

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2005-2006 BUDGET ESTIMATES HEARING

Outcome: 2

Output Group: 2.4 – Funding for Higher Education

DEST Question No. E338_06

Senator Carr provided in writing.

Question:

- a. What is included in the figures of \$4.7 billion and \$6.5 billion? Is this the total wage bill, including associated costs? So it would include workforce compositional factors, would it? And it would include any changes in costs associated with conditions of work and modes of employment, would it – like increasing use of casual staff?
- b. If you are arguing that SNA growth reflects actual wage cost growth in this sector, do you posit any essential link between the two? Or is the similarity of the growth figures simply a coincidence?
- c. Surely it's the latter? The SNA doesn't contain any compositional factors, or factors relating to levels of casualisation and the like does it? It's simply a full-time minimum wage – across the board, unrelated to factors such as workforce composition or conditions and modes of employment – would you agree with that?
- d. And if it's merely a coincidence, then what reason do you have to assume that use of the SNA to index wage costs will continue to be appropriate in the future, in that it will affect wage cost increases?
- e. Are you going to monitor whether or not it continues to reflect university total wage costs?

Answer:

Safety Net Adjustment

- a. Wage costs include the following expenses for academic and non-academic staff:
 - salaries;
 - contributions to superannuation and pension schemes;
 - other superannuation costs;
 - payroll tax;
 - workers' compensation;
 - long service leave;
 - annual leave; and
 - other employee benefits.
- b. The *Review of Indexation Arrangements in the Higher Education Sector* noted that "the growth in [higher education] wage costs . . . is broadly comparable to growth in the SNA". The comparison was provided in order to provide some context for the rate of growth in wage costs. No link between the two measures was suggested.
- c. See answer to (b) above.

- d. The Safety Net Adjustment (SNA) is a component of the indexation framework because it is a measure of change in wage costs that is unrelated to improvements in productivity, in line with the Government's indexation policy that indexes should include only those wage increases which are not offset or expected to be offset by productivity improvements.
- e. Total wage costs, similar to other revenue and expense items, are monitored by the Department in conducting financial viability analyses of the sector.