

# **Fair Work Commission Expert Panel**

## **Annual Wage Review 2021-22**

Submission from the Government of South Australia

May 2022



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## Introduction

1. The Government of South Australia welcomes the opportunity to make this submission to the Expert Panel of the Fair Work Commission (the Panel) for its consideration as part of the Annual Wage Review (AWR) 2021-22, and appreciates the extension of time until 6 May 2022 consequent on the State election in South Australia on 19 March 2022.
2. 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.
3. 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.

# The Statutory Context

## South Australia's Referral of Industrial Relations Powers

4. The *Fair Work (Commonwealth Powers) Act 2009* referred certain South Australian industrial relations powers to the Commonwealth. As part of the referral arrangements, South Australia signed the Multilateral Intergovernmental Agreement for National Workplace Relations System for the Private Sector (IGA).
5. The South Australian public sector, including almost all Government Business Enterprises (with the exception of SA Water and the Rail Commissioner), and the local government sector, remains in South Australia's industrial relations system subject to the *Fair Work Act 1994* (SA).
6. Accordingly, any National Minimum Wage (NMW) Order and determination on modern award minimum wages made by the Panel affects the whole of South Australia's private sector.

## Fair Work Act 2009 (Cth)

7. In making a NMW Order, the Panel must take into account the following sections of the *Fair Work Act 2009* (Cth) (FW Act):

### **Section 3: Object of this Act**

*The object of this Act is to provide a balanced framework for co-operative and productive workplace relations that promotes national economic prosperity and social inclusion for all Australians by:*

- (a) *providing workplace relations laws that are fair to working Australians, are flexible for businesses, promote productivity and economic growth for Australia's future economic prosperity and take into account Australia's international labour obligations; and*
- (b) *ensuring a guaranteed safety net of fair, relevant and enforceable minimum terms and conditions through the National Employment Standards, modern awards and national minimum wage orders;*

### **Section 284: The minimum wages objective**

*284 (1) The FWC must establish and maintain a safety net of fair minimum wages, taking into account:*

- (a) *the performance and competitiveness of the national economy including productivity, business competitiveness and viability, inflation and employment growth; and*
- (b) *promoting social inclusion through increased workforce participation; and*
- (c) *relative living standards and the needs of the low paid; and*
- (d) *the principle of equal remuneration for work of equal or comparable value; and*
- (e) *providing a comprehensive range of fair minimum wages to junior employees, employees to whom training arrangements apply and employees with a disability.*

8. In reviewing modern award minimum wages the Panel must take these matters into account, as well as the modern awards objective in section 134 of the FW Act.
9. The Government of South Australia in particular recognises the following elements of the modern award objective in section 134 of the FW Act:
  - (f) *the likely impact of any exercise of modern award powers on business, including on productivity, employment costs and the regulatory burden; and*
  - (h) *the likely impact of any exercise of modern award powers on employment growth, inflation and the sustainability, performance and competitiveness of the national economy.*

## Award Reliance

*Nationally and in South Australia, award reliance has increased over time.*

10. The Australian Bureau of Statistics' (ABS) Employee Earnings and Hours survey classifies employees by different methods of setting pay; as 'award only', 'collective agreement', and 'individual arrangement'. Employees are classified as 'award only' (otherwise referred to as 'award-reliant') if they are paid at (and not above) the rate of pay specified in the award.
11. According to the 2021 survey, 24.7 per cent (2,657,900) of non-managerial employees in Australia are classified as 'award only'. This was higher than the corresponding figures of 20.4 per cent in 2014, 24.5 per cent in 2016 and 22.5 per cent in 2018.<sup>1</sup>
12. In South Australia, the number of non-managerial employees classified as 'award only' has risen consistently from 99,200 in 2014 to 137,900 in 2016, to 165,000 in 2018 and finally to 227,100 in 2021 – accounting for 29.9 per cent of all non-managerial employees (above the corresponding national share of 24.7 per cent).
13. Over the same period in South Australia, the proportion of non-managerial employees covered by a collective agreement has declined from 50.3 per cent in 2014 to 39.5 per cent in 2021.

