

Senate Standing Committee on Finance and Public Administration

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Human Services and Agencies

Supplementary Budget Estimates 2006-2007, 31 October, 2006

Question: HS39

Outcome 1, Output 1

Topic: Centrelink - Federal minimum wage

Hansard Page/Written Question on Notice: Written

SENATOR Siewert asked on 31/10/06:

There are examples on your website that explain to people what may happen to them if they are paid below the minimum wage

Example: Julie has a 15 hour per week requirement as she is a principal carer of a child under 16. She works for 20 hours a week at her parent's shop. They pay her \$10 an hour: she earns \$200 a week. The applicable hourly rate for Julie is the Federal Minimum Wage of \$12.75 an hour. This means she will satisfy the sufficient work test if she earns at least \$191.25 (i.e. 15 hours at \$12.75). As Julie's earnings exceed this requirement, and she is working at least 15 hours, the sufficient work test is satisfied.

Example: Cid is undertaking 10 hours a week approved voluntary work. To reach the additional 5 hours required he has taken a part-time job one day a week for 5 hours with a friend's business. He is paid \$10 an hour. This will not satisfy the sufficient work test as the remuneration is insufficient - he needs to earn at least \$63.75 (i.e. 5 hours at the Federal Minimum Wage rate of \$12.75 an hour). He increases the work to 10 hours a week. This is more than the required number of hours, and as his pay now exceeds \$63.75, the remuneration test is satisfied. Cid is now meeting his 15 hours activity test obligations in full.

1. Does Centrelink think the site should clearly inform people that it is illegal to be paid below the minimum wage?
2. How many individuals have informed Centrelink that they have been paid below the minimum wage?
3. If individuals aren't breached for not meeting the remuneration level, how does Centrelink deal with them?
4. What happens if individuals don't want to increase their hours to meet the remuneration level but continue to meet their activity level?
5. How many employers who appear to be paying below the minimum wage have been reported to the office of the workplace services or other regulatory bodies?
6. Does Centrelink believe that individuals are deliberately under declaring their hourly rate of pay? If so, on what evidence do you base this belief?
7. Does Centrelink have a data matching process in place to automatically alert these regulators about employers who are breaking the law by paying below the minimum wage?
8. Is there a process in place to inform any individual who appears to be being paid below the minimum wage what their rights are?

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Answer:

The Minister for Human Services has provided the following answers to parts 1, 2, 3, 6 and 7 that relate to Centrelink. Parts 4, 5 and 8 will be answered by the Department of Employment and Workplace Relations.

1. Centrelink's website provides information on the services it provides on behalf of Policy Departments. Wages policy and the definition of what is deemed 'suitable' work for Social Security purposes are the responsibility of the Department of Employment and Workplace Relations.
2. Centrelink does not record this information.
3. Centrelink ensures that customers who are not engaged in 'suitable' work remain connected with Providers of Australian Government Services who will assist those customers with matters related to current and future employment.
6. There is no information to suggest customers deliberately under-declare their hourly wage.
7. No.

To prepare this answer it has taken approximately 3 hours and 11 minutes at an estimated cost of \$195.