

**From:** s 22(1)  
**To:** s 22(1) ; s 22(1)  
**Cc:** [Wettinger, Jennifer](#); [Mathews, Alex](#); s 22(1) ; s 22(1) ; s 22(1) ; s 22(1)  
**Subject:** RE: Annual Wage Review - 1.30pm lodgement [SEC=OFFICIAL]  
**Date:** Tuesday, 7 June 2022 12:05:27 PM  
**Attachments:** [AWR22 - Summary of National Accounts submissions - 6 June 2022.docx](#)  
[AWR22 - Summary of Initial Submissions - 9 May 2022.docx](#)  
[AWR22 - Summary of other parties' reply submissions - 11 May 2022.docx](#)

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**OFFICIAL**

Hi s 22(1) and s 22(1)

**FYI** mainly - see attached for a **summary of submissions to the Annual Wage Review regarding National Accounts** – these were all due on Friday when the Government’s submission was due. As of this morning, there were 8 submissions made during this process (of which one was the Government’s) with recommendations on an increasing range from 2.5% (Australian Business Industrial and Business NSW) to 5.5% (ACTU) . Also attached are summaries of the initial submissions and reply submissions lodged early April 2022 if useful.

Going forward tomorrow (Wednesday) is the due date for reply submissions to those made on Friday – we’ll send around a summary of those later this week.

We’re expecting the FWC’s Annual Wage Review decision to be announced early next week (week of 13/6 noting Monday is a public holiday) and the department is intending to provide you with a few items that may be helpful during this process:

- Suggested TPs for the decision (this week)
- Initial summary of the decision (immediately after the decision)
- Detailed summary of the decision (later that day)

We typically do not receive much advance notice on when the decision will be made but will be in touch if there are any developments.

Happy to discuss if there are any questions or would like any other supporting material.

Regards,

s 22(1)

**Director**

Economic and Workplace Agreement Analysis | Economics and International Labour Branch  
 Employment Conditions Division  
 Attorney-General’s Department

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**From:** s 22(1)

**Sent:** Friday, 3 June 2022 3:18 PM

**To:** s 22(1) (T. Burke, MP) s 22(1)

**Cc:** [Wettinger, Jennifer <Jennifer.Wettinger@ag.gov.au>](mailto:Jennifer.Wettinger@ag.gov.au); [Huender, Sharon <Sharon.Huender@ag.gov.au>](mailto:Sharon.Huender@ag.gov.au); s 22(1)

s 22(1)

s 22(1)

s 22(1)

Hehir, Martin

<Martin.Hehir@ag.gov.au>

**Subject:** RE: Annual Wage Review - 1.30pm lodgement [SEC=OFFICIAL]

**OFFICIAL**

Hi s 22(1) and all,

Confirming the Government's submission to the AWR is now up on the FWC's website:

<https://www.fwc.gov.au/hearings-decisions/major-cases/annual-wage-reviews/annual-wage-review-2021-22/submissions-annual>

Regards,

s 22(1)

**Director**

Economic and Workplace Agreement Analysis | Economics and International Labour Branch

Employment Conditions Division

Attorney-General's Department

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**From:** s 22(1)

**Sent:** Friday, 3 June 2022 1:45 PM

**To:** s 22(1) (T. Burke, MP) s 22(1)

**Cc:** Wettinger, Jennifer <[Jennifer.Wettinger@ag.gov.au](mailto:Jennifer.Wettinger@ag.gov.au)>; Huender, Sharon <[Sharon.Huender@ag.gov.au](mailto:Sharon.Huender@ag.gov.au)>; s 22(1)

s 22(1)

s 22(1)

s 22(1)

Hehir, Martin <[Martin.Hehir@ag.gov.au](mailto:Martin.Hehir@ag.gov.au)>

**Subject:** RE: Annual Wage Review - 1.30pm lodgement [SEC=OFFICIAL]

**OFFICIAL**

Hi s 22(1)

Yes, confirming the new Government's submission has been lodged with the Fair Work Commission today. We'll let you know once it's available on the website.

Regards,

s 22(1)

**Director**

Economic and Workplace Agreement Analysis | Economics and International Labour Branch

Employment Conditions Division

Attorney-General's Department

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**From:** s 22(1) (T. Burke, MP) s 22(1)

**Sent:** Friday, 3 June 2022 1:43 PM

**To:** s 22(1)

**Cc:** Wettinger, Jennifer <[Jennifer.Wettinger@ag.gov.au](mailto:Jennifer.Wettinger@ag.gov.au)>; Huender, Sharon <[Sharon.Huender@ag.gov.au](mailto:Sharon.Huender@ag.gov.au)>; s 22(1)

s 22(1)

s 22(1)

s 22(1)

Hehir, Martin <[Martin.Hehir@ag.gov.au](mailto:Martin.Hehir@ag.gov.au)>

**Subject:** RE: Annual Wage Review - 1.30pm lodgement [SEC=OFFICIAL]

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Just confirming it's been lodged so we can send out our media materials?

s 22(1)

Parliament: s 22(1) | Mobile: s 22(1) | s 22(1)

**Office of The Hon. Tony Burke MP**

Member for Watson

Shadow Minister for Industrial Relations

Shadow Minister for the Arts

Manager of Opposition Business

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**From:** s 22(1)

**Sent:** Friday, 3 June 2022 1:36 PM

**To:** s 22(1) (T. Burke, MP) s 22(1)

**Cc:** Wettinger, Jennifer <[Jennifer.Wettinger@ag.gov.au](mailto:Jennifer.Wettinger@ag.gov.au)>; Huender, Sharon <[Sharon.Huender@ag.gov.au](mailto:Sharon.Huender@ag.gov.au)>; s 22(1)

s 22(1)

s 22(1)

s 22(1)

Hehir, Martin <[Martin.Hehir@ag.gov.au](mailto:Martin.Hehir@ag.gov.au)>

**Subject:** RE: Annual Wage Review - 1.30pm lodgement [SEC=OFFICIAL]

**OFFICIAL**

Hi,

Also attached are the suggested TPs for the Minister. Happy to discuss if there are any questions.

We'll include a hard copy of this too along with the sub which is going to APH imminently.

Regards,

s 22(1)

**Director**

Economic and Workplace Agreement Analysis | Economics and International Labour Branch

Employment Conditions Division

Attorney-General's Department

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**From:** s 22(1)

**Sent:** Friday, 3 June 2022 1:31 PM

**To:** s 22(1) (T. Burke, MP) s 22(1)

**Cc:** Wettinger, Jennifer <[Jennifer.Wettinger@ag.gov.au](mailto:Jennifer.Wettinger@ag.gov.au)>; Huender, Sharon <[Sharon.Huender@ag.gov.au](mailto:Sharon.Huender@ag.gov.au)>; s 22(1)

s 22(1)

s 22(1)

s 22(1)

Hehir, Martin <[Martin.Hehir@ag.gov.au](mailto:Martin.Hehir@ag.gov.au)>

**Subject:** RE: Annual Wage Review - 1.30pm lodgement [SEC=OFFICIAL]

**OFFICIAL**

Hi s 22(1)

See attached - confirming that the AWR submission has been lodged, including the submission which we've just received from Treasury.

Regards,

s 22(1)

**Director**

Economic and Workplace Agreement Analysis | Economics and International Labour Branch

Employment Conditions Division

Attorney-General's Department

T: s 22(1)

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**From:** s 22(1) (T. Burke, MP) s 22(1)

3 June 2022 1:03 PM

**To:** s 22(1)

**Cc:** Wettinger, Jennifer <[Jennifer.Wettinger@ag.gov.au](mailto:Jennifer.Wettinger@ag.gov.au)>; Huender, Sharon <[Sharon.Huender@ag.gov.au](mailto:Sharon.Huender@ag.gov.au)>; s 22(1)

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**Subject:** RE: Annual Wage Review - 1.30pm lodgement [SEC=OFFICIAL]

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Thanks team

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**From:** s 22(1)

**Sent:** Friday, 3 June 2022 12:55 PM

**To:** s 22(1) (T. Burke, MP) s 22(1)

**Cc:** Wettinger, Jennifer <[Jennifer.Wettinger@ag.gov.au](mailto:Jennifer.Wettinger@ag.gov.au)>; Huender, Sharon <[Sharon.Huender@ag.gov.au](mailto:Sharon.Huender@ag.gov.au)>; s 22(1)

s 22(1)

s 22(1)

**Subject:** Annual Wage Review - 1.30pm lodgement [SEC=OFFICIAL]

**OFFICIAL**

Hi s 22(1)

Re: Annual Wage Review lodgement

Confirming Treasury and the TO are good with a 1.30pm lodgement, we'll be in touch base soon to confirm they've lodged it.

s 22(1) noted she wanted a hard copy of the final Government submission so we'll get a runner to get that to APH shortly.

Regards,

s 22(1)

**Director**

Economic and Workplace Agreement Analysis | Economics and International Labour Branch

Employment Conditions Division

Attorney-General's Department

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## Submissions regarding the National Accounts to the 2022 Annual Wage Review: summary of positions

As of 6 June 2022, 7 submissions regarding the National Accounts have been made to the 2022 Annual Wage Review by stakeholders. Below is a high-level summary of the submissions that have been lodged so far, and the positions reported.

Organisation	Position	Position quote
	<b>Employer groups</b>	
<a href="#">Australian Business Industrial and Business NSW</a>	<ul style="list-style-type: none"> <li>• <i>Between 2.5 and 3 per cent increase</i></li> <li>• <i>Staggered dates for Award increases</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“Accordingly, it is our continuing recommendation that a 2.5 - 3 per cent increase would be appropriate in the current economic environment, in addition to the 0.5 per cent Superannuation Guarantee increase due on 1 July 2022.”</i></li> <li>• <i>“Further, given the uneven performance across the economy, it is our continued recommendation that the staggered dates for Award increases in line with last year’s approach continue this year, while industries that have been significantly impacted by the pandemic continue to recover.”</i></li> </ul>
<a href="#">Australian Chamber of Commerce and Industry</a>	<ul style="list-style-type: none"> <li>• <i>3 per cent increase</i></li> <li>• <i>Delay the commencement of the wage increase for aviation and tourism, accommodation and food services, arts and recreation awards until November 2022</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“As outlined in our Reply Submission of May 2022, ACCI regard an increase in minimum and award minimum wage of up to 3% as reasonable.”</i></li> <li>• <i>“ACCI recommend the Panel adopt a similar approach to that of the 2020-21 Review, <b>delaying the commencement of the wage increase</b> for specific award classifications to a date no earlier than 1 November 2022. A delayed determination under s 286(2) is justified for modern awards that map into aviation and tourism, accommodation and food services and arts and recreation awards.”</i></li> </ul>
<a href="#">Ai Group</a>	<ul style="list-style-type: none"> <li>• <i>2.5 per cent increase</i></li> <li>• <i>Delay the increase for aviation and tourism, accommodation and food services, arts and recreation, and retail trade</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“The latest economic data supports the awarding of a modest wage increase of 2.5%, as proposed by Ai Group.”</i></li> <li>• <i>“As set out in our initial submission, we propose a delayed operative date for wage increases in relevant awards in the aviation and tourism sector, the accommodation and food services sector, the arts and recreation services sector and the retail trade sector, consistent with the approach in last year’s Annual Wage Review decision. ‘Exceptional circumstances’ still exist in these industries, justifying a delayed operative date.”</i></li> </ul>



<p><a href="#">Australian Chamber - Tourism</a></p>	<ul style="list-style-type: none"> <li>Operative date of no earlier than 1 November 2022 for awards mapped to Aviation and Tourism, the Accommodation and food services sector, as well as the Arts and recreation services sector</li> </ul>	<ul style="list-style-type: none"> <li>On Aviation and Tourism - <i>“Australian Chamber – Tourism submits that circumstances exist again that warrant the deferral of any variation determination arising from this Review for these awards, and that a delay until no earlier than 1 November 2022 is justified.”</i></li> <li><i>“Australian Chamber – Tourism submits that the Accommodation and food services sector should remain in the ‘lagging recovery’ sector, and we support the analysis in ACCI’s broader submission.”</i></li> <li><i>“Australian Chamber – Tourism submits that the Arts and recreation services sector should remain in the ‘lagging recovery’ sector, and we support the analysis in ACCI’s broader submission.”</i></li> </ul>
<p><b>Employee groups</b></p>		
<p><a href="#">Australian Council of Trade Unions</a></p>	<ul style="list-style-type: none"> <li>Increase in NMW and award wages above headline inflation (5.5 per cent)</li> </ul>	<ul style="list-style-type: none"> <li><i>“The updated figures since the December National Accounts <b>reinforce the ACTU’s position in our initial submission</b>: productivity growth and profit growth are sufficiently robust, and real unit labour cost growth is sufficiently weak (in fact, negative for the quarter), to sustain an <b>increase in NMW and award wages above headline inflation</b> (which is to say, a positive rate of real wages growth).”</i></li> </ul>
<p><a href="#">Shop, Distributive and Allied Employees’ Association</a></p>	<ul style="list-style-type: none"> <li>Opposes any delay to wage increases</li> </ul>	<ul style="list-style-type: none"> <li><i>“The SDA opposes any continuation of delaying the 1 July wage increase in 2022. There are no “exceptional circumstances” that require such a delay...Any delay to the annual wage increase would be a disappointing and unjustified result for these workers.”</i></li> <li><i>“The SDA submits that the AWR 2022 Decision should not delay the Hair and Beauty Industry Award 2010 increase again and realigns it to 1 July 2022.”</i></li> </ul>
<p><a href="#">National Retail Association</a></p>	<ul style="list-style-type: none"> <li>Deferred operating date of 1 November 2022 for any variation determination for Restaurant and Hospitality Awards</li> </ul>	<ul style="list-style-type: none"> <li><i>“Employers under the Restaurant and Hospitality Awards are facing a labour shortage crisis due to the dearth of temporary migrant workers and high input costs driven by continuing supply chain disruptions that together are causing extremely difficult business conditions. The NRA submits that these exceptional circumstances justify a deferred operating date of 1 November 2022 for any variation determination made in this Review for these modern awards.”</i></li> <li><i>“The NRA submits that the positive economic indications from the National Accounts for the March quarter 2022 should be treated with caution since they do not reflect the expected impacts of recent interest rates rises.”</i></li> </ul>

## Submissions to the 2022 Annual Wage Review: summary of positions

As of 6 May 2022, 29 submissions have been made to the 2022 Annual Wage Review by stakeholders. Below is a high-level summary of the submissions that have been lodged so far, and the positions reported.

Organisation	Position	Position quote
<b>Federal politics</b>		
<a href="#">Australian Government</a> (lodged with FWC on 01.04.22)	<ul style="list-style-type: none"> <li>• “should support the economy and labour market”</li> </ul>	<ul style="list-style-type: none"> <li>• “The outcome of the Annual Wage Review should support the economy and labour market, balancing improving living standards for Australians with ensuring the viability of employing businesses.”</li> </ul>
<a href="#">Adam Bandt MP</a> (lodged with FWC on 01.04.22)	<ul style="list-style-type: none"> <li>• “Lift the minimum wage to 60% of median weekly earnings”</li> </ul>	<ul style="list-style-type: none"> <li>• “The Australian Greens believe no one should live in poverty and all working people should have a liveable wage.”</li> <li>• “The Greens submit that the Commission should make an order that sets the minimum wage at least 60% of median weekly earnings, ensuring minimum wage workers are able to cope with the rising cost of living and are not in working poverty.”</li> <li>• “Increasing the minimum wage to 60% of the median wage would not only provide a necessary boost to wages, it would reduce inequality and help ensure all working people earn a liveable wage.”</li> </ul>
<b>Employee groups</b>		
<a href="#">The Australian Council of Trade Unions</a> (ACTU) (lodged with FWC on 01.04.22)	<ul style="list-style-type: none"> <li>• “should award an increase of 5%.”</li> </ul>	<ul style="list-style-type: none"> <li>• “Australian unions and their members believe that the national minimum wage (NMW) should be a living wage.”</li> <li>• “To achieve progress towards this goal the ACTU submits that the Panel should award an increase of 5% - a fair and sensible increase.”</li> <li>• “A 5% increase to the NMW and Award minimum wages would meet rising costs of living and enable workers to enjoy their fair share of rising productivity”</li> </ul>



