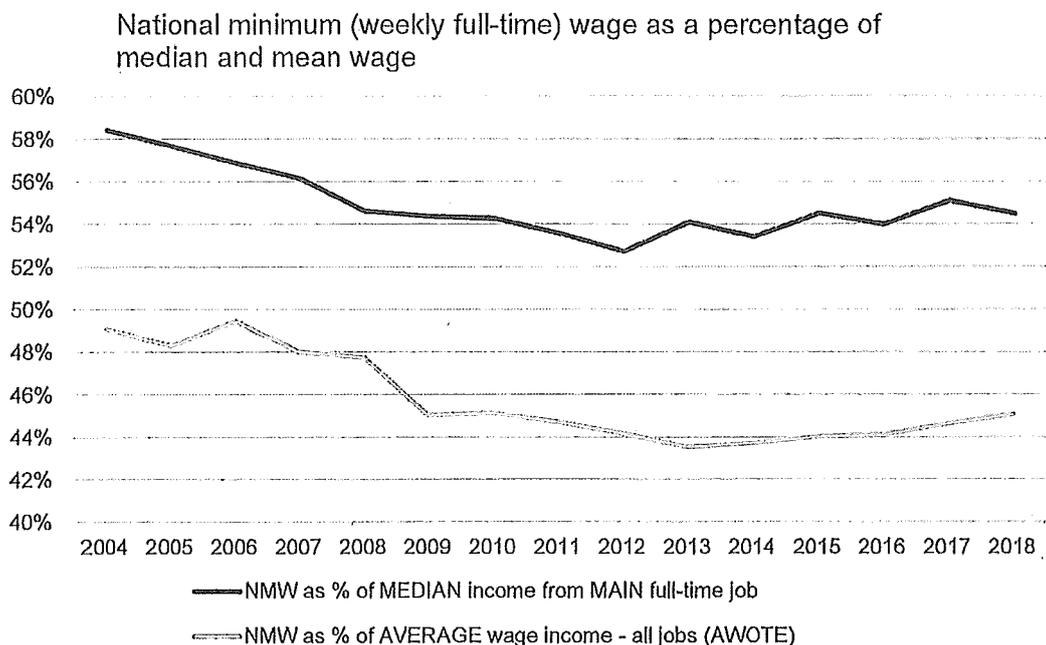
### Discussion:

There are many data sources to indicate the 'median full-time wage'. DTF considers that the most relevant measure to use is: for employees (excluding owner-managers of incorporated enterprises) in the main job – the median weekly earnings in the main job, by full-time or part-time status in the main job (using the full-time measure).

This series (extending back to 2004) is published by the Australian Bureau of Statistics (ABS) in the latest release of *Characteristics of Employment, Australia* (Catalogue No 6333.0), Table 1c.1.<sup>1</sup>

Using this measure of the median full-time income, the national minimum full-time wage – as a percentage of the median – fell from 58.4 per cent in 2004 to 54.6 per cent in 2008, and has been consistently around 54 per cent since then.

<sup>1</sup> The presentation of data in this publication has changed over time. In previous versions, figures were reported for employees including owner-managers of incorporated enterprises, with median weekly incomes for all jobs (not just the main full-time job). In the August 2017 version, previous estimates were re-benchmarked. For this reason, the time series in the latest version of the publication is considered to be the most reliable.



It has been reported in the media, including in the *Australian Financial Review* (Attachment 1) that the ACTU Secretary (Sally McManus) called in late 2017 for a living wage that would have lifted the full-time minimum weekly wage (NMW) from \$695 to \$852.

ACTU speeches, media releases and publications are archived on the ACTU website. A search of these materials has not indicated any specific reference to the figure of \$852. While this figure has been widely reported, the basis for its calculation is uncertain.<sup>2</sup>

Latest ABS data indicate that, as of August 2018, the median full-time wage in Australia (for employees, excluding owner-managers of incorporated enterprises, in the main job) was \$1,320; 60 per cent of this median full-time wage equates to \$792 per week.

If the FWC were to adopt \$792 as the weekly full-time NMW – that is, for the NMW to reach 60 per cent of the median wage (within a single year), that would reflect a weekly increase of \$72.80 (10.1 per cent) on the current level.

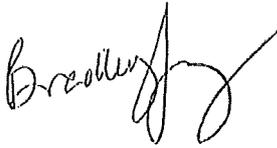
The ACTU's submission to the FWC's AWR (published on 15 March 2019) called for a 6 per cent increase in the full-time NMW – to \$762.35 (an increase of \$43.15 per week).

<sup>2</sup> In a previous issue of its publication (Cat No 6333.0), the ABS commented that (as of August 2016) the mean weekly earning was \$1,420 for males, and for females it was \$1,007. 60% of \$1,420 is \$852.

