

s.47F(1)



3 October 2017

**FOI Team, Parliamentary and Legal Services Unit
Ministerial and Communications Division
The Treasury
Langton Crescent, Parkes ACT 2600**

To Whom It May Concern,

I write to request under the Freedom of Information Act 1982 (the Act) a copy of the documents that constitute the Treasury “analysis” referred to in the Treasurer’s speech to the Business Council of Australia on 28 September 2017.

In the speech the Treasurer referred to this analysis in the following terms:

“Consistent with this commitment, earlier this year I tasked Treasury to complete a thorough analysis of what was happening with wage growth in Australia - or more accurately what was not happening. I asked them what were the factors weighing down wage growth and what would be the key drivers to boosting the take-home pay of Australians. This was work that they undertook with the RBA, the ABS, the Department of Employment and other government agencies.”

The documents I am requesting include, but are not limited to, briefs, attachments to briefs and reports prepared by the Treasury.

Please note this request is limited to documents prepared after 1 April 2017.

Please feel free to contact , if you’ve got any follow up enquiries on this FOI request.

Yours sincerely,

s.47F(1)



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Treasurer

PUBLICATION OF INFORMATION NOTES ON WAGES

Timing: We would like to release the attached information notes on the Treasury Research Institute webpage within the next week.

KEY POINTS

- The titles and a precis of each note are as follows:
 - *Recent trends in wage growth:* on a variety of measures, wage growth is low.
 - *Wage growth in capital city and regional areas:* wage growth has been fairly similar across Australia.
 - *Key drivers of wage growth:* over the long-term, wage growth is driven by productivity and inflation expectations.
 - *International comparisons of wage growth:* many advanced economies have experienced subdued wage growth in recent years.
 - *Changing nature of the labour force:* the labour market has evolved over time, but the low-wage growth environment is a more recent phenomenon.
 - *Trends in the labour share of income:* the labour share of income has been broadly unchanged since the early 1990s.
 - *Wage growth by employee characteristics:* recent low wage growth has been experienced by the majority of employees.
 - *Wages and business characteristics:* businesses with higher labour productivity pay higher real wages.
 - *Trends in the method of pay setting:* wage growth is subdued across all methods of pay setting.
- Please note the format of the notes will be updated for the new template prior to publication.

s.22(1)(a)(ii)

Angelia Grant
Acting Chief Adviser
Macroeconomic Group
Ext: s.22(1)(a)(ii)

Contact Officer: s.22(1)(a)(ii)

Document 3

From: s.22(1)(a)(ii) on behalf of [Grant, Angelia](#)
To: s.47F(1) ; s.47F(1)
Cc: [TSR Executive Minute Distribution](#); [MEG MECD Executive](#); [Ray, Nigel](#); s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; [MEG MMPD Executive](#)
Subject: RE: Ministerial Submission for Treasurer---Publication of information notes on wages---MS17-003652 [SEC=UNCLASSIFIED]
Date: Friday, 10 November 2017 4:45:01 PM
Attachments: [171011 - master consolidated wages document.pdf](#)

Hi s.47F(1)

As requested, please find attached the wages notes in one paper rather than as separate papers.

Ange

From: Grant, Angelia
Sent: Tuesday, 7 November 2017 10:06 AM
To: s.47F(1) ; s.47F(1)
Cc: [TSR Executive Minute Distribution](#); [MEG MECD Executive](#); [Ray, Nigel](#); s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; s.22(1)(a)(ii) ; [MEG MMPD Executive](#)
Subject: Ministerial Submission for Treasurer---Publication of information notes on wages---MS17-003652 [SEC=UNCLASSIFIED]

Hi s.47F(1) and s.47F(1)

Please find attached a ministerial submission on the publication of a number of information notes on wages. The information notes are also attached.