<p><a href="#">Shop, Distributive and Allied Employees' Association (SDA)</a> (lodged with FWC on 01.04.22)</p>	<ul style="list-style-type: none"> <li>• “ supports the submission of the Australian Council of Trade Unions (ACTU)”</li> </ul>	<ul style="list-style-type: none"> <li>• “The Shop Distributive and Allied Employees’ Association (SDA) supports the submission of the Australian Council of Trade Unions (ACTU) and welcomes the opportunity to make a supplementary submission to the 2022 Annual Wage Review (AWR).”</li> <li>• “Retail workers should not be dealt a delayed pay rise this 1 July 2022.”</li> </ul>
<p><a href="#">The Australian Services Union (ASU)</a> (lodged with FWC on 01.04.22)</p>	<ul style="list-style-type: none"> <li>• “The ASU supports the Australian Council of Trade Union’s (‘ACTU’) claim for 5% increase on all awards effective from 1 July 2022.”</li> </ul>	<ul style="list-style-type: none"> <li>• “The ASU supports the Australian Council of Trade Union’s (‘ACTU’) claim for 5% increase on all awards effective from 1 July 2022.”</li> <li>• “Any calls by business to delay a pay increase or not award a pay increase at all should be rejected.”</li> </ul>
<p><a href="#">National Retail Association (NRA)</a> (lodged with FWC on 01.04.22)</p>	<ul style="list-style-type: none"> <li>• “increase by no more than 3%.”</li> </ul>	<ul style="list-style-type: none"> <li>• “The National Retail Association (NRA) submits that national minimum wages and modern award minimum wages should increase by no more than 3% following the Annual Wage Review 2021-22 (the Review).”</li> <li>• “The NRA’s position, being aligned with the pre-pandemic average of annual minimum wage increases, conveys our members’ recognition of rising costs of living and inflation and their commitment to share the benefits of economic recovery with workers.”</li> <li>• “However, minimum wage increases beyond this level would undermine business confidence and prohibit employment growth within retail industries which are themselves relying on promising yet uncertain forecasts of recovery. This would compromise the achievement of the shared goals of recovery and the statutory objects of the Review.”</li> </ul>
<p><a href="#">Australia Manufacturing Workers' Union (AMWU)</a> (lodged with FWC on 01.04.22)</p>	<ul style="list-style-type: none"> <li>• “National Minimum Wage target be set to 60% of the MWE (currently \$955) by 2025”</li> </ul>	<ul style="list-style-type: none"> <li>• “The AMWU seeks to make a submission in relation to the Annual Wage Review because we believe that the minimum wage no longer constitutes a living wage in Australia. Despite nearly a decade of stagnant wage growth, the minimum wage remains well below what should be considered acceptable in Australia.”</li> <li>• “The AMWU submits that the panel consider the market rate of a C10 fitter as the industry standard and appropriate “minimum” wage rate as opposed to base rate of the Manufacturing Award.”</li> <li>• “The Commission must adopt an objective target of reducing the gap between the median wage and the Award minimum wage.”</li> <li>• “It is our submission that the NMW should be set to 60% of the MWE.”</li> </ul>

		<ul style="list-style-type: none"> <li>• <i>“The AMWU proposes that the National Minimum Wage target be set to 60% of the MWE (currently \$955) by 2025. This would require with an increase of around \$180 a week (to allow for future increase in the MWE (with equivalent percentage-based increases made to all classifications within the Modern Awards). We submit propose that the initial increase for 2022 be a modest \$45, with a staged process to achieve the outcome 60% of the MWE.”</i></li> </ul>
<b>Employer groups</b>		
<p><a href="#">Ai Group (AiG)</a> (lodged with FWC on 01.04.22)</p>	<ul style="list-style-type: none"> <li>• <i>“a modest wage increase of 2% is warranted”</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“Ai Group submits that a modest wage increase of 2% is warranted in this year’s Annual Wage Review.”</i></li> <li>• <i>“When the proposed 2% wage increase is considered alongside the 0.5% Superannuation Guarantee (SG) increase that is operative from 1 July 2022 and the equivalent of a 1.3% increase in pre-tax income that an employee on the National Minimum Wage will receive in coming months as a result of the announced increase in the Low and Middle Income Tax Offset, our proposal would result in the equivalent of a 3.8% increase in pre-tax remuneration for low paid employees.”</i></li> <li>• <i>“The increase that we have proposed would still have Australia jostling with Luxembourg as the country with the highest national minimum wage in the world.”</i></li> </ul>
<p><a href="#">Australian Chamber of Commerce and Industry (ACCI)</a> (lodged with FWC on 01.04.22)</p>	<ul style="list-style-type: none"> <li>• <i>“leads ACCI to call on the Panel to exercise considerable caution in moderation in the face of unknowns.”</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“Forcing award-reliant employers, most of which are small and medium sized businesses, that are already finding it difficult to cope with the increasing cost pressures, to pay unduly or damagingly higher wages would be neither fair, nor equitable, nor consistent with the balance of statutory considerations in these reviews.”</i></li> <li>• <i>“The Panel should refrain from any extraordinary or inflated increase in minimum and award minimum wages, in 2022 in particular. Any wage increase should be more aligned to the growth in the WPI than average earnings growth as WPI wage growths that are more applicable to minimum wages and award minimum wages.”</i></li> <li>• <i>“Further, any increases in minimum and award minimum wages should be discounted by the 0.5% increase in the 2022 SG, with clear productivity improvements outlined, to ensure that real (inflation adjusted) wages, on average, are maintained.”</i></li> </ul>

<p><a href="#">Australian Retailers Association</a> (lodged with FWC on 01.04.22)</p>	<ul style="list-style-type: none"> <li>• <i>“the minimum wage be increased from 01 July 2022, in-line with the actual rate of underlying inflation at the time the Annual Wage Review is handed down, factoring in the impact that the July 2022 increase in the superannuation rate will have on wages.”</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“The ARA recommends that the minimum wage be increased from 01 July 2022, in-line with the actual rate of underlying inflation at the time the Annual Wage Review is handed down, factoring in the impact that the July 2022 increase in the superannuation rate will have on wages.”</i></li> <li>• <i>“The Australian Retailers Association (ARA) supports an increase in the minimum wage to help keep pace with the rising cost of living.”</i></li> <li>• <i>“This increase in wages should be based on the actual rate of underlying inflation and consider the impact of increases in superannuation on wages.”</i></li> <li>• <i>“Any increase that exceeds inflation would need to be offset by productivity gains, to reduce the risk of wages growth creating additional inflationary pressure and avoid over-stretching smaller retailers who have limited reserves to incur additional costs after more than two years of continuous disruption.”</i></li> <li>• <i>“If the minimum wage increases above underlying inflation, retailers will require productivity gains to protect against the risk of higher labour costs leading to higher prices. In this scenario, the ARA would be seeking productivity improvements, which would include greater flexibility in part-time work arrangements and in the rostering of employees generally - for mutual benefit to employers and employees.”</i></li> </ul>
<p><a href="#">National Farmers Federation</a> (lodged with FWC on 31.03.22)</p>	<ul style="list-style-type: none"> <li>• <i>“we urge the Commission to make a measured approach”</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“we urge the Commission to take a measured approach in the 2021/2022 Annual Wage Review; and consider farmers and other small businesses operating on narrow margins in already challenging times, despite what the overarching macroeconomic conditions may indicate.”</i></li> <li>• <i>“It is far from obvious then, having considered all the above, that an increase to the award would have a positive effect for workers and the industry. Instead, it appears to have the risk of harming farmers and further hindering their operations as a business, which would stifle productivity, potentially leading to business closures.”</i></li> <li>• <i>“The NFF recommends that the Commission seriously considers the above, when making their determination, and continue with a conservative approach in relation to wages until such time as conditions for agriculture have improved, market volatility has decreased, and the level of financial risk reduced.”</i></li> </ul>
<p><a href="#">Australian Business Industrial and Business NSW</a></p>	<ul style="list-style-type: none"> <li>• <i>“between a 2.5 and 3 per cent increase”</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“That the Expert Panel determine between a 2.5 and 3 per cent increase in the 2021-22 Annual Wage Review, in addition to the Superannuation Guarantee increase.”</i></li> </ul>

<p><b>(lodged with FWC on 01.04.22)</b></p>		<ul style="list-style-type: none"> <li>• “Accordingly, it is our recommendation that a 2.5 - 3 per cent increase would be appropriate in the current economic environment, in addition to the 0.5 per cent Superannuation Guarantee increase due on 1 July 2022.”</li> <li>• “That the Expert Panel continue with staggered dates for Award increases in line with last year’s approach, while industries that have been significantly impacted by the pandemic continue to recover.”</li> <li>• “Further, given the uneven performance across the economy, it is our recommendation that the staggered dates for Award increases in line with last year’s approach continue this year, while industries that have been significantly impacted by the pandemic continue to recover.”</li> </ul>
<p><b><a href="#">Master Grocers Australia and Timber Merchants Australia</a></b>  <b>(lodged with FWC on 29.03.22)</b></p>	<ul style="list-style-type: none"> <li>• “does not support any increase to the minimum award wages in 2022.”</li> <li>• “if the Panel determines that there should be a uniform percentage increase to minimum wages payable under modern awards, MGA TMA alternatively submits that awarding a modest increase of 0.5% would be appropriate.”</li> </ul>	<ul style="list-style-type: none"> <li>• “MGA TMA will therefore be seeking further restraint in respect of any wage increases in the coming year. Any increase in minimum award wage in 2022 would severely damage the continuing viability of many small businesses as they grapple with the ongoing threat of COVID-19 and the recovery process.”</li> <li>• “In this submission, MGA TMA intends to present evidence to the Fair Work Commission (the Commission) that will show there will be damaging consequences for many small businesses if wages are increased to an unsustainable level.”</li> <li>• “MGA TMA does not support any increase to the minimum wages in the General Retail Industry Award (GRIA and the Timber Industry Award (TIA) in 2022.”</li> <li>• “MGA TMA does not support any increase to the minimum award wages in 2022. However, if the Panel determines that there should be a uniform percentage increase to minimum wages payable under modern awards, MGA TMA alternatively submits that awarding a modest increase of 0.5% would be appropriate.”</li> <li>• “MGA TMA urges the Panel to consider these factors and not award an increase to wages in 2022/2023, to allow independent supermarkets, liquor, timber and hardware stores to remain viable and serve as an important source of employment in Australia.”</li> </ul>
<p><b><a href="#">Restaurant and Catering Industry</a></b>  <b>(lodged with FWC on 28.03.22)</b></p>	<ul style="list-style-type: none"> <li>• “no change to the minimum wage”</li> </ul>	<ul style="list-style-type: none"> <li>• “Consultation with R&amp;CA Members found that an overwhelming majority of Members seek no change to the current minimum wage. It is R&amp;CA’s submission on behalf of this responses from R&amp;CA Members, that there be no change to the minimum wage in the 2021-22 Annual Wage Review decision”</li> </ul>

		<ul style="list-style-type: none"> <li>• <i>“any increase made by the Annual Wage Review Decision for 2022 should take effect from twelve (12) months after the date within which the previous increase took effect.”</i></li> </ul>
<p><a href="#">Australian Chamber – Tourism</a> (lodged with FWC on 01.04.22)</p>	<ul style="list-style-type: none"> <li>• <i>“great caution in determining any increase”</i></li> <li>• <i>“a delay in the operative date of any increase”</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“Australian Chamber – Tourism recommends the Panel apply great caution in determining any increase in minimum and award minimum wages, recognising the multispeed economy and the lag in recovery being faced by the tourism industry, as detailed in this submission.”</i></li> <li>• <i>“The Australian Chamber – Tourism submits an operative date of no earlier than 1 November 2022 should apply to awards mapped to Aviation and Tourism, the Accommodation and food services sector, as well as the Arts and recreation services sector as identified and determined in last year’s decision.”</i></li> </ul>
<p><a href="#">South Australian Wine Industry Association</a> (lodged with FWC on 31.03.22)</p>	<ul style="list-style-type: none"> <li>• <i>“no higher than 2 percent.”</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“If FWC is of a mind to increase minimum wages, SAWIA submits that the Expert Panel should consider awarding an increase no higher than 2 percent.”</i></li> </ul>
<p><a href="#">Housing Industry Association (HIA)</a> (lodged with FWC on 01.04.22)</p>	<ul style="list-style-type: none"> <li>• <i>“take a more nuanced approach ... to any minimum wage increases.”</i></li> <li>• <i>“takes a conservative approach”</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“HIA submits that in light of the current circumstances the Expert Panel use its power under section 286(2) of the FW Act to take a more nuanced approach, as it has done in the past, to any minimum wage increases.”</i></li> <li>• <i>“If the Expert Panel is not minded to adopt that approach, then in light of the current landscape, HIA strongly submits that the Expert Panel takes a conservative approach in this year’s minimum wage review.”</i></li> </ul>
<p><a href="#">Transit Systems</a> (lodged with FWC on 01.04.22)</p>	<ul style="list-style-type: none"> <li>• <i>“no increase should be awarded to vary those instruments in this 2021/22 annual wages review”</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“The Commission should give effect to the deals done by the unions and approved by the IRCNSW and limit the wage increases to those employed pursuant to the Copied State Awards.”</i></li> <li>• <i>“The Commission should hold the unions to the bargains that they struck – with the confidence that the wage rates in the Copied State Awards are significantly higher in all cases than the Modern Award that covers the same work”</i></li> <li>• <i>“The Commission should not permit the windfall gain of double dipping, consistent with the Commission’s tiered methodology.”</i></li> <li>• <i>“The Commission should give practical effect to the words in cl. 15.2 of the Copied State Awards: ‘The wage increases contained in this Award are in substitution of any State Wages decisions.’”</i></li> </ul>

		<ul style="list-style-type: none"> <li>• <i>“Failure to grant the application would expose Transit Systems to substantial cost liability for claims for payment or award breach in circumstances where such claims could not reasonably have been anticipated at the time the potential liability was concerned.”</i></li> <li>• <i>“The Commission should vary the rates in the copied State Award to remove the impediment to achieving productivity at the enterprise level through collective bargaining.”</i></li> </ul>
<a href="#">Transdev Australasia</a> <b>(lodged with FWC on 01.04.22)</b>	<ul style="list-style-type: none"> <li>• <i>“requests that the Commission’s 2021-22 Annual Wage Review determination specify that it does not apply to the STA Copied Awards”</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“Transdev accordingly requests that the Commission’s 2021-22 Annual Wage Review determination specify that it does not apply to the STA Copied Awards.”</i></li> </ul>
<a href="#">Keolis Downer</a> <b>(lodged with FWC on 01.04.22)</b>	<ul style="list-style-type: none"> <li>• <i>“FWC should exercise its discretion to make a determination varying minimum wages in the Copied State Awards taking into account the relevant pay increases”</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“Keolis Downer submits that employees covered by the Copied State Awards have received and maintained a safety net of fair minimum wages for 2022 in light of the pay increases that have already been implemented. As such, the obligations under section 248 of the Fair Work Act have been satisfied in relation to these employees.”</i></li> <li>• <i>“Given the increases provided for under the Copied State Awards, Keolis Downer submits that the Fair Work Commission should exercise its discretion to make a determination varying minimum wages in the Copied State Awards under Item 20 in Part 5 of Schedule 9 of Fair Work Act (Transitional Provisions and Consequential Amendments) Act 2009 (Cth) taking into account the relevant pay increases outlined in paragraph 6 above.”</i></li> <li>• <i>“In circumstances where the minimum wage objective has been met and employees covered by the Copied State Awards have received a pay increase, Keolis Downer submits that employees under the Copied State Awards should be excluded from the minimum wage increase in the 2021-2022 Annual Wage Review Decision to prevent a ‘doubledipping’ on wage entitlements.”</i></li> <li>• <i>“In the alternative, and in the event that the Fair Work Commission does not agree with our primary submission, Keolis Downer submits that the increase applied to the Copied State Awards should only be what</i></li> </ul>



		<i>is required to 'top up' the increase under the Copied State Awards to match the minimum wage increase in the Annual Wage Review Decision."</i>
<a href="#">Busways North West Pty Limited</a> (lodged with FWC on 01.04.22)	<ul style="list-style-type: none"> <li>• <i>"not to apply any federal minimum wage increase to the Three Copied State Awards"</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>"due to the special circumstances applicable to Busways (as outlined in the submissions that follow), Busways submits that the FWC should, in the case of the Three Copied State Awards, determine not to apply any federal minimum wage increase to the Three Copied State Awards."</i></li> </ul>
<b>Other groups</b>		
<a href="#">Australian Council of Social Service (ACOSS)</a> (lodged with FWC on 25.03.22)	<ul style="list-style-type: none"> <li>• <i>" should increase real minimum wages substantially"</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>"A substantial increase in minimum wages would help bring about the rise in overall wages sought by the Reserve Bank and many other stakeholders, without risking a wage-price spiral."</i></li> <li>• <i>"The Commission increase real minimum wages substantially in order to reduce the gap between them and median pay levels and strengthen growth in consumer spending and employment."</i></li> <li>• <i>"Decisions on the level of minimum wages be informed by regular comparisons of the living standards of minimum wage-earning households with benchmark indicators of a 'decent basic living standard' for a single adult, and the wage levels needed (along with relevant social security payments) to ensure that low-paid families with children are free from poverty."</i></li> <li>• <i>"The Commission should increase real minimum wages substantially in order to support recovery from the COVID recession and significantly reduce the gap between them and median pay levels."</i></li> <li>• <i>"A reasonable benchmark for the adequacy of minimum wages in comparison with wages across the community would be 60% of the full-time median wage."</i></li> <li>• <i>"Minimum wage rates for young people, apprentices and trainees, and people with disability under the Supported Wage System should continue to be increased in line with the rise in the minimum wage for adults."</i></li> <li>• <i>"Decisions on the level of minimum wages should be informed by benchmark estimates of the cost of attaining a 'decent basic living standard' for a single adult according to contemporary Australian standards."</i></li> </ul>
<a href="#">Australian Catholic Council for Employment</a>	<ul style="list-style-type: none"> <li>• <i>"an increase of 6.5% to the NMW and, at a minimum, to the C13</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>"Accordingly, the ACCER seeks an increase of 6.5% to the NMW and, at a minimum, to the C13 to C10 rates provided for in modern awards."</i></li> </ul>