Up to the August 2016 issue, the ABS publication primarily reflected mean (average) wages. Since the August 2017 issue, the publication has changed to provide greater emphasis on median wages. Also, from 2017 onwards, owner-managers of incorporated enterprises have been excluded. The mean wage is higher than the median, due to the presence of a relatively small percentage of employees on very high wages.

It is also possible that, if a living wage of 60% of median were to be phased in over two years, then a further increase to \$852 in 2020 might equate to 60% of what the median full-time wage is projected to be in 2020.

The Leader of the Opposition (Bill Shorten) has publicly indicated support for a 'living wage', and that, if elected, an incoming Labor federal government might consider amending legislation to encourage the FWC to set a higher NMW. However, the Shadow Treasurer (Chris Bowen) has declined to endorse the ACTU-proposed quantum increase, indicating that the final determination should be left to the Fair Work Commission.



Brad Gay  
Executive Director, Commercial and Economics

16 March 2019

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Attachments:

- Story from Australian Financial Review, 6 March 2019
- Summary of submissions made to the FWC Annual Wage Review (as of 18 March 2019).

Summary of submissions made to FWC 2018-19 Annual Wage Review

Organisation	Date uploaded	Key position	NMW % inc.	NMW hourly	NMW weekly	Weekly inc.
The Benevolent Society	14/03/2019	Wants to participate in final consultations.				
Victorian Government	14/03/2019	Increase NMW to \$20 per hour.	5.7%	\$20.00	\$760.00	\$40.80
Government of South Australia	14/03/2019	Conservative, cautious approach.				
Australian Chamber of Commerce and Industry	15/03/2019	Increase in NMW not to exceed 1.8%.	1.8%	\$19.27	\$732.15	\$12.95
Master Grocers Australia	15/03/2019	Increase in NMW not to exceed 1.2%.	1.2%	\$19.15	\$727.83	\$8.63
Housing Industry Association	15/03/2019	Consider economic conditions.				
Australian Catholic Bishops Conference	15/03/2019	Supports "Living wage" but not uniform % increase across all awards.				
Chamber of Commerce and Industry Queensland	15/03/2019	Increase in NMW not to exceed 1.8%.	1.8%	\$19.27	\$732.15	\$12.95
Australian Government	15/03/2019	Small business remain cautious in taking on additional labour.				
Australian Retailers Association	15/03/2019	Increase in NMW not to exceed 1.8%.	1.8%	\$19.27	\$732.15	\$12.95
National Retail Association	15/03/2019	increase in NMW not to exceed 1.8%.	1.8%	\$19.27	\$732.15	\$12.95
Australian Business Industrial	15/03/2019	Increase in NMW not to exceed 2.3%.	2.3%	\$19.36	\$735.74	\$16.54
Chamber of Commerce and Industry of Western Australi	15/03/2019	Adopt a cautious approach.				
South Australian Wine Industry Association	15/03/2019	Only a small flat increase.				
Council of Single Mothers and their Children	15/03/2019	A rise in the minimum wage without relation to other wage rises.				
Restaurant and Catering Industrial	15/03/2019	No increase in MNW in 2019.	0%	\$18.93	\$719.20	\$0.00
National Farmers' Federation	15/03/2019	NMW increased in a manner that is fair and equitable for workers, that incentivises Australians to seek employment in the agricultural sector, and that accounts for and is supportive of the unique financial pressures being faced by farmers as employers in the agricultural sector.				
National Union of Workers and United Voice (joint)	15/03/2019		6%	\$20.06	\$762.35	\$43.15
Federal Opposition	15/03/2019	A fair and economically responsible real increase in the NMW. Opposition accepts that the Panel is constrained by the current legislative provisions, but no longer has confidence that these provisions have the capacity to deliver the wages growth that the lower paid workers, and our economy, require.				
Queensland Government	15/03/2019	An increase that rewards productivity gains, improves the value of real wages as well as the living standards for workers reliant on the NMW.	3.5%	\$19.59	\$744.37	\$25.17
Australian Council of Social Service	15/03/2019	Increase real wages substantially in order to reduce the gap between them and median pay levels. Supports NMW as 60% of median fulltime wage.				
Australian Industry Group	15/03/2019	A modest wage increase of 2%.	2%	\$19.30	\$733.58	\$14.38
Australian Council of Trade Unions	15/03/2019	Increase NMW and all modern award minimum wages by 6%.	6%	\$20.06	\$762.35	\$43.15
Government of Western Australia	15/03/2019	A fair and equitable increase that will help to protect the living standards of the low paid, and encourage their participation in the workforce.				