Ange

Dr Angelia Grant | Acting Chief Adviser

Macroeconomic Group | The Treasury

Ph: s.22(1)(a)(ii) | Mob: s.22(1)(a)(ii)

s.22(1)(a)(ii)

From: s.22(1)(a)(ii)
Sent: Friday, 8 December 2017 3:18 PM
To: MEG Macroeconomic Conditions Division
Subject: FW: Wages notes for publication [SEC=UNCLASSIFIED]

FYI. Well done wages team!

From: s.47F(1)
Sent: Friday, 8 December 2017 3:14 PM
To: s.22(1)(a)(ii); s.47F(1)
Cc: Grant, Angelia; MEG MECD Executive; Ray, Nigel; s.47F(1)
Subject: RE: Wages notes for publication [SEC=UNCLASSIFIED]

Thanks to all for your hard work on these. It was excellent analysis.

From: s.22(1)(a)(ii)
Sent: Friday, 8 December 2017 3:12 PM
To: s.47F(1); s.47F(1)
Cc: Grant, Angelia; MEG MECD Executive; Ray, Nigel; s.47F(1)
Subject: RE: Wages notes for publication [SEC=UNCLASSIFIED]

Good afternoon s.47F(1) and s.47F(1)

That is all done. The link to the document can be found below.

<https://treasury.gov.au/publication/p2017-t237966/>

Many thanks

s.22(1)(a)

From: s.47F(1)
Sent: Friday, 8 December 2017 2:33 PM
To: s.22(1)(a)(ii)
Cc: s.47F(1) Grant, Angelia; MEG MECD Executive; Ray, Nigel; s.47F(1)
Subject: RE: Wages notes for publication [SEC=UNCLASSIFIED]

Hi,

The Treasurer has approved the wages notes for immediate publication. Could you please arrange for them to be released this afternoon?

Thanks and happy to discuss,

s.47F(1)

From: s.22(1)(a)(ii)
Sent: Monday, 13 November 2017 3:03 PM
To: s.47F(1)
Cc: s.47F(1); Grant, Angelia; MEG MECD Executive; Ray, Nigel
Subject: Wages notes for publication [SEC=UNCLASSIFIED]

Hi s.47F(1)

Document 4

Please find attached an amended version of the consolidated briefs. Below are a list of edits.

- Page 5: changed the sentence at the top of the page to be “Wage growth in Western Australia has fallen by over 2 percentage points in the past five years, compared with the preceding five year period.”
- Page 21: added the sentence “Lower inflation expectations are a cyclical drag on wage growth that is likely to abate as inflation picks up.” To the end of the third paragraph under the heading *Although labour productivity is critical for real wages, inflation expectations affect nominal wages*
- Page 23: changed “medium-term” to “long-term” in the first sentence under the heading *Labour productivity growth has slowed*
- Page 40: the revisions following annual national accounts do not change the narrative on the labour share of income (see charts below).
- Page 41: added the sentence “In recent quarters, the strong rise in the terms of trade has resulted in an increase in the profit share.”
- Page 45: replaced the first sentence under the heading *Wage growth is fairly uniform across the income distribution* with
 - “An examination of wage growth by annual wage income decile shows that average annual growth in total wage income was slightly higher in the lower deciles from 2005 to 2015. There was faster average annual growth in all of the income deciles over the period 2005-2010 compared to 2010-2015.” From the brief.
- Page 54: the footnote discusses the robustness of the real wage analysis (the analysis used the GDP deflator), we have changed the reference from CPI to household consumption deflator to be consistent with chart 2 in the key drivers note.
 - Also the pink text in the column has been shortened to “More productive businesses pay higher average real wages.”
- Page 64: Department of Employment have advised that once updated for revisions: “The share of employees on current agreements linked to the CPI or the minimum wage was 18 per cent at the end of 2015.”

Chart 2 Income shares over time from (trends in the labour share of income)



Source: ABS cat. no. 5206.0



Source: ABS cat. no. 5204.0

Many thanks

s.22(1)(a)(ii)

s.22(1)(a)(ii)

Analyst

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