<p><a href="#">Relations on behalf of the Australian Catholic Bishops Conference</a> (lodged with FWC on 01.04.22)</p>	<p>to C10 rates provided for in modern awards”</p>	<ul style="list-style-type: none"> <li>• “To put it another way, the ACCER submits that in order to meet the statutory description, any order must provide for a decent standard of living for the groups of workers who depend on those wages.”</li> <li>• “the ACCER submits that the appropriate definition of “safety net” is an order that ensures that every cohort of workers is in advance of at least the 60% poverty line.”</li> </ul>
<b>State governments</b>		
<p><a href="#">Victorian Government</a> (lodged with FWC on 31.03.22)</p>	<ul style="list-style-type: none"> <li>• “at least a 3.5 per cent increase to the National Minimum Wage and award minimum wages”</li> </ul>	<ul style="list-style-type: none"> <li>• “The Victorian Government submits that in the Annual Wage Review 2021-22, there should be at least a 3.5 per cent increase to the National Minimum Wage and award minimum wages to assist those on low incomes in Victoria to recover from the impacts of coronavirus (COVID-19), to counteract an increase in inequality due to coronavirus (COVID-19) and to help the Victorian economy and community recover from the pandemic.”</li> <li>• “an increase in the NMW and award wages of less than 3.5 per cent would effectively be seen as a cut to relative living standards and the needs of the low paid.”</li> <li>• “Further, the Victorian Government calls on the FWC to consider applying a higher increase to modern award wages for those award reliant workers who are in the lower paid and often female dominated sectors, such as retail and hospitality, accommodation and food services and health care and social assistance.”</li> <li>• “The Victorian Government argues that current circumstances do not support a delay in any awarded increases”</li> </ul>
<p><a href="#">New South Wales Government</a> (lodged with FWC on 01.04.22)</p>	<ul style="list-style-type: none"> <li>• “cautious approach”</li> </ul>	<ul style="list-style-type: none"> <li>• “Any approach to setting minimum wages must be balanced and sensitive to prevailing economic and labour market conditions to ensure minimum wage increases do not have a negative effect on employment.”</li> <li>• “In our submission, the correct approach to addressing these issues is for the Panel to take a cautious approach to this Review, on the basis that governments should seek to drive wages growth by means of a vigorous productivity agenda, including measures such as lowering the tax burden, reducing red tape, and implementing forward looking regulation to support competition and innovation.”</li> </ul>
<p><a href="#">Queensland Government</a></p>	<ul style="list-style-type: none"> <li>• “proposes an increase ... that is fair and reasonable.”</li> </ul>	<ul style="list-style-type: none"> <li>• “This submission of the Queensland Government to the Expert Panel (the Panel) for the Fair Work Commission (FWC) 2021–22 Annual Wage Review (AWR) proposes an increase to the National Minimum</li> </ul>

<p>(lodged with FWC on 05.05.22)</p>		<p><i>Wage (NMW) and the minimum wages prescribed under all national modern awards that is fair and reasonable.”</i></p> <ul style="list-style-type: none"> <li>• <i>“Workers impacted by the AWR have experienced low wage rate outcomes over the past decades and have no or extremely limited opportunity to secure wage increase through enterprise bargaining.”</i></li> <li>• <i>“Additionally, as noted in previous AWR decisions of the Expert Panel, including last year’s decision, female workers continue to be more likely than male workers to be reliant upon the NMW and national modern award rates of pay and those on these minimum rates are more likely to be low paid. On this basis it is argued that fair and reasonable increases to the NMW and national modern award minimum wages will help ensure gender pay equity is not adversely affected, particularly in light of previous increase deferrals for certain cohorts.”</i></li> <li>• <i>“It is important that such a significant group of full-time employees are provided with a living wage.”</i></li> <li>• <i>“Queensland is committed to economically responsible pay increases and the protection of low-paid workers within the national fair work jurisdiction.”</i></li> </ul>
<p><a href="#">South Australian Government</a> (lodged with FWC on 06.05.22)</p>	<ul style="list-style-type: none"> <li>• <i>“The Government of South Australia recommends that the Panel adopt a fair and balanced approach, which allows real wage growth to reflect a fair share of labour productivity growth, and fairness and inclusivity in the sharing of economic prosperity”</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“Under the current national workplace relations framework, the Government of South Australia supports minimum wages being maintained at a level that provides a safety net for minimum wage and award-reliant workers, whilst continuing to underpin enterprise bargaining.”</i></li> <li>• <i>“The Government of South Australia recommends that the Panel adopt a fair and balanced approach, which allows real wage growth to reflect a fair share of labour productivity growth, while mindful of ongoing uncertainty and challenging trading conditions faced by many businesses”</i></li> <li>• <i>“The rationale for the position taken in this year’s submission seeks to support an outcome in relation to the national minimum wage, which can underpin the sustainability of the economic and labour market recovery while also addressing fairness, workforce inclusion and participation, and a sharing of national prosperity.”</i></li> </ul>
<p><a href="#">Western Australian Government</a> (lodged with FWC on 01.04.22)</p>	<ul style="list-style-type: none"> <li>• <i>“o award a meaningful pay increase to minimum</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“The Western Australian Government encourages the Panel to award a meaningful pay increase to minimum and award wage earners in this year’s AWR that rewards and protects their interests and maintains a fair and relevant minimum safety net for Australia’s lowest paid workers.”</i></li> </ul>

	<i>and award wage earners”</i>	<ul style="list-style-type: none"> <li>• <i>“The panel should continue to adopt a balanced approach when assessing the disparate criteria it is required to consider as part of the AWR.”</i></li> <li>• <i>“The Western Australian Government contends the prevailing conditions should give the Panel confidence to award a meaningful increase in this year’s AWR, something that will help to ease cost of living pressures on Australian workers and their families and make a material difference to their wellbeing.”</i></li> </ul>
<b>Individuals</b>		
<b>Barlow, S (lodged with FWC on 19.03.22)</b>	<ul style="list-style-type: none"> <li>• <i>“raised by \$5.00 per hour”</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“I wish to submit a request for the minimum wage to be raised by \$5.00 per hour, to ease the stress and struggles of the full time low paid workers to survive with today’s cost of living.”</i></li> </ul>



## 2022 Annual Wage Review - summary of reply submissions

As of 11 May 2022, 11 submissions in reply have been made to the 2022 Annual Wage Review by stakeholders. Some of these submissions also included the party's response to Questions on Notice.

Organisation	Position	Position quote	Mentions of Australian Government Submission
<b>Employee groups</b>			
<p><a href="#">Australian Council of Trade Unions (ACTU)</a></p>	<ul style="list-style-type: none"> <li>“we now seek a 5.5% increase to the National Minimum Wage (NMW) and modern award wages.”</li> </ul>	<ul style="list-style-type: none"> <li>“Such is the extent of this cost of living crisis that we consider it appropriate to revise our claim in this review. Accordingly, to ensure that the 2.67 million workers who rely on award wages do not face a significant decline in their living standards, we now seek a 5.5% increase to the National Minimum Wage (NMW) and modern award minimum wages.”</li> <li>“We have considered the submissions of other participants in the review and have not been persuaded by arguments for “wage restraint” or real wage cuts. Similarly, no compelling argument has been made in our view for deferrals to operative dates of any modern award minimum wage increases.”</li> <li>“Given headline inflation for the 12 months to March 2022 was 5.1 per cent, (and that the RBA is now projecting inflation will reach 5.9% by the end of 2022) then according to the formula quoted by the Treasury and the Reserve Bank, nominal wages should be able to comfortably grow by at least our claim for 5.5% without putting any upward pressure on inflation”</li> </ul>	<ul style="list-style-type: none"> <li>The Australian Government’s efforts in section 2.1.3 of its submission to downplay the significance of the minimum wage bite are unpersuasive. As alluded to above in response to ACCI’s submission, the importance of a minimum wage safety net is not diminished by the fact that only a comparatively small number of persons directly rely on it. Further, the Australian Government artificially reduces the size of the group by excluding introductory rates from Table 2.2 of its submission. Such omissions are likely of greater significance in the current circumstances where employment is growing generally and among young workers in particular. It is notable that even with the excision of these introductory rates, each of the rates of pay presented in Table 2.2 are still below the low pay threshold of 60% of median earnings adopted by Panel, as are the classifications it indicates it has mapped to the C10 level in paragraph 28.</li> <li>In its discussion in section 2.2.1 of the households where low paid workers live, the Australian Government alerts the Panel at note 10 to a potential understatement of the number of low paid workers who are responsible for supporting children, which may have implications for the calculation for the distribution of low-paid employees by equivalised household disposable income presented in chart 2.2. Notwithstanding, chart 2.2 clearly shows that low paid workers are disproportionately represented in</li> </ul>

			<p><i>lower income deciles, particularly in the more relevant comparison involving employee households. This clear inequality in earnings serves as a counter point to claims made by others as to the tax and transfer system's effectiveness.</i></p> <ul style="list-style-type: none"> <li>• <i>Table 4.2 in the Australian Government submission refers to ABS Labour Force Detailed (February 2022) measures of employment by skill level and indicates that employment at skill level 5, which is said to be commensurate with "Certificate I or secondary education" shows a decline of 112,000 jobs from February 2020 down to 1,941,900 in February 2022. However, detailed labour force statistics for February 2022<sup>168</sup> for employment at "Year 12 or equivalent" alone were 2,287,000 up 7,400 from 2,279,600 seen in February 2020. We are unable to determine the reason for the discrepancy.</i></li> <li>• <i>The Australian Government's discussion of small business in section 5 of its submission relies on some dated sources which provide no real basis for the panel to draw conclusions about the capacity of small business to employ award reliant workers. The aggregation of labour cost shares among employing versus non-employing businesses in the data presented is not informative. We suggest demand for the goods and services produced by a small business is a better indicator of propensity to employ than cost of employment alone. We also question – in relation to small businesses in non-tradeable sectors (e.g. hairdressing, child care, take away meals)– how demand for goods and services may be diminished either by higher wage costs or lower labour productivity. In any event, the NAB employment index presented in chart 5.5 shows current levels are merely returning to a more</i></li> </ul>
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			<p><i>normal state following a peak period. Whilst the Australian Government relies on the Xero Small Business Insights report for the purposes of showing a small decline in small business jobs growth in early 2022, it does not consider the report's positive findings concerning small business sales. It reports a rise of 15.2% in sales figures compared to the previous year, with the highly award reliant administrative and support services and hospitality sectors achieving the "strongest" growth at 24.6% and "'solid" growth at 6.8% respectively.</i></p> <ul style="list-style-type: none"> <li>• <i>Prior to discussing the "stepping stone" effect in section 7 of its submission, the Australian Government mischaracterises the function of the Panel by asserting that the legislation "requires the national minimum wage rate and modern award wages be set at a rate that will promote the performance and competitiveness of the national economy" (emphasis added)<sup>170</sup>, whereas the true position is that such performance and competitiveness are matters to be taken into account in serving the broader objectives of fairness and relevance. This mischaracterisation is used in aid of an argument that supporting employment growth involves providing opportunities for at risk groups to enter the labour market and progress to higher paid work. Its submission goes through the well-rehearsed intricacies of the stepping stone effect, including that between a fifth and a quarter of low paid workers, on the numbers presented, transition out of work altogether after a period of low paid employment while others (more than 10% on the numbers presented) may remain in low paid employment for between 2-5 years. The Australian Government's detailed exploration of the impact of COVID-19 on the stepping stone effect concludes with an observation that</i></li> </ul>
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			<p><i>it had no major effect. The corollary of this is that the deferrals to operative dates of increases likewise had no discernible effect in providing additional opportunities for at risk workers to enter into low paid work or transition out of low paid work into higher paid work</i></p> <ul style="list-style-type: none"><li>• <i>In its consideration of the latest international evidence on the impact of minimum wages on employment, the Australian Government uncritically cites the study of Neumark and Shirley who conclude that "the majority of recent literature shows a negative employment effect when minimum wages increase". The ACTU has previously provided a critique of this study in last year's review as follows:</i><ul style="list-style-type: none"><li>• <i>"Rather, as highlighted in what can best described as pointed commentary by Professor Arindrajit Dube of the University Massachusetts (an authoritative author and co-author of many empirically based papers on minimum wages in the US and elsewhere), a key limitation of the Neumark and Shirley study is that it lumps together the elasticities of radically different groups, such as elasticities on aggregate employment and elasticities of only low wage workers. This makes the magnitudes of elasticities "uninterpretable". A more informative measurement, in Professor Dube's opinion, is to calculate "own wage elasticities", which involves an "apples to apples" comparison of magnitudes whereby the employment effect is scaled by the wage effect. Professor Dube also notes that some "prominent recent papers" are not included among those reviewed in the Neumark and Shirley study."</i></li></ul></li></ul>
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			<ul style="list-style-type: none"> <li>• <i>The ACTU also provides a more comprehensive review of the latest international research on the effect of minimum wages in our initial submission (at paragraphs 39 to 56) where we conclude that:             <ul style="list-style-type: none"> <li>• <i>“...the Panel cannot be satisfied that a minimum wage increase of the order sought in this review will have any measurable disemployment effect. The Panel can however be satisfied that lifting minimum wages may encourage adaptive strategies at the firm or industry level that increase productivity and efficiency (such as may be achieved through bargaining), may remove distortions in labour demand attributable to monopsony power and will reduce the gender pay gap and contribute to aggregate demand.”</i></li> </ul> </i></li> <li>• <i>The Australian Government submission also claims (at paragraph 263) that the impact of the introduction of the relatively high minimum wage in Germany in 2015 resulted in "small negative employment effects and a decrease in working hours". This is a selective review of the relevant literature which is contested. For example, one study published earlier this year instead found that “the minimum wage significantly increased the wages of low-wage workers without lowering their employment prospects”.<sup>173</sup> The authors also found that the unexpected benefit of “a reallocation of workers from smaller to larger establishments, from lower-paying to higher-paying establishments, and from less to more productive establishments, thereby helping to improve the quality of establishments operating in the economy”.</i></li> <li>• <i>The discussion of taxes and transfers in sections 8.4 and 8.5 of the Australian Government’s submission serve to highlight the point that all minimum wage workers,</i></li> </ul>
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			<p>regardless of household type, derive a benefit from minimum wage increases but some receive no transfer payments. It also identifies at section 8.1 that earnings inequality has essentially returned to pre-pandemic levels. Both these points in our view provide some justification for an increase in minimum wages, particularly in the face of rising costs of living and of essential items in particular.</p>
<p><a href="#">Retail and Fast Food Workers Union (RAFFWU)</a></p>	<ul style="list-style-type: none"> <li>• “We note the extensive work undertaken assessing poverty wages and submit the minimum wage for all workers should be based on an Australian Living Wage of at least \$26 per hour.”</li> <li>• “We submit the Annual Wage Review should replace all rates (currently lower than the following rates) in the retail, miscellaneous and fast food Awards with a minimum base hourly rate of \$26 and a minimum base weekly rate of \$988.”</li> </ul>	<ul style="list-style-type: none"> <li>• “The replacement should include all rates (lower than these rates) including poverty rates such as junior, trainee, apprentice and supported wage rates. We note these poverty rates are clearly below the rates identified as “poverty line” rates in the FWC Statistical reports for 2022.”</li> <li>• “The elimination of all poverty rates and the introduction of a true Australian Living Wage should be the absolute priority at this time.”</li> </ul>	<ul style="list-style-type: none"> <li>• We do not and would not rely on the conservative Government’s budget position</li> </ul>
<p><a href="#">Shop Distributive and Allied</a></p>	<ul style="list-style-type: none"> <li>• “The SDA strongly supports the revised position in the</li> </ul>	<ul style="list-style-type: none"> <li>• “There is no justification to delay an increase beyond 1st July 2022.”</li> </ul>	<p>N/A</p>

<p><a href="#"><u>Employees' Association (SDA)</u></a></p>	<p>amount that the ACTU seeks to increase the Minimum award rates."</p>		
<p>Australian Services Union</p>	<ul style="list-style-type: none"> <li>• "The ASU supports for the ACTU's revised claim for a 5.5% increase to all awards effective from 1 July 2022."</li> </ul>	<ul style="list-style-type: none"> <li>• "The Expert Panel should implement the ACTU pay claim increase from 1 July 2022. The Expert Panel should reject any call to delay or stagger the increase. Members are hurting right now, there is an urgent need to raise wages to at least keep up with inflation right now. "</li> <li>• "Any calls by businesses to delay a pay increase or not award a pay increase at all should be rejected."</li> </ul>	<p>N/A</p>
<p><a href="#"><u>Australian Rail, Tram and Bus Industry Union (ARTBIU), Australian Manufacturing Workers Union (AMWU), and Australian Services Union (ASU)</u></a></p>	<ul style="list-style-type: none"> <li>• "accept that wage increases that have occurred in this financial year should be taken account to avoid any double dipping, but say that the wages should be 'topped up' to the difference between those internal increases (which were subject to the NSW Government's 2.5% cap regardless of merit considerations, and were in most cases actually lower) and whatever is awarded by the Commission, in order</li> </ul>	<ul style="list-style-type: none"> <li>• "It is uncontroversial that the Commission, as part of the Annual Wage Review, is empowered to consider and vary the wage rates contained in copied state awards. Since 2018, the Commission has adopted a practice of varying the wage rates in all copied state awards in line with the increase awarded to modern award minimum wages."</li> <li>• "The collective Unions, being the ARTBIU, AMWU and ASU accept that wage increases that have occurred in this financial year should be taken account to avoid any double dipping, but say that the wages should be 'topped up' to the difference between those internal increases (which were subject to the NSW Government's 2.5% cap regardless of merit considerations, and were in most cases actually lower) and whatever is awarded by the Commission, in order to avoid windfall bargains for the operators."</li> <li>• "Each of the Unions, separately and via the ACTU, have made detailed submissions in respect of the</li> </ul>	<p>N/A</p>