*Award reliance varies widely between industries.*

14. At the national level, industries with the highest proportion of non-managerial employees classified as 'award only' in 2021, are:
  - Accommodation and food services (63.0 per cent)
  - Administrative and support services (44.9 per cent)
  - Other services (42.1 per cent)
  - Health care and social assistance (34.3 per cent)
  - Retail trade (30.8 per cent).<sup>2</sup>

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<sup>1</sup> ABS, *Employee Earnings and Hours, Australia* (previously Cat No 6306.0), May 2014, May 2016, May 2018 and May 2021 data cube 5, table 5

<sup>2</sup> *ibid*, table 4 (state-level breakdowns not published).

15. Non-managerial employees in smaller businesses are more likely to be award-reliant than in larger businesses. At the national level in 2021, for businesses with fewer than 20 employees, 35.3 per cent of employees were award-reliant, compared to the average of 24.7 per cent for all businesses.<sup>3</sup>

*Nationally and in South Australia, small business is a significant contributor to total employment.*

16. The proportion of employees working in micro and small businesses in South Australia fell from 42.7 per cent in June 2017 to 39.7 per cent in June 2020.<sup>4</sup> This in part reflects the impact of the COVID-19 pandemic on small business.

## The Government of South Australia's Position

*Fair and balanced*

17. The Government of South Australia acknowledges the importance of the Fair Work Commission (FWC) setting a safety net for minimum wage and award-reliant workers, particularly those on low incomes. More generally, the ability for people on low incomes to meet rising costs of living is also supported by a range of other policies, including the tax and welfare systems.
18. 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.
19. 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.
20. A priority of the South Australian Government is to improve the wellbeing and equality of women. While increasing the National Minimum Wage by itself may not eliminate the gender pay gap, doing so can improve the adequacy of incomes for workers on lower incomes, including in industries where women are more highly represented.
21. The COVID-19 pandemic continues to affect Australians' daily lives, and has an ongoing impact on consumer confidence. This continues to have an adverse impact on the trading conditions in 'award-reliant' industries such as retail, tourism, transport, accommodation and food services. These industries are characterised by a high proportion of small businesses, and a high proportion of workers on the national minimum wage.

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<sup>3</sup> *ibid*, table 7 (state-level breakdowns not published).

<sup>4</sup> ABS, *Australian Industry 2019-20* (previously Cat No 8155.0)

# Economic Factors

## International economy

22. The global economy grew by an estimated 5.9 per cent in 2021, following a contraction of 3.1 per cent in 2020. In the January 2021 World Economic Outlook Update, the International Monetary Fund (IMF) forecast global output to rise by 4.4 per cent in 2022 and by 3.8 per cent in 2023.
23. The IMF's 2022 global growth forecast has been downwardly revised since October, predominantly due to markdowns in the world's two largest economies, the United States and China. Advanced economies are forecast to post growth of 3.9 per cent in 2022, followed by growth of 2.6 per cent in 2023. Stronger growth is forecast for emerging market and developing economies — 4.8 per cent in 2022 softening slightly to 4.7 per cent growth in 2023.
24. The IMF comments that the *"global economy enters 2022 in a weaker position than previously expected"*, due to the spread of the Omicron variant and rising inflation, as well as the *"ongoing retrenchment of China's real estate sector and slower-than-expected recovery of private consumption"*. The IMF expects elevated levels of inflation to persist for longer than was previously anticipated in the October 2021 WEO, as a result of ongoing supply chain issues and high energy prices.<sup>5</sup>
25. The IMF states that the *"[w]orldwide access to vaccines, tests, and treatments"* is essential in the global effort to combat the pandemic, also noting *"monetary policy in many countries will need to continue on a tightening path to curb inflation pressures, while fiscal policy—operating with more limited space than earlier in the pandemic—will need to prioritize health and social spending"*. How these developments are handled will have important implications for the global outlook.
26. The Reserve Bank of Australia (RBA) notes Russia's invasion of Ukraine has added significant uncertainty to the global outlook, causing an *"adverse supply shock that would result in lower growth and higher inflation"*. For Europe this is particularly through *"disruptions to energy supply and higher energy prices"*, as Europe currently imports the majority of its gas from Russia.
27. The RBA notes many economies had been experiencing high inflation prior to the invasion of Ukraine, with the United States notably at a 40-year high. The RBA suggests additional supply chain issues and capacity constraints resulting from the invasion of Ukraine are likely to contribute to high global inflation moving forward.<sup>6</sup> Global inflation is *"high, and likely to remain so for a while"*, as *"[f]irms are increasingly passing on cost increases as supply chain pressures have persisted"*.<sup>7</sup>
28. The RBA forecasts strong GDP growth in Australia's major trading partners throughout 2022, followed by a slowdown to slightly below average rates in 2023.<sup>8</sup>

