

**SENATE EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION  
LEGISLATION COMMITTEE**

**2006-2007 BUDGET SENATE ESTIMATES HEARING  
29<sup>TH</sup> AND 30<sup>TH</sup> MAY 2006  
EMPLOYMENT AND WORKPLACE RELATIONS PORTFOLIO**

**QUESTIONS ON NOTICE**

**Outcome 2: Higher productivity, higher pay workplace**

**Output Group 2.1: Workplace relations policy and analysis**

**Output 2.1.1: Workplace relations policy advice**

**Question Number: W129-07**

**Question:**

Senator Wong asked in writing:

In response to W622-06 you said that:  $(8,665.00/84.7) * 12,025.00 = \$10,466.00$  a) Is this calculation correct? In response to W622-06 you also said that:  $(12,025.00/102.3) * 12,025.00 = \$12,025.00$  b) Is this calculation correct? Please explain what each number represents and table the relevant pages of all source documents, with the relevant statistics highlighted.

**Answer:**

Further to the Department's answer to W714-06, the intermediate calculations used to derive the 14.9 per cent figure as initially presented in answer part (e) of W622-06 were incorrect.

Revised calculations were provided in W714-06 and are reproduced below. These calculations were prepared using the time-series spreadsheets released in conjunction with the ABS *Australian National Accounts* publication for the June quarter 2005 (these were the latest data available at the time of the Department's response to W622-06). The specific spreadsheets were tables 12 and 41.

	<b>Implicit price deflator for final consumption expenditure - households</b>	<b>Average non-farm compensation per employee (\$)</b>	<b>Real average non-farm compensation per employee (\$)</b>
March quarter 1996	84.7	8,665.00	10,465.50
June quarter 2005	102.3	12,025.00	12,025.00

Source: ABS, AusStats (Cat No 5206.0, tables 12 and 41). Note: All data above are seasonally adjusted and are subject to revision in subsequent quarters. While tables 12 and 41 of the ABS *Australian National Accounts* publication provide the latest quarterly figures for household final consumption expenditure and average non-farm compensation per employee, the time-series of these data are contained in ABS AusStats time-series spreadsheets with the corresponding table numbers. These spreadsheets are only available online from the ABS website and are revised with each quarterly publication release. Table 1 provides a hardcopy of the (now out-of-date) data in the time-series spreadsheets for tables 12 and 41 as at the June quarter 2005.

The calculations from the answer to W714-06 are repeated below.

Real average non-farm compensation per employee for the March quarter 1996  
(in June 2005 dollars) =  $(8,665.00/84.7) * 102.3 = \$10,465.50$

Real average non-farm compensation per employee for the June quarter 2005  
(in June 2005 dollars) =  $(12,025.00/102.3) * 102.3 = \$12,025.00$

Real wages growth over the period =  $(12,025.00-10,465.50)/ 10,465.50 * 100 =$   
14.9 per cent

These statistics are highlighted in table 1. Please note that the final column in the table presents the real wages calculation made by the Department.

As noted above, the data in the above table are seasonally adjusted and are subject to revision and/or seasonal re-analysis in subsequent quarters. Hence the revised calculations provided previously by the Department in its answer to W714-06 were only valid until the September quarter 2005 data were released.

The highlighted data in table 2 show the practical effect of the revisions and/or seasonal re-analysis on the March quarter 1996 data. For example, average non-farm compensation per employee in the March quarter 1996 as published in the June quarter 2005 spreadsheet stood at \$8,665.00 (see table 1). However, due to revision and/or seasonal re-analysis, this figure was revised upwards by the ABS to \$9,133.00 in the March quarter 2006 spreadsheet (see table 2).

**Table 1: ABS Australian National Accounts (Cat. No. 5206.0). Extract of AusStats time-series spreadsheets table 12 (implicit price deflator for final consumption expenditure – household) and table 41 (average non-farm compensation per employee) as at June quarter 2005.**