	<p><i>to avoid windfall bargains for the operators.”</i></p>	<p><i>increase that should be granted, and more broadly why a wage increase is necessary and justified.”</i></p> <ul style="list-style-type: none"> <li>• <i>“The Commission ought to:           <ul style="list-style-type: none"> <li>a. <i>increase the wages in the Transit Systems Awards by the full amount determined in the Annual Wage Review as applicable to modern awards; and</i></li> <li>b. <i>increase the wages in the Keolis Downer, Busways and Transdev Awards by that amount less 2.04%”</i></li> </ul> </i></li> <li>• <i>“In the alternative, the Unions contend that even if the Commission does have power to make the variations sought, it should not do so”</i></li> </ul>	
<b>Employer groups</b>			
<p><a href="#"><u>Australian Industry Group (Ai Group)</u></a></p>	<ul style="list-style-type: none"> <li>• <i>“we propose a modest wage increase of 2.5%”</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“When the proposed 2.5% wage increase is considered alongside the 0.5% Superannuation Guarantee (SG) increase that is operative from 1 July 2022 and the equivalent of a 1.3% increase in pre-tax income that an employee on the NMW will receive in coming months as a result of the announced increase in the Low and Middle Income Tax Offset (LMITO), our proposal would result in the equivalent of a 4.3% increase in pre-tax remuneration for low paid employees.”</i></li> <li>• <i>“we propose a delayed operative date for wage increases in relevant awards in the aviation and tourism sector, the accommodation and food services sector, the arts and recreation services sector and the retail trade sector, consistent with the approach in last year’s Annual Wage Review decision”</i></li> </ul>	<p>N/A</p>



<p><a href="#">Australian Chamber of Commerce and Industry (ACCI)</a></p>	<ul style="list-style-type: none"> <li>• <i>“Taking into account the full range of economic considerations, ACCI supports an increase of up to 3% as reasonable in the current review”</i></li> </ul> <p><b>Note: initial submission had no position</b></p>	<ul style="list-style-type: none"> <li>• <i>“Taking into account the full range of economic considerations, ACCI supports an increase of up to 3% as reasonable in the current review. This factors in changes in prices, the level of minimum and award wages (including consistent real minimum and award wage increases across more than a decade) and the framework for discharging the Panel’s responsibilities under the Fair Work Act.”</i></li> <li>• <i>“The Expert Panel has for some time stressed to all those who take part in these reviews that there is no mechanistic or formulaic approach to minimum wage uprating under the Fair Work Act. If this is maintained and all indicators are taken into account, along with the full range of statutory considerations, that should preclude any assumption of a minimum level of increase being determined by the CPI.”</i></li> <li>• <i>“Any contention that the statute compels real minimum wage increases every year would be to have the Panel adopt precisely the mechanistic or determinative approach which it has consistently refused to do in previous reviews.”</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>However, we draw the Panel to section 7.2 of the Australian Government submission (P67-72) which provides a detailed assessment of the impacts of minimum increases.</i></li> <li>• <i>In their review of the international literature, the Australian Government (255 p69) references a study by Neumark and Shirley (2021)<sup>33</sup> showing that the majority of recent international literature indicates a negative employment effect when minimum wages increase, particularly when the analysis is confined to those workers that are directly affected by minimum wage decisions. These negative impacts can include a reduction in the hiring of new workers rather than directly impacting existing low-wage workers. Further, in assessing other employment impact of wage increases, the Australian Government (266 p71) cites research (Boockmann 2010; Neumark and Wascher 2008; Neumark and Nizalova 2007) showing increases to minimum wages have greater impacts on employment opportunities for youth and may hinder their transition to higher paying jobs</i></li> <li>• <i>From the Australian Government’s detailed analysis, it is clear that increasing the minimum wage does influence the hiring intentions of employees, with younger workers the most affected as it limits their longer-term employment prospects. These are a very important factors for consideration in any uprating of minimum and award minimum wages.</i></li> </ul>
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			<ul style="list-style-type: none"><li>• <i>Only a very small proportion of the 2,659,500 award-reliant workers are low paid. As detailed in the Australian Government submission (Chart 2.1, p13), in addition to the 79,200 employees (1.8% of employees) on individual arrangements that receive the minimum wage, 88,900 award reliant employees (or 3.3%) are paid at the minimum rate – all other award-reliant are paid above the minimum wage rate. In addition, there are 15,900 employees on enterprise agreements that are paid the minimum wage rate.</i></li><li>• <i>As the Australian Government submission notes, excluding the 25% loading paid to casuals, about 57% of low-paid workers were casuals (32 p19). If the casual loading is included in the analysis, the hourly rate of casuals is above the low-paid threshold. The Australian Government submission also notes (footnote to Chart 2.1 p.13) that: in May 2021, the median hourly wage was \$33.30 after applying the adjustment of 25 per cent for casual loading.</i></li><li>• <i>The Australian Government submission (32 p19) identifies that 54.3% of low paid workers were single adult households or approx. 100,000 minimum wage workers (relative to the total 184,000 minimum wage workers). Using the data from the Australian Government submission (32 p19), with some assumptions to separate part-time from full-time workers and single earner couples from dual earner couples, less than 40,000 employee households (or 22% of the 184,000 minimum</i></li></ul>
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			<p>wage earner households) have a disposable income less than 60% of median income.</p> <ul style="list-style-type: none"> <li>• The Australian Government submission identifies that low-paid jobs are an important pathway into the workforce, with:             <ol style="list-style-type: none"> <li>a. 37 per cent of people who entered the workforce did so by taking a low-paid job.</li> <li>b. 43 per cent of workers aged under 25 years entered the workforce through low-paid work.</li> <li>c. 42 per cent of those with Year 12 qualifications or below entered the workforce through lowpaid work.</li> </ol> </li> <li>• It is important to highlight the Australian Government found around two-thirds of workers who enter lowpaid employment leave within one year (66.3%), with most of these (75.8%) moving to higher paid work, while 84% leave within two years. Only 2.6% of employees entering the workforce through low-paid employment remain in a low-paying job longer than 5 years.</li> </ul>
<p><a href="#">Australian Retailers Association</a></p>	<ul style="list-style-type: none"> <li>• “We believe that this year’s increase should be based on the actual rate of underlying inflation, using the Trimmed Mean Inflation (TMI) rate, at the time the wage review is handed down, less the impact of the next</li> </ul>	<ul style="list-style-type: none"> <li>• “The Australian Retailers Association (ARA) supports a fair, equitable and sustainable increase in the minimum wage, to help retail workers keep pace with the rising costs of living.”</li> <li>• “Any increase in wages that exceeds underlying inflation should be offset by productivity gains, to help retailers absorb higher labour costs without placing additional financial pressure on businesses.”</li> <li>• “the ARA believes that there needs to be an increase in the minimum wage, so that wages can keep pace with the increases in the cost of living. However, this</li> </ul>	<p>N/A</p>

	<i>increase in the superannuation rate, commencing 1 July 2022.”</i>	<i>increase should be based on the March 2022 quarter TMI of 3.7% less the 0.5% impact on wages due to the next increase in superannuation. Any increase in wages that exceeds this baseline would be unsustainable, particularly for those retailers with limited financial reserves after two years of continuous disruption due to COVID-19, supply chain issues and natural disasters.”</i>	
<a href="#"><u>National Retail Association</u></a>	<ul style="list-style-type: none"> <li>• <i>“the Panel should exercise caution in making its decision regarding modern award minimum wages.”</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“In particular, the Panel should avoid giving undue weight to the presently strong performance of retail trade, since the foreseeable reduction in household spending following recent interest rates rises is likely to impact retail trade swiftly and significantly.”</i></li> <li>• <i>“While inflation and costs of living are high, the NRA submits that the Panel should give due weight to the foreseeable effects of the budgetary measures and monetary policy discussed above in reducing these pressures on relative living standards and the needs of the low paid.”</i></li> <li>• <i>“The Panel’s task is not to address decades of purported ‘wage stagnation’ overnight, but to set fair and relevant minimum wages considering matters including employment growth and the performance and competitiveness of the national economy in the context of current economic conditions.”</i></li> </ul>	N/A
<a href="#"><u>Australian Business Industrial</u></a>	<ul style="list-style-type: none"> <li>• <i>“the Fair Work Commission should determine not to apply the Annual Wage Review decision to copied State</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>“ABI and Business NSW agree with and support the position in the copied State award submissions that the Fair Work Commission should determine not to apply the Annual Wage Review decision to copied State awards as part of a generic or automatic decision affecting all copied state awards.”</i></li> </ul>	N/A

	<p><i>awards as part of a generic or automatic decision affecting all copied state awards”</i></p>	<ul style="list-style-type: none"> <li>• <i>“Rather, the Commission should instead only apply the Annual Wage Review decision to copied state awards on a case by case basis following submissions by parties with respect to the relevant copied state awards.”</i></li> <li>• <i>“ABI and Business NSW agree with the Copied State Award submissions that it would be unfair to force the businesses covered by the relevant copied State awards to provide two wage increases in a single year. That is, one imposed by the NSW Industrial Relations Commission, the other by virtue of being subject to the Annual Wage Review decision.”</i></li> </ul>	
<p><a href="#">National Farmers Federation</a></p>	<ul style="list-style-type: none"> <li>• No position stated – answered the QoN.</li> </ul>	<ul style="list-style-type: none"> <li>• No position stated – answered the QoN.</li> </ul>	N/A
<b>Other groups</b>			
<p><a href="#">Australian Catholic Council for Employment Relations (ACCER)</a></p>	<ul style="list-style-type: none"> <li>• No position stated - answered the QoNs and responded to ACCI and Ai Group.</li> </ul>	<ul style="list-style-type: none"> <li>• No position stated - answered the QoNs and responded to ACCI and Ai Group.</li> </ul>	N/A

## Annual Wage Review Submission – Suggested Talking Points

### *General Talking Points*

- The Government was elected with a clear plan for a better future for all Australians. One of our election commitments was to put forward our own submission to the Fair Work Commission’s Annual Wage Review advocating for an immediate wage increase for Australia’s low-paid workers, and [today] we are delivering on that promise.
  - We thank the Fair Work Commission’s Expert Panel conducting the Annual Wage Review for the opportunity to make a submission.
- We have made it clear in our submission, as we have consistently in the lead up to [today], that the Government does not want the wages for low-paid Australians to go backwards.
- High and rising inflation and weak wages growth are reducing real wages across the economy and creating cost of living pressures, particularly for low-paid workers. It is critical to ensure that these workers – many who are vulnerable – don’t go backwards.
- The people most reliant on the outcome of the Annual Wage Review are the people on the lowest wages: these are the people who were the heroes of the pandemic – the cleaners, retail and supermarket workers, aged care workers and child care workers.
- They’re the people who have the least capacity to draw down on savings and they’re the people who more than anyone need to make sure that wages can keep up with the cost of living and they don’t keep going backwards.

### *Why doesn’t the Government specify an amount that minimum wages should increase by?*

- We have made clear in our submission to the Fair Work Commission that we are advocating for the real wages of Australia’s low-paid workers to not go backwards.
- However, we leave it to the independent Expert Panel to determine specifically what that increase should be, and we have provided the Panel with the latest economic and labour market data, and analysis of low-paid workers to assist the Expert Panel in making this decision.
- *If required/pushed:* It has been a long-standing practice for Governments not to specify a specific amount in their submission to the Annual Wage Review. In doing so we are respecting the independence of the Commission, while sending a strong message that our expectation is that *real wages* do not go backwards for low paid workers.



*If concerns are raised that an increase in line with inflation (5.1%) is too high.*

- We recognise that these are highly unusual and challenging times: high and rising inflation and weak wages growth are creating cost of living pressures particularly for low-paid workers. It is critical to ensure that these workers do not bear a disproportionate impact of these challenging conditions.
- The submission does not suggest that across-the-board, wages should automatically increase in line with inflation. As we said in our submission, the key driver of real wages growth (excluding inflation) over the longer-term is labour productivity.
- An increase of 5.1 per cent to the National Minimum Wage equates to an increase of \$1.04 per hour. By comparison, an increase in line with underlying inflation, which is 3.7 per cent, as some business groups have argued for, equates to an increase of 75 cents per hour for the National Minimum Wage.
  - So the difference between what some business groups are arguing for, and a 5.1 per cent increase is a mere 30 cents or so per hour for those on the National Minimum Wage. This is not a large amount, but it is likely to be critical to the low-paid.
- On average, low-paid workers experience greater financial hardship. Any declines in their real wages would put their financial wellbeing at greater risk. And we want to work towards preventing further financial hardship.

*Why did the Government not advocate for a real wage increase for all award workers?*

- Low-paid workers have been disproportionately impacted by the rising cost of living.
- Low-paid workers are being confronted with greater financial hardship, and any decline in their real wages from inflationary pressures puts their financial wellbeing at risk.
- Ensuring that real wages for low-paid workers do not go backwards will protect the living standards for these workers and give them the best chance possible to earn a decent living, keep up with the skyrocketing costs of living, secure more opportunities, and actually get ahead.



**Australian Government**

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# **New Australian Government Submission**

**to the**

## **Fair Work Commission Annual Wage Review 2022**

**3 June 2022**

# 1 Executive Summary

1. The Government thanks the Fair Work Commission's Expert Panel conducting the Annual Wage Review ('the Panel') for the opportunity to make a submission. In this submission, the Government provides updated evidence on the economy, labour market, and low-paid workers to assist the Panel in making its decision.
2. Given the highly unusual and challenging economic conditions, the Government is making a recommendation to the Fair Work Commission in relation to this year's wage decision.
3. The new Government has a different view on the Annual Wage Review to the previous Government. In particular, the direction of the previous Government's submission headed "The importance of low-paid work" does not reflect the priorities of this Government.
4. High and rising inflation and falling real wages are creating cost-of-living pressures, particularly for Australia's low-paid workers. Economic conditions are particularly challenging given inflation is at a 21-year high of 5.1 per cent and is expected to increase further in the near-term due to persistent and compounding supply shocks. The current inflation rate is 2.7 percentage points higher than wages growth as measured by the Wage Price Index (WPI), which means on average, Australians are experiencing the sharpest decline in real wages in 21 years. The National Accounts results released this week provide further evidence of the broad-based domestic price pressures which were clear in the Consumer Price Index (CPI) release for the March quarter 2022.
5. In considering its decision on wages for this year, **the Government recommends that the Fair Work Commission ensures that the real wages of Australia's low-paid workers do not go backwards.**
6. High and rising inflation and weak wages growth are reducing real wages across the economy and creating cost-of-living pressures for low-paid workers. It is critical to ensure that these workers do not bear a disproportionate impact of these challenging conditions.
7. The new Government does not want to see Australian workers go backwards; in particular, those workers on low rates of pay who are experiencing the worst impacts of inflation and have the least capacity to draw on savings.
8. The Government notes that over the past decade, in 9 out of 10 years, the Panel has increased the minimum wage rate in line with, or above, inflation. The largest increase in recent years was in 2018-19 where a 3.5 per cent increase was ordered, when inflation was only 1.9 per cent. This submission does not suggest that inflation should be the only consideration when determining wages.
9. This submission does not suggest that across-the-board, wages should automatically increase in line with inflation. The key driver of real wage growth (excluding inflation) over the longer-term is labour productivity. The current economic circumstances are highly unusual and challenging, and the Government's submission pertains specifically to the low-paid and in the current macroeconomic context.

10. Australia's low-paid workers, many of whom are young, female and in casual employment, are far more likely than higher paid workers to find themselves experiencing financial hardship. Many of these workers made significant contributions in the provision of essential services during COVID-19.
11. Maintaining the relative standard of living of low-paid workers is not expected to have a material impact on employment.
12. Ensuring that real wages for low-paid workers do not go backwards in these circumstances will protect the relative living standards for these workers, prevent further financial hardship and avoid adverse distributional outcomes and broader economic and social risks.
13. This submission is one of the important first steps in the Government's plans to address the impacts of the skyrocketing costs of living for Australian workers and families. It is part of the Government's broader economic plan, calibrated to address inflation by driving productivity growth and expanding the capacity of the economy to alleviate supply side pressures. The Government will do this through investments in cleaner and cheaper energy, in a better-trained workforce with higher participation and in the care economy, digital economy and a future made in Australia.

## 2 Economy and labour market update

### Key Points

- Over the past 12 months, inflationary pressures have significantly increased, and Australia's inflation rate is at its highest in 21 years.
- These inflationary pressures are likely to be more persistent due to the ongoing supply-side constraints, the war in Ukraine and China's COVID-19 outbreak.
- While unemployment is low, this has not yet translated into strong broad-based wages growth.
- While aggregate wages growth is expected to increase further, it remains relatively subdued, and follows nearly a decade of persistently weak wages growth.
- The sharp rise in inflation is creating cost-of-living pressures for Australia's low-paid workers.

14. Over the past 12 months, global and domestic inflationary pressures have significantly increased. These pressures are now expected to be stronger and more persistent, due to compounding global supply shocks. The war in Ukraine and China's COVID-19 outbreak are exacerbating existing strains in global supply chains and significantly driving up global energy and food prices.
15. Domestic headline consumer price inflation increased by 5.1 per cent through the year to the March quarter of 2022, the fastest increase in 21 years. The trimmed mean measure of core inflation also picked up to 3.7 per cent through the year to the March quarter, the highest increase since early 2009. Inflationary pressures have begun to broaden, with prices increasing in 80 per cent of the inflation components in the March quarter.
16. The Reserve Bank of Australia's (RBA) May 2022 Statement on Monetary Policy now forecasts that inflation will peak at around 6 per cent in the second half of 2022.
17. While some external inflationary pressures, such as international shipping costs, appear to have peaked, they remain elevated and other inflationary pressures are increasing. The COVID-19 outbreak and major city lockdowns in China present a significant upside risk to imported goods prices. Domestically, higher wholesale electricity prices could add further pressure to retail electricity prices and headline inflation.
18. Higher inflation is now expected to persist throughout 2022 and into 2023. If, as currently expected, global supply chain pressures dissipate, oil prices moderate and consumption patterns return to a more normal balance between goods and services, headline inflation would be expected to ease over the course of 2023.
19. Wages as measured by the WPI grew by 2.4 per cent through the year to the March quarter. With inflation at 5.1 per cent, this means that on average, real wages have seen the sharpest decline in 21 years. The Government notes that this fall in real wages follows persistently and historically low real wages growth over the past decade.

