Australian Catholic Council for Employment Relations for the Australian Catholic Bishops Conference

Annual Wage Review 2022-23
Submission

March 2023

https://www.accer.asn.au/

CONTENTS

INTRODUCTION

1. This submission is made by the Australian Catholic Council for Employment Relations (**ACCER**) for the Australian Catholic Bishops Conference (the **ACBC**). The submissions are made in partnership with Dr Tom Barnes and the Australian Catholic University (**ACU**). The ACCER submits that the Annual Wage Review should increase the National Minimum Wage (the **NMW**) and the annual wage review for the modern awards so as to provide a decent standard of living for low paid workers.

2. The ACBC is a permanent institution of the Catholic Church in Australia and is the vehicle used by the Australian Catholic Bishops to address issues of national significance.

3. The ACCER's submissions are informed by the Catholic Church's experience as one of the largest non-government employers in Australia. The Catholic Church employs more than 220,000 employees in health, aged care, education, welfare and administration. About 75% of these employees are covered by collective agreements. The balance are covered by awards made by the Fair Work Commission (the **Commission or the FWC**).

4. Notwithstanding the Catholic Church's status as a substantial employer, these submissions are advanced in support of the position and underpinning belief that workers have a right to wages that will support themselves and their families to a dignified standard of living. The Catholic Church has a long history of advocating for a safety net minimum wage which provides workers with wages that provide for a fair and decent standard of living. The idea that working people and their families live in poverty is inconsistent with safety net principles. The ACCER makes this submission in support of the statutory function of the minimum wage review and to support those workers reliant on the minimum wage. This belief arises from core Catholic social teaching. Modern expressions of these views can be found as early as Pope Leo XIII encyclical *Rerum Novarum* in 1891. These submissions are intended to give voice to those beliefs.

5. For a second year, ACCER has partnered with Dr Tom Barnes of the ACU to conduct research surrounding whether the Australian economy and employers can sustain a real increase in the NMW. As part of this research program, the ACU has assessed whether the economy and employers can afford a real increase in the NMW. The ACU's research has considered:

    (a) the scale and the depth of the cost-of-living crisis for low-income earners affected by changes to the National Minimum Wage (NMW), including:

        (i) the reversal of gains from 2022's NMW determination due to economy-wide cuts to real wage incomes

        (ii) price impacts in terms of rent, energy costs, household non-durables and other Consumer Price Index (CPI)-related household essentials

    (b) substantive and original analysis that details how the FWC can redress the historical gap between the NMW and the National Poverty Line (NPL) by 2030

    (c) the affordability of a more significant rise in the NMW from a business and economic standpoint

    (d) the minimal inflationary impacts of a more significant rise in the NMW, including the minimal impacts of larger wage rises in NMW-related business sectors due to the relative wage inelasticity of labour demand in those industries.

6. This submission makes use of original research undertaken by Dr Barnes and Ms Sophie Cotton at ACU.[1]

EXECUTIVE SUMMARY

7. The ACCER submits that the statutory framework created by the *Fair Work Act 2009* (Cth) (**FW Act**) requires that the orders issued as part of the annual wage review answer the statutory description of being a *safety net* of fair minimum wages. The ACCER further submits that in order to answer that statutory description it must ensure that all groups of workers who are dependent upon those minimum wages are kept out of poverty and social disadvantage. If the order does not do that it does not answer the statutory command in s. 284. 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.

8. There are approximately 4,989,000 people in Australia living at or below the 60% poverty line (ACOSS, 2022, page 17). Research demonstrates that there is a decent proportion of this group who are employed in full-time work. The ACCER submits that where the current NMW does not allow individuals that are employed on a full-time basis to live without poverty, the NMW is not an effective safety net.

9. Accordingly, the ACCER seeks an **increase of 7.2% to the NMW** and, at a minimum, to the C13 to C10 rates provided for in modern awards.[2]

10. The ACCER further contends that a substantial increase to the NMW is warranted to achieve the historical task of eliminating the gap between the NMW and poverty lines in Australia, which the ACCER believes can be achieved by the end of the decade.

11. These submissions are divided into four parts:

    (a) the proper construction of the legislative scheme and the proper approach to the annual wage review;

    (b) the current evidence about poverty and disadvantage in Australia and whether the current NMW and modern award minimum wages provide for a fair safety net of minimum wages;

    (c) the economy and employers can afford a real increase in the NMW, on the following basis:

    - the benefits of higher wages for Australia's macroeconomic outlook;
    - the current state of business conditions in Australian and the affordability of wage rises; and
    - the affordability of wage rises for business in key sectors and industries; and

    (d) a consideration of the matters identified in s. 284(1)(a)-(e) of the FW Act.

---

[1] Prepared by Tom Barnes and Sophie Cotton, ACU. All correspondence to tom.barnes@acu.edu.au.
[2] Rounded up from 7.15 percent. See submissions for full explanation and justification.

PART 1: LEGAL PRINCIPLES

12. Before coming to the substance of the ACCER's submissions as to the appropriate setting of the NMW, it is necessary to say something about the proper construction of ss. 284 and 285 of the *Fair Work Act 2009* (Cth) (**FW Act**). Whilst ACCER has previously raised this issue, it submits that the point remains significant, and ought be revisited.

13. The principles of statutory construction are well settled. The task begins and ends with the statutory text, read in context.[3] That context includes the general purpose and policy of the provision under consideration,[4] which purpose is to be derived from the statutory text and not from any assumption about the desired or desirable operation of the provision.[5] In *Certain Lloyd's Underwriters v. Cross* (2012) 248 CLR 378, French CJ and Hayne J described the proper approach to statutory construction at [24] to [26]. The purpose of a statute resides in its text. The purpose of legislation must be derived from what the legislation says, and not from any assumption about the desired or desirable reach or operation of the relevant provisions. In construing a statute it is not for a court to construct its own idea of a desirable policy, impute it to the legislature, and then characterise it as a statutory purpose.

14. In order to properly construe ss. 284 and 285 of the FW Act (and s. 134), it is necessary to examine the scheme of the FW Act as a whole in so far as it relates to the terms and conditions afforded to employees. Chapter 2 of the FW Act sets out the terms and conditions which are provided by the FW Act.

15. Part 2-2 establishes the National Employment Standards (**NES**). The NES are a suite of minimum conditions to which every employee is entitled and which cannot be abrogated. Consistent with those conditions, Division 4 of Part 2-6 provides for a NMW. The effect of Division 4 is to establish a minimum wage which cannot be abrogated for all employees who are award or enterprise agreement free. Section 293 of the FW Act prohibits any person from contravening a term of the NMW Order.

16. Consistent with Part 2-2 and Part 2-6, Part 2-3 of the FW Act provides for the making of modern awards. Section 134 identifies that the purpose of a modern award is to provide a fair and relevant minimum safety net of terms and conditions.

17. From there, the FW Act provides in Part 2-4 for parties to collectively bargain and reach agreements about their terms and conditions of employment. However, any bargain reached must pass the better off overall test. Importantly, s. 206 of the FW Act provides that an enterprise agreement cannot, in effect, have a base rate of pay which is lower than either the applicable modern award or if the employee is award free, the NMW. The effect of this scheme is that it establishes that no employee shall receive conditions less than the NES and no employee shall receive a rate of pay which is less than either any modern award which applies to them or the NMW. It is from that base of conditions that that the FW Act provides for a scheme which employees and employers can bargain for

---

[3] See, eg, *Alcan (NT) Alumina Pty Ltd v Commissioner of Territory* Revenue (2009) 239 CLR 27 at 47-48 [51]; *Commissioner of Taxation v Consolidated Media Holdings Ltd* (2012) 250 CLR 503 at 519 [39]; *Federal Commissioner of Taxation v Unit Trend Services Pty Ltd* (2013) 250 CLR 523 at 539 [47]; *Independent Commission Against Corruption v Cunneen* (2015) 256 CLR 1 at 28 [57].
[4] *Board of Bendigo Regional Institute of Technical and Further Education v Barclay* (2012) 248 CLR 500 at 516 [41].
[5] *Certain Lloyd's Underwriters v Cross* (2012) 248 CLR 378 at 389-390 [25]-[26]; *Deal v Father Pius Kodakkathanath* (2016) 90 ALJR 946 at 955 [37].

better terms and conditions by way of collective agreements. However, those minimum conditions are a legislated floor which cannot be penetrated.

18. Section 284 imposes an obligation upon the Commission to establish and maintain a safety net of fair minimum wages. Section 285 provides that the Commission must undertake an annual wage review which includes making a NMW order. Section 294 provides for the content of any NMW Order. The effect of s. 285(1) and (2)(c) is that each year, the Commission must issue a NMW Order which is consistent with the minimum wage objectives set out in s. 284. The objectives set out in s. 284 applies to both the setting of minimum wages in the NMW Order and the variation of minimum wages in any modern award.

19. Accordingly, any exercise of the power to make a NMW Order must be exercised in accordance with s. 284. Importantly though, this means that not only must the Commission take into account the matters specified in s. 284 (1)(a) to (e), the order must answer the statutory description of being a *safety net of fair minimum wages*. If the order issued by the Commission pursuant to s. 285(2)(c) does not answer that description, the order will be affected by jurisdictional error.

20. Consistent with this analysis, when considering the similarly worded s. 134, the Full Court in *SDA & Anor v. AIG & Ors* (2017) 253 FCR 368 identified at [41] to [44] that the Commission's task is to issue an order which answers the description of the opening words of the section. The sub paragraphs set out the matters which must be considered in making that order. However, the overall statutory responsibility is to make an order that answers the first part of the sub section.

21. The effect of this is notwithstanding the specified matters which the Commission must take into consideration in sub paragraphs (a) to (e), any order must answer the description of being *a safety net of fair minimum wages*.

22. Whilst the phrase "a safety net" is not defined in the legislation, the imagery associated with the phrase is clear. The ordinary meaning of the phrase "a safety net" is a net designed to catch a person who is falling. The obvious purpose of catching them is to keep them from hitting the ground. In order to be properly described as "a safety net," the net has to be hoisted at a sufficient height to catch the falling person before they hit the ground. If it is not erected sufficiently far from the ground and the person hits the ground, it might still be a net but it is most certainly not a safe one.

23. Whilst the imagery associated with the phrase "a safety net" might be readily understandable, the question posed by s. 284 is what is the safety net to protect employees from? Having regard to the objects of the FW Act and the scheme of the FW Act whereby the minimum wages payable are those under either the modern award or the NMW, the purpose of the safety net must be to prevent employees from falling into disadvantage or poverty. To put it another way, the safety net is to provide a decent living wage for those who receive it. If the NMW was set at such a level to allow groups of workers to fall into poverty and disadvantage, it is difficult to see how that would achieve the object of promoting social inclusion for all Australians or satisfy the purpose of a "safety net". Persons suffering from poverty are unlikely to feel any degree of prosperity or social inclusion.

24. Such a conclusion is also consistent with Australia's international obligations. Article 7 of the International Covenant on Economic, Social and Cultural Rights expressly recognises every person's right to conditions of work, which amongst other things, provide for a decent living for themselves and their families.

25. This approach is also consistent with the beneficial nature of s. 284. As s. 284 is beneficial legislation it should be broadly and liberally construed.[6] If there is any ambiguity in the words used, that ambiguity should be resolved in favour of the beneficial cause.

26. The effect of this is, with respect, whilst the Commission held that any order must be fair from the perspective of employees and employers, that order must also answer the description of being a safety net. That is, it must be set at such a rate so as to ensure that persons do not fall into disadvantage and poverty. If the rate is set at such a level where persons fall into disadvantage or poverty, then it does not answer the statutory description contained in s. 284 of the FW Act.

27. Sub paragraphs (a) to (e) include a number of matters which the Commission must take into account when determining how high to set the safety net. It is also true to say that the consideration of those matters and the determination of the content of the ultimate order involve broad evaluative judgments.[7] However, a consideration of the matters listed in s. 284(1)(a)-(e) cannot result in the Commission making an order which does not answer the description of being a safety net of fair minimum wages. Those considerations are of course relevant to the evaluative exercise the Commission must undertake to ensure that the safety net is set at an appropriate level. However, irrespective of the particular level, the order must be sufficient to ensure that no group of workers who receive the NMW fall into disadvantage or poverty.

28. In *Annual Wage Review 2021-2022* [2022] FWCFB 3500 at [10] to [18] the Expert Panel rejected submissions to a similar effect for two reasons. *Firstly*, in order to ensure that a certain category of workers received wages in excess of 60% median income poverty line would require an increase of 50%. Whilst not expressly stated it appears that the Expert Panel relied upon ACCER's concession that the annual increase sought during last year's review would not be sufficient to address the shortfall for the nominated category of workers.

29. The second basis for rejecting ACCER's submissions were that the submission purportedly elevated one consideration from s. 284 above the other considerations.

30. With respect the Expert Panel's analysis is not correct. *Firstly,* the order made pursuant to s. 284 must answer the description of being a *safety net of fair minimum wages*. Previous panels have found that fairness extends to both employees and employers.[8] There could be no doubt that a one-off increase of 50% in the NMW would not be fair to employers. It would also undoubtedly cause other inequities in the relativities for other award workers.

31. However, the difficult balancing exercise does not absolve the Commission of the obligation to maintain a safety net. It is for that reason that ACCER submits below at 125 to 132 that the Commission should set a target of eliminating the gap between the NMW and the poverty line for a single parent with two children by the end of the decade.

32. *Secondly*, ACCER does not submit that the consideration in s. 284(1)(c) should be elevated over the other considerations. The matters identified in identified in sub paragraphs (a) to (e) are considerations to be taken into account in the performance of

---

[6] *IW v City of Perth* (1997) 191 CLR 1 at 11

[7] Victims Compensation Fund Corporation v Brown (2003) 201 ALR 260 at [33].

[8] See *Annual Wage Review 2021-22* [2022] FWCFB 3500 at [18]; *Annual Wage Review 2019-20* [2020] FWCFB 3500 at [104]; *Annual Wage Review 2018-19* [2019] FWCFB 3500 at [10].

the broad evaluative judgement. However, the outcome of that evaluative process must answer the description in s. 284(1) of the Act.

33. It is true that a consideration of some of the factors identified in sub paragraphs (a) to (e) might count against granting an increase of the quantum sought by the ACCER. However, notwithstanding that the Commission is required to take into account the matters specified in those sub paragraphs, the ultimate order issued by the Commission has to answer the description of being a safety net of fair minimum wages. None of the considerations identified in sub paragraphs (a) to (e) can result in an order which does not answer that description.

34. Whilst the Commission has not been prepared to accept ACCER's submission in the past,[9] such authority is not presently binding.

35. ACCER respectfully submits that the present issue is that satisfaction of the s.284 function requires consideration, and determination, of what does or does not constitute a "safety net". Such a step is a pre-requisite to consideration of whether or not a particular proposed safety net satisfies the description of containing "fair minimum wages".

What is poverty and disadvantage in statistical terms?

36. In light of the foregoing analysis it is necessary to say something about the definition of poverty and disadvantage. The following is a common approach to the description of poverty (Ireland Department of Social Welfare, 1997):

> *People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living that is regarded as acceptable by Australian society generally, with the result that they are likely to be excluded and marginalised from participating in activities that are considered the norm for other people in society.*[10]

37. In common usage, a "decent standard of living" is a standard of living in excess of poverty as it is described in this passage. There is no unambiguous mathematical measurement of poverty, or margin above poverty. This is needed in order to secure what would be regarded as a "decent standard of living". The quantification of both depends on conclusions drawn from relevant evidence and empirical research.

38. The Commission has repeatedly held in past annual wage reviews that "those in full-time employment can reasonably expect to earn wages above a harsher measure of poverty".[11] This higher standard of living might be called a decent standard of living. The Commission has used that term in its repeated view in past decisions that "assessing the needs of the low paid involves analysing the extent to which low-paid workers are able to purchase the essential items necessary for achieving a decent standard of living for them and their families, and to allow them to participate in community life, assessed against contemporary norms," see, for example, the June 2020 decision at paragraph 360.

39. As a result of the work of the Australian Bureau of Statistics (**ABS**) in developing the income measures based on international standards, relative poverty lines are now the conventional measure poverty. This involves relative poverty lines being used at 50% or

---

[9] See *Annual Wage Review 2021-22* [2022] FWCFB 3500 at [17]-[18]; *Annual Wage Review 2020-21* [2021] FWCFB 3500 at [6]; *Annual Wage Review 2017-18* [2018] FWCFB 3500 at [25]-[26]; *Annual Wage Review 2016-17* [2017] FWCFB 3500 at [149]-[155].
[10] Adapted from Irish National Anti-Poverty Strategy - Sharing in Progress 1997
[11] See, for example [360] of the *Annual Wage Review 2019-20* [2020] FWCFB 3500.

60% of median equivalised disposable household income. The 60% poverty line can also be called the risk of poverty line, as it is frequently called in Europe where it is widely used in public policy discussion as a measure of income sufficiency. The question of which of these percentages, or which of the percentages between them, is the most appropriate measure of poverty needs to be informed by empirical research. In the following paragraphs we refer to the 60% of median relative poverty line as the 60% poverty line.

40. Since 2008, when relative poverty line calculations were introduced by the Australian Fair Pay Commission (**AFPC**), the 60% poverty line has been used in national minimum wage reviews.

41. The Commission, like the AFPC, has not treated the 60% poverty line as an operational benchmark measure of poverty. However, the Commission has treated the 60% poverty line as a measure of the standard of living in excess of poverty that those in full time employment can reasonably expect:

> *"In measuring poverty we continue to rely on poverty lines based on a threshold of 60 per cent of median equivalised household disposable income and that those in full-time employment can reasonably expect to earn wages above a harsher measure of poverty. ." (Footnote: [2020] FWCFB 3500 at [360]).*

42. In those circumstances it is respectfully submitted that the 60% poverty line can be seen as a marker for what can properly be described as living in poverty. Accordingly, people at the 60% poverty line or below are not able to enjoy a decent standard of living. This is particularly so when one considers the budget standards research discussed below.

43. As outlined above, 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.

PART 2: THE CURRENT NMW AND WAGE RATES AT C13 TO C10 DO NOT PROVIDE A SAFETY NET

44. The ACCER submits that NMW and minimum wages provided for by modern awards do not create an effective safety net for the low paid. In order to make good this submission, it is necessary to:

- consider the statistical data concerning the extent to which various cohorts of Australian workers who are dependent on either the NMW or C13 to C10 rates provided for in modern awards are enduring poverty and disadvantage; and

- say something about the current evidence concerning falling living standards and rising poverty levels.

Measuring relative living standards

45. The submissions and decisions in Annual Wage Reviews regarding living standards and poverty have usually been made by reference to measures of living standards developed by the ABS and their adaption by the Commission to measure the living standards of various kinds of minimum wage-dependent households. ABS data collection and analysis on these and associated matters have been collated and published in accordance with international standards. There is a considerable body of learning on these matters. The basic resource material is found in the *Canberra Group Handbook on Household Income Statistics*, published in 2011 by the United Nations Economic Commission for Europe. As the name suggests, the ABS was instrumental in developing this publication. Included in the publication are the following:

> "The *Canberra Group Handbook on Household Income Statistics, Second Edition* (2011), provides a consolidated reference for those involved in producing, disseminating or analysing income distribution statistics. It reflects the current international standards, recommendations and best practice in household income measurement. It also contains updated and expanded information about country practices in this field of statistics and provides guidance on best practices for quality assurance and dissemination of these statistics." (page iii)
>
> "The aim of the Handbook is to contribute to the availability of more accurate, complete, and internationally comparable income statistics, greater transparency in their presentation, and more informed use of what are inevitably some of the most complex statistics produced by national and international organisations." (page 1)

46. The basic calculation for these measurements of living standards is the "median equivalised disposable household income" for a single person household, which is derived from household income surveys conducted by the ABS every two years. This figure is calculated using standard equivalence scales that calculate the incomes needed in various kinds of households to produce the same standard of living; for example, a family of two adults and two children requires a disposable income that is 2.1 times the disposable income of a single person in order for both households to have the same standard of living. It also means that the family of four requires 2.1 times the median equivalised disposable household income in order to be at the median Australia-wide standard of living. The disposable incomes of individuals and families take into account the tax payable on earned income and government transfers such as family payments.