	Implicit price deflator for final consumption expenditure - households (a)	Average non-farm compensation per employee (\$) (b)	Real average non-farm compensation per employee (June 2005 dollars) (c)
Mar.1996	84.7	8,665.0	10,465.5
Jun.1996	85.2	8,762.0	10,520.6
Sep.1996	85.4	8,920.0	10,685.2
Dec.1996	85.9	8,954.0	10,663.5
Mar.1997	86.3	9,075.0	10,757.5
Jun.1997	86.3	9,253.0	10,968.5
Sep.1997	86.8	9,189.0	10,829.9
Dec.1997	87.3	9,254.0	10,844.0
Mar.1998	87.6	9,323.0	10,887.5
Jun.1998	87.8	9,424.0	10,980.4
Sep.1998	87.8	9,542.0	11,117.8
Dec.1998	88.0	9,626.0	11,190.2
Mar.1999	88.3	9,657.0	11,188.1
Jun.1999	88.6	9,786.0	11,299.2
Sep.1999	88.7	9,863.0	11,375.3
Dec.1999	89.1	9,928.0	11,398.8
Mar.2000	89.6	10,008.0	11,426.5
Jun.2000	90.3	10,033.0	11,366.3
Sep.2000	92.7	10,108.0	11,154.8
Dec.2000	93.3	10,229.0	11,215.7
Mar.2001	94.2	10,355.0	11,245.4
Jun.2001	95.1	10,507.0	11,302.5
Sep.2001	95.3	10,588.0	11,365.7
Dec.2001	96.2	10,654.0	11,329.6
Mar.2002	96.7	10,723.0	11,344.0
Jun.2002	97.2	10,867.0	11,437.2
Sep.2002	98.0	10,975.0	11,456.6
Dec.2002	98.6	10,977.0	11,388.9
Mar.2003	99.3	11,027.0	11,360.1
Jun.2003	99.2	11,181.0	11,530.4
Sep.2003	99.4	11,238.0	11,565.9
Dec.2003	99.8	11,367.0	11,651.7
Mar.2004	100.0	11,542.0	11,807.5
Jun.2004	100.5	11,600.0	11,807.8
Sep.2004	101.0	11,708.0	11,858.7
Dec.2004	101.6	11,801.0	11,882.3
Mar.2005	101.9	11,913.0	11,959.8
Jun.2005	102.3	12,025.0	12,025.0

Source: (a) ABS, AusStats (Cat No 5206.0), table 12. (b) ABS, AusStats (Cat No 5206.0), table 41.

(c) Please note that this column presents the real wages calculation made by the Department.

Note: All data above are seasonally adjusted.

**Table 2: ABS Australian National Accounts (Cat. No. 5206.0). Extract of AusStats time-series spreadsheets table 12 (implicit price deflator for final consumption expenditure – household) and table 41 (average non-farm compensation per employee) as at March quarter 2006.**

	Implicit price deflator for final consumption expenditure - households (a)	Average non-farm compensation per employee (\$) (b)	Real average non-farm compensation per employee (March 2006 dollars) (c)
Mar.1996	85.3	9,133.0	11,167.3
Jun.1996	85.5	9,237.0	11,268.1
Sep.1996	85.8	9,347.0	11,362.4
Dec.1996	86.4	9,440.0	11,395.7
Mar.1997	86.8	9,499.0	11,414.1
Jun.1997	86.9	9,750.0	11,702.2
Sep.1997	87.3	9,711.0	11,602.0
Dec.1997	87.8	9,741.0	11,571.6
Mar.1998	88.2	9,740.0	11,517.9
Jun.1998	88.5	9,855.0	11,614.4
Sep.1998	88.4	9,973.0	11,766.8
Dec.1998	88.7	10,050.0	11,817.5
Mar.1999	88.7	10,105.0	11,882.2
Jun.1999	89.0	10,278.0	12,044.9
Sep.1999	89.2	10,295.0	12,037.8
Dec.1999	89.6	10,447.0	12,161.0
Mar.2000	90.0	10,591.0	12,273.8
Jun.2000	90.7	10,533.0	12,112.4
Sep.2000	92.7	10,653.0	11,986.1
Dec.2000	93.3	10,794.0	12,066.6
Mar.2001	94.1	10,956.0	12,143.6
Jun.2001	95.0	11,088.0	12,173.5
Sep.2001	95.2	11,155.0	12,221.3
Dec.2001	96.2	11,254.0	12,201.6
Mar.2002	96.7	11,320.0	12,209.7
Jun.2002	97.2	11,489.0	12,328.2
Sep.2002	98.0	11,577.0	12,321.2
Dec.2002	98.7	11,525.0	12,178.9
Mar.2003	99.4	11,604.0	12,176.0
Jun.2003	99.4	11,792.0	12,373.3
Sep.2003	99.4	11,898.0	12,484.5
Dec.2003	99.8	11,939.0	12,477.3
Mar.2004	100.2	12,068.0	12,561.8
Jun.2004	100.6	12,124.0	12,569.9
Sep.2004	101.0	12,332.0	12,734.9
Dec.2004	101.6	12,364.0	12,692.6
Mar.2005	101.7	12,468.0	12,786.7
Jun.2005	102.3	12,549.0	12,794.3
Sep.2005	103.1	12,756.0	12,904.5
Dec.2005	103.7	12,954.0	13,029.0
Mar.2006	104.3	13,045.0	13,045.0

Source: (a) ABS, AusStats (Cat No 5206.0), table 12. (b) ABS, AusStats (Cat No 5206.0), table 41.

(c) Please note that this column presents the real wages calculation made by the Department.

Note: All data above are seasonally adjusted.