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<sup>5</sup> International Monetary Fund, *World Economic Outlook Update*, January 2022

<sup>6</sup> RBA, *Minutes of the Monetary Policy Meeting of the Reserve Bank Board*, 1 March 2022

<sup>7</sup> RBA, *Statement on Monetary Policy*, 6 May 2022, page 1

<sup>8</sup> RBA, *Statement on Monetary Policy*, 4 February 2022, page 7

## Australian economic growth

29. In the financial year 2020-21, Australia's gross domestic (GDP) increased by 1.5 per cent. This growth reflected a bounce back in the Australian economy following the initial impacts of the COVID-19 pandemic and restrictions implemented to contain it.
30. Contributing to the increase in 2020-21 GDP were public consumption, dwelling investment, household consumption, and public investment. Partly offsetting the increases were falls in net exports and private business investment.
31. The RBA expects the outbreak of the Omicron variant to slow growth in the March quarter of 2022, however it is *"expected to have a much smaller impact on economic activity than previous waves of COVID-19"*. As a result, activity is forecast to regain momentum in the coming quarters. The RBA suggests the key sources of uncertainty in the national outlook are health outcomes, the response of household consumption to increased wealth, as well as the level of spare capacity in the labour market and the corresponding response of wages and prices.
32. The Commonwealth Treasury forecasts Australia's GDP to grow by 4¼ per cent in 2021-22 and 3½ per cent in 2022-23<sup>9</sup> while the RBA forecasts GDP to grow by 3¾ per cent in 2021-22 and 4½ per cent in 2022-23.<sup>10</sup>

### South Australia

33. South Australia's Gross State Product (GSP) rose by 3.9 per cent in 2020-21, following a contraction of 1.0 per cent in the previous year.<sup>11</sup> In the ten years prior to 2019-20, South Australia's GSP increased at an average annual rate of 1.3%.
34. Industry sectors contributing most to GSP growth in 2020-21 were: agriculture, forestry and fishing; manufacturing; wholesale trade; healthcare and social assistance; professional, scientific and technical services; and retail trade. Industry sectors detracting most from GSP growth were: administrative and support services; and transport, postal and warehousing.

## Labour market conditions

35. Australia's seasonally adjusted unemployment rate was 4.0 per cent in March 2022, down from 5.7 per cent recorded a year earlier. The seasonally adjusted under-employment rate was 6.3 per cent in March 2022, bringing the rate of under-utilisation to 10.3 per cent. The RBA forecasts a continued gradual decline in the unemployment rate, reaching 3¾ per cent by the end of 2023. This implies that there is still considered to be some spare capacity in the labour market.

### South Australia

36. Despite signs of a recovery from the COVID-19 pandemic, there remains spare capacity in the South Australian labour market.

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<sup>9</sup> Commonwealth of Australia, *Mid-Year Economic and Fiscal Outlook 2021-22*, Table 1.1, page 2

<sup>10</sup> RBA, *Statement on Monetary Policy*, 6 May 2022, Table 5.1, page 60

<sup>11</sup> ABS, *Australian National Accounts: State Accounts* (previously Cat No 5220.0)