47. Although data on relative living standards has been available since 1994-95, changes in the collection and recording of data limit the utility of the early years of this research. In Tables A1 to A8 of Appendix A we have provided calculations from January 2001, but,

having regard to the changes made in the surveys, we have restricted most of the commentary to changes in living standards since January 2004.

48. The most recent estimate of the national median was published in April 2022; *Household Income and Wealth, Australia, 2019-20*, cat. no. 6523.0. The median equivalised disposable household income for a single person in that year was $959.00 per week (ABS, 2023f). We have used that figure for January 2020. Because of the inevitable delays in publishing the results of surveys, the Commission updates the survey figures by reference to the Melbourne Institute's calculations of national per capita "Household Disposable Income" which are published quarterly in its *Poverty Lines* newsletter. Table A1 uses those calculations for the years between surveys and for the period since the latest published results. The estimates of changes in median disposable incomes since 2021 to 2023 will have to be amended after the publication of the ABS survey results for the year 2021-22.

Recent comparisons of living standards: Table 8.6 in Statistical Report, 3 March 2023

49. The Commission's *Statistical Report* series uses these financial year calculations for estimating living standards at December of each year. The relevant tables in Appendix A are at January of each year, using the figure for the previous month. There is no difference between the calculations for each December and the following January because minimum wage rates and relevant transfer payments do not change during these months.

50. These calculations enable us to compare the standards of living of various kinds of households and to compare their standards of living with the Australia-wide median. The calculations also provide the basis for measuring the degree of inequality within the community. For example, at January 2023 the NMW-dependent single adult was 67.1% of the median (for a single person) and the NMW-dependent family of four (couple parents with two children) was at 49.6% of the median calculation for a household of this size. At the same time the C10-dependent single adult (receiving the minimum wage rate for a trade qualified, or equivalent, classification) was at 67.1%, while the family of four dependent on the C10 rate was at 49.6% of the median. But for the substantial payments received by families, the gap between them and single adults would be much greater.

51. Table 8.6 in the Commission's *Statistical Report* of 3 March 2023 presents calculations at September 2017, September 2021 and September 2022 of the living standards of 14 kinds of households at four wage levels by reference to their 60% of median poverty lines. Table A13 in Appendix A is extracted from Table 8.6, with the measures regarding NMW and C10-dependent households at September 2022.

52. The 60% poverty lines are based on ABS surveys in 2017-18 and 2019-20 . In the ABS survey for 2017-18, the estimated median equivalised household disposable income was $899.00 per week. In the following ABS survey, for 2019-20, median equivalised household disposable income had risen to $959.00 per week, an increase of only 6.3%.

53. The estimates for September 2021 and September 2022 in Table 8.6 of the March 2023 report are based on changes in household disposable income calculated by the Melbourne Institute in *Poverty Lines, Australia, September Quarter 2022*. We have used the September quarter 2022 figures for our January 2023 estimates. By April 2023 the next quarterly newsletter will be published, enabling estimates for December 2022 and revised estimates for January 2023. The ACCER notes that there is a very minor discrepancy between the Commission and our calculations of the poverty lines following the latest issue of the Melbourne Institute's publication. The 60% relative poverty line for the single adult, for example, is calculated at $646.82 per week in the Commission's calculations, whereas we calculate it to be $648.00 per week (see Table A5 in Appendix

A). Nothing turns on this and both figures will be revised following the publication of the next quarterly issue.

54. Table 8.6 shows only a very small increase in median equivalised disposable household income over the period from September 2017 to September 2022, with the result that the relative poverty line has increased by only 18%.

The figures require a degree of caution

55. The low increase in estimated household disposable income does not reflect the changes in gross wage levels as recorded by the ABS. The cause or causes of the discrepancies in the recorded changes in gross and disposable household incomes are uncertain, but it has happened before. For example, the *Statistical Report* of 8 May 2014 estimated that the single adult's 60% relative poverty line was $496.05 per week, whereas the figure derived from the 2013-14 survey is $506.40 per week. This meant the single adult was 13% above the poverty line, not 15% as initially estimated.

56. The conclusion that the ACCER draws from this is that Table 8.6 underestimates to some extent the increases in relative poverty lines over the period September 2021 to September 2023, with the consequence that it overstates the increases in living standards relative to poverty lines and median disposable incomes. Although the Melbourne Institute's figures provide the best guide to the adjustment to the ABS for the years between the ABS surveys and for the periods following the survey years, they are published on the explicit basis that they may be amended in subsequent reports.

Couple parent families

57. Table 8.6 also has the NMW-dependent single-earner couple parent family of four at **18% below** the poverty level. Even a job at the C10 wage rate would not lift the family above the poverty line: it would still be **11% below**. As we have emphasised before, there is something fundamentally wrong with a minimum wages system that provides a wage rate for a skilled worker that leaves an average family in or at risk of poverty and without a decent standard of living.

58. Table 8.6 also shows that if the second parent in the NMW-dependent household sought employment and qualified for the Newstart allowance and JobSeeker supplement while being unemployed, the family would move to 6% below the poverty line. Because of the means-testing provisions of the Newstart allowance, the C10-dependent single-earner family would still be 4% below the poverty line.

Sole parents working part time

59. Table 8.6 has, at September 2022, NMW-dependent sole parents working 19 hours per week at **20% below** the poverty line (with one child) and **24% below** the poverty line (with two children). In both cases even a job paying the C10 wage, trade qualified or equivalent rate, would not lift them above the poverty line (with deficits of **13%** and **18%**, respectively).

60. Many part time workers are employed as casuals, and paid a casual loading, but their casual loading is set on the basis that it is compensation for the loss of the cash benefits of continuing employment and the irregularity of the hours of work. The plight of the many who do not have full time employment, reinforces the need for an increase in the NMW and the C13 to C10 rates so that they can be described as a true safety net.

61. It submitted that the difficulties facing part time employees are the product of two factors: the failure of minimum wage rates to keep pace with rising community-wide wage

increases over the past two decades and more; and the effective adoption of the single person criterion for the setting of minimum wages. The NMW is now at a level that the Commission regards as reasonable for a single person working full time. For many sole parents or families with one working parent, this measure is inadequate.

Increasing poverty: the poverty gap continues to widen

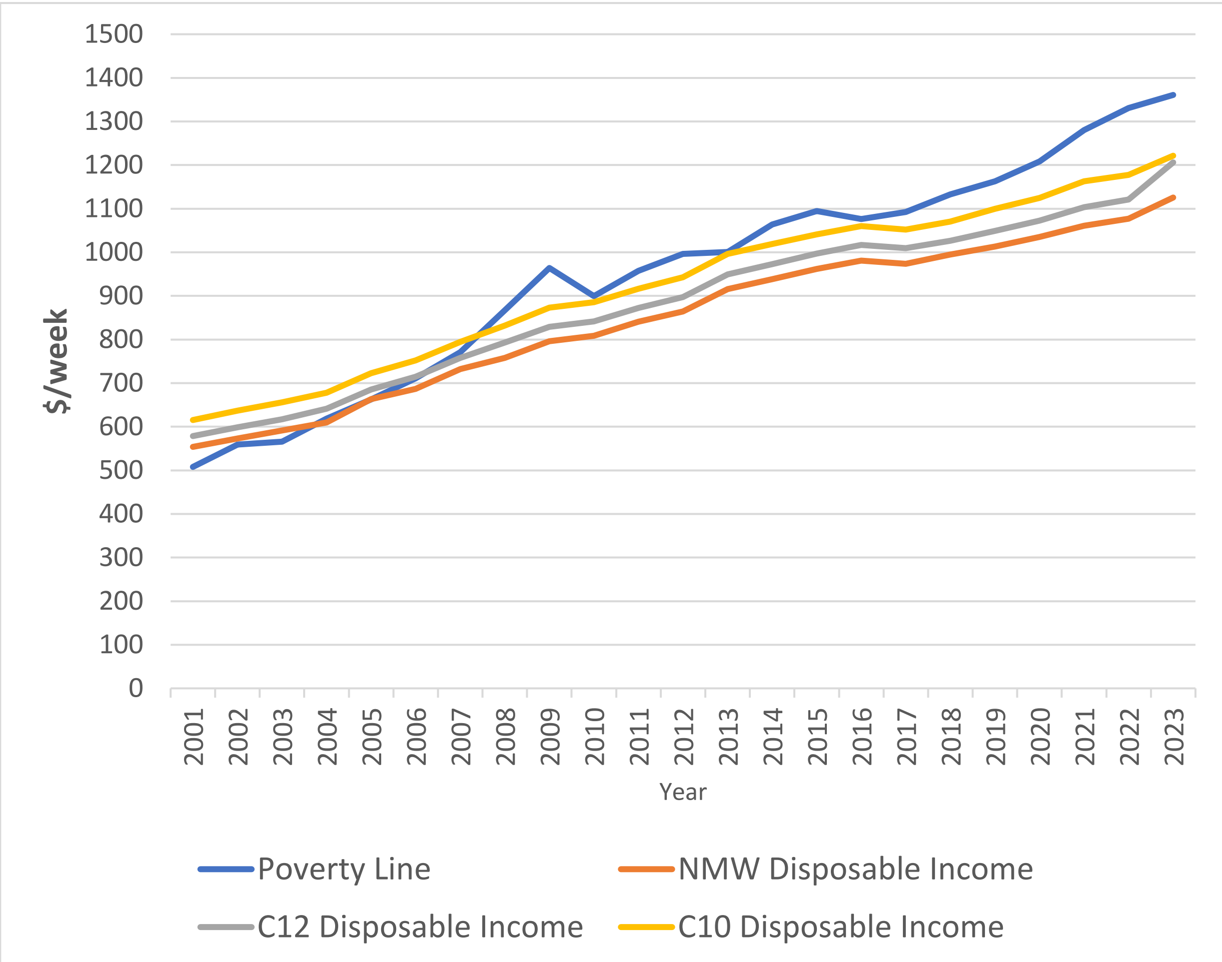
62. Figure 1 converts data on relative living standards into a graph that compares disposable incomes with the 60% poverty line. The data for this graph are in Appendix A at Tables A5 to A8. For the reasons indicated above, the poverty line can be seen as a line representing the position where people who are in front of that line enjoy a decent standard of living. The poverty gap, i.e. the difference between household income and the poverty line, can be viewed as a measure of disadvantage: i.e. it measures the extent, in money terms, to which the family is deprived of a decent standard of living.

Figure 1

Disposable Incomes of Safety Net-dependent Families Relative to 60% Poverty Line

(Couple and two children)

January 2001 – January 2023



63. The data in Tables A5 to A8 of Appendix A for the first few years after 2001 need to be treated with some caution because estimates of household disposable income in those

years have not been adjusted to reflect subsequent changes in data collation. The same caveat applies in relation to the comparisons in Figure 1. This aspect is also referred to in Chart 8.5 of the *Statistical Report* of 3 March 2023, where changes in the Gini coefficient of equivalised household income are shown over the years since 1994-95. Nevertheless, the figures for the earlier years have some utility. Mindful of the caveat in relation to the changes to the data collection in the earlier years, our calculations generally refer to changes since January 2004.

64. The tables in Appendix A show that the NMW-dependent family of a couple and two children fell further into poverty over these 19 years: from 1.46% below the 60% relative poverty line, with a poverty gap of $9.06 per week, to 17.29**% below** it, with a poverty gap in January 2023 of $235.25 per week. Similar changes have impacted on C12-dependent workers and their families.

65. We draw attention to the position of the C10-dependent family of a couple and two children. The tables demonstrate that even the acquisition of skills and responsibilities that come with a trade, or trade equivalent, occupation, the C10 (or equivalent) wage rate is still insufficient to lift the family above the 60% relative poverty line and provide it with a decent standard of living. In January 2004 it was 9.6% above the poverty line, but in January 2023 it was 10.2**% below** the poverty line.

66. In January 2004 the C10-dependent single worker without family responsibilities was 50.1% above the 60% relative poverty line, but by January 2023 had fallen to 26.2% above the poverty line. This represents a large cut in relative living standards, although less than the cuts suffered by workers with family responsibilities.

67. Many low income working families are living in poverty and deprived of a decent standard of living. This deleterious trend has been hidden within the national statistics recording, for most of this period, the very substantial increases in Australian average incomes, wealth and living standards. It is respectfully submitted that the principal cause of this has been the failure of safety net wages to reflect rising community incomes over the past 20 years and more.

Research on the level of poverty in Australia

68. In every Annual Wage Review the Commission has confronted data which has demonstrated high levels of poverty in Australia. The critical point about this evidence is that it has not been contradicted. Whilst there is an academic debate about which poverty line should be used as a measure of poverty, (whether the appropriate poverty line is at 50% or 60% of the median) that academic debate is immaterial to the substance of the evidence. Households with incomes below 60% of median should be regarded as significantly disadvantaged. This much is made clear by the budget standards research.

69. The evidence has established, and the Commission has accepted, that many homes are in poverty even where there is full time employment. In 2013, for example, in referring to statistics in *Poverty in Australia 2012* the Commission stated:

> *"The data in Poverty in Australia 2012 show that of all people with disposable incomes below 60 per cent of the median, 20.5 per cent were employed full-time, 13.5 per cent were employed part-time and 5.9 per cent were unemployed—the remainder were not in the labour force. Low-paid employment appears to contribute*

more to the total numbers in poverty than does unemployment." (footnote omitted and emphasis added)[12]

70. The report *Poverty In Australia 2023: Who is Affected* (**Poverty in Australia Report**) was published by the Australian Council of Social Services (**ACOSS**). The report was prepared by the Sydney Poverty and Inequality Partnership at the University of New South Wales. It found that a large proportion of those living in poverty were in households where there was full time employment: 701,000 at the 50% measure; and in homes where there was part time employment, there were 576,000 below the 50% poverty line (ACOSS, 2023, page 54).

71. *Poverty in Australia Report* also found that, among the total number living in poverty, there were 761,000 children under the age of 15 living in poverty at the 50% of median level (ACOSS, 2023, page 29. It is noted that, when COVID supplement payments were introduced there was a fall in levels of poverty.

72. The importance of this data cannot be underestimated. Firstly, it demonstrates the troubling reality that a very large number of Australians are living in poverty and disadvantage.

73. Secondly, and perhaps more importantly for the present exercise, it is entirely consistent with the data from Table 8.6 discussed above at 49 to 54. The fact that there are approximately ~~4,989,000 living in the 60% poverty line and 3,319,000~~ 701,000 living in the 50%poverty line where there is also full time employment in their household is consistent with the data that families working full time at NMW to C11 rates are below the 60% line (ACOSS, 2022, page 17; ACOSS, 2023, page 23). This data proves that examples identified in Table 8.6 and highlighted 57 to 58 above are not theoretical. This data shows that the current NMW rates are not an effective safety net.

74. Unfortunately the data does not descend to a sufficient level of granularity to enable a precise examination of the numbers of full time workers who are affected. However, it must be true that not all of those ~~4,989,000~~ 701,000 people were the wage earners. If one assumes that the wage earners comprise 20% of that group (i.e. one in every five), that means that there are still approximately ~~997,800~~ 140,200 people receiving a full time wage which is not sufficient to constitute a safety net for them and their families.

75. The conclusion to be drawn from these statistics from ACOSS is that the Commission's decisions have the capacity to improve or reduce the living standards of more than ~~4.9 million~~ 701,000 Australians who are living in poverty and disadvantage (ACOSS, 2022, page 17). It demonstrates that a large proportion of child poverty is found in homes in which there is full time or part time employment. Moreover, it demonstrates, in conjunction with Table 8.6 that the current minimum wage rates do not answer the statutory command contained in s. 284 of the FW Act because they are not a safety net.

76. While we know from these research projects how many children are living in poverty and how many Australians living in poverty are in households where there is a full time or part time employee, the reports do not estimate how many children are living in poverty despite a parent having a full time or a part time job.

77. The Sydney Poverty and Inequality Partnership notes the most recent data from the Organisation for Economic Co-operation and Development (**OECD**), which show that in 2019-20 the Australian Poverty rate at the 50% level was 12.6%, which was above the

[12] *Annual Wage Review 2012-13* [2013] FWCFB 4000 at [408].

OECD average of 11.8% (ACOSS and UNSW, 2023). Australia had the 15th highest rate among the 38 OECD countries (ACOSS and UNSW, 2023). Part of the reason for this poor performance is, we submit, the failure of minimum wage rates to provide sufficient support for low wage working families.

78. ACCER has referred in past reviews to a Productivity Commission Staff Working Paper, entitled *Deep and Persistent Disadvantage in Australia*, which was published in July 2013. This paper (by Rosalie McLachlan, Geoff Gilfillan and Jenny Gordon) is a very substantial contribution to the understanding of a range of issues concerning disadvantage, social exclusion and poverty. The scope of the research paper was "to find answers to a number of questions, including:

- what does it mean to be disadvantaged?
- how many Australians are disadvantaged and who are they?
- what is the depth and persistence of disadvantage in Australia?
- where do Australians experiencing disadvantage live?
- what factors influence a person's risk of experiencing disadvantage?
- what are the costs of disadvantage and who bears them?" (Page 4)

79. The paper provides:

> *"There are a number of reasons why policy makers need a better understanding about the nature, depth and persistence of disadvantage.*
>
> 1. *There is a high personal cost from disadvantage. People can suffer financially, socially and emotionally, have poor health and low educational achievement. Family, particularly children, and friends can also be affected. Given that key objectives of public policy are to improve the lives and opportunities of Australians (both today and in the future), it is important to find ways to reduce, prevent and ameliorate the consequences of disadvantage.*
> 2. *Disadvantage reduces opportunities for individuals and society. By addressing disadvantage, more Australians can be actively engaged in, and contribute to, the workforce and to society more generally. Higher levels of engagement typically lead to higher personal wellbeing — improved living standards and quality of life.*
> 3. *Disadvantage has wider consequences for Australian society. For example, persistently disadvantaged communities can erode social cohesion and have negative social and economic consequences for others. Overcoming disadvantage can lead to safer and more liveable communities.*
> 4. *Support for people who are disadvantaged and the funding of programs to overcome disadvantage involves large amounts of taxpayers' money and private funding. Policy relevant questions include: what are the most effective investments for reducing and* preventing disadvantage; and what are the costs and benefits?" (Page 28)

80. It is submitted that there is more than sufficient information about the deleterious impact of poverty and disadvantage on society. Various research reports show that many hundreds of thousands of Australians are living in poverty and that a full time job is not a means of escaping poverty for low income families (Phillips, Gray & Biddle, 2020).

81. The effect of this is that the NMW and C13 to C10 wage rates presently do not answer the description of being a safety net of fair minimum wages.

82. So there can be no confusion, the ACCER accepts that:

- the Annual Wage Review and the setting of the NMW is a blunt instrument to address disadvantage; and

- increasing the NMW will have broader implications.

83. However, those facts do not change the nature of the statutory command issued in s. 284. Most importantly, those facts do not relieve the Commission of the need to comply with that statutory command contained in s. 284. The imperative issued by Parliament is that the Commission must establish and maintain a safety net of fair minimum wages. If the minimum wage order issued does not answer that description, the Commission has not complied with its statutory obligation. It is, with respect, not to the point that some of the considerations identified in sub paragraphs (a) to (e) may point in a different direction. Ultimately, the exercise of the Commission's power must answer the statutory command.

Impact of JobSeeker and JobKeeper eliminating poverty and generating positive economic growth

84. From April 2021, JobSeeker was augmented by the Coronavirus Supplement (CS). The CS was set initially at $550 per fortnight, effectively doubling the JobSeeker Payment (previously known as Newstart Allowance).