20. While the Government welcomes recent falls in the unemployment rate, it notes that this has not yet been associated with broad-based wages growth. Assuming global supply factors driving up inflation dissipate as expected, nominal wages growth is expected to begin outpacing inflation.
21. The RBA's May 2022 Statement on Monetary Policy forecast the WPI to grow by 3.3 per cent through the year to the June quarter 2023 and by 3.7 per cent through the year to the June quarter 2024.
22. The stronger than expected rise in inflation has seen consumer prices outpace wages to date, resulting in larger near-term declines in real wages. The near-term pick-up in inflation creates particularly acute cost-of-living pressures on the low-paid.
23. There are also significant economic risks associated with falling real wages. Most notably, reduced capacity to spend could weigh on household consumption with flow-on effects to aggregate demand more broadly.
24. While higher inflation and the anticipated tightening of monetary policy may dampen activity, it is not expected to lead to a substantial increase in the unemployment rate or a deterioration in economic growth.
25. The current economic circumstances are complex and substantial risks remain, including the possibility of more significant and sustained price pressures, or a more substantial slowing in activity.



### 3. Low-paid workers and the cost of living

#### Key Points

- Cost-of-living pressures are having a disproportionate impact on low-paid workers in the current environment, with price increases for non-discretionary goods and services outpacing the overall CPI basket.
- On average, low-paid workers experience greater financial hardship, and any declines in their real wages would put their financial wellbeing at greater risk.

26. The current cost-of-living pressures will have a disproportionate impact on low-paid workers.
27. Recent inflationary pressures have been stronger for non-discretionary goods and services, which increased by 6.6 per cent through the year to the March quarter of 2022. Fuel, food and new dwellings contributed nearly 3 percentage points to headline inflation, with fuel rising by 35 per cent in the past 12 months.
28. Low-paid workers have a diverse range of characteristics. In 2020, low-paid workers were more likely to be female, employed on a casual basis and under 30 years of age. Given this, a more substantial increase for those on low wages would be beneficial in assisting to narrow the gender pay gap.
29. With growth in the WPI expected to strengthen over the forecast period, supporting a more substantial increase for low-paid workers will also help maintain relative living standards for the low-paid.

**From:** s 22(1)  
**To:** s 22(1) s 22(1)  
**Cc:** WR DLO; [Secretary Office]; s 22(1) Mathews, Alex; s 22(1) ; Hehir, Martin; Wettinger, Jennifer  
**Subject:** RE: AWR Decision TPs and submissions in reply [SEC=OFFICIAL:Sensitive]  
**Date:** Tuesday, 14 June 2022 4:08:47 PM  
**Attachments:** AWR Decision TPs.docx

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**OFFICIAL: Sensitive**

Hi s 22(1) and s 22(1)

The Fair Work Commission have just announced the **Annual Wage Review decision will be broadcast online at 10am AEST tomorrow (15/6)**. Further details can be found here: [Notice of listing \(fwc.gov.au\)](#)

Attached are the suggested TPs that we're intending to update (circulated to PM&C and Treasury) and circulate to you shortly after the broadcast including a high level summary of the key information (outcome, changes to hourly/weekly amounts etc.).

Happy to discuss if there are any questions.

Regards,

s 22(1)

**A/g Assistant Secretary**

Economics and International Labour Branch

Attorney-General's Department

Phone s 22(1) | Mobile s 22(1)

**OFFICIAL: Sensitive**

---

**From:** Wettinger, Jennifer <Jennifer.Wettinger@ag.gov.au>  
**Sent:** Friday, 10 June 2022 5:43 PM  
**To:** s 22(1) (T. Burke, MP) s 22(1) ; s 22(1)  
**Cc:** WR DLO <WR.DLO@ag.gov.au>; [Secretary Office] <SecretaryOffice.DL@ag.gov.au>; s 22(1)  
 s 22(1) Mathews, Alex <Alex.Mathews@ag.gov.au>; s 22(1)  
 s 22(1)  
 s 22(1)  
**Subject:** AWR Decision TPs and submissions in reply [SEC=OFFICIAL:Sensitive]

**OFFICIAL: Sensitive OFFICIAL: Sensitive**

Hi s 22(1) and s 22(1)

As foreshadowed on Tuesday, please find attached some *suggested talking points (TP's)* for after the Annual Wage Review decision as well as a *summary of the submissions in reply regarding the National Accounts release*. We still have not received a date for the decision to be handed down, though are expecting it will be **next week (w/c 13 June 2022)**.

The TP's will be updated and resent after the decision is released, though if you have any early comments please advise.

Only 4 parties made reply submissions, mostly reiterating the position in their original submission.

Kind regards  
Jen

**Jen Wettinger**

**Assistant Secretary**

Economics and International Labour Branch

Employment Conditions Division

Attorney-General's Department

**Phone** s 22(1) | **Ext** s 22(1) | **Mobile** s 22(1)

[jennifer.wettinger@ag.gov.au](mailto:jennifer.wettinger@ag.gov.au)

**From:** s 22(1)  
**To:** s 22(1) ; s 22(1)  
**Cc:** Johnson, Tim; [Secretary Office]; WR DLO; Hehir, Martin; s 22(1) Mathews, Alex; Wettinger, Jennifer; s 22(1)  
**Subject:** RE: 2022 AWR decision [SEC=OFFICIAL]  
**Date:** Wednesday, 15 June 2022 1:29:14 PM  
**Attachments:** [Attachment A - Key Excerpts from Decision.docx](#)  
[Attachment B - Historical AWR Decisions compared to WPI and AAWI.DOCX](#)  
[Attachment C - NMW Compared to Benchmark.docx](#)

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**OFFICIAL**

Hi s 22(1) and s 22(1)

Further to my previous email, attached are a few documents that may be useful related to the outcomes of today's AWR decision.

- [Key excerpts from the decision](#)
  - Includes the Expert Panel's views on the decision, low-paid workers, the economy, superannuation guarantee etc.
- [Historical AWR decisions compared to WPI \(wages growth\) and AAWI \(wages growth for enterprise agreements\)](#).
- [NMW compared to benchmarks \(inflation, wages growth etc.\)](#)

The decision can be found [here](#).

Happy to discuss if there are any questions.

Regards,

s 22(1)

**Director**

Economic and Workplace Agreement Analysis | Economics and International Labour Branch  
 Employment Conditions Division  
 Attorney-General's Department  
 T: s 22(1) | [www.ag.gov.au](http://www.ag.gov.au)

**OFFICIAL**

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**From:** s 22(1)  
**Sent:** Wednesday, 15 June 2022 10:47 AM  
**To:** s 22(1) (T. Burke, MP)' s 22(1) ; s 22(1)  
 s 22(1)  
**Cc:** 'Johnson, Tim' <Tim.Johnson@pm.gov.au>; [Secretary Office]  
 <SecretaryOffice.DL@ag.gov.au>; WR DLO <WR.DLO@ag.gov.au>; Hehir, Martin  
 <Martin.Hehir@ag.gov.au>; s 22(1) Mathews, Alex  
 <Alex.Mathews@ag.gov.au>; Wettinger, Jennifer <Jennifer.Wettinger@ag.gov.au>; s 22(1)  
 s 22(1)  
**Subject:** RE: 2022 AWR decision [SEC=OFFICIAL]

**OFFICIAL**

Hi all,

See attached for suggested TPs updated for today's decision.

We'll send through a few additional supporting documents later today including key excerpts from the decision and comparisons to benchmarks.

Happy to discuss if there are any questions.

Regards,

s 22(1)

**Director**

Economic and Workplace Agreement Analysis | Economics and International Labour Branch  
Employment Conditions Division  
Attorney-General's Department  
T: s 22(1) | [www.ag.gov.au](http://www.ag.gov.au)

**OFFICIAL**

**From:** s 22(1)

**Sent:** Wednesday, 15 June 2022 10:22 AM

**To:** s 22(1) (T. Burke, MP)' s 22(1) ; s 22(1)

**Cc:** 'Johnson, Tim' <[Tim.Johnson@pm.gov.au](mailto:Tim.Johnson@pm.gov.au)>; [Secretary Office] <[SecretaryOffice.DL@ag.gov.au](mailto:SecretaryOffice.DL@ag.gov.au)>; WR DLO <[WR.DLO@ag.gov.au](mailto:WR.DLO@ag.gov.au)>; Hehir, Martin <[Martin.Hehir@ag.gov.au](mailto:Martin.Hehir@ag.gov.au)>; s 22(1) Mathews, Alex <[Alex.Mathews@ag.gov.au](mailto:Alex.Mathews@ag.gov.au)>; Wettinger, Jennifer <[Jennifer.Wettinger@ag.gov.au](mailto:Jennifer.Wettinger@ag.gov.au)>; s 22(1) s 22(1)

**Subject:** 2022 AWR decision [SEC=OFFICIAL]

**OFFICIAL**

Hi all,

Today the Fair Work Commission's Expert Panel announced an increase of:

- **5.2 per cent increase to the National Minimum Wage**, which amounts to \$40 a week. The National Minimum Wage will be \$812.60 per week or \$21.38 per hour.
  - The Panel observed that this level of increase will protect the real value of the wages of the lowest-paid workers.
- **4.6 per cent to award wages subject to a minimum increase for adult award classifications of \$40 per week.** In effect, modern award minimum wage rates above \$869.60 per week will receive a 4.6 per cent adjustment, wage rates below \$869.60 per week will be adjusted by \$40 per week
  - In most modern awards the effect of the Panel's decision will be that the 4.6 per cent adjustment will cut in around the C10, or trade level, and the flat \$40 increase will apply to the lower classifications.

The decision will take effect on 1 July 2022 for the National Minimum Wage rate and most award rates. For awards in the aviation, tourism and hospitality sectors, the increase will take effect from 1 October 2022.

We'll send up the updated suggested TPs in a moment, and then further details later today

including key excerpts and comparisons to key benchmarks.

Regards,

s 22(1)

**Director**

Economic and Workplace Agreement Analysis | Economics and International Labour Branch  
Employment Conditions Division  
Attorney-General's Department  
T: s 22(1) | [www.ag.gov.au](http://www.ag.gov.au)

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## **Key excerpts from the 2021-22 Annual Wage Review Decision**

### **General themes:**

- Quantum and Timing of Decision
- Low-Paid Workers
- Inflation/Cost of Living
- Gender Pay Equity
- Employment Impacts
- Economy and Labour Market
- 2022-23 Budget
- Collective Bargaining
- Superannuation Guarantee

### **Quantum and Timing of Decision**

[20] Taking all the relevant considerations into account led the Panel to award an increase of \$40 to the NMW, which amounts to an increase of 5.2 per cent. The NMW will be \$812.60 per week or \$21.38 per hour. The Panel observed that this level of increase will protect the real value of the wages of the lowest-paid workers.

[23] The Panel decided to increase modern award minimum wages by 4.6 per cent subject to a minimum increase for adult award classifications of \$40 per week. The \$40 per week increase is based on a 38-hour week for a full-time employee. In effect, modern award minimum wage rates above \$869.60 per week will receive a 4.6 per cent adjustment, wage rates below \$869.60 per week will be adjusted by \$40 per week.

[24] In most modern awards the effect of the Panel's decision will be that the 4.6 per cent adjustment will cut in around the C10, or trade level, and the flat \$40 increase will apply to the lower classifications.

[29] The Panel was satisfied that exceptional circumstances exist such as to warrant a delayed operative date for modern awards in the aviation, tourism and hospitality sectors. The variation determinations in respect of the following awards will operate from 1 October 2022:

- Aircraft Cabin Crew Award 2020
- Airline Operations – Ground Staff Award 2020
- Air Pilots Award 2020
- Airport Employees Award 2020
- Airservices Australia Enterprise Award 2016
- Alpine Resorts Award 2020
- Hospitality Industry (General) Award 2020
- Marine Tourism and Charter Vessels Award 2020
- Registered and Licensed Clubs Award 2020
- Restaurant Industry Award 2020

[180] Taking all the relevant considerations into account have led us to award an increase of \$40 to the NMW, which amounts to an increase of 5.2 per cent. The NMW will be \$812.60 per week or \$21.38 per hour. The hourly rate has been calculated by dividing the weekly rate by 38, on the basis of a 38-hour week for a full-time employee. This level of increase will protect the real value of the wages of the lowest-paid workers.

[184] As to the form of the adjustment, we note since the Annual Wage Review 2010–11 decision, adjustments to the NMW and modern award minimum wages have been by uniform percentage increases. In the decade prior to 2011 most adjustments to award wages were by ‘flat dollar’ amounts, as such increases provided a greater relative benefit to low-paid employees. But, flat dollar increases also compress wage relativities and reduce the incentive for skill acquisitions; these considerations led the Panel to move away from flat dollar adjustments.

[249] We are not satisfied that there are ‘exceptional circumstances’ such as to justify the adjustments set by a NMW order taking effect on a day later than 1 July 2022. The NMW order will come into operation on 1 July 2022.

[259] We are satisfied that there are exceptional circumstances justifying a delayed variation determinations in respect of the Accommodation and food services sector (with the exception of the Fast Food Industry Award 2010). The Alpine Resorts Award 2020 is also aligned with this sector and was the subject of a deferred operative date in last year’s Review. The combination of factors applying to these awards, the material set out in the information note and the operative date arising from last years’ Review, is exceptional and justifies a delay until 1 October 2022.

[260] In respect of the remaining modern awards we are not persuaded that there are exceptional circumstances such as to warrant a delayed operative date in the variation determinations arising from this Review. We acknowledge that an operative date of 1 July 2022 will mean that businesses covered by some of these modern awards will face 2 minimum wage increases within a 12-month period. But those businesses have had the benefit of the delayed operative date arising from the 2020–21 Review.

### **Low-Paid Workers**

[22] The Panel decided to provide a proportionately higher increase to low-paid employees noting that the present circumstances warranted an approach which affords a greater level of support to the low paid while seeking to constrain inflationary pressures.

[70] The Panel has consistently adopted a threshold of two-thirds of median adult full-time ordinary earnings as the benchmark we use to identify who is ‘low paid’.

[79] Low-paid employee households were more than twice as likely to report the following financial stress indicators (Table 3).

[106] Using ABS data for May 2021, earnings below \$22.20 per hour are considered to be ‘low paid’; if using HILDA survey data the threshold is \$22.56 per hour. The Australian Government’s submission of April 1 2022 provided an estimate of the number of low-paid award-reliant employees as at May 2021 using a pay threshold of below \$22.20 per hour, which was between the C11 modern minimum award rate (\$21.92) and the C10 rate (\$23.09) as at May 2021.

[107] Workers paid at the current NMW rate (\$20.33 per hour) and at award classification levels below the C10 rate (\$23.67 per hour) are ‘low paid’ within the meaning of s.134(1)(a) and s.284(1)(c) of the Act.

[130] The low paid are particularly vulnerable in the context of rising inflation.

[132] As the Panel also noted in last year's decision, price increases and the cost of living at the aggregate level can mask the lived experience of low-paid workers. Research from the RBA has shown that, compared with low-income households, high-income households tend to allocate a larger share of their spending to discretionary services such as travel and recreation, as well as to durable goods. In contrast, low-income households tend to allocate a larger share of spending to non-durable goods and rent. Price increases in non-discretionary purchases, such as rent and basic food staples are more likely to adversely affect the household budgets of the low paid

[133] It is notable that the non-discretionary components of the CPI increased by 6.6 per cent over the year to the March quarter 2022. The increased cost of non-discretionary items will particularly impact low-income households and many low-paid workers.

[134] As the RBA observed in its May 2022 Statement on Monetary Policy: 'Cost-of living pressures from rising food and fuel costs are likely to fall unevenly across households, as lower-income households spend a greater proportion of their income on food and fuel and have relatively limited buffers of savings to draw upon.'

[141] Data from the HILDA survey shows that low-paid employee households were twice as likely to experience financial stress when compared to all employee households.

[142] The requirement to take into account relative living standards and the needs of the low paid supports an increase in the NMW and modern award minimum wages.

[179] We accept the need for moderation in order to constrain the inflationary pressures arising from our decision. The SG rate and threshold changes, and the 2022–23 Budget measures are also moderating factors. That said, we are conscious that the low paid are particularly vulnerable in the context of rising inflation. Further, given the sharp rise in the cost of living since last year's Review, the increases awarded last year have resulted in a fall in the real value of the NMW and modern award minimum wages.

### **Inflation/Cost of Living**

[41] Increases awarded in previous Reviews have been above the aggregate WPI growth for much of the last decade and have not resulted in a breakout of wages growth across the broader economy. As for the relationship between aggregate wages growth and inflation, the RBA stated the following in its Statement on Monetary Policy for May 2022 as a key domestic uncertainty:

'Inflation in Australia and internationally is now forecast to be elevated for much of the forecast period. As well as dampening real incomes, a period of higher inflation could change how governments, businesses and households respond to actual and expected movements in prices. Given the labour market is already quite tight, workers might be more able to demand and achieve higher wages to compensate for the increased cost of living even in the absence of a lift in productivity; if employers pass these increased wage costs on to consumers, this could result in inflation being sustained at a higher rate than currently anticipated.'

