

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

**2006-2007 BUDGET SENATE ESTIMATES HEARING
29TH AND 30TH 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: W134-07

Question:

Senator Wong asked in writing:

Is DEWR aware of any other methodologies that are used to calculate real wage growth? a) Please detail these alternative methodologies b) Please explain why the methodology chosen by DEWR is in your view the best way to accurately calculate real wage growth.

Answer:

Real wages growth is measured by calculating nominal wages growth deflated by growth in prices.

(a) An alternate means of measuring real wages growth is by the Average Weekly Ordinary Time Earnings (AWOTE) series. This figure is calculated using data from the ABS *Average Weekly Earnings* publication (Cat. No. 6302.0) and the *Consumer Price Index* (Cat. No. 6401.0). The figure is calculated by deflating the Average Weekly Ordinary Time Earnings (AWOTE) series by the Consumer Price Index – All groups series.

(b) The Department does not use the data sources outlined in (a) to calculate real wage growth due to the volatility of the data from the Average Weekly Earnings survey. W136-07 details the methodology used by the Department to calculate real wages growth.