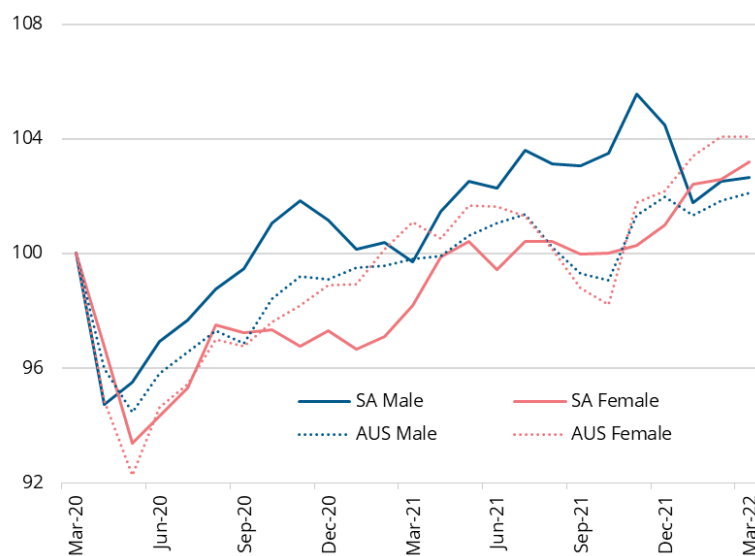
37. In March 2022, the seasonally adjusted unemployment rate was 4.9 per cent in South Australia. The South Australian under-employment rate was 7.7 per cent, bringing the state's under-utilisation rate to 12.5 per cent. The under-employment rate in South Australia is higher for women (9.7 per cent) than for men (5.8 per cent).

38. In February 2022, there were 50,000 unemployed people in South Australia, of whom 16,300 (33 per cent) were long-term unemployed (for 52 weeks or more), in original terms.<sup>12</sup> The percentage of long-term unemployed is higher in South Australia than at the national level (27 per cent).

39. The COVID-19 pandemic and measures to contain it have had a significant impact on the labour market over the past two years. The impact of COVID-19 on the labour market for particular demographics and industry sectors are described below.

### Chart 1: Employment by gender

(seasonally adjusted, indexed to March 2020)<sup>13</sup>



40. In the early stages of the pandemic, the impact on employment was felt particularly by women. As of March 2022, employment for both men and women has recovered to a similar extent in South Australia.

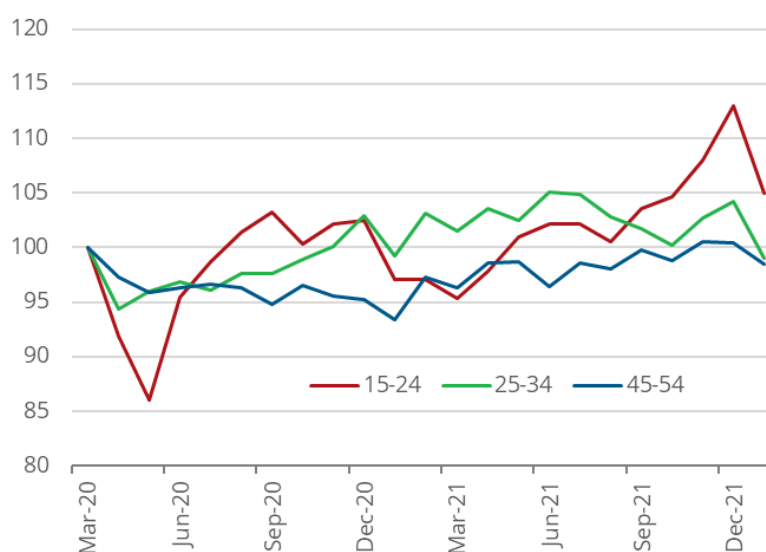
<sup>12</sup> ABS, *Labour Force, Australia, Detailed*, (previously Cat No 6291.0.55.001), Pivot table UM2

<sup>13</sup> ABS, *Labour Force, Australia* (previously Cat No 6202.0)



## Chart 2: Employment by age group, South Australia

(original, indexed to March 2020)



41. The pandemic has also had a disproportionate impact on young people's employment. Both women and young people are more likely to be employed in lower-paid industries such as retail, tourism, transport, accommodation and food services – the industries that have been particularly affected by the pandemic and public health measures such as density restrictions.
42. Over the two years from February 2020 to February 2022, industries that recorded growth in total employment<sup>14</sup> in South Australia (in original terms) included:
- Health care and social assistance
  - Public administration and safety
  - Professional, scientific and technical services
  - Construction
  - Rental, hiring and real estate services
  - Agriculture, forestry and fishing
  - Mining.
43. Over the same period, South Australian industries that recorded a fall in total employment included:
- Manufacturing
  - Administrative and support services
  - Information media and telecommunications
  - Wholesale trade
  - Electricity, gas, water and waste services
  - Accommodation and food services
  - Retail trade.