[42] The most significant difference since the time of the last Review has been the increase in the Consumer Price Index (CPI).

[49] Inflation in non-discretionary items increased by 6.6 per cent over the year to the March quarter 2022, much higher than for discretionary items (2.7 per cent) (Chart 8).

Nondiscretionary items are goods or services purchased because they meet a basic need, are required to maintain current living arrangements or are a legal obligation. As submitted by the ACTU, these include key items such as food and groceries, automotive fuel, electricity, gas and other household fuels.

[53] We have taken into account each measure of inflation and the cost of living as presented in the Statistical report and in submissions. Further, as noted in last year's Review decision, we accept that price increases and the cost of living at the aggregate level can mask the lived experience of low-paid workers. Price increases in non-discretionary purchases, such as rent and basic food staples, are more likely to affect the household budgets of the low paid.

[126] At the time of last year's Review decision, the CPI and the trimmed mean measure of inflation both stood at 1.1 per cent over the year to the March quarter 2021. The comparable figures now stand at 5.1 per cent (for the CPI) and 3.7 per cent (for the trimmed mean).

### **Gender Pay Equity**

[87] ... In particular, we accept that moderate increases in the NMW and modern award minimum wages would be likely to have a relatively small, but nonetheless beneficial, effect on the gender pay gap.

### **Employment Impacts**

[65] We agree with the RBA's assessment and remain of the view that moderate and regular increases in minimum wages do not result in significant disemployment effects. The growth in job advertisements has largely been among the low skilled who will benefit the most from an increase in the NMW and modern award minimum wages

### **Economy and Labour Market**

[12] The most significant changes since last year's Review decision have been the sharp rise in the cost of living and the strengthening of the labour market.

[29] The labour market has rebounded strongly from the impacts of the pandemic. The unemployment and underemployment rates are at their lowest for some time, and the participation rate at its highest, in more than 10 years (Chart 2). In fact, the unemployment rate has not been this low since 1974.

[30] The strong labour market and demand for labour is also evident in the increase in job vacancies. The Budget noted that the number of unemployed people per vacancy fell to its lowest value on record in November 2021 at 1.6.

[33] Total company gross operating profits increased by 25.3 per cent over the year to the March quarter 2022, which is above the 5-year and 10-year averages (Table 1). The profits share was 31.1 per cent in the March quarter 2022, reaching a new peak. This indicates that,

despite some declines, business profits have been able to recover. The wages share fell to 49.8 per cent.

[123] At the aggregate level, labour market performance has been particularly strong. The unemployment rate has fallen to 3.9 per cent, compared to 5.5 per cent in April 2021. Measures of underemployment have also fallen. The improvement in the labour market is forecast to continue in the period ahead.

[129] The sharp rise in inflation impacts business and workers. The cost of business inputs increases which, depending on the capacity to pass on those costs, adversely impacts profitability. Absent a wage increase, inflation erodes the real value of workers' wages, reduces their living standards and the capacity of the low paid to meet their needs.

[136] The changes in the economic context weigh in favour of an increase in the NMW and modern award minimum wages.

[161] As the Panel has observed in numerous past Review decisions there is often a degree of tension between the economic and social considerations which we must take into account. A substantial wage increase may better address the needs of the low paid and improve the living standards of award-reliant employees relative to those employees who are not award reliant; but it may, depending upon the prevailing economic circumstances, adversely affect the performance and competitiveness of the national economy. A substantial wage increase may reduce the capacity to employ the marginalised and hence impact on employment growth or add to inflationary pressures. The range of considerations we are required to take into account calls for the exercise of broad judgment, rather than a mechanistic approach to minimum wage fixation.

[163] While it may be accepted, as a general proposition, that we live in uncertain times and there are significant downside risks to the economic outlook, the employer submissions present a stark contrast with the generally optimistic assessment in the 2022–23 Budget and by the RBA.

[168] We also note that the Australian Government's submission of 3 June 2022 is less sanguine about the economic outlook. While supporting an outcome that 'ensures that the real wages of Australia's low paid workers do not go backwards', the Australian Government referred to the 'highly unusual and challenging economic conditions' and submitted:

'Economic conditions are particularly challenging given inflation is at a 21 year high of 5.1 per cent and is expected to increase further in the near-term due to persistent and compounding supply shocks. The current inflation rate is 2.7 percentage points higher than wages growth as measured by the Wage Price Index (WPI), which means on average, Australians are experiencing the sharpest decline in real wages in 21 years.'

[173] A diversity of business experience across the economy is not a new phenomenon; nor is it uncommon for businesses to experience changes in consumer behaviour and demand. The economy rarely moves forward as a cohesive unit. Indeed it is more likely that growth and profitability will vary between the various sectors of the economy.

### **2022-23 Budget measures to support households**

[147] The 2022–23 Budget made several other announcements regarding changes to support businesses and to households. As the Panel has previously stated, it does not take into account proposed changes that have yet to be legislated. Two proposals that have been legislated and received Royal Assent are the increase to the low and middle income tax offset (LMITO) and the cost of living payment.

[148] We have previously discussed and considered the LMITO. The LMITO was introduced for the 2018–19 financial year and is paid as a lump sum after the lodging of income tax returns. The 2019–20 Budget announced that the LMITO would be extended for the 2019–20, 2020–21 and 2021–22 financial years. The Budget also announced an increase to the LMITO: the minimum offset amount would increase to \$255 (up from \$200), with the rate increasing by 7.5 cents per dollar (up from 3 cents) to the new maximum level of \$1080 (up from \$530), before phasing out at 3 cents per dollar (up from 1.5 cents). This higher LMITO replaced the initial offset amounts for the 2018–19 financial year and thereafter.

[149] In the 2020–21 Review decision, the Panel accepted the submission of the ACTU that the retention of the LMITO for the next financial year means no change in the net position for impacted workers relative to the current state.

[153] Also announced in the Budget and since legislated is a one-off cost of living payment of \$250 made in April 2022 to eligible recipients to assist with higher cost of living pressures. Those receiving the one-off payment are those receiving payments such as the age pension, disability support pension, parenting payment, carer payment, JobSeeker payment and youth allowance. These recipients are less likely to be working and therefore the benefit to low-paid workers of these payments is likely to be small.

### **Collective Bargaining**

[84] We accept that there has been a decline in current enterprise agreements, but a range of factors impact on the propensity to engage in collective bargaining, many of which are unrelated to increases in the NMW and modern award minimum wages.<sup>97</sup> Given the complexity of these factors we are unable to predict the precise impact of our decision on bargaining.

[85] The increases we have determined in this Review may impact on bargaining in different sectors in different ways. We cannot be satisfied that the increase we have determined will encourage collective bargaining. We have taken this into account along with the other statutory considerations in determining the outcome in this Review.

[143] As we cannot be satisfied that an increase in minimum wages will *encourage* collective bargaining this fact weights against an increase in minimum wages

### **Superannuation Guarantee**

[146] The increase in the SG rate and the removal of the threshold will increase employment costs and for that reason they are moderating factors in our consideration of the adjustment to minimum wages.

[154] Consistent with the position taken in past Review decisions we have taken into account the 0.5 percentage point increase in the SG rate, the removal of the \$450 SG threshold and the 2022–23 Budget measures mentioned above in determining the level of increases in minimum wages in this Review, but we have not applied a direct, quantifiable discount to the minimum wage increases. These SG changes and Budget measures are moderating factors in our consideration of the adjustment to minimum wages and consequently the increase in the NMW and modern award minimum wages we have determined in this Review are lower than they would have been absent these factors.



### Historical Annual Wage Review Decisions, Wage Comparisons and Government Positions

Financial Year	FWC Increase to the National Minimum Wage Rate (\$/wk)	FWC decision on minimum wages. Percentage increase that applies to all rates in all awards (% increase, called 'nominal')	Real Increase (what you get after inflation is taken into account) (%)	Wage Price Index			Average wage increase for life of <u>current</u> enterprise agreements as at end of financial year			Average wage increase in agreements <u>approved</u> in the financial year		
				Whole economy wages growth, % (ABS data) (f)	Private sector, % (ABS data) (f)	Public sector, % (ABS data) (f)	Overall (WAD data) (f)	Private (WAD data) (f)	Public (WAD data) (f)	Overall (WAD data) (f)	Private (WAD data) (f)	Public (WAD data) (f)
Australian Industrial Relations Commission												
1997	10.00	<b>2.9</b>	2.6	-	-	-	4.8	4.8	4.9	4.6	4.7	4.3
1998	14.00	<b>3.9</b>	3.1	-	-	-	4.1	4.1	4.0	4.0	4.0	3.9
1999	12.00	<b>3.2</b>	2.2	3.1	2.9	3.9	3.8	3.9	3.5	3.9	3.9	3.8
2000	15.00	<b>3.9</b>	0.8	3.0	2.8	2.8	3.6	3.7	3.4	3.4	3.5	3.2
2001	13.00	<b>3.2</b>	-2.7(a)	3.7	3.7	4.0	3.7	3.7	3.7	4.0	3.9	4.0
2002	18.00	<b>4.4</b>	1.5	3.1	3.2	3.1	3.8	3.7	3.9	3.7	3.6	3.9
2003	17.00	<b>3.9</b>	1.3	3.6	3.3	4.2	3.9	3.7	4.1	4.0	3.8	4.4
2004	19.00	<b>4.2</b>	1.7	3.5	3.5	4.0	3.9	3.7	4.3	4.1	4.0	4.4
2005	17.00	<b>3.6</b>	0.2	4.2	3.9	4.7	4.0	3.9	4.3	4.1	3.8	4.4
Australian Fair Pay Commission												
2006 (b)	27.36 (c)	<b>5.7</b>	1.8	4.2	4.0	4.6	4.0	3.8	4.2	4.2	4.1	4.4
2007 (b)	10.26	<b>2.0</b>	0.0	4.2	4.1	4.3	4.0	3.8	4.2	3.8	3.7	4.5
2008	21.66	<b>4.1</b>	-0.8	4.2	4.3	3.7	3.9	3.7	4.2	3.8	3.8	4.0
2009 (d)	0.00	<b>0.0</b>	-0.2	3.7	3.5	4.4	3.9	3.9	4.0	4.2	4.2	4.1
Fair Work Australia / Fair Work Commission												
2010 (b)	26.00	<b>4.8</b>	1.6	3.1	2.8	4.0	3.9	3.8	4.0	3.8	3.7	4.0
2011 (e)	19.40	<b>3.4</b>	-0.1	3.8	3.8	3.7	3.8	3.8	3.9	3.8	3.8	3.9
2012	17.10	<b>2.9</b>	1.7	3.8	3.9	3.3	3.9	3.8	3.9	3.7	4.0	3.4
2013	15.80	<b>2.6</b>	0.2	2.8	3.0	2.8	3.6	3.7	3.4	3.3	3.4	3.1
2014	18.70	<b>3.0</b>	0.0	2.6	2.4	2.8	3.5	3.6	3.3	3.4	3.4	3.5
2015	16.00	<b>2.5</b>	1.0	2.3	2.2	2.5	3.3	3.3	3.3	3.3	3.2	3.5
2016	15.80	<b>2.4</b>	1.4	2.1	2.0	2.4	3.2	3.2	3.3	2.9	2.9	2.9
2017	22.20	<b>3.3</b>	1.3	1.9	1.8	2.5	3.1	3.1	3.1	2.9	2.9	3.0
2018	24.30	<b>3.5</b>	1.4	2.1	2.1	2.3	2.8	2.9	2.6	2.5	2.7	2.3
2019	21.60	<b>3.0</b>	1.4	2.3	2.3	2.7	2.7	2.7	2.7	2.8	2.9	2.7
2020	13.00	<b>1.75</b>	2.1	1.8	1.7	2.1	2.6	2.7	2.5	2.7	2.8	2.3
2021	18.80	<b>2.5</b>	-1.3(g)	1.7	1.9	1.3	2.6	2.7	2.4	2.4	2.6	2.0
2022	40.00	<b>5.2(h)</b>	0.1(i)	2.4	2.4	2.2	2.6	2.7	2.4	2.6	2.7	2.5

**Notes:**

(a) The decline in the real value of the national minimum wage in 2001 was due to the introduction of the GST, which caused a 6.1 per cent spike in the CPI over the year to the June quarter 2001.

(b) Increases in the national minimum wage generally occur every 12 months. In 2005, 2006, 2007, 2009 and 2010, however, the decisions occurred after 15, 16, 10, 8 and 13 months respectively, which should be taken into account when comparing the size of these increases.

(c) Prior to the introduction of the workplace relations reforms in March 2006, the Federal Minimum Wage (C14 classification level of the Metal Industries and Engineering Award 1998) was expressed as a weekly rate (\$484.40 per week). However, after the introduction of the 2006 reforms, the Federal Minimum Wage was expressed as an hourly rate (\$12.75 per hour) – this is equivalent to a weekly rate of \$484.50 per week. It is off this weekly rate for 2005 that the \$27.36 increase in 2006 is calculated.

(d) Assumes a date of effect of 1 October 2009 had the Australian Fair Pay Commission awarded an increase in its 2009 decision (given GFC, AFPC decided not to raise wage, but made up for it in 2011 with 4.8% rise).

(e) From 2011 onwards, the Commission increased all award classification wages by the same percentage amount rather than the same dollar amount.

(f) To be consistent with the date of effect of increases in the national minimum wage rate, WPI figures reflect June quarter data for 1997-2004 and 2009-2021, September quarter data for 2005, 2007-2008, December quarter data for 2006. AAWI figures are June quarter data for 1997-2021, and March quarter for 2022 (latest available data).

(g) Based on the 3.8 per cent CPI change over the year to the June quarter 2021, noting that the ABS stated the inflation rise is significantly attributable to the unwinding of COVID-19 related price changes in the June quarter last year, which included the Federal Government's free childcare package and a drop in fuel prices.

(h) In 2021-22 AWR decision, the increase in modern award minimum wages differs from that in the National Minimum Wage rate. Modern award minimum wage rates above \$869.60 per week will increase by 4.6 per cent, while wage rates below \$869.60 per week will increase by \$40 per week.

(i) Real wages increase is calculated based on the latest CPI change, 5.1 per cent, over the year to the March quarter 2022.

Source: AIRC, AFPC, FWA/FWC data, various years; ABS *Consumer Price Index*; ABS *Wage Price Index*; seasonally adjusted figures; Attorney-General's Department, *Workplace Agreement Database*.

**How to read – using the last row as an example:**

- From 1 July 2022, the National Minimum Wage Rate will increase by \$40.00 per week, or in other words, an increase of 5.2 per cent.
- Because of inflation, the 'real' increase in the wage is lower than the 'nominal' increase the FWC awarded. Once you take into account inflation (CPI) that year, the 5.2 per cent is actually expressed as a 'real' increase of 0.1 per cent.
  - This is due to the strong demand for new dwellings combined with material and labour supply disruptions, and also related to high petrol prices.
  - Inflation over the year to March quarter 2022 was 5.1 per cent - as measured by the Consumer Price Index which looks at the price of household goods.
- Over the year to the March quarter 2022, wages (as measured by the Wage Price Index) increased by 2.4 per cent. The ABS calculates the WPI by asking employers in a survey to select a particular representative sample (that the ABS calculates for them) of their jobs and record what their wages are. This happens every quarter. Then you can look back over the four quarters and get the yearly WPI result.
- The annualised average wage increase (AAWI) for all current federal enterprise agreements as of 30 March 2022 was 2.6 per cent while the average wage increase for enterprise agreements for the year to the March quarter 2022 was also 2.6 per cent.

## National Minimum Wage increase compared to benchmarks

Benchmarks	Percentage increase
<b>Minimum wage increase</b>	
2022 minimum wage increase (applies from 1 July 2022)	5.2%
2021 minimum wage increase	2.5%
<b>Consumer Price Index</b>	
Through the year to the March quarter 2022	5.1%
Forecast for 2021-22 Financial Year	4¼%
Forecast for 2022-23 Financial Year	3%
<b>Employee Living Cost Index</b>	
Through the year to the March quarter 2022	3.8%
<b>Wage Price Index</b>	
Through the year to the March quarter 2022	2.4%
Forecast for 2021-22 Financial Year	2¾%
Forecast for 2022-23 Financial Year	3¼%
<b>Full-Time Adult Average Weekly Ordinary Time Earnings</b>	
Through the year to November 2021	2.1%

Source: ABS, *Consumer Price Index*; ABS, *Selected Living Cost Indexes*; ABS, *Wage Price Index*; ABS, *Average Weekly Earnings*; Treasury, 2022 Pre-Election Economic and Fiscal Outlook; FWC, 2021-22 Annual Wage Review Decision.

### Annual Wage Review Decision – Suggested Talking Points

- This morning the Fair Work Commission’s Expert Panel announced its decision for the 2022 Annual Wage Review.
- The Panel announced an increase of **5.2 per cent to the National Minimum Wage**, which amounts to an increase of \$40 a week. The National Minimum Wage will be \$812.60 per week or \$21.38 per hour.
- The Panel also announced an increase of **4.6 per cent to award wages subject to a minimum increase for adult award classifications of \$40 per week.**
  - In effect, modern award minimum wage rates above \$869.60 per week will receive a 4.6 per cent adjustment, wage rates below \$869.60 per week will be adjusted by \$40 per week
- The decision will take effect on 1 July 2022 for the National Minimum Wage rate and most award rates. For awards in the aviation, tourism and hospitality sectors, the increase will take effect from 1 October 2022.
- This Government does not want the wages for low-paid Australians to go backwards and we are pleased the Panel has taken our recommendation into account.
- As noted by the Panel in its decision, *“this level of increase will protect the real value of the wages of the lowest-paid workers.”*
- By ensuring that real wages for low-paid workers do not go backwards, their living standards will be protected.
- This is what can be achieved when you have a Government that fights for workers’ wages, instead of a Government that deliberately aims to keep wages down.
- The previous Government’s policy of keeping wages low as a design feature of their economic policy has ended.