85. Research has established that the CS had a significantly positive impact on the financial wellbeing of people without jobs or those managing financial disadvantages (DAE/ACOSS, 2020). JobSeeker recipients used extra income from the CS to meet basic needs and improve household financial security. An Australian Council of Social Services (ACOSS) survey of 634 welfare recipients found that 4 out of 5 were eating better and more regularly, while 7 out of 10 had been able to catch up on bills or pay for medical expenses (ACOSS, 2021).

86. The policy also had the effect of improving labour market participation (Barnes, 2022). According to a major survey of the Australian social service sector, 81% of providers reported a positive impact from the CS on clients and communities (Cortis and Blaxland, 2020).

87. However, from September to December 2020, the Supplement was reduced by more than half. It was further reduced to a minimal level until the policy ended in late March 2021. A more recent study found that the withdrawal of CS had negative mental health consequences for 63% of welfare recipients, negative financial security consequences for 57% and negative housing consequences for 44% (Wilson et al., 2021). According to analysis by advocates for assistance to people experiencing homelessness, the CS caused a decline in the number of people presenting themselves to homelessness services during FY2020/21. In contrast, the withdrawal of the CS led to a sudden increase in numbers, including an increase of nearly 4% in the month to September 2020 when the CS was reduced by $100 per week (Homelessness Australia, 2021).

88. The evidence that CS had positive effects on spending patterns among low-income households is consistent with the view that those living near the poverty line have a higher marginal propensity to consume. In plain English, this means that every additional dollar of income for low-income individuals or low-income household/family units is more likely to be spent on consumer goods and services than those with higher incomes. This does not mean that people on low incomes do not save or invest—it means, simply, that the

proportion of income allocated to consumption is likely to be higher, in proportional terms, than people with higher incomes.

89. This reality underscores the economic benefits of significantly higher wages for low income individuals and low-income households. Higher wages for low-paid workers is likely to contribute positively to total consumer spending and, by boosting effective demand, to national income. The current boom in business conditions is driven by business investment rather than consumption expenditure. There are limits to the durability of investment-driven growth that can only be corrected by commensurate increases in wage levels. Wages growth is currently lagging in the national recovery from the COVID Recession, threatening to limit and, ultimately, undermine future prosperity.

90. Katherine Murphy (2020, p 27) observed that the Secretary of the Treasury, Steven Kennedy, saw an immediate need to stimulate the economy through a boost in the earnings of low-income people, who are known to be the most likely to spend additional cash rather than save it:

> "*By 9th March, (Treasurer) Frydenberg and Kennedy had resolve to craft a package worth close to 1 per cent of GDP, which would dispense cash to people with a high marginal propensity to consume… The advice from Treasury was that people on income support would spend the money right away, whatever the prevailing conditions…*" (Murphy, 2020, p 32).

91. JobKeeper was devised to keep people connected to work and to provide a reasonable standard of living, not as a path to welfare. Again Katherine Murphy has observed:

> "*Advisers pitched…JobKeeper…(as) another form of liquidity for businesses disrupted by the pandemic — a massive injection to the balance sheet that would flow through to employers. The wage subsidy would be a merchandise to support parts of the economy where people would have a prospect of remaining employed*" (Murphy, 2020, p 40).

92. Implicit in this sentiment is the notion that JobKeeper provided a 'reasonable standard of living'. In circumstances where working people, paid the NMW on a less than full time basis will not achieve this standard, there is an acknowledgement that the NMW is insufficient to provide a reasonable standard of living.

93. Further, reflecting on the intention of the Treasury Secretary, there is an acknowledgement that increasing payments to the working poor acts as a stimulus to the economy.

94. Given this research, commentary, and the objects of the FW Act, it is respectfully submitted that to answer the statutory command in s 284, the NMW must be increased sufficiently to lift working people out of poverty. The economic benefit of doing so has been recognised through the COVID-19 supplement experience, whether that be by increasing the poor's ability to rent, to save and to spend. Lifting the NMW could be a further stimulus to the economy.

PART 3: THE ECONOMY AND EMPLOYERS CAN AFFORD A REAL INCREASE IN THE NATIONAL MINIMUM WAGE

A Cost-of-Living Crisis: Scale and impacts of rising household costs for low-income earners in Australia

95. This section contends that Australian society has been beset by a sharp, ongoing rise in the cost of living. This crisis emerged over the 6-12 months following Australia's recovery from community lockdown and border closure policies during the COVID-19 Delta Wave in the latter half of 2021. While economic conditions began to improve after lockdown conditions were lifted in October/November 2021, a combination of international and domestic factors have brought about the sharpest increase in the cost of living in a generation. Increasing living costs have been driven by a range of cost-push factors in markets for finance, raw materials and intermediate goods (though *not* in labour markets). These factors include: international influences which include international geopolitical instability (e.g., the reverberating economic impacts of Russia's war in Ukraine), shortages, logistical bottlenecks and rising costs in global supply chains; and inflationary lag effects from historically high fiscal stimulus and public debt measures enacted during the COVID-19 crisis. This has meant that problems of job losses, higher under-employment and rising financial insecurity experienced from March 2020 until the beginning of 2022 have translated into a cost-of-living crisis over the past 12 months. This crisis continues as a pressing concern as the FWC undergoes its annual review of the NMW for 2023.

96. Cost of living pressures are represented primarily by changes in the Consumer Price Index (**CPI**), the key measure used to calculate the rate of inflation. Figure 2 documents quarterly changes in the CPI over the last 5 years, including the period of economic boom followed by slowing growth prior to the COVID-19 pandemic, the pandemic itself, and the period of more than 12 months following the last major period of lockdowns in late 2021. These data show that the CPI began to increase sharply following the 'COVID Recession' of 2020 and, again following the economic contraction of late 2021 during the Delta Wave of the coronavirus. By December 2022, the rate of inflation based on the 12 months to the December quarter had reached 7.8 percent, the highest level in over 33 years (since March 1990). The scale of this rise in historical terms is also illustrated in Figure 3 which charts CPI movements over the past 40 years.

Figure 2 Consumer Price Index (CPI) 2017-2022
Change (%) from Quarter of Previous Year. Source: ABS (2023)

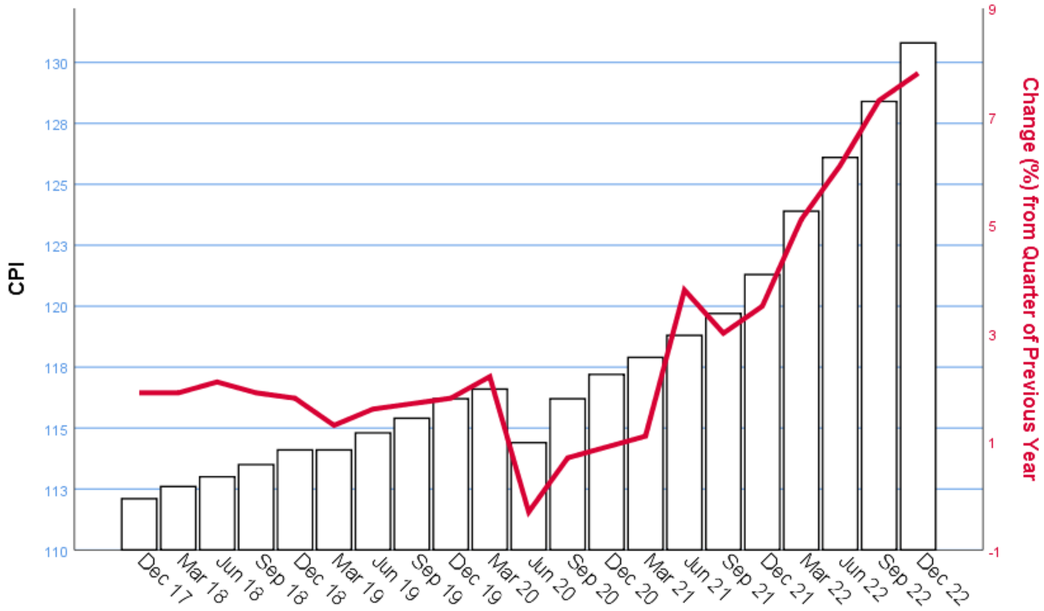


Figure 3 Annual change, Consumer Price Index (CPI) 1982-2022
Change (%) from Quarter of Previous Year. Source: ABS (2023)

97. Growth in the CPI is significantly greater than growth in the Wage Price Index (**WPI**), which measures changes in the price of labour. Although movements in the CPI and WPI have previously correlated, they diverged sharply during the COVID-19 pandemic and especially over the course of 2022 (Figure 4). Since the September quarter of 2020, annual inflation has grown by a quarterly average of 3.9 percent against 2.2 percent for the WPI. This divergence is even more pronounced for the 12 months to the December quarter of 2022: 6.0 percent against 2.8 percent, or more than double the WPI rate. As

per the outlook 12 months ago, economic concerns about inflation should not, therefore, be attributed to wage pressures. Wage inflation *has* increased during this period as the WPI shows—but it remains sharply divergent with inflation overall, demonstrating that wages have had, and continue to have, a *relatively marginal influence on inflationary pressures* (see Stanford, 2023 for similar conclusions). This finding remains the same if we disaggregate the WPI into sectors with a higher proportion of low-income employees. Figure 5 shows the WPI for retail trade, accommodation and food services, and Australia's largest-employing sector, healthcare and social assistance. Nor does this finding change if we substitute these sectors for others with a high proportion of low-income employees, such as construction or wholesale trade.

Figure 4 Annual change, Consumer Price Index (CPI) & Wage Price Index (WPI) 2017-2022, Change (%) from Quarter of Previous Year. Source: ABS (2023)

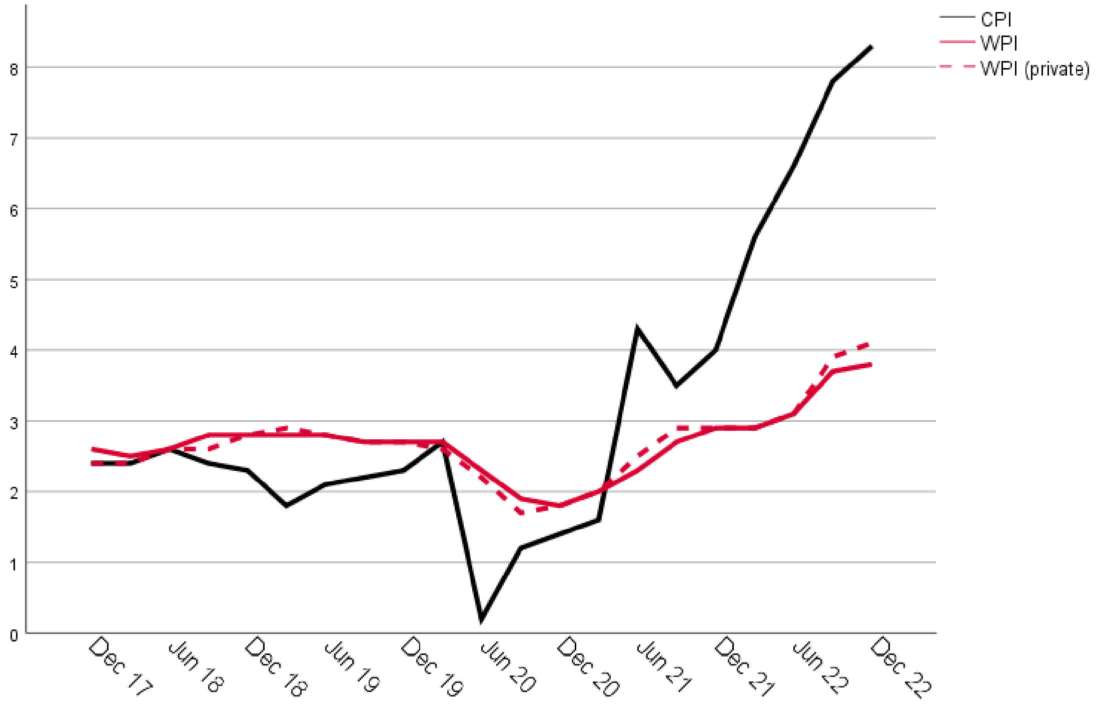
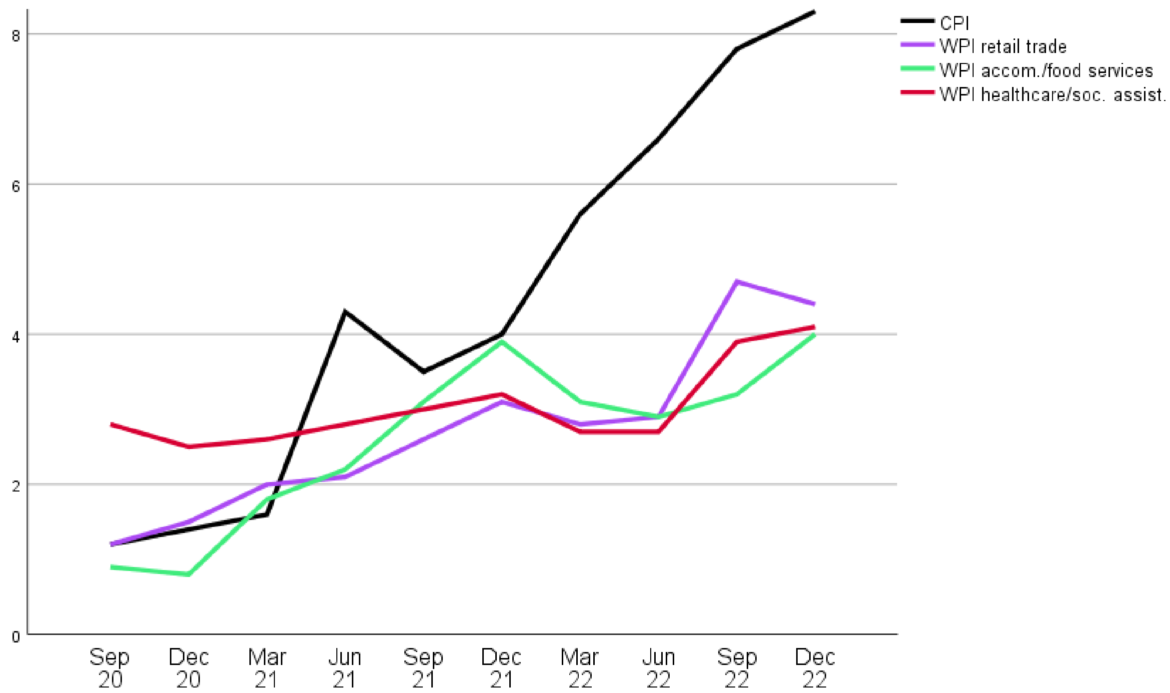


Figure 5 Annual change, CPI & WPI by select sector
2020-2022, Change (%) from Quarter of Previous Year. Source: ABS (2023)

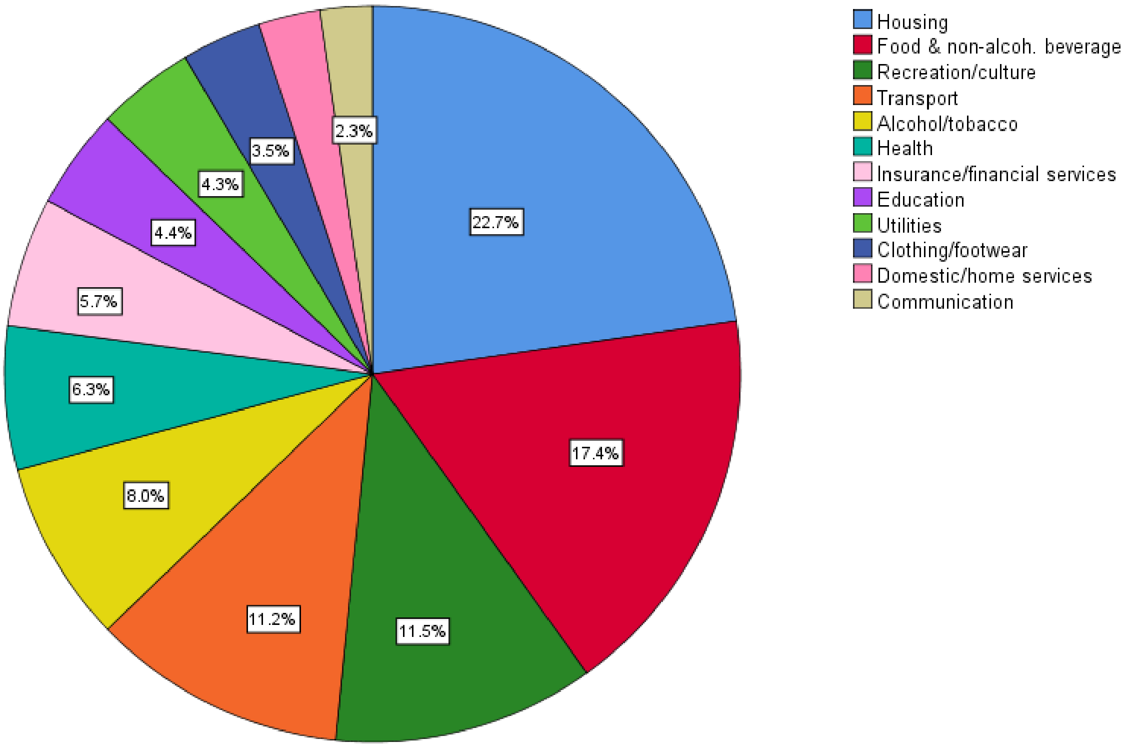


98. To reiterate, cost pressures which have influenced rising inflation have not resulted from rising wages and relate, instead, to a combination of international and domestic economic and geopolitical factors. Wage-earners are not to 'blame' for rising inflation—and should not, therefore, be penalised unjustly with sub-inflation wage outcomes. This is especially since low-income individuals, households and families have already been penalised substantially by rising inflation which has significantly reduced the purchasing power of household budgets.

99. To understand this problem with greater clarity, we disaggregate the CPI into key components (Figure 6). This data shows that housing is clearly the biggest proportion of the CPI (22.7 percent in the December quarter of 2022). This proportion is greater in the largest metropolitan cities where Australia's population is concentrated. Housing costs have increased significantly due to the historically high interest rate environment driven by financial institutions. This environment, combined with low residential vacancy rates in large urban rental markets, has strongly influenced rising rental costs, which represented a quarter (25.6 percent) of total housing costs (and 5.8 percent of the CPI overall).

100. Food and non-alcoholic beverages represented the second largest component of the CPI (17.4 percent in the same period). This was followed by recreation and culture (11.5 percent)—of which nearly half was represented by holiday expenses (4.8 percent)—and transport costs (11.2 percent). The latter includes rising fuel costs, which represented 3.7 percent of the CPI overall. Alcohol and tobacco represented 8 percent of the CPI, of which over half was represented by wine and beer (1.9 and 2.3 percent of the CPI respectively). Health costs represented 6.3 percent, followed by insurance and financial services (5.7 percent), which have increased sharply in cost due, especially, to rising interest rates. Other notable components of the CPI are utilities, which represented 4.3 percent and was comprised primarily of rising electricity and gas costs (2.4 and 1.0 percent of the CPI respectively), and clothing and footwear, which represented 3.5 percent of the CPI.

Figure 6 Share (%) of key components in Consumer Price Index (CPI) December Quarter 2022. Source: ABS (2023)



101. Increasing prices in the key components outlined above tend to impact especially upon low-income individuals, households and families due to their higher marginal propensity to consume. This reflects the tendency for those with a relatively low incomes to spend a higher proportion of their income, including on household-scale essentials, than those with relatively high incomes who have a higher marginal propensity to save, hold cash or invest. Therefore, rising prices in many of these categories will tend to have a disproportionately negative impact on low-income earners. Furthermore, the increase in the inflation rate for key household essentials has been especially high, as evidenced in Figures 2.6 and 2.7. As the largest contributor to household expenses, housing costs have risen sharply since the June Quarter of 2021 by a quarterly average of 7.1 percent, reaching as high as 10.7 percent in the December Quarter of 2022.