<sup>14</sup> ABS, *Labour Force, Australia, Detailed* (previously Cat No 6291.0.55.003), Table 5

44. Declines in jobs in these industries reflect the enduring impacts from the period during which Australia's international borders were closed and policies implemented to contain the spread of the virus.
45. While many of the public health restrictions have gradually been relaxed in recent months, many businesses in these industries continue to face challenging trading conditions. There is ongoing community concern about the risk of transmission, notably following the emergence of the Omicron variant, and this continues to limit consumer confidence. On the other hand, high levels of accumulated household savings should support household consumption growth in the medium term.

## Inflation outlook

46. Inflation can have different causes. "Cost push" inflation occurs when input costs (such as labour, raw materials, fuel) rise, and businesses need to raise prices of final products accordingly. The cause of this might be short-term (for example, a natural disaster such as a cyclone or flood raising the price of fresh fruit or vegetables, or closed international borders restricting the supply of migrant labour) or longer-term (such as increases in fuel and transport costs due to supply chain disruptions from the war in Ukraine).
47. Another cause is "demand pull" inflation, where demand across the economy ("aggregate demand") is rising faster than the goods or services that are being supplied ("aggregate supply"). In theory, demand-pull inflation should be temporary in nature, because the market is expected to adjust by increasing aggregate supply, and production increases to take advantage of higher prices.
48. The headline consumer price index (CPI) rose 5.1 per cent through the year to the March quarter 2022, following a rise of 1.1 per cent in the previous year (to March quarter 2021). In Adelaide, CPI rose 4.7 per cent through the year to March 2022.
49. The ABS has recently introduced a classification of CPI components as "discretionary" or "non-discretionary". On average over the 16 years since March quarter 2006, non-discretionary CPI has grown at a faster rate (2.8 per cent per annum) than discretionary CPI excluding tobacco (1.2 per cent per annum).
50. The most significant drivers of CPI rises over the past year have been automotive fuel (which rose 35 per cent through the year) and 'new dwelling purchases by owner-occupiers' (which rose 14 per cent through the year).
51. Housing costs have risen very significantly across Australia over the past year. CoreLogic's Hedonic Home Value Index (adjusted for dwelling characteristics) indicates that, in year to March 2022, the national median (hedonic) dwelling price rose 18 per cent across Australian capitals (by 26 per cent in Adelaide). Over the same period, rents in most capital cities have also risen between 5 and 10 per cent, driven by low rental vacancy rates. In Adelaide, rents in the year to March 2022 rose 9.0 per cent for houses and 6.6 per cent for units.
52. Mortgage interest rates in Australia have been at historically low levels in recent years, but as they eventually rise (as part of the RBA's effort to contain the level of inflation), the cost of servicing mortgages will also rise. For households on lower incomes, this is likely to place further constraints on other non-discretionary types of household expenditure.

53. While acknowledging the importance of the minimum wage safety net, there is a risk that excessive rises in wages could contribute further to inflation, placing further pressure on household budgets, particularly for younger people and recent home-buyers who may have limited capacity to absorb increases in mortgage payments.
54. The RBA uses a concept of “underlying inflation” to adopt a target for informing monetary policy.<sup>15</sup> The average of the RBA measures of underlying inflation increased by 1.2 per cent in the March quarter 2022 and by 3.5 per cent through the year.
55. The RBA expects measures of underlying inflation to remain at elevated levels and peak in the coming quarters due to cost pressures in housing construction and durable goods, the latter of which is largely due to persistent supply chain issues.
56. The RBA’s latest forecasts for the Australian economy, published in its Statement on Monetary Policy on 6 May 2022, are shown in the following table.