#### If required:

- The National Minimum Wage will increase:
  - from \$20.33 by \$1.05 to \$21.38 per hour
  - from \$772.60 by \$40.00 to \$812.60 per 38-hour week
  - from \$40,175.20 by \$2,080.00 to \$42,255.20 per year.
- For workers on the National Minimum Wage, this increase translates to \$1.05 per hour.
- The Panel’s decision will have a far-reaching impact on the economy, representing a wage increase for up to 2.7 million Australian workers, and recognising the current cost of living challenges facing workers, as outlined in our submission.

#### *Why did the Government not advocate for a real wage increase for all award workers?*

- Low-paid workers have been disproportionately impacted by the rising cost of living.
- If you look at where inflation is the highest, it’s at its worst in non-discretionary spending. So that means, the less you have, the harder it is to deal with the cost of living crisis.
- In addition to these financial pressures, the low-paid are also the least likely to have savings to draw down to get them through.
- These low-paid workers were the heroes of the pandemic – the cleaners, retail and supermarket workers, aged care workers and childcare workers. The workers who weren’t able to do their jobs from their laptops.
- We don’t want any workers’ pay to go backwards, but given the severity of this crisis, we felt we needed to specifically draw the Panel’s attention to low-paid workers.

***If concerns are raised that this increase is too high for businesses***

- We recognise that these are highly unusual and challenging times: high and rising inflation and weak wages growth are creating cost of living pressures particularly for low-paid workers. It is critical to ensure that these workers do not bear a disproportionate impact of these challenging conditions.
- As noted by the Panel in its decision: *“The Panel concluded that given the current strength of the labour market the increases it had decided to make will not have a significant adverse effect on ‘the performance and competitiveness of the national economy’”*
- An increase of 5.2 per cent to the National Minimum Wage equates to an increase of \$1.05 per hour. By comparison, an increase in line with underlying inflation, which is 3.7 per cent, as some business groups argued for, equates to an increase of 75 cents per hour for the National Minimum Wage.
  - So, the difference between what some business groups are arguing for, and the 5.2 per cent increase, is a mere 30 cents per hour for those on the National Minimum Wage. This is not a large amount, but it is likely to be critical to the low-paid.
- The Expert Panel, as part of their deliberations, has taken into account the needs of small businesses and the competitiveness of the economy, have weighed that up with the needs of low-paid workers, and have decided that businesses can afford this wage increase.
- Business groups themselves flagged in the Annual Wage Review hearings that a lot of their members are struggling to find workers at the moment and so are already paying above-award wages to attract them.

***If asked about the impact on small business (from Treasury)***

- We recognise that rising inflation and the tight labour market has had varying impacts on businesses across different sectors of the economy. Small businesses, in particular, have faced an uneven recovery from the pandemic and other natural disasters.
- The Expert Panel has considered submissions from business groups on these impacts and has taken their needs into account when making their decision. Conditions remain challenging for some small businesses, with many facing the prospect of raising the prices of their own goods and services as well as facing growing pressures around rising fuel and energy input costs.
- We will continue to monitor business conditions to ensure that overall policy settings are appropriate for both small businesses and low-paid workers during these challenging times.

***If asked whether the economy can afford it***

- We’re talking about, at the minimum level, an increase of just \$1.05 per hour.
- Anyone who wants to say that somehow that can’t be afforded lacks an understanding of what’s going on in Australian households right now in this cost of living crisis.

***If asked whether this increase will lead to higher inflation***

- Over the last decade we’ve had a number of people, particularly the Opposition, arguing that we couldn’t have wage increases because inflation was low. And now they want to argue that we can’t have wage increases because inflation is high.
- We know that inflation is not being driven by high wage growth because we don’t have high wage growth. The high inflation we’re dealing with is principally internationally-driven.
- The concept of the wage-price spiral that occurred in the 1980s, in particular, does not reflect the economic conditions now.

- And this Government won't put the obligation of rising inflation back onto low-paid workers and onto the heroes of the pandemic.
- What we have right now, is a situation where the cost of living crisis demands we find ways of getting wages moving again.

**From:** [Still, Stephen](#)  
**To:** [s 22\(1\)](#)  
**Cc:** [s 22\(1\)](#) ; [WR DLO](#); [Cabinet](#); [s 22\(1\)](#) ; [s 22\(1\)](#) ; [Sheehan, Anne](#); [s 22\(1\)](#) ; [Hehir, Martin](#); [\[Secretary Office\]](#)  
**Subject:** [s 34\(3\)](#)  
**Date:** Monday, 20 June 2022 6:17:42 PM  
**Attachments:** [s 34\(3\)](#)  
[image001.png](#)

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~~PROTECTED//CABINET~~  
OFFICIAL

Hi [s 22\(1\)](#)

An updated brief is attached. Answers to the three questions below will follow ASAP.

[s 47C\(1\)](#)

Stephen.

~~PROTECTED//CABINET~~  
OFFICIAL

---

**From:** [s 22\(1\)](#)  
**Sent:** Monday, 20 June 2022 5:17 PM  
**To:** Still, Stephen <[Stephen.Still@ag.gov.au](mailto:Stephen.Still@ag.gov.au)>  
**Cc:** [s 22\(1\)](#) ; [WR DLO](#) <[WR.DLO@ag.gov.au](mailto:WR.DLO@ag.gov.au)>; [Cabinet](#) <[Cabinet@ag.gov.au](mailto:Cabinet@ag.gov.au)>; [s 22\(1\)](#) ; [s 22\(1\)](#)  
**Subject:** [s 34\(3\)](#)

Hi Steven

Following on from [s 22\(1\)](#) heads-up, please see attached some comments and mark-ups from the Office on the [s 34\(3\)](#) Cabinet brief.

[s 47C\(1\)](#)



s 47C(1)

Appreciate revisions back to us by 6:15 please as we need to get to the Minister ASAP. Apologies for the tight timeframe.

We are very happy to discuss.

**s 22(1)** | **Interim Adviser**

Office of the Hon Tony Burke MP  
Minister for Employment and Workplace Relations  
Minister for the Arts  
Leader of the House

**M:** s 22(1)      **T:** s 22(1)

---

**From:** Cabinet <[Cabinet@ag.gov.au](mailto:Cabinet@ag.gov.au)>

**Sent:** Monday, 20 June 2022 1:27 PM

**To:** Cabinet <[Cabinet@ag.gov.au](mailto:Cabinet@ag.gov.au)>; s 22(1) ; WR DLO  
<[WR.DLO@ag.gov.au](mailto:WR.DLO@ag.gov.au)>; s 22(1)

**Subject:** s 34(3)

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Apologies! Please use this version (only change has been to remove the Exposure Draft number in the title and replace it with the Final Cabinet number – s 34(2) ).

Kind Regards

s 22(1)

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---

**From:** Cabinet <[Cabinet@ag.gov.au](mailto:Cabinet@ag.gov.au)>

**Sent:** Monday, 20 June 2022 1:22 PM

**To:** s 22(1)      WR DLO <[WR.DLO@ag.gov.au](mailto:WR.DLO@ag.gov.au)>; s 22(1)  
s 22(1)

**Cc:** Cabinet <[Cabinet@ag.gov.au](mailto:Cabinet@ag.gov.au)>

**Subject:** s 34(3)

~~PROTECTED//CABINET~~  
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Hi s 22(1)

Please see attached updated brief – highlights are shown in yellow.

Apologies for the delay!

Kind Regards

s 22(1)

~~PROTECTED//CABINET~~  
OFFICIAL

**From:** <sup>s 22(1)</sup>  
**Sent:** Monday, 20 June 2022 11:18 AM  
**To:** Cabinet <[Cabinet@ag.gov.au](mailto:Cabinet@ag.gov.au)>; WR DLO <[WR.DLO@ag.gov.au](mailto:WR.DLO@ag.gov.au)>; s 22(1)  
**s 22(1)**  
**Subject:** s 34(3)

H <sup>s 22(1)</sup>

Thanks for this update. Very grateful if you can get them to us as soon as possible (by 1 pm latest) as the office will need to review before meeting tomorrow.

Thanks again  
 s 22(1)

**From:** Cabinet <[Cabinet@ag.gov.au](mailto:Cabinet@ag.gov.au)>  
**Sent:** Monday, 20 June 2022 9:50 AM  
**To:** WR DLO <[WR.DLO@ag.gov.au](mailto:WR.DLO@ag.gov.au)>; s 22(1)  
**s 22(1)**  
**Cc:** Cabinet <[Cabinet@ag.gov.au](mailto:Cabinet@ag.gov.au)>  
**Subject:** s 34(3)

s 22(1)

~~PROTECTED//CABINET~~  
OFFICIAL

Good Morning s 22(1)

The line area are updating the (attached) Cabinet Brief to include the coordination comments received yesterday.

Can you please advise if there is a deadline to get the revised brief up to the office?

Many thanks.

Kind Regards

s 22(1)

**Cabinet Liaison Officer**

Attorney-General's Department

**T:** s 22(1) (Cabinet Team) or s 22(1)

**E:** [Cabinet@ag.gov.au](mailto:Cabinet@ag.gov.au) (Cabinet Team) or s 22(1)

cid:image009.png@01D85FCB.F7C9FFC0



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**From:** Cabinet <[Cabinet@ag.gov.au](mailto:Cabinet@ag.gov.au)>

**Sent:** Sunday, 19 June 2022 4:59 PM  
**To:** WR DLO <[WR.DLO@ag.gov.au](mailto:WR.DLO@ag.gov.au)>  
**Cc:** Cabinet <[Cabinet@ag.gov.au](mailto:Cabinet@ag.gov.au)>  
**Subject:** s 34(3)

~~PROTECTED//CABINET~~  
OFFICIAL

Good Afternoon

Please see attached the Cabinet Brief for Cabinet on s 34(2) :

- Cabinet Brief: s 34(3)

Kind Regards

s 22(1)

**Cabinet Liaison Officer**

Attorney-General's Department

**T:** s 22(1) (Cabinet Team) or s 22(1)

**E:** [Cabinet@ag.gov.au](mailto:Cabinet@ag.gov.au) (Cabinet Team) or s 22(1)

cid:image009.png@01D85FCB.F7C9FFC0



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under the Freedom of Information Act 1982



s 34(1)(d)

s 34(1)(d)

s 34(1)(d)





s 34(1)(d)







**From:** [Hehir, Martin](#)  
**To:** [HALSE, Sean](#)  
**Subject:** Fwd: MEWR TPs for upcoming AALD panel event [SEC=OFFICIAL]  
**Date:** Thursday, 14 July 2022 10:28:52 AM  
**Attachments:** [MEWR - TPs for State of the World - Crossroads of Economic Competition 13 July 2022.docx](#)

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Sean

We still might have one further update in the morning.

Martin

**OFFICIAL**

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**From:** s 22(1)  
**Date:** Wednesday, 13 July 2022 at 7:40:30 pm  
**To:** "Hehir, Martin" <[Martin.Hehir@ag.gov.au](mailto:Martin.Hehir@ag.gov.au)>  
**Cc:** "Huender, Sharon" <[Sharon.Huender@ag.gov.au](mailto:Sharon.Huender@ag.gov.au)>, s 22(1)  
s 22(1)  
s 22(1)  
s 22(1)  
**Subject:** RE: MEWR TPs for upcoming AALD panel event [SEC=OFFICIAL]

**OFFICIAL**

Hi Martin,

Confirming we've added the following line to the attached document in the rare earth data/background.

- Australia is ranked 1<sup>st</sup> for Lithium production and 2<sup>nd</sup> in Lithium reserves, a crucial component to modern battery construction.

We'll be in touch when we hear more from the ABS on the historic labour hire data.

Regards,

s 22(1)

**A/g Assistant Secretary**

Economics and International Labour Branch  
Department of Employment and Workplace Relations  
Phone s 22(1) | Mobile s 22(1)

**OFFICIAL**

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**From:** s 22(1)  
**Sent:** Thursday, 14 July 2022 9:25 AM  
**To:** Hehir, Martin <[Martin.Hehir@ag.gov.au](mailto:Martin.Hehir@ag.gov.au)>  
**Cc:** Huender, Sharon <[Sharon.Huender@ag.gov.au](mailto:Sharon.Huender@ag.gov.au)>; s 22(1)  
s 22(1)  
s 22(1)  
**Subject:** Re: MEWR TPs for upcoming AALD panel event [SEC=OFFICIAL]

Hi,

I have some points I can send through shortly noting that Australia is ranked 1st for Lithium production, a crucial component for modern battery construction. (Just waiting for confirmation from Industry)

As for the ABS, they're currently taking a look. If it's possible, that one is likely to come through in the early morning DC time.

S  
22/11

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OFFICIAL

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**From:** "Hehir, Martin" <[Martin.Hehir@ag.gov.au](mailto:Martin.Hehir@ag.gov.au)>  
**Date:** Thursday, 14 July 2022 at 8:45:28 am  
**To:** s 22(1)  
**Subject:** Re: MEWR TPs for upcoming AALD panel event [SEC=OFFICIAL]

Hi s 22(1)

What does your timing look like for revised points?

Martin

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OFFICIAL

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**From:** s 22(1)  
**Date:** Wednesday, 13 July 2022 at 9:59:03 am  
**To:** "Hehir, Martin" <[Martin.Hehir@ag.gov.au](mailto:Martin.Hehir@ag.gov.au)>  
**Subject:** Re: MEWR TPs for upcoming AALD panel event [SEC=OFFICIAL]

Can do, will be in touch.

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OFFICIAL

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**From:** "Hehir, Martin" <[Martin.Hehir@ag.gov.au](mailto:Martin.Hehir@ag.gov.au)>  
**Date:** Wednesday, 13 July 2022 at 11:57:37 pm  
**To:** s 22(1)  
**Subject:** Re: MEWR TPs for upcoming AALD panel event [SEC=OFFICIAL]

If you could also follow up with the critical minerals office that would be great particular in minerals used in modern battery construction.

Martin

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OFFICIAL

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**From:** s 22(1)

**Date:** Wednesday, 13 July 2022 at 9:32:41 am  
**To:** "Hehir, Martin" <[Martin.Hehir@ag.gov.au](mailto:Martin.Hehir@ag.gov.au)>  
**Subject:** Re: MEWR TPs for upcoming AALD panel event [SEC=OFFICIAL]

Can do, we'll touch base once we establish if it's possible and subsequent timing.

OFFICIAL

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**From:** "Hehir, Martin" <[Martin.Hehir@ag.gov.au](mailto:Martin.Hehir@ag.gov.au)>  
**Date:** Wednesday, 13 July 2022 at 11:11:22 pm  
**To:** s 22(1)  
**Subject:** Re: MEWR TPs for upcoming AALD panel event [SEC=OFFICIAL]

Thanks s 22(1)

The additional data is useful.

If you could follow up on the data request that would be great.

Martin

OFFICIAL

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**From:** s 22(1)  
**Date:** Wednesday, 13 July 2022 at 8:46:02 am  
**To:** "Hehir, Martin" <[Martin.Hehir@ag.gov.au](mailto:Martin.Hehir@ag.gov.au)>  
**Cc:** s 22(1) "Mathews, Alex" <[Alex.Mathews@ag.gov.au](mailto:Alex.Mathews@ag.gov.au)>, "Manning, Gregory" <[greg.manning@ag.gov.au](mailto:greg.manning@ag.gov.au)>, "Wettinger, Jennifer" <[Jennifer.Wettinger@ag.gov.au](mailto:Jennifer.Wettinger@ag.gov.au)>, s 22(1) "Huender, Sharon" <[Sharon.Huender@ag.gov.au](mailto:Sharon.Huender@ag.gov.au)>  
**Subject:** Re: MEWR TPs for upcoming AALD panel event [SEC=OFFICIAL]

Hi Martin,

For rare earth production in 2020:

Rank	Country
1	China
2	United States
3	Myanmar
4	Australia
5	Madagascar
6	India

Source: USGS, Mineral Commodity Summaries 2021

For production in 2020, Australia ranks highly as follows:

- 2<sup>nd</sup> for Alumina
- 1<sup>st</sup> for Bauxite

- 2<sup>nd</sup> for Gold
- 1<sup>st</sup> for Iron Ore
- 2<sup>nd</sup> for Lead
- 1<sup>st</sup> for Lithium
- 2<sup>nd</sup> for Zinc

We won't have much to say on the significance of these materials for Australia's future, but it's something we can go back to the Critical Minerals Facilitation Office in Industry if you'd like.

With regard to labour hire data comparing earnings, 2014 is as far back as we can go with readily available information. We'd have to liaise with the ABS to see if those statistics exist/could be obtained, likely through a custom data request – we can investigate this tomorrow if you'd like too.