102. This increase is contributing to the normalisation of housing stress in Australia. According to recent ACTCOSS research, minimum wage couples (dual NMW earners) are facing 'unaffordable to moderately unaffordable rents across most metropolitan areas' and 'unaffordable to severely unaffordable' rents in Greater Sydney (ACTCOSS, 2022: 42-44). The same report concludes that a minimum wage couple in the ACT would need to spend 33 percent of their gross income on housing, placing them in housing stress.

103. Research on single NMW earners has found that a dearth of rental vacancies is contributing to worsening hardship. Across major metropolitan cities, increasingly few rental listings are affordable for NMW earners. According to a March 2022 snapshot of available housing rentals, just 1.6 percent were affordable for a single minimum wage dependent person, while just 0.7 percent were affordable for single minimum wage dependent parent with two children (Anglicare, 2022). For couples with dual minimum wage income and two children, just 15.3 percent of houses were affordable. This figure is

down from 30 percent in 2012. Such findings reinforce arguments that rising housing costs are increasing risks of homelessness among low-income earners (Knight, 2022).

104. Over the same period, quarterly inflation of food and non-alcoholic beverages prices averaged 5.3 percent, reaching 9.2 percent in the most recent period (December Quarter 2022). Major rises in key sub-components were recorded for essential items such as bread, which reached 13.4 percent in the December Quarter 2022, breakfast cereals, which reached 15.3 percent in the same period, poultry (11.6 percent in the same period), milk (17.9 percent), fruit (12.6 percent), cooking oils (20.8 percent), and tea and coffee (11.9 percent). Sharply rising inflation for ‘recreation and cultural’ expenses was underpinned by inflation in the price of holidays, both domestic and foreign, which reached 19.8 and 15.9 percent respectively in the December Quarter of 2022. (Note that non-discretionary inflation, which excludes holidays, is running higher than CPI at 8.4% in the December Quarter of 2022.) A further key area of rising inflation was utilities, driven by rising energy prices. Electricity price inflation reached 11.7 percent in the December Quarter of 2022 while gas price inflation reached 17.4 percent.

105. Predictably, the ballooning cost of living has cut into real incomes, such that the value of wage and salary incomes in purchasing power terms has declined sharply since mid-2020. Analysis by Jericho (2022) demonstrated a fall of over 5.4 percentage points in real wages in the 24 months until the June Quarter of 2022 (Figure 9). Among numerous recent reports of rising living costs, a Uniting Church study of Uniting service users found that 92 percent were cutting back on food and around half were cutting back spending on heating costs (Wilson et al, 2022).

106. For the reasons outlined above, we can speak of *a cost-of-living crisis with a greater impact on individual and family living standards than at any point in the past three decades*. According to its safety net mandate, the FWC is, in our view, duty bound to act decisively and with remedial effect in this context.

Figure 7 Consumer Price Index (CPI) by select key components 2020-2022. Source: ABS (2023)

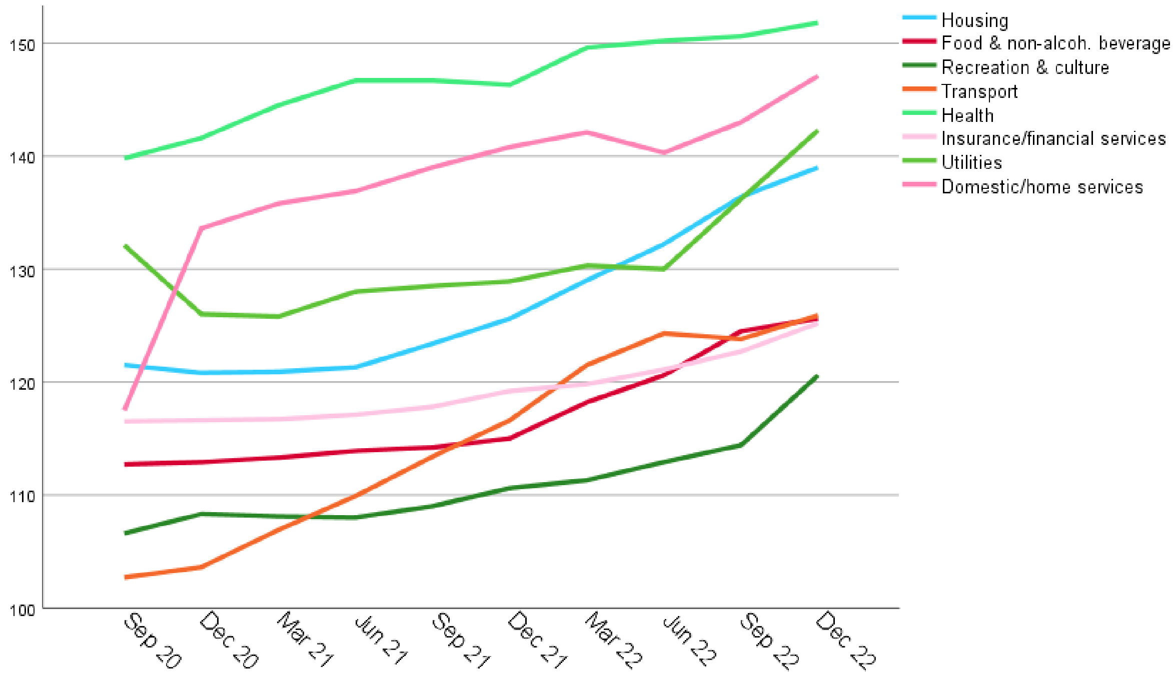


Figure 8 Annual change, CPI by select key components 2020-2022, Change (%) from Quarter of Previous Year. Source: ABS (2023)

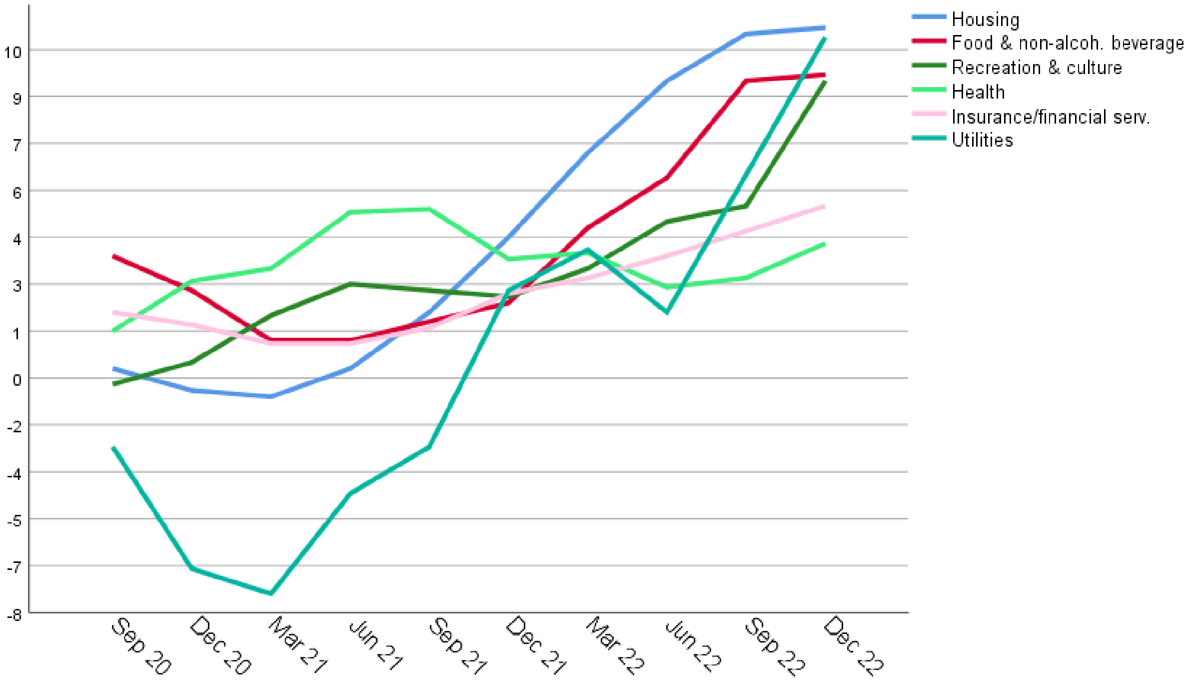
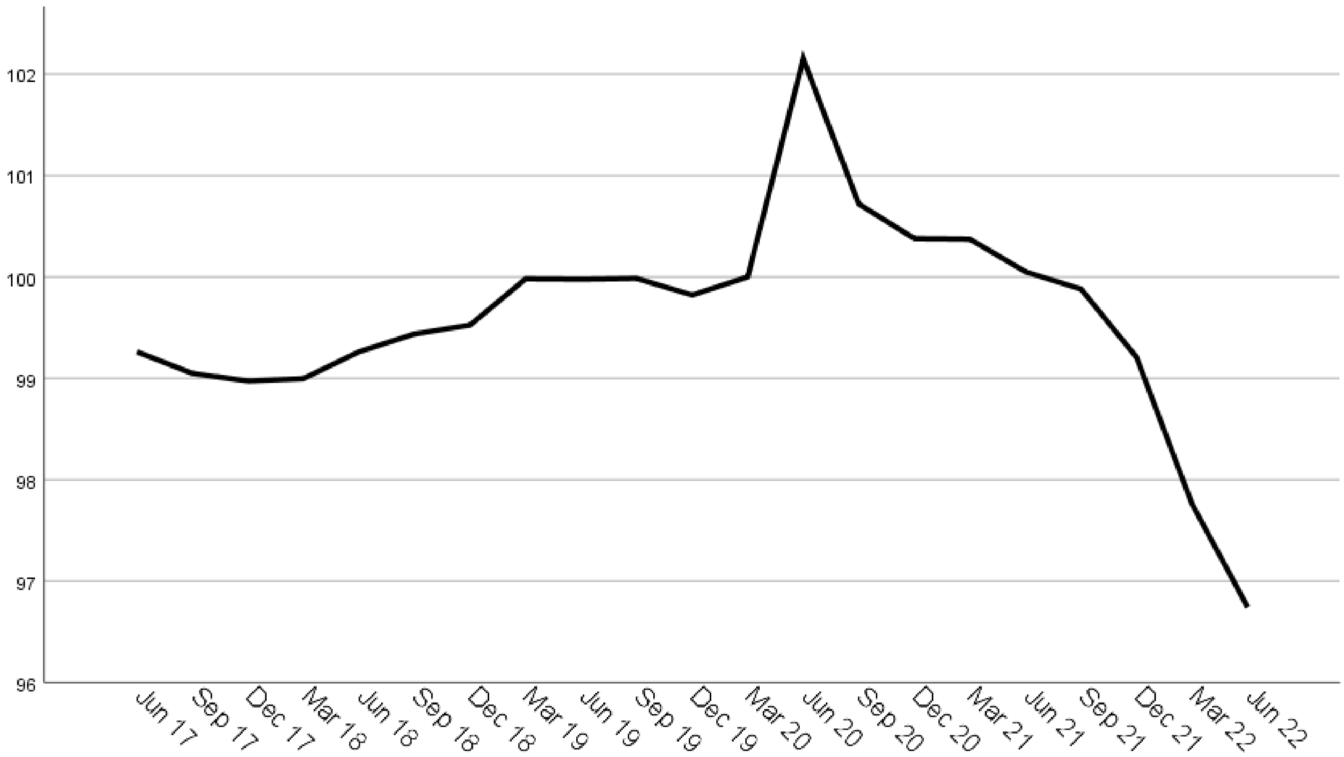


Figure 9 Index of real wages, 2017-2022 March 2020 = 100. Source: derived from Jericho (2022)

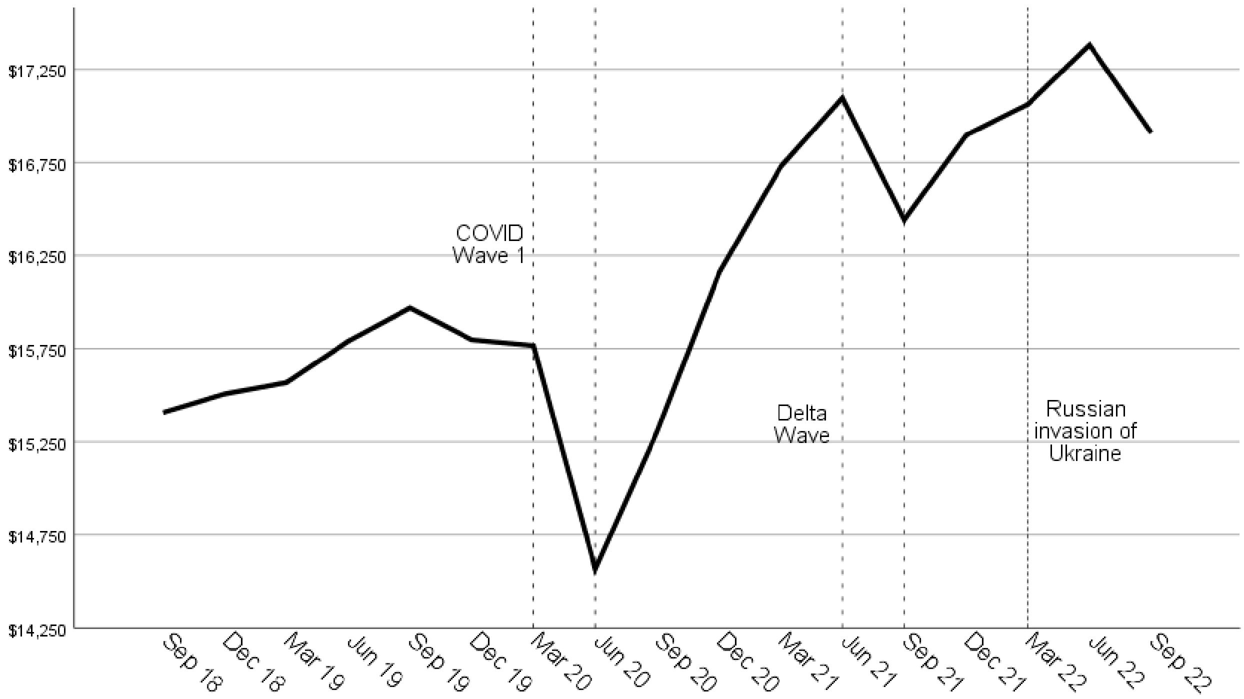


The Affordability of a Significant Wage Rise for Business and the Economy

107. There is no question that the historically high inflation which is undermining living standards for low-income earners (and others in higher-income categories) is also having a major impact on business and the wider economy. Related impacts on business include supply chain bottlenecks and input shortages, including labour and skills shortages. There are also signs that inflationary pressures, lower consumption expenditure and tightening monetary policy are slowing economic growth and will begin to have some upward impact on the rate of unemployment. However, these impacts need to be placed in the context of the profound recovery in profits and investment which occurred in the wake of the COVID Recession of 2020. While living costs may be in 'crisis' by historical standards, business conditions and the economy are **not** in crisis by any reasonable measure.

108. For instance, economic growth—measured here in terms of Real Net National Disposable Income per capita—increased sharply following the COVID Recession until the temporary resumption of lockdowns in eastern states in late 2021. From the September Quarter 2021 until the June Quarter 2022, quarterly growth averaged 1.9 percent (Figure 10). Since the June Quarter of 2022, growth has fallen due to the combined influence of domestic and international economic and geopolitical factors, as well as tighter monetary policy settings. Nevertheless, growth prospects for the near future are far from poor by historical standards.

Figure 10 Real Net National Disposable Income per capita 2018-2022. Chain volume measure, seasonally adjusted. Source: ABS (2023a)



109. A further indication of moderate-to-positive economic conditions is the persistence of Australia's low rate of unemployment. Since the peak of the COVID Recession, unemployment has fallen to historically low levels—levels not seen since the early 1970s (Figure 11). While numerous negative economic factors led to a modest rise in unemployment in late 2022, alongside expectations of further modest increases in the context of higher interest rates, unemployment remained at just 3.7 percent in January 2023. This is hardly a sign of an economy in crisis. In line with low unemployment, total

employment has continued to rise since the most difficult days of the COVID Recession. Total employment has continued to recovery healthily despite the challenges of the Delta Wave in late 2021 and economic countertrends heralded by global geopolitical factors in 2022 (Figure 12). Further evidence of the relatively healthy state of labour markets is evidenced by the continued upward tick in the Weekly Payroll Jobs Index throughout the latter half of 2022 (Figure 13).

110. Historically, trends towards full employment have been associated with tighter labour markets and, therefore, higher wage pressures. But the relationship between low unemployment and higher wages has been significantly reduced in Australia due to several interconnected factors, including changes in the overall institutional architecture of wage fixing, lower rates of collective bargaining and historically low levels of income support for low-paid workers.

Figure 11 Unemployment Rate (%), 15-64 years old, 2018-2023
Source: ABS (2023b)

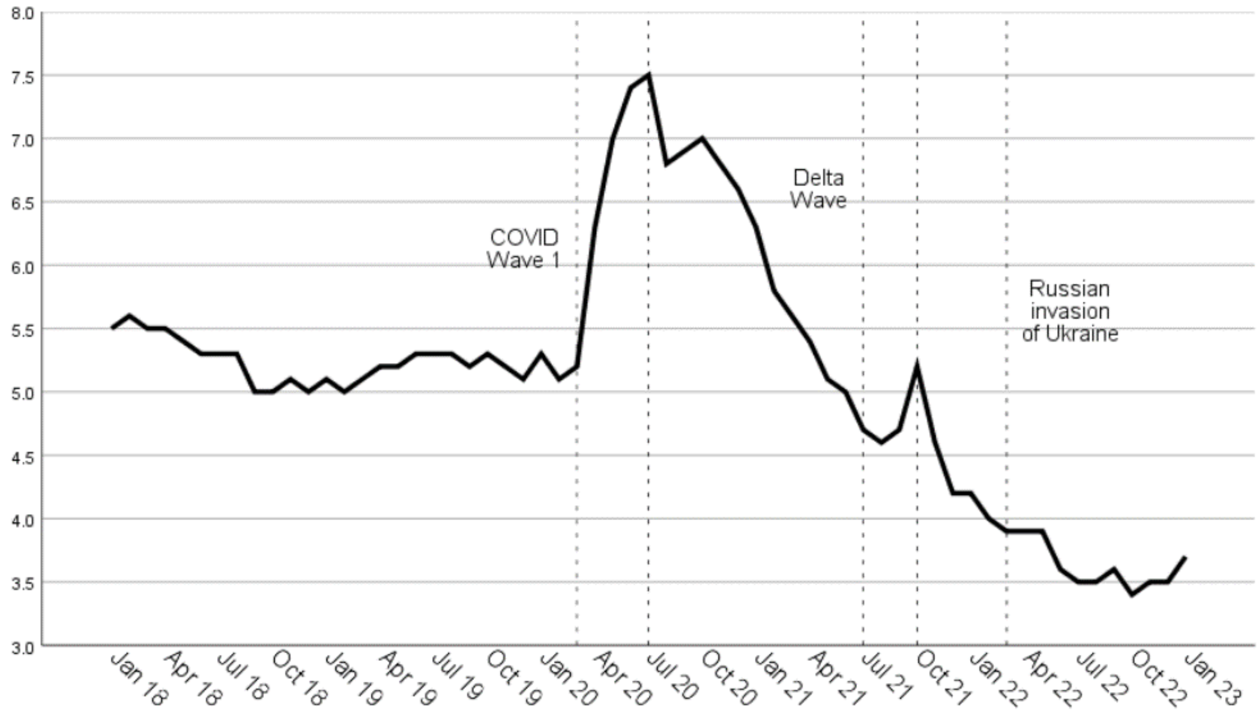


Figure 12 Total Employment,'000s, 2018-2022
Source: ABS (2023b)