**Table 1: Output Growth and Inflation Forecasts (per cent)**

	Year-ended					
	Dec 2021	June 2022	Dec 2022	June 2023	Dec 2023	June 2024
GDP growth	4.2	3½	4¼	3	2	2
(previous)		(5)	(4¼)	(2½)	(2)	(2)
Unemployment rate <sup>(b)</sup>	4.7	3¾	3¾	3½	3½	3½
(previous)		(4)	(3¾)	(3¾)	(3¾)	(3¾)
CPI inflation	3.5	5½	6	4¼	3¼	3
(previous)		(3¾)	(3¼)	(2¾)	(2¾)	(2¾)
Trimmed mean inflation	2.6	4½	4¾	3½	3¼	3
(previous)		(3¼)	(2¾)	(2¾)	(2¾)	(2¾)
Year-average						
	2021	2021/22	2022	2022/23	2023	2023/24
GDP growth	4.7	3¾	4½	4½	2¾	2
(previous)		(4½)	(5½)	(4¾)	(2½)	(2)

(a) Forecasts finalised on 4 May. The forecasts are conditioned on a path for the cash rate broadly in line with expectations derived from surveys of professional economists and financial market pricing, and assume other elements of the Bank’s monetary stimulus are in line with the announcement made following the May 2022 Board meeting. Other forecast assumptions (February Statement forecasts in parenthesis): TWI at 63 (60); A\$ at US\$0.71 (US\$0.71); Brent crude oil price at US\$101/bbl (US\$85/bbl). The assumed rate of population growth is broadly in line with the profile set out in the Australian Government Budget 2022–23. Forecasts are rounded to the nearest quarter point. Shading indicates historical data, shown to the first decimal point.

(b) Average rate in the quarter.

Sources: ABS; RBA

<sup>15</sup> The reasons for using an underlying measure of CPI were outlined by the RBA in an article entitled *The Implications of Recent Changes to the Consumer Price Index for Monetary Policy and the Inflation Target* in The RBA’s October 1998 Bulletin. Problems include “...volatility from quarter to quarter. A number of food items, for example, can be quite volatile because of temporary supply disturbances”, and “the CPI contains a number of prices which are set or influenced by administrative decisions of governments – such as public transport fares, petrol, products containing tobacco and alcohol...” For these reasons “ the Bank has preferred to gauge inflation pressures in the economy using a range of measures of ‘core’ or ‘underlying’ inflation, most of which are derived as subsets of the CPI basket.”

## Wages growth

57. The ABS Wage Price Index (WPI) is considered to be the most reliable measure of the underlying growth in wages over time, because it is adjusted for compositional changes (for example, a change in the proportion of the population working in higher-paid as opposed to lower-paid industries), and the number of hours worked. The WPI measures changes in the wages and salaries paid by employers for a unit (i.e. hour) of labour where the quality and quantity of labour are held constant.
58. In the year to the December quarter 2021:
- Australian wages rose by 2.3 per cent
  - South Australian wages rose 2.1 per cent (reflecting private sector wage growth of 2.4 per cent and public sector wage growth of 1.4 per cent).<sup>16</sup>
59. The RBA commented in May 2022 that *“Labour cost pressures are building ... with an increasing share of liaison contacts now reporting that they are paying larger wage increases or that they expect materially higher wages growth over the coming year. Business surveys are also consistent with a pick-up in labour costs, as is the rise in job turnover.”*<sup>17</sup>
60. The outcome of last year’s (2020-21) AWR was an increase of 2.5 per cent in the NMW. This decision (effective conditionally from 1 July 2021) lifted the NMW to \$772.60 per week, or \$20.33 per hour.
61. Since the June quarter 2017, on an average annual basis, South Australia’s WPI and adult full-time average weekly ordinary time earnings (AWOTE) have both risen by 2.1 per cent per annum.<sup>18</sup>
62. By comparison, the National Minimum Wage (NMW) has increased in average annual terms by 2.4 per cent per annum over the past five years, and the consumer price index (CPI) has risen on average by 2.2 per cent per annum.
63. Where the nominal growth in wages exceeds the growth in consumer prices over the same period (as indicated in Chart 3 below) there is considered to be real growth in wages.
64. This suggests that recent increases in the NMW determined by the FWC have narrowed the gap between growth in minimum wages, and other measures of wages growth.

