Australian Council of Trade Unions
Response to questions asked on notice by Senator Cameron – 22 February – Senate Economics Legislation Committee Inquiry into the MRRT and related bills

Question from Senator Cameron:

The first one is that the ACCI in their presentation say, 'Our employees are very well paid.' This is one individual company. They say:

> *Our employees are very well paid, and get hefty pay rises from us because we think they deserve them...*

Can you give us what you see as the statistics for increases in pay rises in small business over the last few years to see whether that is reflected across the economy?

Answer:

The quarterly ABS measures of changes in earnings (the *Average Weekly Earnings* and *Labour Price Index* reports) do not contain 'employer size' variables in their published reports. This means that we are not able to use these data to assess whether the earnings growth for employees employed by small businesses has exceeded that of other employees.

However, the ABS *Employee Earnings and Hours* survey does include a measure of employer size. The most recent ABS report pertains to a survey conducted in August 2010. The data show that between August 2008 and August 2010, the average weekly total cash earnings for employees employed by small businesses rose by 2.9%. The average for all employees rose by 5.5% over same the two-year period. Employees of small businesses have lower average weekly earnings and have had slower growth in those earnings in recent years.

Employer size	Average weekly total cash earnings - 2008	Average weekly total cash earnings - 2010	Change (%)
Under 20 employees	778.7	800.9	2.9%
20-49 employees	885.7	939.8	6.1%
Total	957.9	1010.3	5.5%

Source: ABS 6306.0, 2008 and 2010, and ACTU calculations.

Question from Senator Cameron:

Secondly, the ACCI say the cost of this is $20 billion per year. Can you have a look at that and see whether you agree with that figure, that the cost is $20 billion a year?

Answer:

The ACTU has not conducted modelling on the economy-wide increase in yearly compulsory superannuation contributions that will result from the increase in the Superannuation Guarantee legislation.

We note that the Commonwealth has indicated that:

> *The superannuation measures that the Government is introducing are projected to generate an additional $10 billion by 2020 and $35 billion by 2035 in private saving each year.*

We note that ACCI's assertion that the increase in the Superannuation Guarantee will cost "in excess of $20 billion per year" does not appear to be supported by any evidence, nor any information as to how that figure was arrived at.

Question from Senator Cameron:

The last one is on page 8 of their submission. They say:

> *Regrettably, the proposed levy increase cannot be reliably or realistically funded by a wage- superannuation trade off. This is because of the less centralised nature of our wages system compared to when compulsory superannuation was first introduced.*

I have got to say that I find that quite amazing as a submission from the ACCI, who wanted individual contracts, never mind enterprise bargaining. I would like your comments on that proposal from ACCI.

Answer:

Senator Cameron is correct that ACCI and other employer associations have been at the forefront of the push to decentralise and individualise the bargaining process. He notes that it is "quite amazing" that ACCI, as a proponent of individual contracts, would bemoan the inability to obtain a wage-superannuation trade off via a centralised wages system.

This is not the first such instance in which employers or their representatives seem to express a desire for greater centralisation when it is seen to be in their interests. For example, in the wake of the QANTAS dispute a number of employers expressed the view that Fair Work Australia should be vested with greater powers to arbitrate and to intervene in the bargaining process. We share Senator Cameron's amazement.

Senator Cameron may recall that in 1992 many employers argued that the introduction of the new compulsory SG system would seriously damage jobs and investment in Australia. Few would argue this has been the case.

The current proposed SG increase is due to be phased in gradually over a period of 7 years. Combined with related reductions in company tax this will give ample time and opportunity for employers to adjust to the new SG rate.