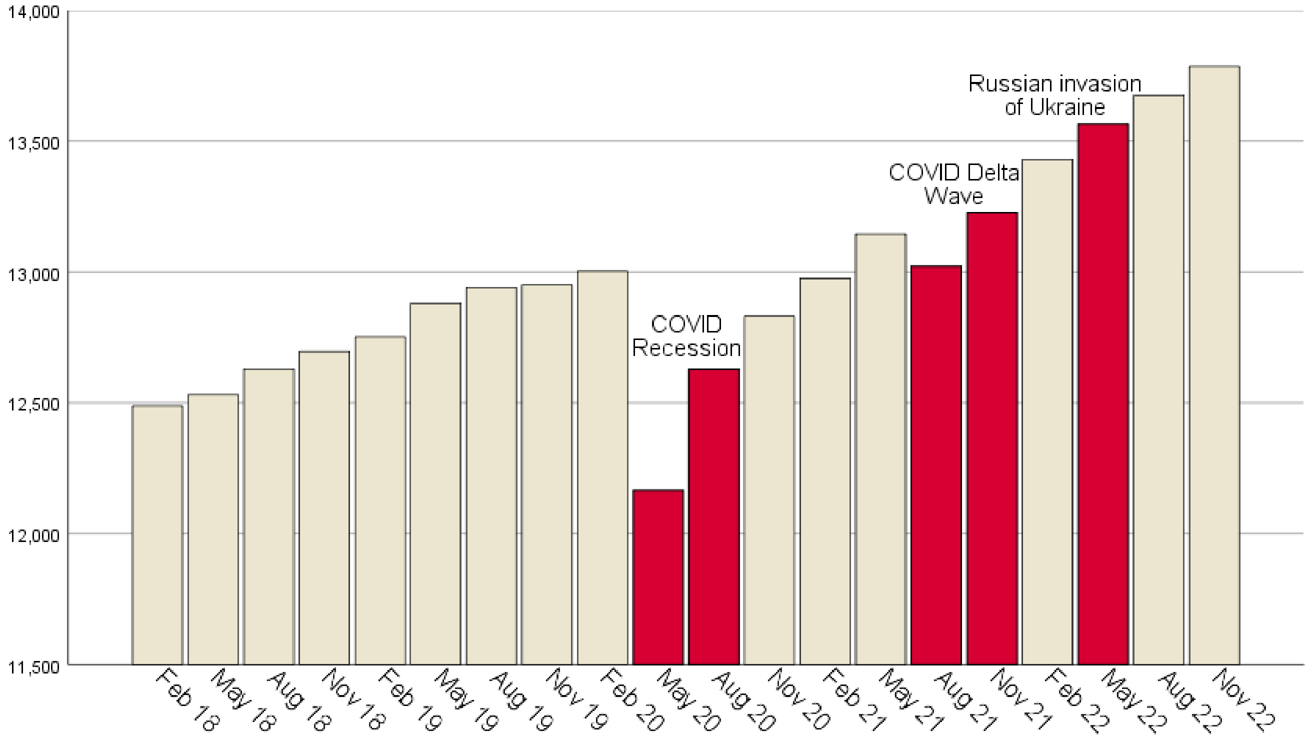
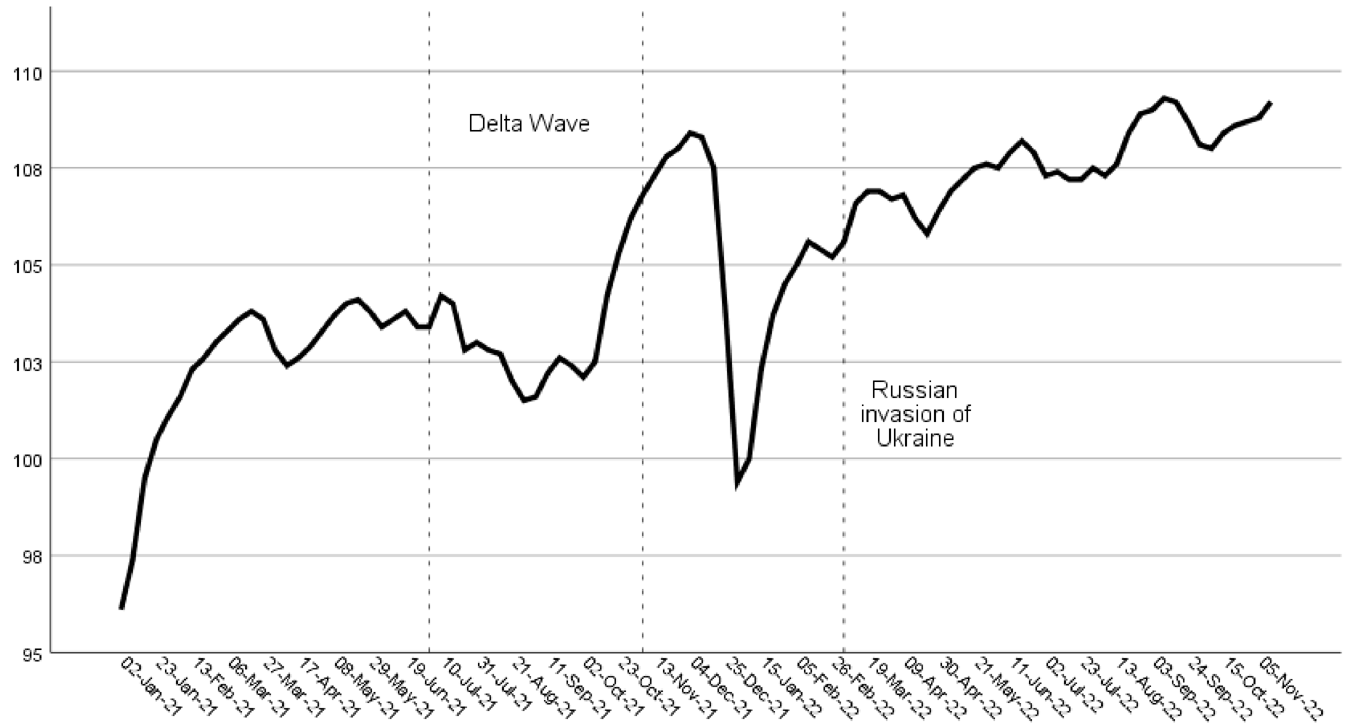
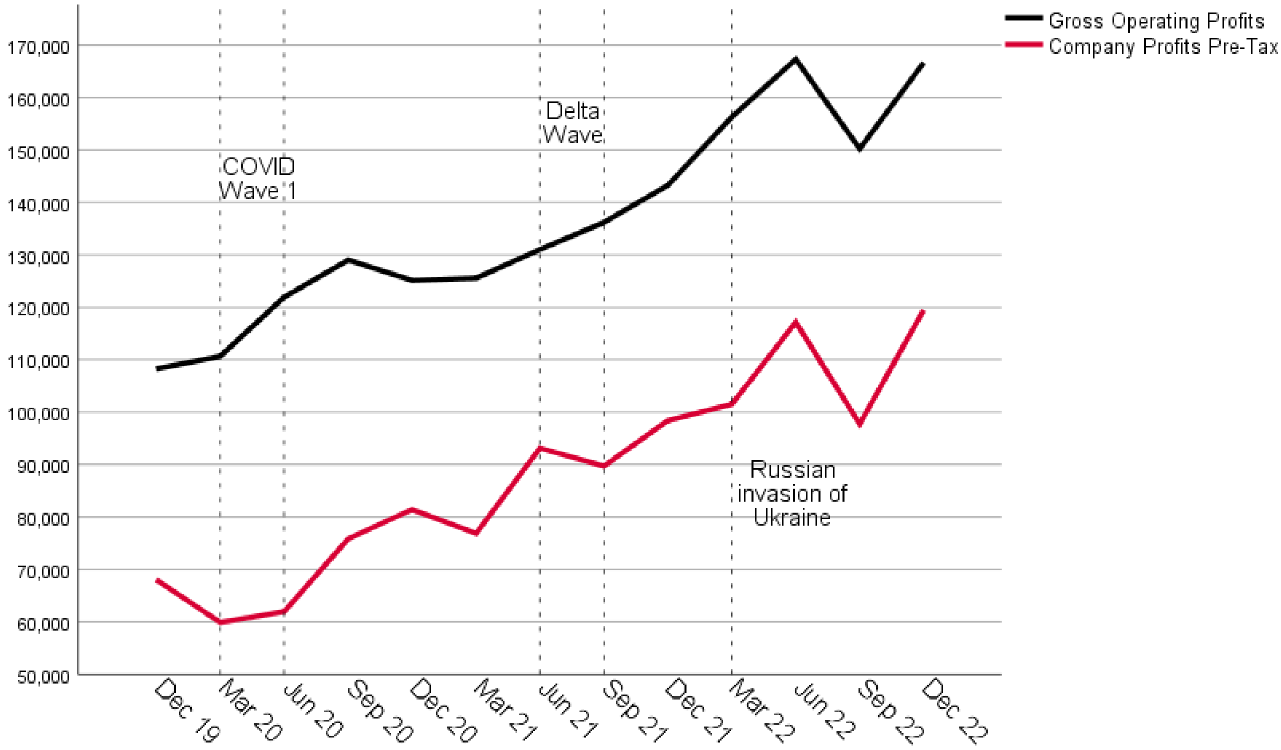


Figure 13 Weekly Payroll Jobs Index
Jan 2021 – Nov 2022. Source: ABS (2023c)



111. As well as progress in labour markets, company profits have remained relatively buoyant despite the destabilising influences encountered in 2022, including margin pressures resulting from supply chain shortages, higher costs for inputs and intermediate goods, and challenges of cashflow management. After falling back by 10.2 percent during the September Quarter of 2022, gross operating profits recovered by 10.9 percent during the December Quarter. Similarly, company profits before tax fell by 16.6 percent before recovering by 22.3 percent over the same time-period (Figure 14).

Figure 14: Gross Operating Profits and Company Profits Before Tax, 2019-2022 Quarterly, current $ million, seasonally adjusted. Source: ABS (2023d)

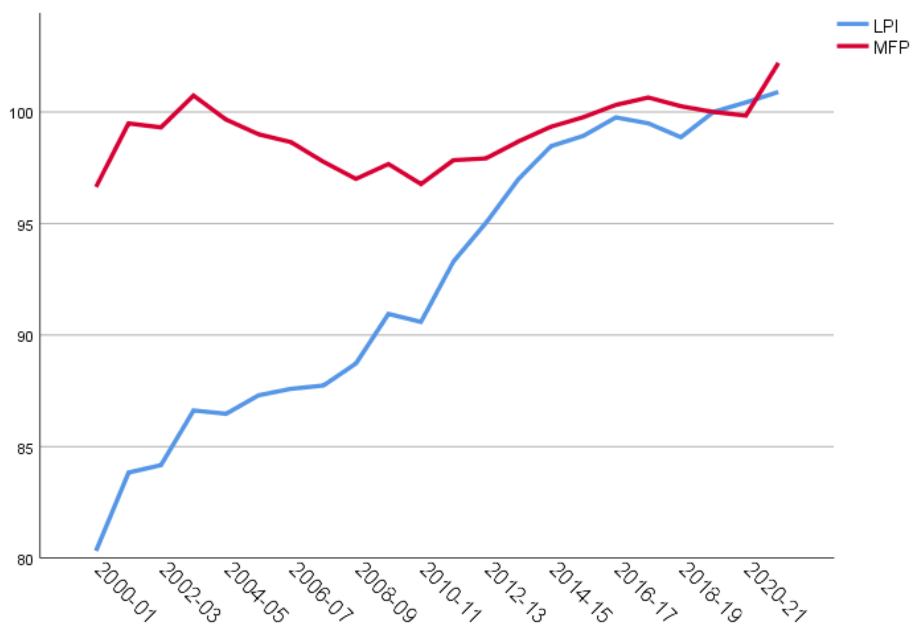


112. In terms of labour costs, paragraphs 95 to 106 and detailed evidence of rising wage inflation via the WPI—although this increase was overshadowed significantly by changes to in CPI. Even this rising cost environment needs to be understood in its full context to correctly gauge optimal policy settings. In Australia, real unit labour costs have fallen consistently for decades. Despite an interruption caused by the COVID pandemic and the temporary closure of Australia’s international borders, labour costs remain at a lower level than at any point in recent decades (Figure 15).

Figure 15 Index of Real Unit Labour Costs, 2002-2022
Quarterly. Non-farm, seasonally adjusted. Source: ABS (2023a

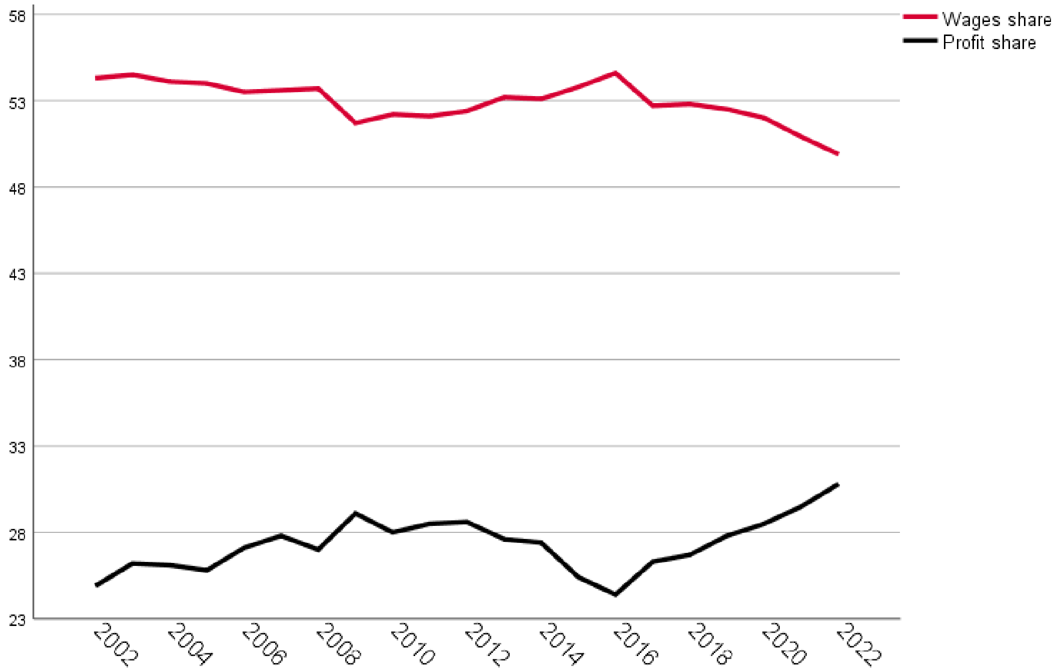
113. A related issue is labour's continued relative overperformance in productivity terms. There are no significant productivity concerns about a major rise in the NMW. Indeed, labour productivity has disproportionately contributed to national productivity growth over the past two decades. In the 20 years to FY2020/21, labour productivity has grown by 0.9 percent annually on average. In comparison, multi-factor productivity—which includes all inputs on production as well as labour—averaged 0.2 percent, nearly five times weaker (Figure 16).

Figure 16 Labour Productivity and Multi-Factor Productivity, FY2000/01 – 2020/21
Quality-adjusted hours worked. Source: ABS (2023a)



114. Furthermore, the wages share of the national economy has continued to fall. In factor income terms[13], wages fell from nearly 55 percent of total factor income in 2015/16 to below 50 percent in 2021/22—the lowest level in the ABS time series *since 1960*. Over the same period, the profits share of total factor income increased from 24 to 31 percent—the *highest level recorded* in the same 63-year time series (Figure 17).

Figure 17 Profit/Wages Share of Factor Income (%) Annualised. Source: ABS (2023a)



115. We reiterate the contention in ACCER's 2022 submission that business sectors which are affected most directly by changes in the NMW tend to exhibit relatively low elasticity of labour demand. In plain English, this refers to sectors in which business decisions to hire, retain or shed workers are relatively insensitive to movements in wages relative to other sectors; in other words, a rise in wages will not have a major impact on job retention or creation.

116. One reason for relative wage inelasticity in these sectors is relatively low labour substitutability. This refers to businesses in sectors in which labour demand is relatively insensitive to wage movements, or what is also known as a low substitution effect. This includes sectors with:

- low labour-intensity and greater emphasis on non-wage costs in decisions about operations, investment, staffing, etc. This is referred to here as a ***low labour/capital ratio***; and/or
- a relatively large labour supply, including relatively high dependence on immigration. This is referred to here as ***immigration-dependent labour supply*****.**

[13] Factor income records income on the main factors of production, e.g., wages for labour, profits for capital, rents for land.

117. A second major reason for relative wage inelasticity of labour demand arises in sectors with:

- high/growing sales, reflected in high/growing consumption expenditure on goods and services, or a high ratio of sales to wage/salary costs. This is referred to here as a ***high sales/wage cost ratio***.

118. In updating data from ACCER's 2022 submission for these three industry characteristics—low labour/capital ratio, immigration-dependent labour supply and high sales/wage cost ratio—it is argued that insights on the impact of wage rises for low-income earners can be gleaned by analysing changes in the sectors selected in Figure 18. First, sectors with *immigration-dependent labour supply* include:

- Healthcare and Social Assistance (HSA): This is, by far, the largest-employing sector in Australia, which accounted for over two million jobs by late 2022 and around 1 in 5 female jobs in the country. While HSA includes many higher-paid and professional occupations, it also includes many workers in low-paid occupational groups such as janitors, cleaners, porters, etc.
- Accommodation and Food Services (AFS): This sector has high dependence on lower-income earners, female workers and younger workers. Almost 950,000 people worked in this sector in November 2022.

119. Second, some sectors exhibit a combination of the above characteristics. These include:

- Retail Trade: This is Australia's second-largest employing sector, with over 1.3 million jobs in late 2022. Retail Trade exhibits both a relatively *immigration-dependent labour supply* and a relatively *high sales/wage cost ratio* and, like AFS above, has high dependence on lower-paid workers, female workers and younger workers.
- Construction: Construction exhibits a relatively *high sales/wage cost ratio* on aggregate (cf. Figure 19). Many firms, particularly Small and Medium-sized Enterprises (SMEs), tend to also exhibit an *immigration-dependent labour supply*.

120. In aggregate, these four sectors accounted for 41 percent of all employment in Australia in late 2022. While the occupational profile of jobs in each of these sectors is highly diverse, each tends to also reflect a high dependence on relatively low-paid jobs and occupations. In these cases, wage levels continue to be influenced by movements in the NMW and Award-based increments. This does not mean that employment and occupational groups in other sectors are unimportant vis-à-vis shifts in the NMW. Given their respective sizes in aggregate employment terms, however, analysis of key indicators of business conditions in these sectors provides an instructive, general picture for effects from NMW decisions.

121. First of all, jobs growth in each of these sectors has been impressively high in historical terms and also relative to total employment growth, which was recorded as four percent in the 12 months to November 2022. Employment in HSA increased by almost 164,000, or by nearly 9 percent. In AFS, almost 950,000 people were employed in November 2022, with an annual increase of over 95,000, or 11 percent. In the same period, employment in Retail Trade grew by almost 46,000, or nearly 4.0 percent. Finally, nearly 1.3 million people worked in construction by November 2022, an annual increase of over 136,000 workers or nearly 12 percent. In most cases, therefore, employment in these sectors has grown faster than total employment (with the lone exception of Retail Trade)—HSA by more than double, AFS by nearly four times, and construction by over four times the rate of jobs growth nationally.

122. The key point of this comparison is that strong jobs growth has occurred despite significant increases in operational costs over this period, including rising inflation for raw

materials and intermediate goods, shortages and delays in key inputs, and rising overheads and other operational costs. This jobs growth has also occurred *despite the inflation-equivalent increase in the NMW delivered by the FWC in 2022.* Moreover, these figures demonstrate the sharp recovery in employment in these sectors and impressive employment growth going forward, highlighting the extent of labour market recovery since intermittent, COVID-inspired economic contractions experienced in 2020 and 2021.

