

EDUCATION, SCIENCE AND TRAINING

**SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE
2007-2008 BUDGET ESTIMATES HEARING**

Outcome 2 - HIGHER EDUCATION

DEST Question No. E145_08

Senator Stott Despoja provided in writing.

Question:

In the calculation of indexation, what is the reason why the Government favours the Safety Net Adjustment over the Wage Cost Index?

Answer:

Indexation

The *Review of Indexation Arrangements in the Higher Education Sector* in 2005 noted that one of the underlying principles of the Government's indexation framework is that "indexes used should include only those wage increases which are not offset or expected to be offset by productivity improvements".

The application of the Safety Net Adjustment (SNA) reflects this principle. It is a measure that captures changes in wage costs that are not related to productivity.