Happy to discuss

Regards,

s 22(1)

---

OFFICIAL

---

**From:** "Hehir, Martin" <[Martin.Hehir@ag.gov.au](mailto:Martin.Hehir@ag.gov.au)>

**Date:** Wednesday, 13 July 2022 at 9:36:47 pm

**To:** s 22(1)

**Cc:** s 22(1) "Mathews, Alex" <[Alex.Mathews@ag.gov.au](mailto:Alex.Mathews@ag.gov.au)>, "Manning, Gregory" <[greg.manning@ag.gov.au](mailto:greg.manning@ag.gov.au)>, "Wettinger, Jennifer" <[Jennifer.Wettinger@ag.gov.au](mailto:Jennifer.Wettinger@ag.gov.au)>, s 22(1)

s 22(1)

**Subject:** Re: MEWR TPs for upcoming AALD panel event [SEC=OFFICIAL]

Hi s 22(1)

Thanks for your and your teams work on this. A couple of questions. In relation to rare earth elements resources we are ranked 6th. Is there information about particular elements where we are ranked higher?

Also is there a table showing who is ranked higher?

In relation to labour hire the data you have used goes back to 2014, do we have access to data from before that?

Martin

---

OFFICIAL

---

**From:** s 22(1)



**Date:** Wednesday, 13 July 2022 at 5:08:45 am

**To:** "Hehir, Martin" <[Martin.Hehir@ag.gov.au](mailto:Martin.Hehir@ag.gov.au)>

**Cc:** s 22(1) "Mathews, Alex" <[Alex.Mathews@ag.gov.au](mailto:Alex.Mathews@ag.gov.au)>,  
"Manning, Gregory" <[greg.manning@ag.gov.au](mailto:greg.manning@ag.gov.au)>, "Wettinger, Jennifer"

<[Jennifer.Wettinger@ag.gov.au](mailto:Jennifer.Wettinger@ag.gov.au)>, s 22(1)

<[Jennifer.Wettinger@ag.gov.au](mailto:Jennifer.Wettinger@ag.gov.au)>, s 22(1)

s 22(1)

**Subject:** MEWR TPs for upcoming AALD panel event [SEC=OFFICIAL]

## OFFICIAL

Hi Martin,

Following on from our chat earlier today, see attached for the requested TPs and data/background for the MEWR ahead of his upcoming panel event for the State of the World – The Crossroads of Economic Competition. It covers:

- Decline in domestic manufacturing
- Rare earth material production in Australia
- Wage/profit share of total factor income
- Wages growth and bargaining + line on need for better data
- Labour hire arrangements

Much of the material on the policy side of manufacturing and the material from on rare earth material production comes from the existing briefings or public material from Department of Industry.

Happy to discuss if there are any questions, I go to bed quite late so I'll be up until around 11am (Wednesday) DC time if you wanted to discuss to chat on signal or email, or otherwise we'll be back around 7pm DC time.

Regards,

s 22(1)

**A/g Assistant Secretary**

Economics and International Labour Branch

Department of Employment and Workplace Relations

Phone s 22(1) | Mobile s 22(1)

OFFICIAL

## State of the World – The Crossroads of Economic Competition: Suggested Talking Points + Data/Background

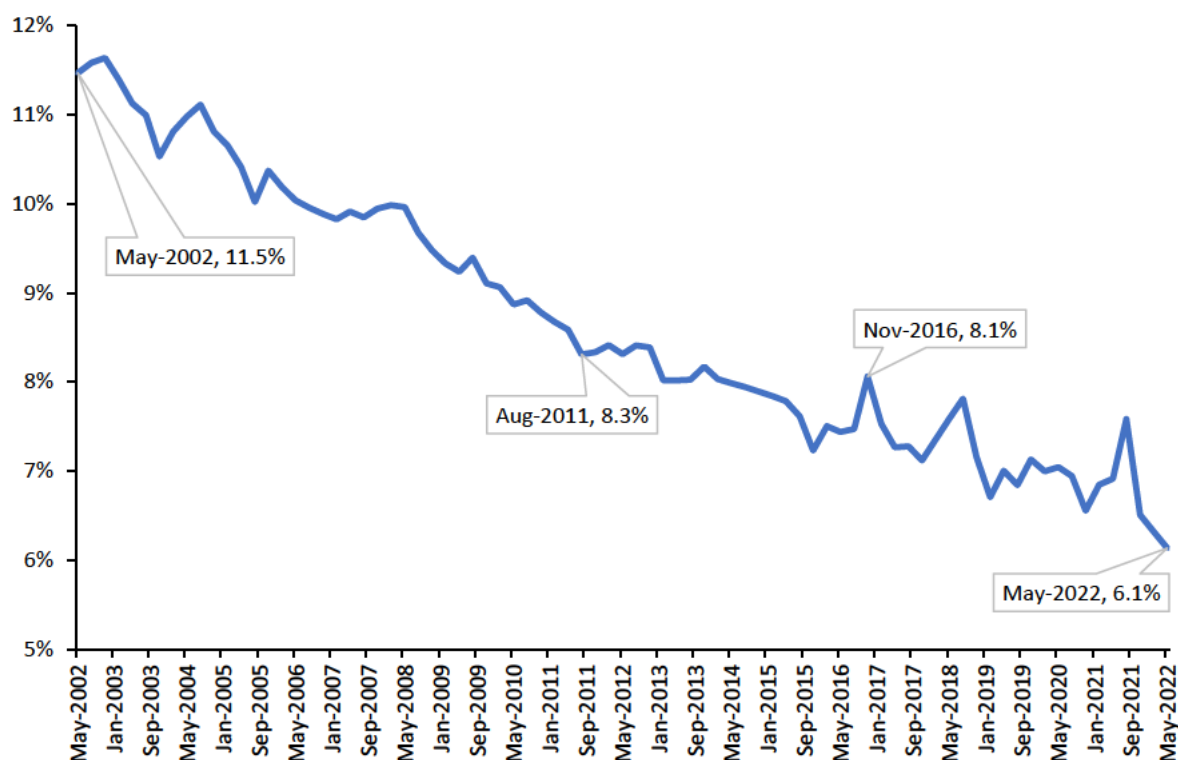
### Decline in domestic manufacturing

- *Australia's manufacturing sector has witnessed a steady decline in terms of employment and gross value-added contribution.*
  - *Latest data shows that 6.1 per cent of the workforce were employed in the Manufacturing industry in May 2022, compared to 11.5 per cent May 2002.*
  - *This is the result of strong global competition, offshore processing of natural resources and an increase in the capital intensity of production due to increased automation.*
- *This overarching trend is not unique to Australia. The decline in manufacturing's share of employment and GDP (Gross Domestic Product) has been mirrored in every comparable economy including the manufacturing powerhouses of Germany and China.*
- *The COVID-19 pandemic and resulting disruptions to international supply chains demonstrated the importance of building manufacturing capabilities within Australia and other economies too I'm sure.*
- *As manufacturing moves towards employing higher skilled labour, it also provides an opportunity to increase productivity and subsequently wages growth.*
- *Australia needs to replenish and rebuild its manufacturing capability. We can make a difference in many sectors: resources, agriculture, forestry and fisheries, transport, renewables and low emission tech, defence and particularly medical.*
- *In Australia, employment in Manufacturing is projected to increase by 23,100 (or 2.7 per cent) over the five years to November 2026. Whilst the long-term decline in some Manufacturing sectors is expected to continue, growth in other sectors within the industry such as Food Manufacturing is expected to remain robust and support an increase in employment over coming years.*
- *Access to skilled labour is now one of the biggest challenges to Australia's productivity and competitiveness – this issue extends to most sectors of the economy.*
  - *Limited access to the international labour market, reduced domestic mobility, and changes to patterns of work caused by the pandemic have compounded causing acute shortages in key skilled labour.*
  - *Workers in vocational trades and those with hands-on experience are in short supply and our specialist manufacturing workers are ageing, while emerging industries face challenges in attracting new talent.*
  - *Tech and tech-adjacent skills will be critical for advancing our manufacturing industries and positioning Australia as a globally competitive nation of makers.*

## Data / background

- Latest data shows that 6.1 per cent of the workforce were employed in the Manufacturing industry in May 2022, compared to 11.5 per cent in May 2002 (see chart 1).
- The Manufacturing industry recorded its lowest level of employment ever recorded in the May quarter 2022, down by 18,300 (or 2.2 per cent) over the quarter to 831,100. (see chart 1).
- Overarching trends within the Manufacturing industry, such as the shift to higher skilled employment and a resilient Food Manufacturing sector, are reflected at the occupational level. Employment is projected over the five years to November 2026 to increase strongly for Production Managers (up by 9,800 or 13.0 per cent), Food and Drink Factory Workers (up by 3,500 or 17.5 per cent) and Meat, Poultry and Seafood Process Workers (up by 2,700 or 13.8 per cent).
- Industry gross value added in Manufacturing has increased strongly over recent quarters. The increase of 1.1 per cent over the March quarter 2022 was the sixth quarter of the past seven to see a rise in this measure of production.

Chart 1: Share of workers employed in the Manufacturing industry



Source: ABS, *Labour Force, Detailed*, May 2022.

### **Rare earth materials in Australia**

- *Global demand for rare earth elements is expected to increase rapidly in coming years. Meeting Paris Agreement goals will require new technologies and the critical minerals that make them.*
  - *The International Energy Agency expects that demand for rare earth elements will increase 7-fold from 2020 to 2040.*
- *Australia's rare earths and critical minerals present an unmissable opportunity to develop a bigger resources industry, and we are well placed to be a reliable and stable producer of choice for rare earth elements supply chains.*
- *Australia has the potential to support the development of local critical-mineral processing and specialty battery manufacture.*
- *Harnessing our world class resources industry to create higher value-added products is the key to fostering Australian jobs by diversifying the products we export and the markets we export to.*
- *The Australian Government is interested in working with likeminded countries to develop diversified and secure supply chains of rare earth element and other critical minerals. This builds on our commitment to Paris Agreement goals and recent momentum from the Sydney Energy Forum and Minerals Security Partnership.*

### **Data / background**

- Australia is ranked 1<sup>st</sup> for Lithium production and 2<sup>nd</sup> in Lithium reserves, a crucial component to modern battery construction.
- Rare earth elements are used for a variety of applications, including the permanent magnets for offshore wind turbines that are required for clean energy production.
- Australia is ranked 4<sup>th</sup> in the world for rare earth element production and sixth in rare earth element resources.
- Australia is the second largest producer of rare earth element outside of Chinese supply chains.
- Iluka's Eneabba refinery will account for 8% of global oxide production from 2025. Australia has awarded a \$1.25 billion loan to support and fast-track the project.
- Further refined rare earth element production is expected from other Australian projects:
  - On 12 July 2022 GE Renewable Energy and Arafura Resources signed a non-binding memorandum of understanding to jointly co-operate in the establishment of a sustainable supply chain for rare earth element. The parties will negotiate a long-term sales agreement.
  - Australian Strategic Metals is developing a rare earths mine at Dubbo in New South Wales and value-added metal manufacturing plant in South Korea.
- Global rare earth element supply chains are in transition but are still heavily dominated by China.
  - While China hosts approximately 38% of global rare earth element reserves, it generates over 80% of global refined production. Australia is the second largest producer of rare earth elements outside of Chinese supply chains.

## Wages, Productivity and Bargaining

### *Wage share and profit share of income*

- *There has been a steady decline in the wages share of total factor income in Australia over the last 2 decades, falling from 56.6 per cent in March 1985 to 53.0 per cent in March 2020 (prior to the COVID-19 pandemic). Subsequently, the profit share has increased from 22.5 per cent to 27.6 per cent over the same period.*
  - *This long-term fall in the wage share in Australia is largely attributable to the rapid growth of Australia's Mining and Financial sectors.*
- *However, the wage share saw a sharp decline at the onset of COVID-19, from 53.0 per cent in March 2020 to 49.6 per cent in June 2020, and has remained below the pre-pandemic level since.*
  - *The reduction in the wage share is in part due to the wage subsidies provided to business during the pandemic, which pushed the profit share up to 30.6 per cent in June 2020.*

### *Wages growth*

- *In Australia, wage growth has remained persistently low in recent years as has productivity growth, which as we know is the key driver to sustainable wages growth.*
- *Economies need to strike the right balance in wages, and the most important way to understand that is wage rises can be affordable, responsible and sustainable if they come with improvements in productivity – particularly in the context of persistently high inflation which many economies are currently battling with.*
- *Australia's focus, whether it's through training, child care, the NBN, or advanced manufacturing, is all about trying to make the economy more productive, because the more productive the economy is, the faster it can grow without adding to inflation and the more you can get responsible, sustainable wage rises.*

### *Wages growth and enterprise bargaining*

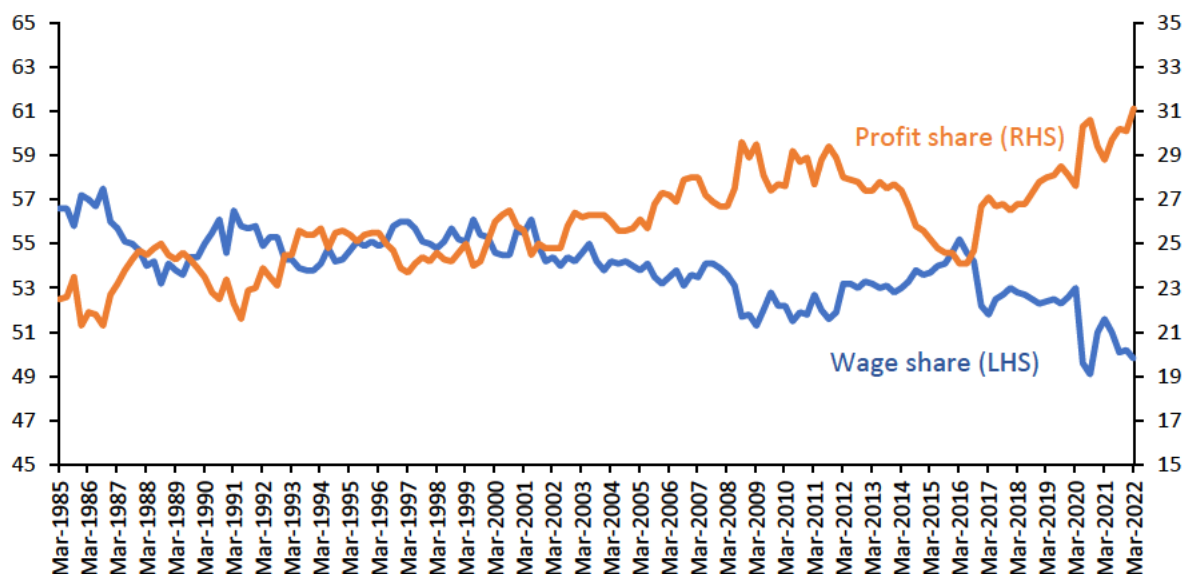
- *Enterprise bargaining, also known as collective agreements, are one of the key forms of pay setting in Australia with around 35 per cent of employees reliant on this mechanism to determine their pay and conditions.*
- *Given the inherent benefit in establishing mutually beneficial outcomes for both employers and employees, more work should be done to help better and more clearly establish the benefits to productivity which are not captured in the aggregate and macro-level statistics, or firm-level data which is often less robust and scarce.*

## Data / background

*Wage share and profit share of income*

- Consistent with the general global trend, the labour share of income has declined over recent decades in Australia (see chart 2).
  - Over the period of the resource boom, the labour income share was relatively volatile as large movements in commodity prices also affected company profits.
- Much of the downwards trend in the wage share can be attributed to a couple of industries, specifically the Mining industry and the Financial and insurance industry. Both of these industries have lower wage shares than the average (14.7 per cent and 34.3 per cent compared to 51.0 per cent over the year to June 2021) and considerably lower than other service-based industries such as Administrative and support services (92.8 per cent) and Accommodation and food services (72.8 per cent).
  - This can be seen in their effect on the wage share during periods of great growth or decline in these industries (for example, the Global Financial Crisis and the resource boom).
- More recently, in the June quarter 2020, Government support for businesses as a result of the COVID-19 pandemic (such as JobKeeper) resulted in higher profits, and this combined with a fall in the compensation of employees caused the wage share to fall below 50 per cent for the first time in the series. Despite the unwinding of these subsidies and other COVID-19 related measures, the wage share has yet to return to its pre-pandemic level.

Chart 2: Wage and profit share of total factor income, March 1985 to March 2022, per cent.



Source: ABS, *National Accounts: National Income, Expenditure and Product, March 2022*.

### Labour hire arrangements

- *In Australia, labour hire employees earn, on average, less than direct-hire employees. This trend has broadly been consistent since 2014.*
  - *In 2020, labour hire employees earned on average \$32.40 per hour compared to \$36.00 per hour for direct hire employees (or 11.1 per cent more).*
- *The latest data shows that this trend is also consistent across the most prevalent industries such as Mining; Administrative and Support Services; and Public Administration and Safety.*

### Data / background

**Table 1: Hourly earnings, by select industries, August 2020**

	Employees paid by a labour hire firm	Direct hire employees
Mining	\$52.30	\$54.30
Administrative and support services	\$30.10	\$30.30
Public administration and safety	\$35.00	\$44.30
<b>All industries</b>	<b>\$32.40</b>	<b>\$36.00</b>

Source: ABS, *Characteristics of Employment, August 2021*, unpublished Tablebuilder data.

Note: data on labour hire is only available every second year, with August 2020 being the latest.

**Table 2: Hourly earnings, labour hire vs. direct hire**

Year	Employees paid by a labour hire firm	Direct hire employees
2014	\$27.80	\$28.60
2016	\$27.00	\$29.60
2018	\$30.00	\$31.40
<b>2020</b>	<b>\$32.40</b>	<b>\$36.00</b>

Source: ABS, *Characteristics of Employment, August 2021*, unpublished Tablebuilder data.

Note: data on labour hire is only available every second year, with August 2020 being the latest.