123. Second, sales income for most these key sectors increased significantly throughout 2022 as the economy has recovered from the COVID Recession. Since September 2021, Retail Trade sales income has increased by an average of nearly 4 percent per quarter, or 19 percent cumulatively. For AFS, sales income has increased by an average of nearly 12 percent per quarter, or an astonishing 69 percent cumulatively—a very clear sign of rapid recovery since COVID lockdowns and border closure policies. Even with the important context of COVID in mind, sales income in December 2022 was 23 percent higher than the level recorded in the equivalent quarter three years earlier (pre-COVID). Finally, construction sales income increased by an average of nearly three percent per quarter, or 15 percent cumulatively (Figure 19).

124. Third, although wage costs have undoubtedly increased, wages growth relative to growth in output and profits continues to be modest. Figure 20 demonstrates that wages as a proportion of Gross Value-Added (GVA) have fallen overall over the past 12 months of data. Having spiked during the COVID-19 pandemic in the context of sector-wide collapses in economic activity and industry output, wages as a proportion of GVA fell by a full percentage point in the 12 months to December 2022 (from 49.3 to 48.3 percent). Over the same period, the same measure for construction increased but only by a relatively small degree (by 2.7 percentage point to 55.7 percent). In contrast, wage costs fell significantly in proportional terms from 77.1 to 70.7 percent for AFS, from 65.2 to 62.8 percent for Retail Trade, and remained the same (83.2 percent) for HSA (Figure X). In GVA terms, aggregate profitability thus remains *remarkably strong* for these sectors despite rising input costs, inflationary pressures and supply chain disruptions.

Figure 18 Employment by Select Sector, ’000s, 2017-2022
Quarterly, seasonally adjusted. Source: ABS (2023b)

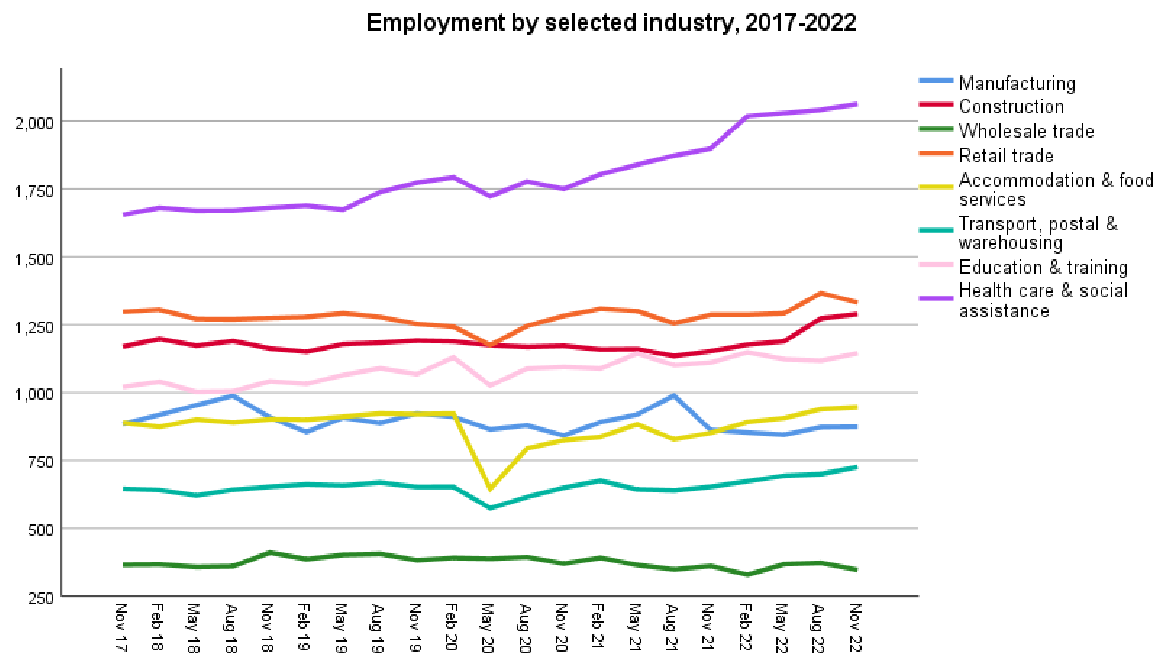


Figure 19 Sales Income by Select Sector
Quarterly, current $ million, seasonally adjusted. Source: ABS (2023d)
Note: data for Health and Social Assistance unavailable

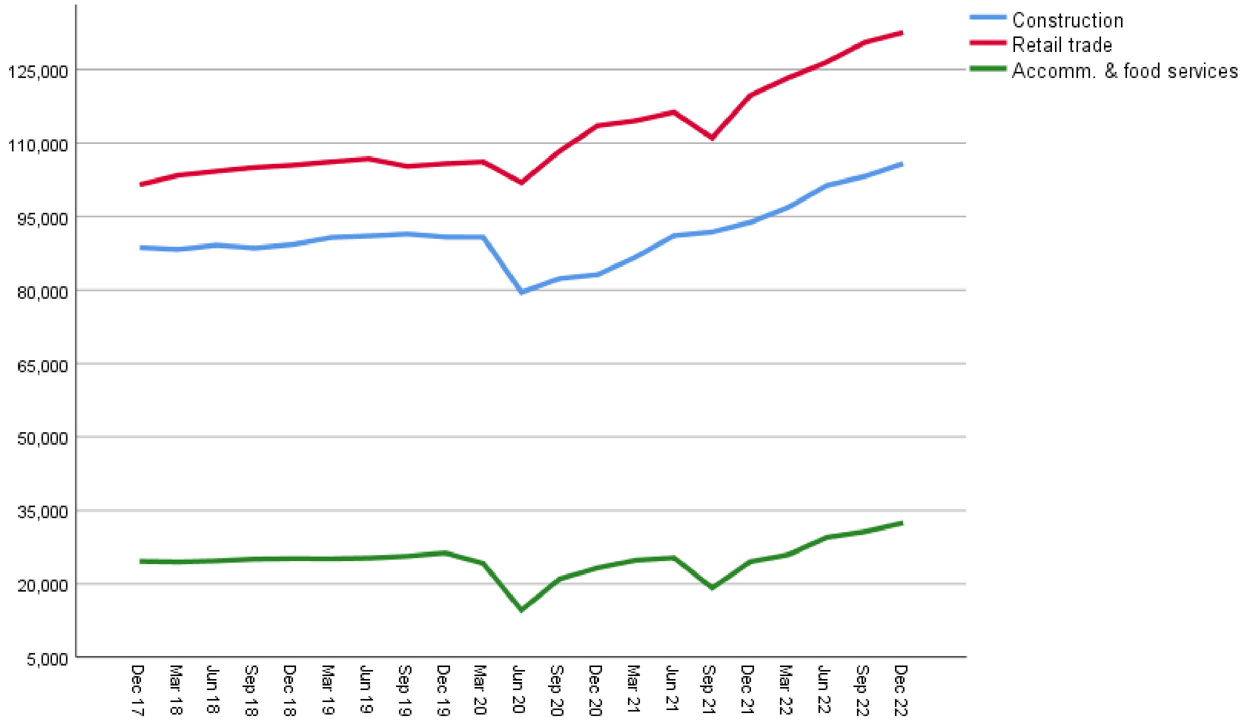
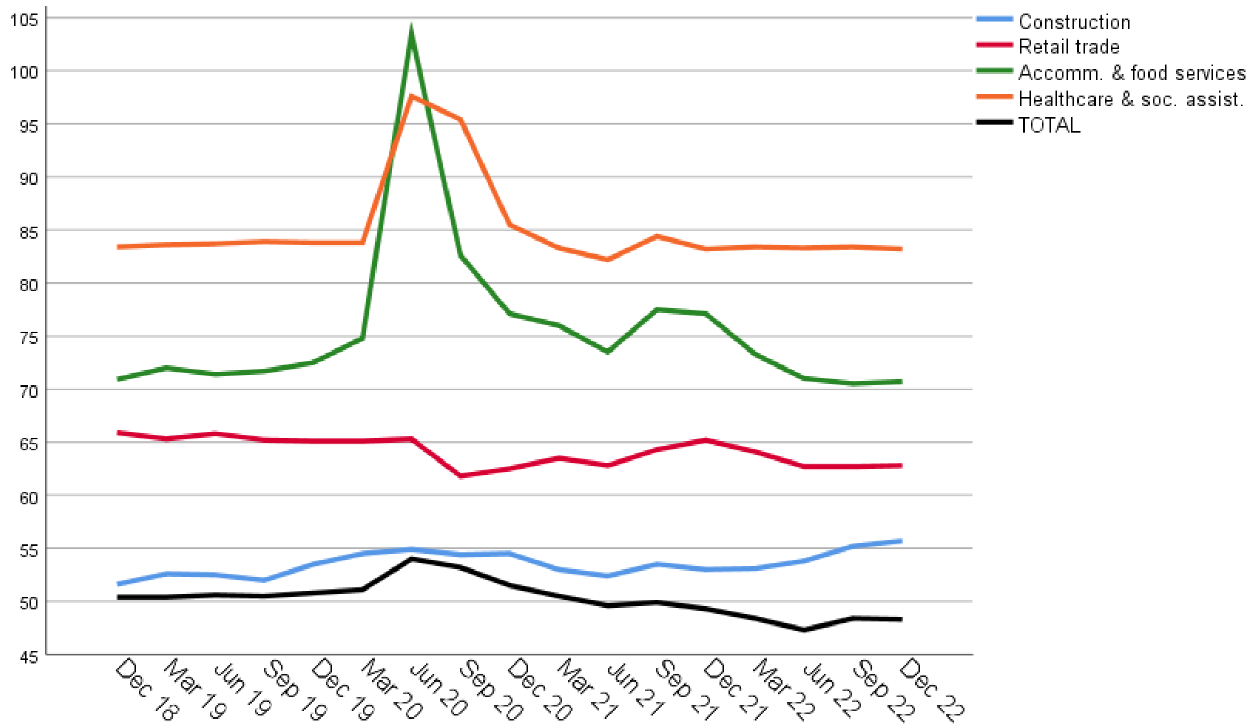


Figure 20 Wages as a Percentage (%) of GVA, 2018-2022
Select Sector. Source: ABS (2023a)



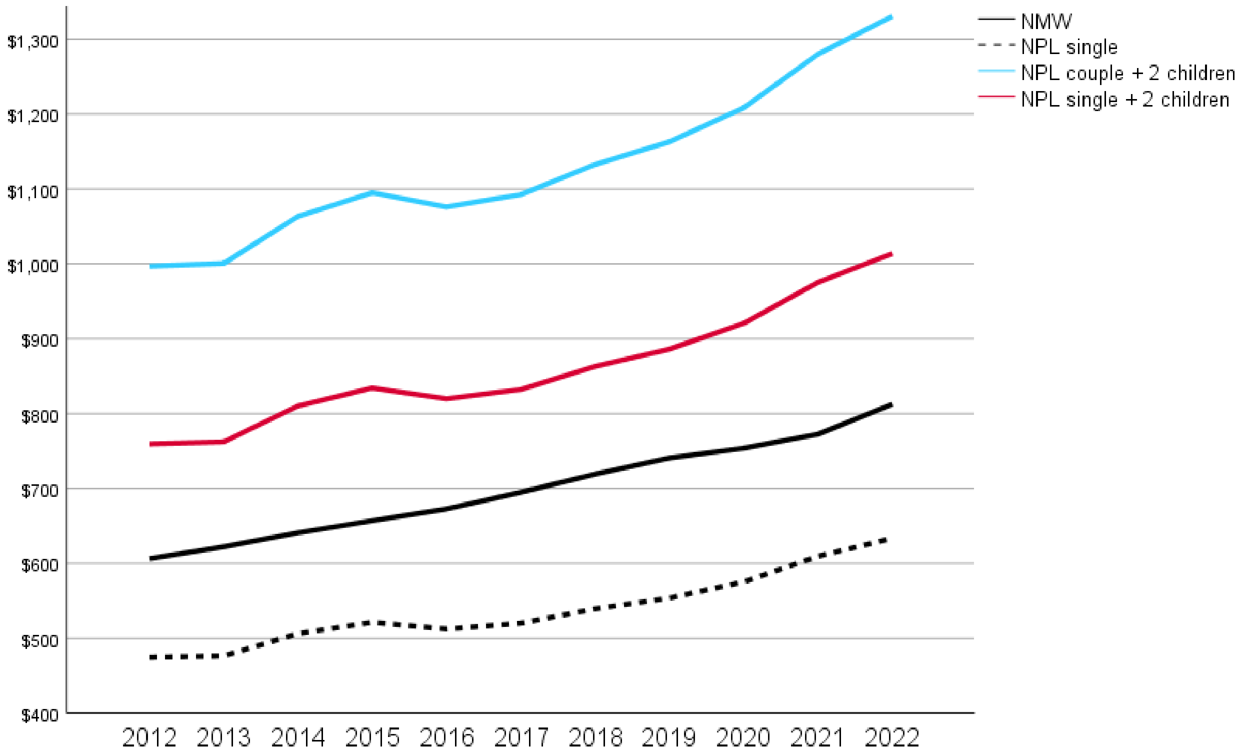
The Case for a More Significant Rise in the National Minimum Wage

125. As well as redressing the cost-of-living crisis afflicting Australia's low-income earners, the ACCER contends that a further core rationale for a more significant rise in the NMW is the historical task of eliminating the gap between the NMW and the National Poverty Line (NPL) over the next decade. The analysis offered in this section offers a significant update to the social case for a higher NMW outlined in ACCER's 2022 submission to the FWC. Last year's ACU Report pointed to the successful, albeit temporary mitigation of working poverty resulting from emergency fiscal policies enacted by the Federal Government to limit the scale and impact of the COVID Recession in 2020. Measures including the effective doubling of unemployment benefits (due to the short-lived Coronavirus Supplement) had a dramatically positive impact on financial and mental wellbeing for low-income earners and the unemployed (DAE/ACOSS, 2020; Cortis and Blaxland, 2020; ACOSS, 2021). Conversely, the withdrawal of this policy by March 2021 had an equally negative financial and public health impact on the low-paid, an outcome quantified in numerous ways that include rising housing insecurity and homelessness (Homelessness Australia, 2021; Wilson et al, 2021).

126. This submission reiterates that the FWC can and should play an important role in addressing the ongoing economic, social and moral problem of working poverty in Australia as a core function of its social safety-net mandate. It reiterates that the FWC can and should significantly boost the wage income safety net for low-paid workers. Previous ACCER submissions have argued that the role of the NMW as a safety net should approximate the concept of a decent standard of living. This concept is reflected by a measure of relative poverty set at 60 percent of Median Equivalised Household Disposable Income (**MEHDI**).

127. Figure 21 reports annual changes in NMW decisions over the past decade relative to changes in the NPL for different household types: single person households, couples with two dependent children, and sole parents/carers with two dependent children. Calculations of NPL scenarios for each household type are derived by combining data from the ABS Survey of Household Income and Wealth with backdated calculations for Household Disposable Income (**HDI**) per capita taken from annual reports of Poverty Lines Australia (Melbourne Institute, 2022). Full updated data and calculations are documented in Appendix A which revises data from previous ACCER submissions and provides estimates for the most recent iteration (January 2023). Figure 21 shows that, although the NMW has remained above the NPL for single person households, it has consistently trended well below the NPL for multi-person households.

Figure 21 National Minimum Wage (NMW) outcomes & National Poverty Line (NPLs) by Household Type 2012-2022. Source: see Appendix A



128. Figure 22 reiterates the size of the gap between the NMW and the NPL for multi-person households and families. While the NPL for single person households was an average of 29.9 percent above the NMW over the decade to 2022, the NPL for couples with two children and sole parents/carers with two children was an average of 61.9 percent and 81.2 percent of the NMW respectively. Furthermore, the ratio of NPLs to the NMW declined over the 5 years to 2022 (Figure 22). This situation changed with the higher NMW determination for 2022—a welcome change in direction in terms of addressing working poverty. This is demonstrated in Figure 23, which shows that the 2022 NMW outcome surpassed the percentage change in the NPL for the first time in three years.

129. Despite this positive change, changes to the NPL have tended to outpace increases in the NMW in recent years. During the five years until the 2022 FWC determination, increases in the NPL averaged 4.0 percent per year against an average of 3.2 percent for the NMW. Thus, the gap between the NMW and the NPL for multi-person households has persisted in trend terms. When combined with historically high inflation which, we contend, has eliminated significant gains from the 2022 NMW determination, the inadequacy of the FWC's implementation of its safety-net responsibilities has been further exposed in the current period. Thus, despite the 2022 increase, the gap between the NMW and the NPL for a single parent/carer with two children has remained so large that its elimination in 2023 would require a one-off increase in the NMW of 27.6 percent (or $224.20) (Figure 24).

130. By taking changes in the NPL for single parent/carer households as a benchmark for addressing working poverty, and in considering the interests of social balance, business operations and economic stability, we reiterate the view from the 2022 submission that the FWC should undertake the task of eliminating this gap gradually. We contend, furthermore, that elimination of this gap by the end of this decade is economically rational, socially responsible, and realistically achievable.