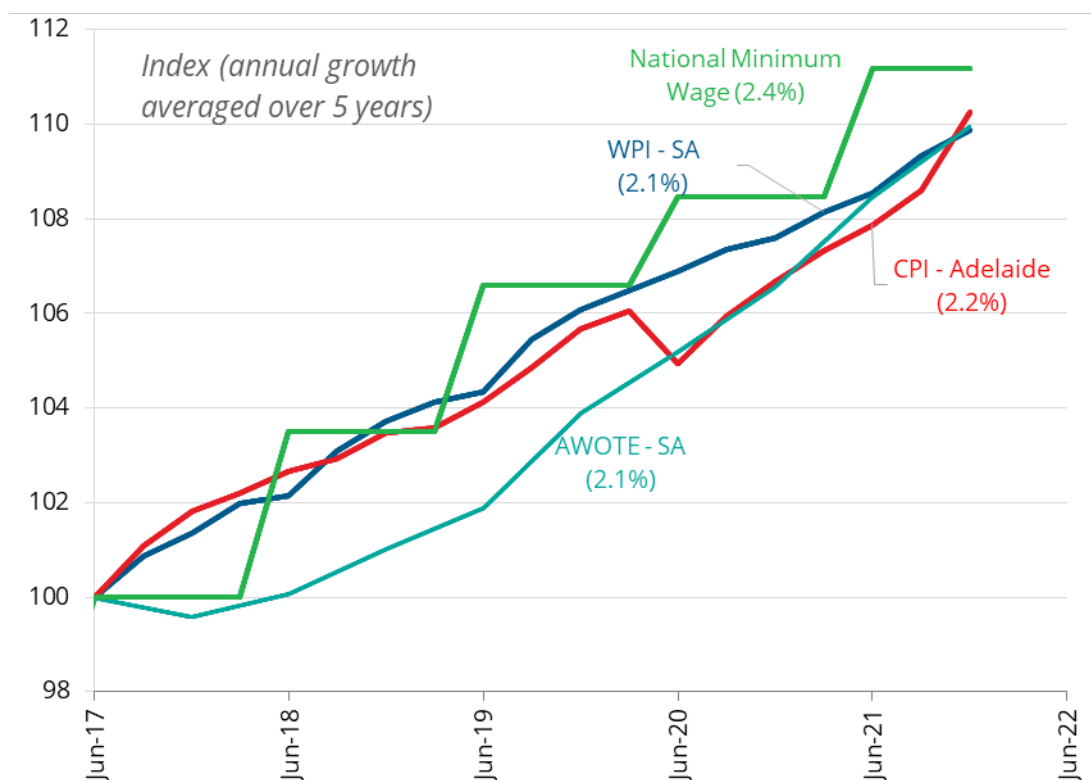
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<sup>16</sup> ABS, *Wage Price Index, Australia* (previously Cat No 6401.0) for hourly rates of pay, excluding bonuses.

<sup>17</sup> RBA, *Statement on Monetary Policy*, 6 May 2022, page 2

<sup>18</sup> In November 2021, AWOTE was 3.2 per cent higher than a year earlier in South Australia. The ABS noted “[t]he six-monthly increase of 0.6 per cent, between May and November 2021, followed a larger increase of 1.5 per cent before that, highlighting the extent of compositional changes in employment and hours through the second half of 2021. Throughout 2021, full-time jobs were still progressively returning or reverting back to full-time hours in some lower paying industries, like Accommodation and food services”. Changes in AWOTE can be affected by changes in both the level of earnings per employee and in the composition of employment.

