

# Victorian Response to New Issues for the 2018 Update – Further Consultations

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## 1. Introduction

The Commission has circulated a staff discussion paper outlining issues that it has identified as needing further consultation with the states.

Victoria supports the Commission's recommendations and has additional comments on two issues below:

- estimated resident population; and
- wage assessment—regression results.

## 2. Estimated Resident Population

Victoria endorses the Commission's analysis around the estimated resident population (ERP) and believes it is fair and balanced.

Victoria supports the conclusion of the Australian Bureau of Statistics (ABS) that ERP levels are fit-for-purpose. Unless the ABS advises otherwise, the ABS 'measure of growth' for periods prior to June 2016 should include the intercensal difference.

Victoria notes the release by the ABS on 7 December 2017 of labour force estimates rebenchmarked to the 2016 Census-based ERP data. As stated by the ABS, the rebenchmarking was undertaken "... to ensure the best available population information is used in Labour Force benchmarks"<sup>1</sup>. The ABS has not placed any caveats on the data regarding how users calculate labour force growth over time.

As the data custodians and experts, the ABS view on data quality of these estimates should prevail. Victoria therefore believes that the most appropriate growth estimate should be obtained by the difference between levels.

## 3. Wage assessment – Regression Results

Victoria welcomes the provision of the modelled outcomes for 2016-17 provided as a spreadsheet attachment to the staff discussion paper.

Victoria observes that the wage costs for New South Wales, Western Australia and the Australian Capital Territory are not significantly different to those of the Northern Territory. It is further noted that there is no significant difference between the coefficients of the states, except the Northern Territory.

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<sup>1</sup> Source: ABS, *Labour Force, Australia*, September 2017 (catalogue no. 6202.0), page 8.

Although the Commission may believe that a conceptual case exists for interstate wage differences, the case needs to be supported by reliable evidence which Victoria considers is lacking from the regression results.