Figure 22 National Minimum Wage, Percentage (%) of National Poverty Line 2012-2022. Source: see Appendix A

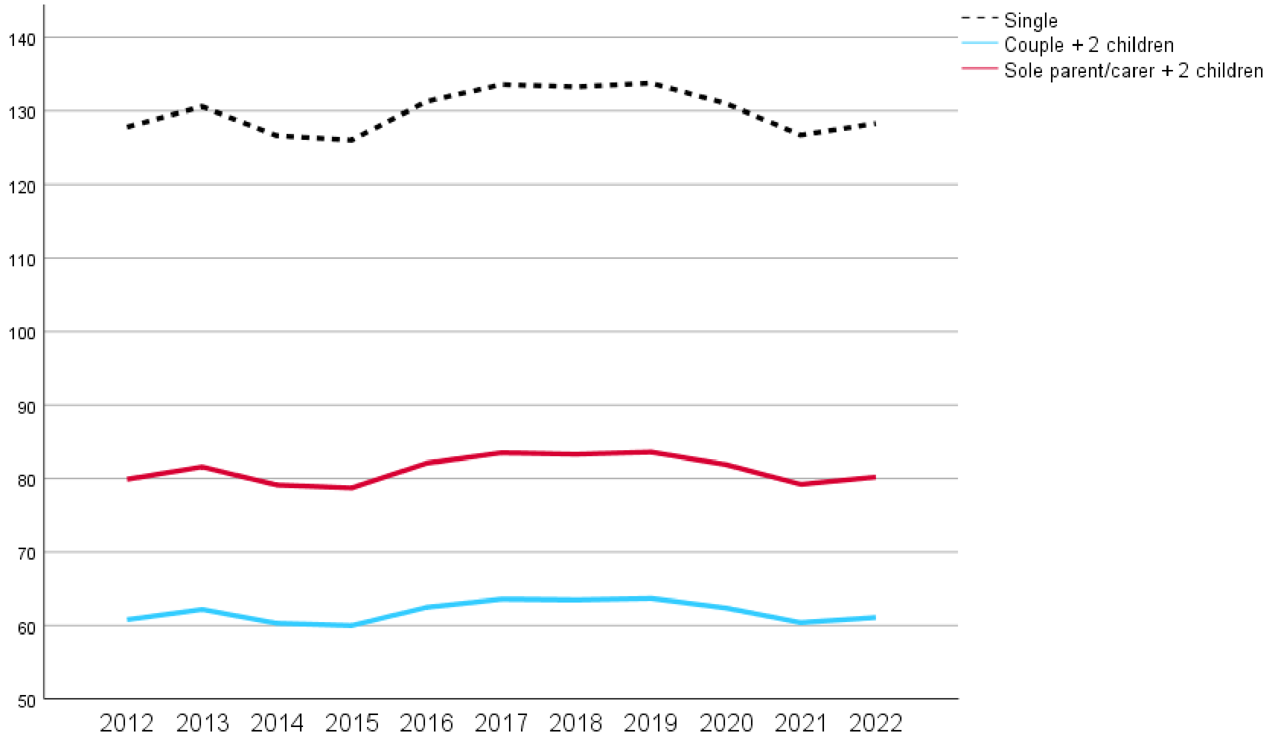


Figure 23 Annual Change (%), National Minimum Wage and National Poverty Line 2012-2022. Source: see Appendix A

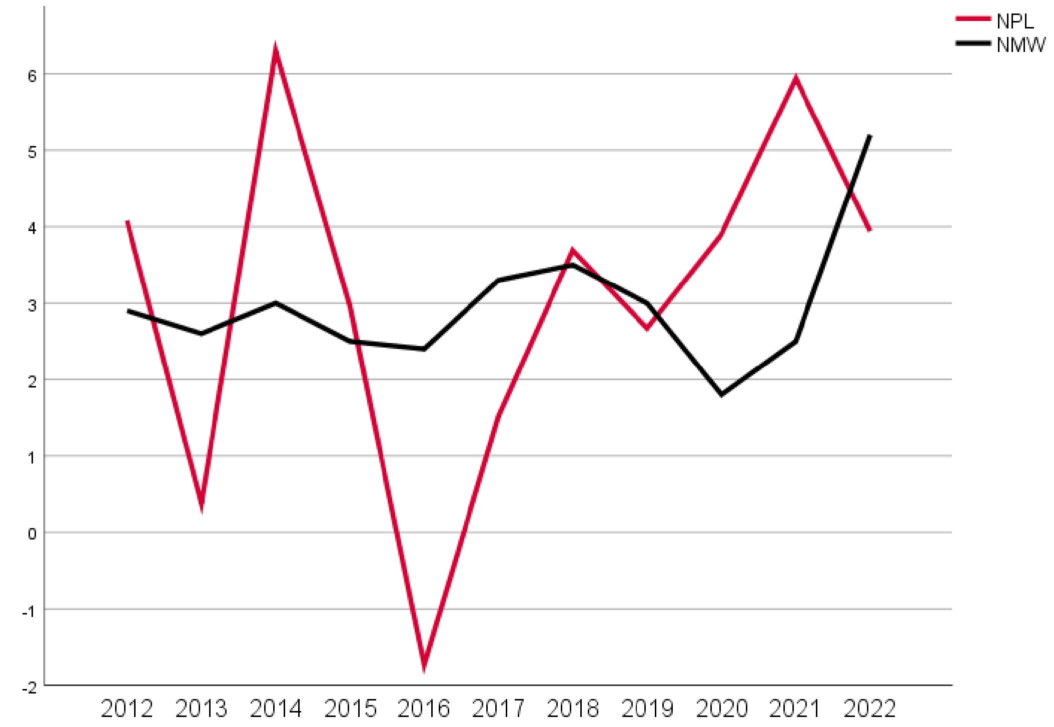
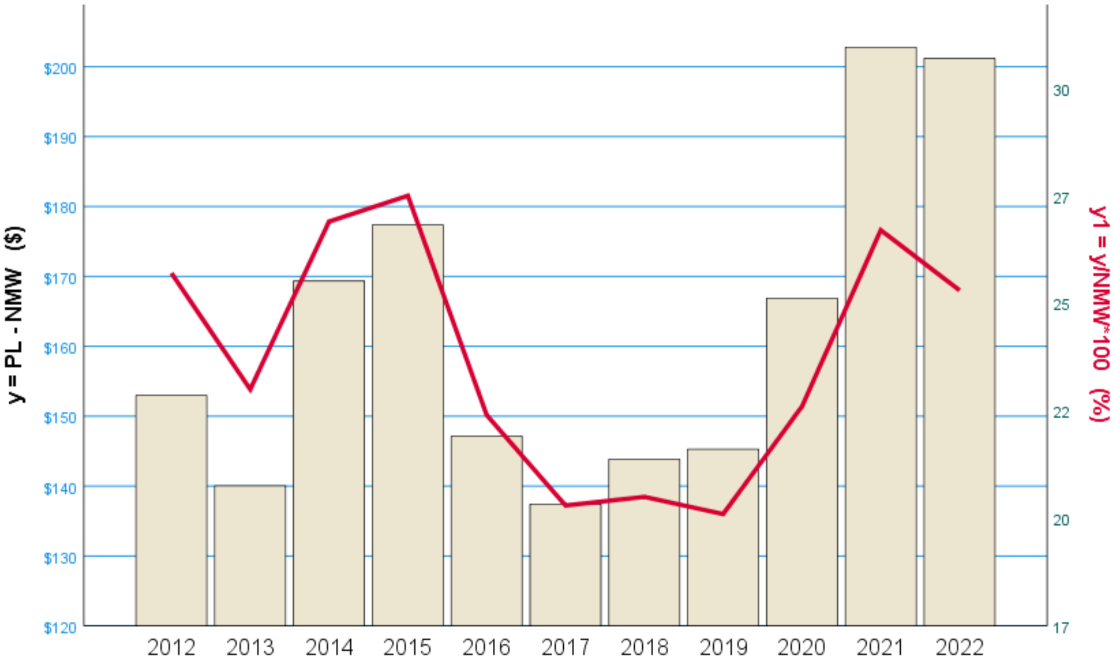
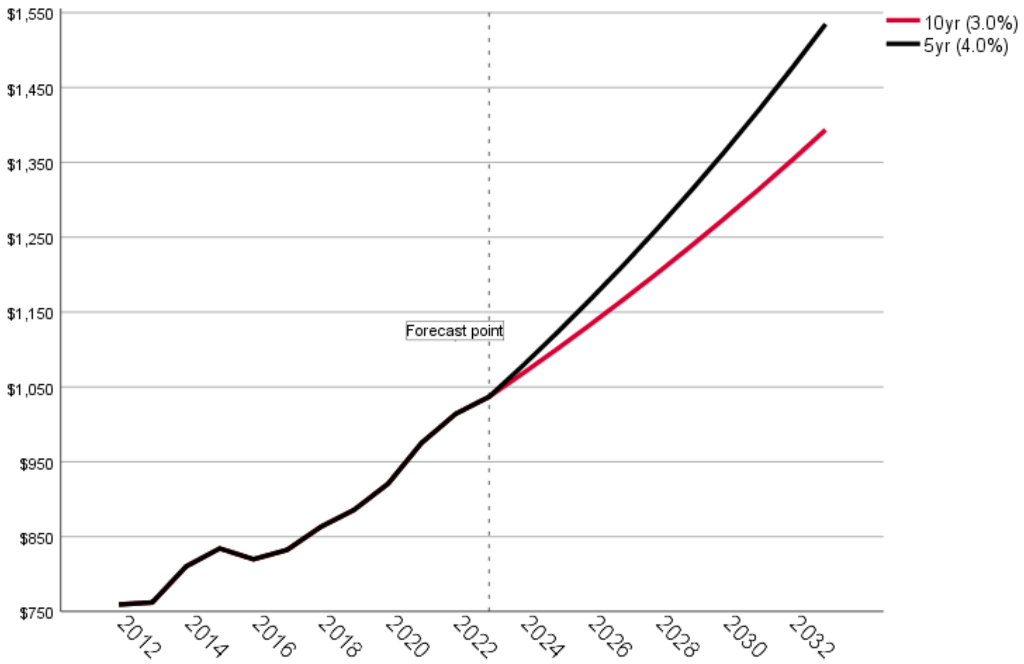


Figure 24 Gap between NMW & NPL for Single Parent/Carer with Two Children 2012-2022. Source: see Appendix A



131. To demonstrate the potential for such a target, this report develops forecasts for the NMW and NPL based on calculations from trends in the latter. For the 10 years to 2023, the NPL increased by an annual average of 3.0 percent. For the most recent 5 years, the NPL increased by a higher average of 4.0 percent. Through linear extrapolation from these two trends (10-year and 5-year averages), we construct two trendlines for the NPL for single parent/carer households as our basis for NMW forecasting (Figure 25).

Figure 25 Future NPL (nominal) for Single Parent/Carer with 2 Children 5 & 10yr annual average for NPL 2012-2032. Source: see Appendix A



132. Findings from Figure 25 are then measured against trend data for the NMW in the past decade to generate forecasts for the NMW from 2023 until 2033 based upon different assumed scenarios. For purposes of comparison, note that the NMW increased by an annual average of 3.2 percent in the 5 years to 2022.[14] By combining this data from NPL and NMW trends, scenario projections for the NMW are outlined in Figure 26. These projections are based upon data coordinates presented in Table 1.

133. This data shows, firstly, that average annual increases of 3-4 percent—i.e., the scale of NMW increases over the past 5-10 years—would fail to meet the NPL for single parent/carer households within 10 years. Secondly, it shows that much more significant increases in the NMW could achieve this target within a relatively short period of time. For example, an 8.7 percent increase in 2023, followed by a series of more modest increases over the next four years, would achieve this target within 5 years (by 2027). This is shown by the red-coloured text in Table 1 and red dotted-line in Figure 26. Despite the benefits of such an increase in addressing working poverty, we are not proposing such a sizeable increase for 2023 in the interests of social dialogue. Thirdly, the data demonstrates that the NPL target could be achieved over a slightly longer timeframe—by 2030—with an initial 7.2 percent rise in 2023 followed by a series of more modest increases over the following seven years. This is shown by the green highlights in Table 1 and the green reference line in Figure 26.

134. A further point of comparison, illustrated in Figure 27 below, is the Reserve Bank of Australia's (RBA) forecast for the inflation rate (CPI) to mid-2025 as a benchmark for NMW increases (RBA, 2023). Note that RBA forecasts are broadly similar to those developed by the Commonwealth Treasury and most major financial institutions in the private sector. For example, Treasury's forecast for the June Quarter 2024 is 3.5 percent in comparison to 3.6 percent from the RBA (Australian Government, 2022). For a private sector comparison, note that Westpac's forecast for the equivalent period is slightly higher (4.0 percent). Furthermore, Westpac's forecast for the June Quarter 2023 was 6.3 percent—less than the RBA's forecast 6.7 percent (Westpac, 2023). Nevertheless, the RBA comparison is instructive as it provides a forecast scenario for an effective continuation of the FWC's 2022 approach to the NMW in matching the rate of inflation. Matching the RBA's inflation forecast for the June Quarter 2024 (6.7 percent) would require an increase on the NMW of $54.40, bring the NMW to $867 per week.

135. On balance, however, an increase of 7.15 percent (rounded up to 7.2 percent) is proposed for 2023 as a determination that responds to the demands of the current cost-of-living crisis and to the longer-term goal of addressing the unsatisfactorily high gap between the NMW and the NPL within a realistic timeframe, while also remaining cognisant of operational requirements and the health of the business conditions and economy as a whole.

136. This conclusion has the following caveats. First, this finding is derived from the linear extrapolation of NPL trends. Like all price changes, neither the NPL nor the NMW change in a perfectly linear fashion year-to-year. For this reason, a degree of flexible pragmatism can be applied in addressing the historical goal of minimising working poverty. In the scenarios offered in this report, a higher NMW determination for 2023 is suggested in light of historical cost-of-living challenges—but such a determination may be reasonably followed by more modest increases in subsequent years as this crisis abates, as predicted. Figure 28 shows that the forecasts required to meet the NPL for Single Parents/Carers with 2 children by 2023 are based on diminishing increases in the NMW after 2023, a projection that complements expectations of lower inflation going forward. A

[14] The 10-year annual average for the NMW is the same as the average for the NPL over the same period, i.e., 3.0 percent.

further caveat is that this projection is based on an average rise in the NPL of 3.0 percent, based on the annual average for the previous decade. If the NPL rises at a higher average rate—for example, the 4.0 percent average for the past 5 years—then adjustments for larger NMW determinations would be required to meet working poverty targets.

Figure 26 National Minimum Wage (NMW) Projections to 2033
2018-2033. Source: authors' calculations from Appendix A

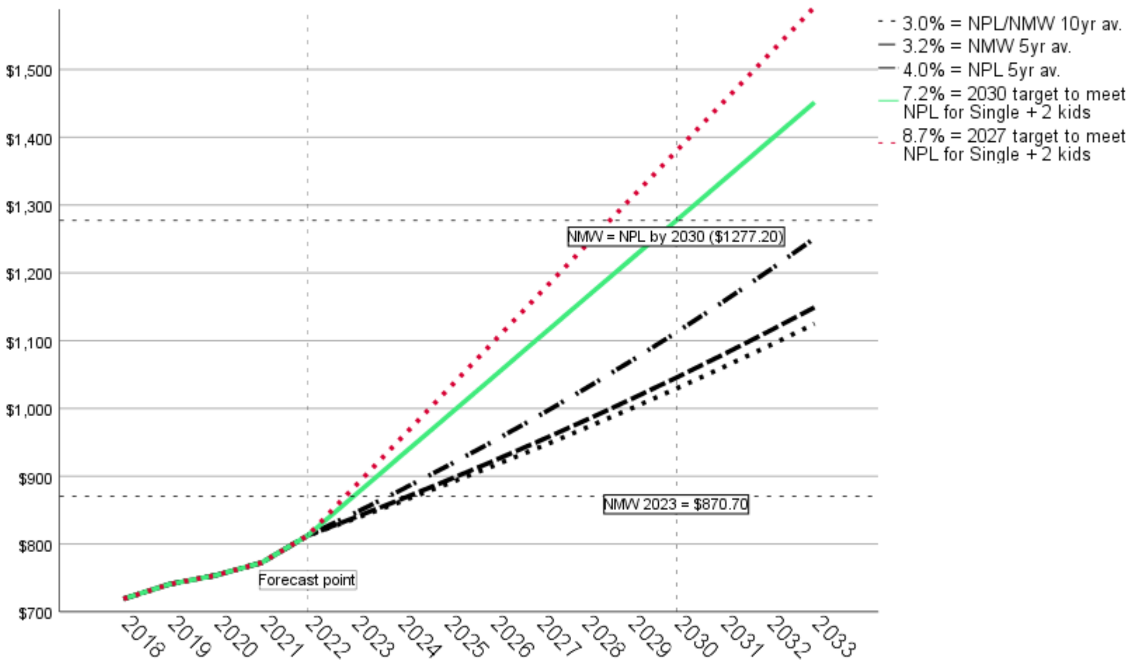


Figure 27 NMW Projections based on RBA Inflation Forecasts
June Quarter forecasts 2023-2025. Source: authors' calculation from RBA (2023)

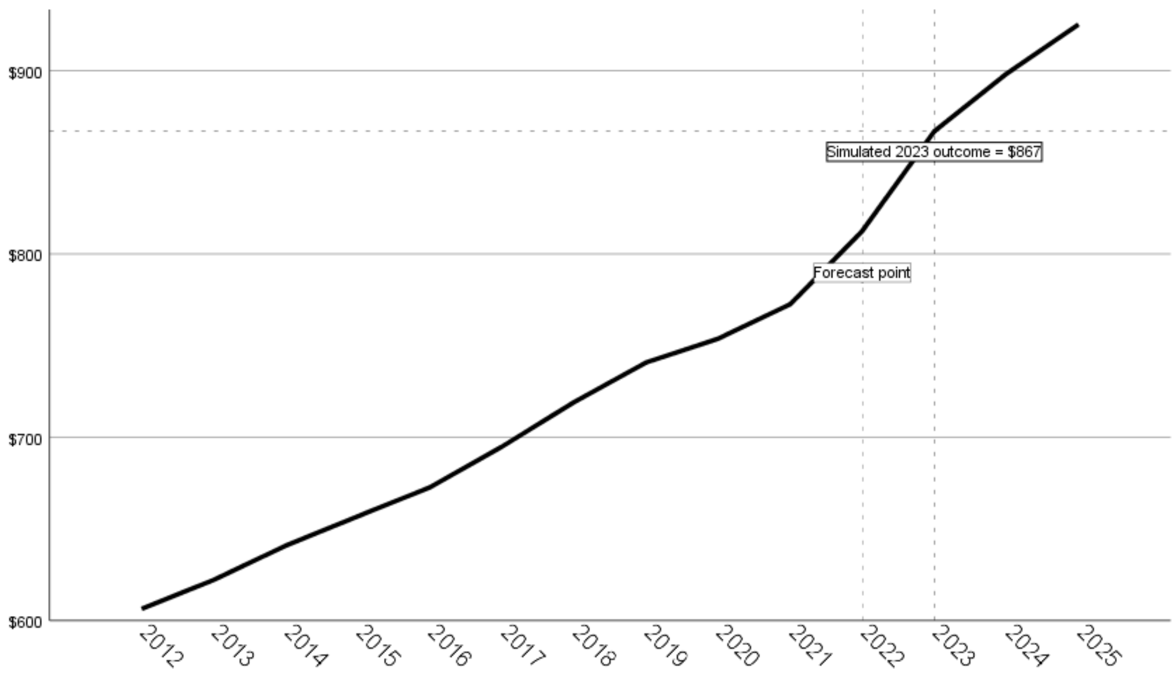


Table 1

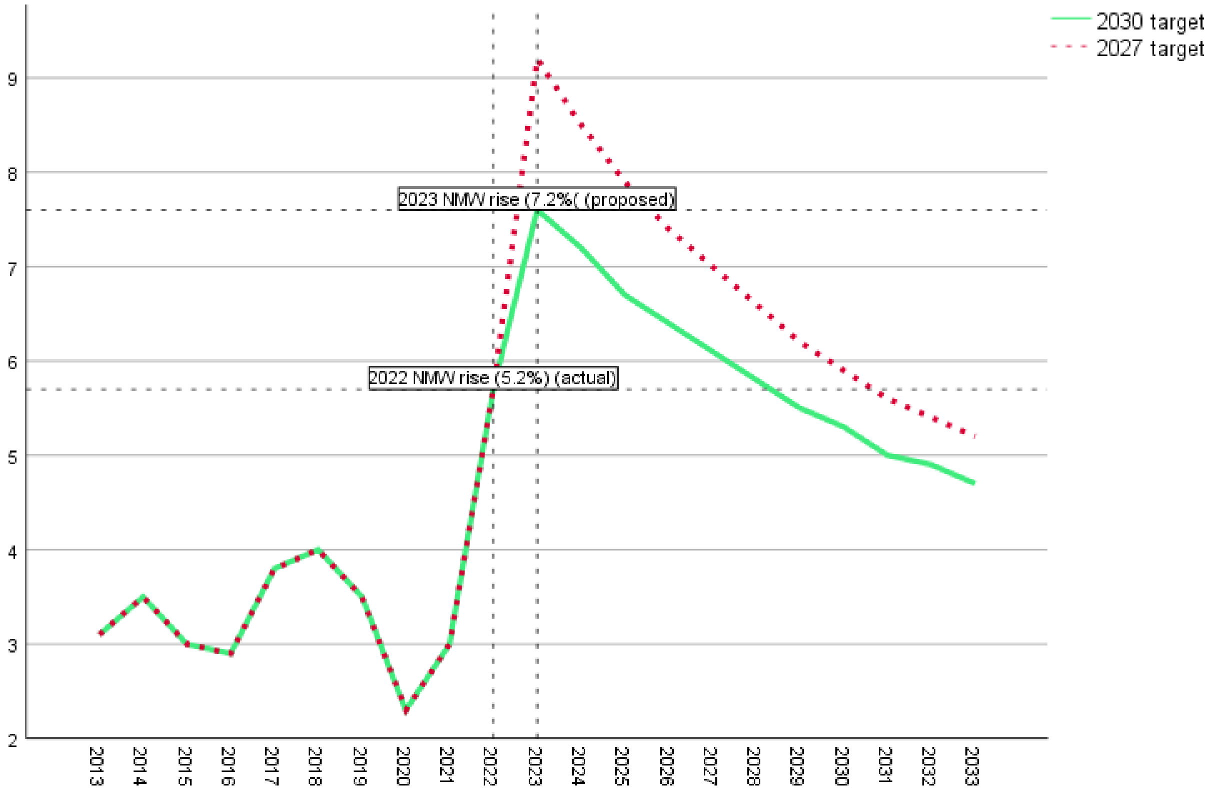
Forecast Data and Simulated Growth Scenarios for National Minimum Wage (NMW)

