

IN THE FAIR WORK COMMISSION

AM 2014/190

**FOUR YEARLY REVIEW OF MODERN AWARDS - DISTRICT
ALLOWANCES**

FURTHER REPLY SUBMISSIONS OF NSWBC AND ABI

24 April 2018

Australian Business Lawyers & Advisors
Level 10, 140 Arthur Street
NORTH SYDNEY NSW 2060



1. INTRODUCTION

1.1 These submissions are filed on behalf of ABI and the NSWBC in reply to the additional materials filed by the SDA on 12 April 2018 regarding the “*data underpinning the WA Government’s Regional Price Index*”.

2. ABI & NSWBC POSITION WITH RESPECT TO THE WA REGIONAL PRICE INDEX

2.1 ABI and NSWBC maintain their concern that the data presented in the “**WA Regional Price Index**” (Exhibit 12) with respect to housing costs is deficient and inaccurate.

2.2 This concern arises because the housing costs identified in the WA Regional Price Index appear to substantially diverge from Australian Bureau of Statistics (**ABS**) Census data in relation to the same matter.

Source of the data for the WA Regional Price Index

2.3 Based on the references to obtaining ‘representative data’ within the content of WA Regional Price Index, it appears that the Index has sampled only a portion of the inhabitants/housing costs within each regional area.

2.4 Unfortunately, the fact that the materials filed in these proceedings do not disclose the source of the data relied upon in the WA Regional Price Index makes it impossible to actually determine how many inhabitants were surveyed or where the data came from.

2.5 Unlike survey materials ordinarily filed in the Fair Work Commission in these types of proceedings, the SDA has not disclosed with respect to the WA Regional Price Index:

- (a) how many inhabitants of each regional area were sampled (or what proportion of inhabitants were sampled);
- (b) whether the inhabitants sampled were representative of the whole regional area sampled, including, by way of example, whether the inhabitants were representative of:
 - (i) different household income levels;

- (ii) different age demographics;
 - (iii) different genders;
 - (iv) single income vs multiple income households;
- (c) whether the responses were weighted by reason of their demographic backgrounds¹;
- (d) how inhabitants were selected for sampling (whether by random methods or some other means);
- (e) the confidence level or 'confidence intervals' applicable to the Regional Price Index - which would ordinarily identify how reliable the data is; or
- (f) the margin for error associated with the data obtained.

2.6 In the absence of any of the above information being disclosed in the proceedings, the reliability of the survey is inherently unstable.

2.7 Based on the information provided, the Commission simply cannot know how representative the survey is of housing costs in the relevant areas referenced in the WA Regional Price Index.

Census data by comparison

2.8 A census, by definition, surveys the *entire population* that is the subject of the relevant survey.

2.9 Accordingly, the Census data does not need to be weighted or assessed against typical statistical measures applicable to ordinary surveys, such as standards assessing:

- (a) the 'representativeness' of the survey;

¹ The Index identifies that 'population centres' were weighted to reflect their share of the region's population and the 'basket of goods' was weighted by reference to CPI weightings to ensure goods of more importance received higher weights. However, the materials filed with the Commission disclose no other weighting process that was conducted with respect to ensuring that, with respect to the housing costs survey, the inhabitants/data surveyed was actually representative of the whole population surveyed.

(b) confidence levels; or

(c) margins for error.

2.10 There simply is no better source of data in relation to a population than a census.

2.11 Indeed, the 2016 Census was collected on a household-by-household basis - underlying its inherent reliability when questions arise in relation to 'household costs'.

2.12 The 2016 Census collated data pertaining to:

(a) mortgage repayments being made by each household in the country; and

(b) rental payments being made by each household in the country.

2.13 From this information, the ABS reported upon the median rental cost in each town subject of the ASU and SDA claims and the median mortgage costs for each town subject of the ASU and SDA claims. The ABS reports in relation to these matters have been annexed as "Annexure B" to ABI and NSWBC's submissions filed on 4 April 2018 in these proceedings (Exhibit 16).

2.14 ABI and NSWBC have transplanted the ABS Census data into a table at Annexure "A" to the ABI and NSWBC submissions filed on 4 April 2018.

2.15 When it comes to housing and rental costs, the Census data stands in stark contrast to the data reported on in the WA Regional Price Index.

2.16 Whilst the ABS data identifies that all of the regional areas have substantially lower rental costs than their respective capital cities (often more than 30% lower), the WA Regional Price Index identifies some of these same regional areas as having housing costs that are up to 20% higher than housing costs in the relevant metropolitan capital.

3. CONCLUSIONS AVAILABLE ABSED ON THE WA REGIONAL PRICE INDEX AND THE CENSUS DATA

3.1 Based on the materials before the Commission, and the concerns identified above, ABI and NSWBC respectfully submit that there is simply no basis for the Commission to favour the

findings of the WA Regional Price Index over the Census data in relation to housing costs in the relevant regional areas.

3.2 On the contrary, ABI and NSWBC maintain their position that:

- (a) housing costs continue to form a major part of any household expenditure; and
- (b) housing costs in regional areas are less expensive than housing costs in the relevant metropolitan capital closest to such regional areas. This is entirely supported by the Census.

3.3 This is a key matter that the Commission should take into account when determining whether there is in fact a disability associated with working and living in the regional areas subject to the SDA claim.

Filed on behalf of ABI and NSWBC

24 April 2018