

Economics

ANSWERS TO QUESTIONS ON NOTICE

Australian Bureau of Statistics

Division: Australian Bureau of Statistics
Question No: 1
Topic: CPI breakdown
Reference: Hansard, Pages 1-3 & 11
Senator: Malcolm Roberts

Question:

Senator ROBERTS: The ABS dataset 6336 working arrangements as at August 2023 shows there are 14 million people working for a wage or salary in Australia. That includes owner-managers of their own business entity. Does that mean small businesses are included in that figure of 14 million?

Mr Goldsworthy: I'm not sure off the top of my head. We don't have those figures to hand.

Senator ROBERTS: Do you know how many small businesses there are?

Mr Goldsworthy: No. We came prepared to talk about questions in relation to the consumer price index.

Senator ROBERTS: Yes, that's where I'm heading. I'd like to know how many people depend upon the CPI figure.

Mr Goldsworthy: We can certainly take that on notice for you.

Senator ROBERTS: Then there are employees who are adult working employees. Is that including owner managers of their own businesses?

Mrs Marquardt: No, I think it would be employees, not business owners.

Senator ROBERTS: In the figures I've got—one of my staff has done the research—there are 14 million people working for a wage or salary in Australia, including owner-managers of their own business entities.

Mrs Marquardt: We can come back to you on it, but I believe it's just whether or not they are earning a wage or a salary as an employee, not—

Senator ROBERTS: As an employee of somebody else?

Mrs Marquardt: As an employee of somebody else, yes.

Senator ROBERTS: What about a small business owner that has a house? How do you capture them?

Mrs Marquardt: I'm not sure. I'd have to check.

Senator ROBERTS: I'm trying to get a feel for how many Australian people are in an employee category and then where the other working people, including small businesses, owner managers and contractors, fit. I'm trying to get a feel for how many Australians are affected by these figures, the CPI—

Mrs Marquardt: Or covered by them.

Senator ROBERTS: Yes.

Mrs Marquardt: From memory, off the top of my head, I think it's about 24 per cent. Let me

take that on notice. I'm not 100 per cent certain.

Mr Goldsworthy: We can come back to you. It'd certainly be the vast majority. My understanding of the origin of these indices is we have sought to capture the major household types dependent on their main source of income, as Mrs Marquardt went through and, indeed, you went through in asking your question. The main source of income is the pension for many people. For others it might be earning a wage or salary. Others might be retired but don't use the pension and are self-funded. Others rely on government welfare payments. They are the main categories of income for household types. We have built the selected living cost indices around those. But we are certainly happy to take on notice if we can provide you with a detailed breakdown of the composition of Australian households.

Senator ROBERTS: Yes, if you could, please. I'd like to know about owner-managers, because they are employees but they are not in any of the other groups, and contractors and small businesses who pay themselves. I'd like to know how many people are in that employees group. How many Australians are affected? When they hear that their living cost index is 6.2 per cent, how many people does that apply to?

Mr Goldsworthy: Certainly.

Senator ROBERTS: We've agreed that the employees category of the living cost index contains the largest number of Australians—that's 14 million. What would be the second largest, roughly? Would it be pensioners and beneficiaries, age pensioners, other welfare, self-funded retirees or small businesses? There are millions of small businesses?

Mr Goldsworthy: Rather than taking a stab at that, I think it's probably better, if you're comfortable, for us to give you the figures on notice.

Senator ROBERTS: I value accuracy, so I'm happy with that.

Senator ROBERTS: I think most people would be surprised with what you just said. I know I am, and I'm fairly well informed. I'm told by a member of my staff that the employees category, facing a 6.2 per cent cost-of-living index, includes owner-managers. I want to know the answers to the other questions. How many people in Australia are facing 6.2 per cent in their living cost index?

Mr Goldsworthy: Yes, certainly, Senator.

Answer:

The Selected Living Cost Indexes (SLCI) cover households based in capital cities. This is consistent with the scope of the CPI.

Which households each Selected Living Cost Index represents depends on the main source of income for households. As a household can include more than one person earning an income (which may be from different sources) and/or people who do not earn an income (eg children), this breakdown will not directly relate to the ABS Working Arrangements data set. For example, the number of people represented by the Employees SLCI is the total number of people that live in households where an employee is the main income earner.

The following table is unpublished data from the 2019-20 Survey of Income and Housing (SIH) and shows the approximate number of people represented by each the Selected Living Cost Index:

Number of people represented by each Selected Living Cost Index ('000)				
Employees	Age pensioners	Other government transfer recipients	Self-funded retirees	Total
12,714	913	1,453	820	15,900

The Pensioner and Beneficiary Living Cost Index is the combination of the Age pensioner and Other government transfer recipient households.

Households where the main source of income is from small business owners/managers and contractors will typically not appear in any of the Selected Living Cost Indexes. They would instead be included in the 'Entrepreneurs' category. In the 2019-20 SIH, around 515,000 people lived in households that were in this category.