Chart 3: Wages and CPI growth<sup>19</sup>



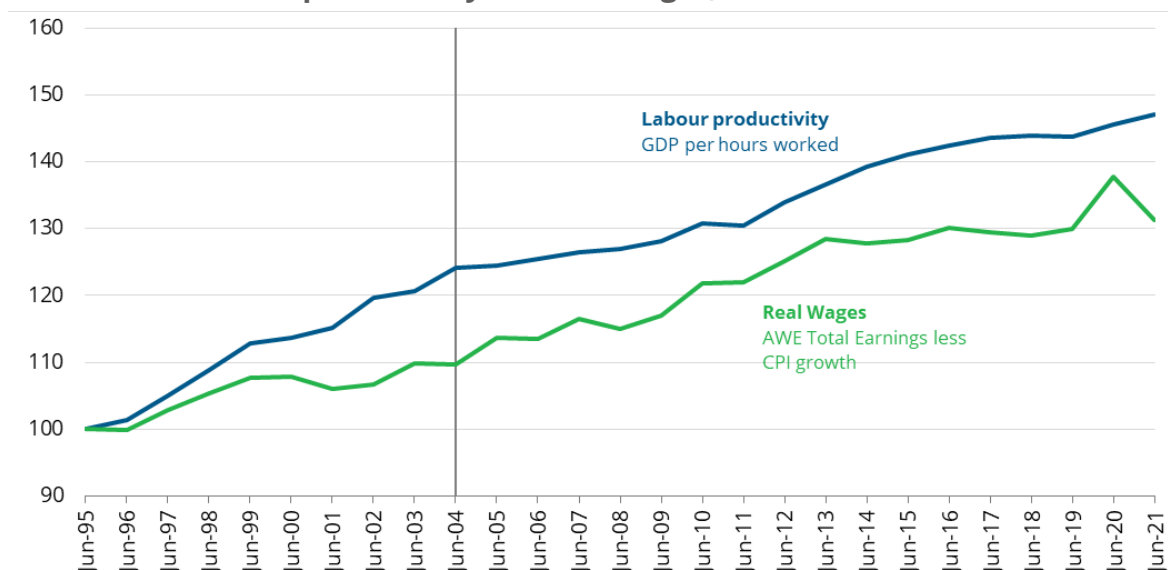
### Real wages and productivity

65. In the long term, real wages are driven by growth in labour productivity, however there may be divergence in the short term due to fluctuations across the business cycle.<sup>20</sup>
66. It is reasonable to expect that growth in real wages may be lower than growth in labour productivity, as other factors of production (capital, entrepreneurship) also drive productivity.
67. The historical relationship between labour productivity growth and real wages growth is shown in Chart 4 below, using a measure of real wages derived using average weekly earnings (which reflects compositional change in the economy over time, as does economy-wide productivity).
68. The period from 1995 to 2004 was associated with relatively high productivity growth in Australia (average 2.4 per cent per annum). During this period, growth in real wages lagged productivity growth (average 0.9 per cent per annum).
69. In the period since 2004, while growth in labour productivity has been slower (average 1.0 per cent per annum), a greater share of productivity growth has been reflected in real wages growth (average 1.1 per cent per annum).

<sup>19</sup> Sources: ABS, *Consumer Price Index, Australia* (previously Cat No 6401.0); ABS *Average Weekly Earnings, Australia* (previously Cat No 6302.0) Table 13D; ABS *Wage Price Index, Australia* (previously Cat No 6345.0); National Minimum Wage data from Fair Work Commission determinations.

<sup>20</sup> Australian Government: the Treasury, *Analysis of Wage Growth*, November 2017

Chart 4: Growth in labour productivity and real wages, Australia<sup>21</sup>



## Conclusion

70. The South Australian Government recognises that a key objective of national minimum wages is to provide a safety net for people employed in lower-paid jobs.
71. Consistent with the objectives of the FW Act, the South Australian Government also believes that maintaining a safety net of fair minimum wages must reflect not only a consideration of economic conditions and the economy, but also have regard to indirect gender based impacts in 'award reliant' industries, as well as fairness and inclusiveness having regard to general economic prosperity.
72. 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.

<sup>21</sup> Derived by the South Australian Government Department of Treasury and Finance, based on ABS data.