

Fair Work Commission's error prejudices low paid workers

The Australian Catholic Council for Employment Relations (ACCER) has discovered an error in the Fair Work Commission's Annual Wage Review decision of 31 May 2016 that appears to have been the reason for its decision not to provide greater support for low paid workers.

Figures used by the Fair Work Commission that suggested that the living standards of low income families had improved were a significant factor in the wage review decision to award a 2.4 % increase this year, the lowest increase in 5 years. But, in fact, the correct figures show that there has been no improvement in the living standards of low income families as concluded by the Fair Work Commission, and that many low paid workers and their families are still living in unacceptable levels of poverty.

Tony Farley, Acting Chair of the ACCER said:

"This is a serious error and it has potentially denied low income families the support they deserve."

"While ACCER cannot seek a change in the amount awarded in the May 2016 decision, the Fair Work Commission's reasons for decision need to be corrected so that next year's decision can be made on the basis of a clear recognition of the error in the 2016 decision."

"ACCER will continue to argue in support of increased wage rates for low paid workers in the next review."

ACCER has sent a formal request to the Fair Work Commission requesting that the relevant figures in Table 5.7 at paragraph 436 and associated paragraphs of the Commission's decision are corrected by the Commission issuing amended or supplementary reasons for decision.

Explanation:

Australian Catholic Council for Employment Relations (ACCER) notes that a significant factor in the Fair Work Commission's decision not to provide further support for low paid workers, whether covered by the National Minimum Wage or award wage rates, was the Commission's "overall assessment ... that the relative living standards of NMW and award-reliant employees have improved a little over recent years, although the relative position of low-paid workers has deteriorated over the past decade. Many have low levels of disposable income"(paragraphs 67, 98 and 436 refer).

In erroneously using the December 2014 poverty lines for December 2010 in Table 5.7 of its May 2016 decision, the Fair Work Commission incorrectly concluded that there had been an increase in the living standards of low-income families over the five years to December 2015. It is apparent that the error carried great weight in the Panel's decision not to provide further and targeted wage increases for low paid workers. The correct figures show that there has been no improvement in the living standards of low income families as claimed in the wage decision, and that many low paid workers and their families are still living in unacceptable levels of poverty. This error has severely prejudiced low paid workers and their families.

Further information is contained in ACCER's publication *Working Australia, 2016: wages, families and poverty*, June edition Chapter 11F, available as an eBook, free of charge, at www.accer.asn.au