Year	*Forecast ($AU) for…*						
	NMW, assuming…					*NPL†, assuming…*	
	MW/PL 10yr μΔ/yr = 3.0%	MW 5yr μΔ/yr = 3.2%	PL 5yr μΔ/yr = 4.0%	MW ≥ PL† by 2030	MW ≥ PL† by 2027	**A.** PL† 10yr μΔ/yr = 3.0%	B. PL† 5yr μΔ/yr = 4.0%
				Both assuming NPL Forecast **A.**			
2012	606.40	606.40	606.40	606.40	606.40	759.36	759.36
2013	622.20	622.20	622.20	622.20	622.20	762.24	762.24
2014	640.90	640.90	640.90	640.90	640.90	810.24	810.24
2015	656.90	656.90	656.90	656.90	656.90	834.24	834.24
2016	672.70	672.70	672.70	672.70	672.70	819.84	819.84
2017	694.90	694.90	694.90	694.90	694.90	832.32	832.32
2018	719.20	719.20	719.20	719.20	719.20	863.04	863.04
2019	740.80	740.80	740.80	740.80	740.80	886.08	886.08
2020	753.80	753.80	753.80	753.80	753.80	920.64	920.64
2021	772.60	772.60	772.60	772.60	772.60	975.36	975.36
2022	812.60	812.60	812.60	**812.60**	812.60	1,013.76	1,013.76
2023	837.00	838.60	845.10	**870.70**	883.50	1,036.80	1,036.80
2024	862.10	865.40	878.90	928.80	954.30	1,067.90	1,078.27
2025	888.00	893.10	914.10	986.80	1,025.20	1,099.94	1,121.40
2026	914.60	921.70	950.60	1,044.90	1,096.10	1,132.94	1,166.26
2027	942.00	951.20	988.70	1,103.00	1,167.00	1,166.93	1,212.91
2028	970.30	981.70	1,028.20	1,161.10	1,237.80	1,201.94	1,261.43
2029	999.40	1,013.10	1,069.30	1,219.20	1,308.70	1,237.99	1,311.88
2030	1,029.40	1,045.50	1,112.10	1,277.20	1,379.60	1,275.13	1,364.36
2031	1,060.30	1,078.90	1,156.60	1,335.30	1,450.40	1,313.39	1,418.93
2032	1,092.10	1,113.50	1,202.90	1,393.40	1,521.30	1,352.79	1,475.69
2033	1,124.80	1,149.10	1,251.00	1,451.40	1,592.20	1,393.37	1,534.72

μ = average; Δ = change; † = NPL for Single Parent/Carer with 2 Dependent Children

Source: Authors' calculations based upon Appendix A

Figure 28 National Minimum Wage (NMW) Annual Growth Projections (%) to 2033 2013-2033. Source: authors' calculations from Appendix A



PART 4: CONSIDERATION OF THE MATTERS IDENTIFIED IN S. 284(1)(A)-(E) OF THE FW ACT

Performance and Competitiveness of the National Economy

137. Whilst the focus of these submissions is whether the NMW and the C13-10 rates contained in modern awards answer the description of being a safety net of fair minimum wages and whether employers can afford a more substantial increase in the current economic circumstances, it is necessary for the ACCER to say something about the considerations identified in (a).

SPECIFIC CONSIDERATIONS

138. Section 284(1)(a) provides that when setting a safety net of fair minimum wages, the Commission must take into account the performance and competitiveness of the national economy, including productivity, business competitiveness and viability, inflation and employment growth. This requires a consideration of the effect an increase in minimum wages will have on inflation, wage growth and the economy. These considerations are explored in detail at 107 to 124 above.

Inflation

139. Inflation was recorded at a rate of 3.5% at December 2021 and 7.8% at December 2022 (ABS, 2023).

Wage growth

140. The WPI increased by 3.3% in the year ending December 2022 (ABS, 2023e).

Economic considerations

141. Gross Domestic Product (**GDP**) growth is estimated at 2.75% for the year ended December 2022 (RBA, Statement of Monetary Policy February 2023, page 69). It is forecasted to decrease further to 1.5% growth over December 2023, and remain at 1.5% growth over December 2024 (RBA, Statement of Monetary Policy February 2023, page 69).

142. The effect of the foregoing is that whilst the quantum of increase sought by the ACCER is significant, there are unlikely to be adverse economic consequences from the making of such an order. It is submitted that the consideration of the competitiveness of the national economy is not a matter which would lead to the Commission not making the orders sought.

Relative living standards and the needs of the low paid

143. The consideration identified in s. 284(1)(c) is a direct statutory acknowledgement that in order for the Commission to effectively make a safety net that is fair, the Commission must take into account the relative living standards and needs of the low paid. However, the inclusion of this consideration does not mean that the Commission is relieved of ultimately making an order which answers the statutory description in the first part of (1).

144. Many of the factors identified above at 139 to 141 are directly relevant to a consideration of the relative living standards and the needs of the low paid. In addition to the matters set out above, the ACCER would also submit that a consideration of the following matters

would lead the Commission to the view that an increase of the quantum sought by the ACCER was necessary.

Employment growth

145. Over the year to February 2023 employment increased by 3.1%. A further 419,900 gained employment (ABS, 2023b).

146. Concerns over employment growth are often cited as a significant reason to avoid wage growth. According to labour demand theory (see for example Lewis and Sltzer 1996) as often referred to in submissions in favour of holding increases to the minimum wage during times of economic uncertainty, a 10% increase in average wages increases unemployment by 8%. But for the reasons outlined below, the ACCER submits that such arguments are not adequately supported by evidence, and ought be approached with caution.

147. According to James Bishop, a key distinction to the Australian setting is the effect of centralised Award setting. He says that there is no evidence that wage changes have an adverse effect on hours worked or the job destruction rate (Bishop, 2017).

148. Margaret McKenzie supports this conclusion (McKenzie, 2018, p 66):

> *'…patterns of unemployment and underemployment in Australia are apparently unrelated to changes in the minimum wage in Australia,… Rather, employment and unemployment variables are clearly dominated by cyclical trends in the macroeconomy.'*

149. She further observes that:

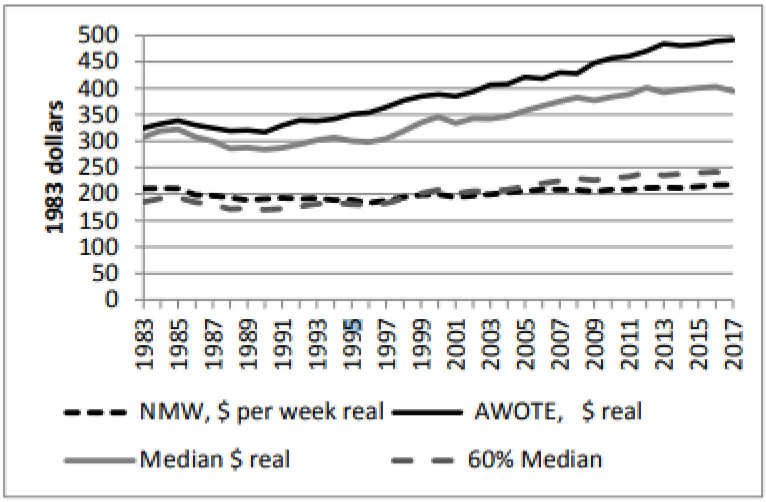
> *'Minimum wages establish a floor for wage outcomes, and thus influence the distribution of economic output between labour and capital. So the weakening of minimum wage policy since the 1980s, evident not only in the statutory level of the minimum wage but also in the scope and strictness of its application, naturally helps explain at least part of the subsequent decline in relative labour incomes. Minimum wages have been relatively stagnant in real terms over this period, and have lagged well behind both overall average and median wages, and behind average labour productivity growth.*
>
> *Organs of government including the Treasury (Belot and Doran 2017) and the Reserve Bank of Australia (Martin and Bagshaw 2017; Lowe 2017a; Lowe 2017b; Bishop and Cassidy 2017), and even parts of the private sector (Turner 2017), have recognised that stagnating wages are undermining Australia's economic performance.*
>
> *International institutions such as the IMF (IMF 2017) and the OECD (Schwellnus et al. 2017) have also supported the view that wages need to increase in real and relative terms, in order to support macroeconomic expansion and household financial stability. Most of these mainstream discussions of the problems of wage stagnation ignore or barely allude to the role of labour market regulation and industrial relations in explaining weak wage growth.*
>
> *However, some mainstream analysts recognise these institutional factors behind wage stagnation: for example, Bishop and Cassidy (2017:16) acknowledges that 'low wage growth may reflect a decline in workers' bargaining power', while Watson (2016) concluded that increasingly casualised work and the erosion of collective bargaining have also suppressed wages.*

…

the present process of minimum wage determination does not adequately attain the objectives originally proclaimed in Australia's minimum wage policy. Where a more ambitious vision of minimum wage regulation once helped to lead an ongoing improvement in workers' living standards, this is no longer the case. Instead, the minimum wage is treated as a bare-bones 'safety net', one which cannot even lift a full-time full-year worker out of poverty. Its effect is further undermined by the growing number of workers who are not even covered by minimum wage laws (due to their categorisation as self-employed or independent contractors), and by a demonstrated and systemic failure to enforce minimum wage laws even where they do apply. All this is has contributed to a widening gap between minimum and average wages in Australia, widening inequality, and the long decline in the labour share of income.' (McKenzie, 2018, p 66).

150. This theory is underpinned by ABS data:

Figure 29 Minimum, Average and Median Weekly Earnings 1983 to 2017, constant dollars (1983 = 100) (McKenzie, 2018, p 55).



Sources: ACTU (2017 a), average full-time earnings - AWOTE from ABS 6302. Median ABS 6333, most recent. NMW from Bray (2013) and FWC. All series deflated by the CPI (ABS 6401).

151. The Productivity Commission's 2015 Inquiry into the Workplace Relations Framework similarly found little or no negative impact of minimum wage or other wage increases on employment. This study proceeded from the assumption that increases in the minimum wage *would* have a negative impact on overall employment. The study ultimately concluded that assumption was not supported by the data (Productivity Commission, 2015, Appendix C).

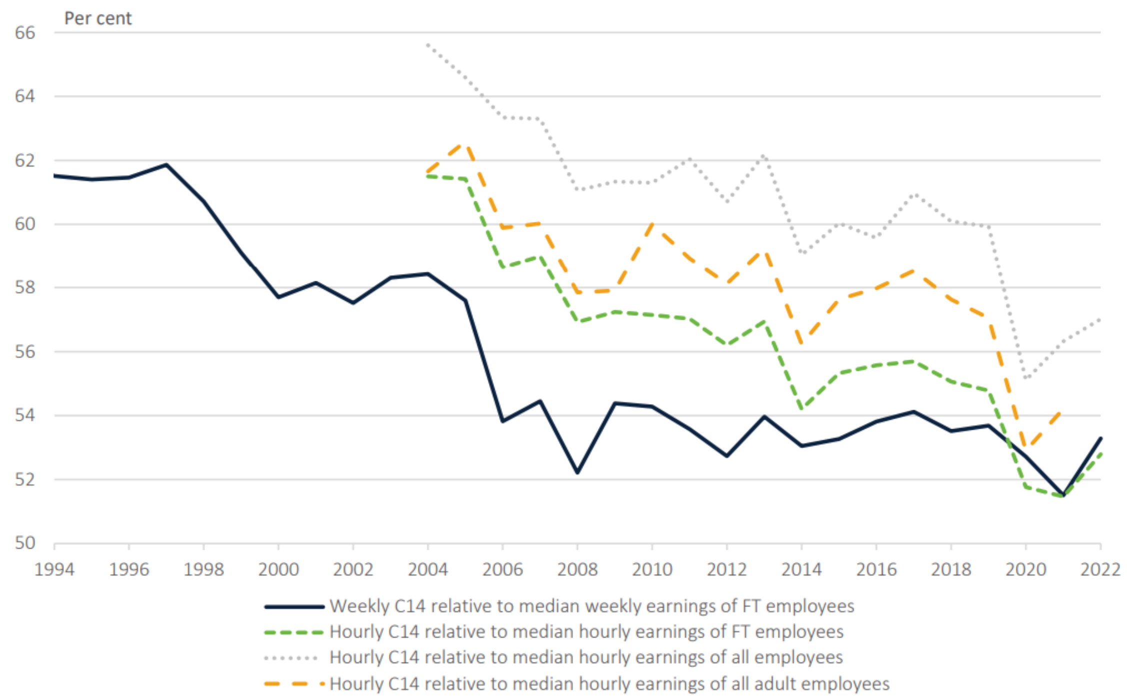
152. On the basis of this research, it is submitted that concerns or submissions made in respect of the adverse effect of an increase in the minimum wage should be approached with caution. The evidence in Australia does not support such a conclusion.

Cuts in relative wage levels

153. Figure 30, which is copied from Chart 8.3 of the Commission's *Statistical Report* of 3 March 2023, illustrates the cuts in the relative value of the NMW and its predecessors over the past 25 years. Also reproduced are the notes to the chart.

Figure 30

The C14 rate relative to median weekly earnings of employees in main job 1994 - 2020



Note: Median earnings are measured in August of each year. Following the amendments to the Workplace Relations Act 1996 (Cth) taking effect in 2006, the Federal Minimum Wage (FMW) was set at $12.75 per hour, equivalent to $484.50 per week. The C14 rate in 2020 reflects the amount as at 1 November 2020 ($753.80). Earnings are for employees including owner managers of incorporated enterprises.

Median earnings from 2004 onwards are taken from the COE survey, with median hourly earnings of adult employees sourced from unpublished COE data. The median earnings data reflect revised estimates as a result of rebenchmarking.

Source: ABS, Characteristics of Employment, Australia, various; ABS, Employee Earnings, Benefits and Trade Union Membership, Australia, various; ABS, Weekly Earnings of Employees (Distribution), Australia, various; Metal, Engineering and Associated Industries Award 1998; Manufacturing and Associated Industries and Occupations Award 2010; Manufacturing and Associated Industries and Occupations Award 2020.

154. Table 2 provides the essential details of the cuts in the relative values of minimum wage rates over the past 25 years. Since 1997 median wages have increased by 162.5% and average ordinary time wages have increased by 153.6%, compared to increases of 126.1% in the NMW, 117.1% in the C12 rate and 108.5% in the C10 rate and 89.3% in the C4 rate. These cuts have reduced the relative living standards of those who rely on them and have had an indirect effect on many others whose actual wages are influenced by the level at which minimum wages rates are set. The cuts have increased inequality and poverty levels.

Table 2

Increases in various minimum wage rates and in median and average wages

1997 – 2022

($ per week, unless otherwise stated)

	NMW	C13	C12	C10	C4	Median Wages	Average Wages
1997	359.40	376.10	398.60	451.20	597.20	581.00	712.10
2022	812.60	834.80	865.20	940.90	1130.30	1,525.00	1,805.90
% increase	126.1%	122.0%	117.1%	108.5%	89.3%	162.5%	153.6%

Notes: Median wages; see Table A9 in Appendix A. Average wages; see Table A10 in Appendix A.

155. Table A9 of Appendix A also records the changes in the position of the C12 and C10 wage rates relative to median earnings over the period 1997 to 2022. The C12 rate has fallen from 68.6% to 56.7% of median earnings, while the C10 rate has fallen from 77.7% to 61.7%. These are alarming figures. Table A10 in Appendix A tracks changes in the relationship between Average Weekly Ordinary Time Earnings (**AWOTE**) and three minimum wage rates over the period November 1997 to November 2022. Each of the three has suffered a significant loss of relativity compared to the increase in this measure of average weekly wages. The C12 wage rate, for example, has fallen from 56.0% of AWOTE in 1997 to 47.9% in 2022. It is instructive to compare the first five years with the last five years of these 22 years. In the five years 1997 to 2001 the NMW was, on average, 50.2% of AWOTE, but in the five years 2018 to 2022 it was down to 44.5% of AWOTE. The decline in the relativity of the C10 wage rate was even greater when comparing the same five year periods: from 62.2% to 51.8%.

156. Figure 31 is copied from Chart 18 in the AIRC's Safety Net Review Case 2005 decision,[15] the last decision by the AIRC before the *Work Choices* legislation came into operation. It was tendered as Exhibit ACTU 3.1.

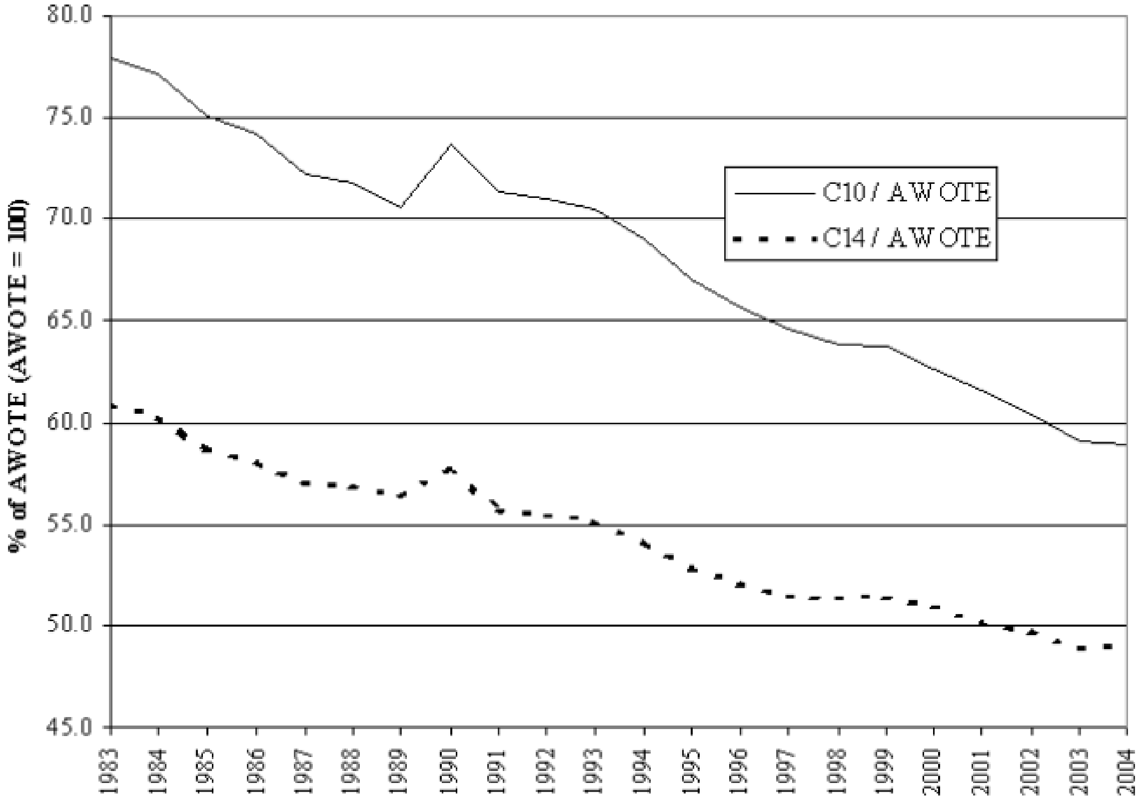
[15] *Safety Net Review – Wages June 2005* (7 June 2005 decision).

Figure 31

C14 and C10 wage rates as a Proportion of Average Weekly Ordinary

Full-Time Adult Earnings

1983-2004



157. In referring to this chart, the AIRC commented:

> "[406] Chart 18 shows the relationship between the minimum wage (C14) and the tradesperson's rate (C10) and ordinary full-time adult earnings. The chart was tendered by the ACTU and not challenged. It shows a continuing decline in both rates over the past 20 years. Since 1996, the relative reduction we have already noted in the minimum wage has been even more pronounced in the tradesperson's [C10] rate."[16]

158. Whilst the increase in family payments in the two decades from the late 1970s and the limiting of wage increases because of the wages/transfers trade-off agreements during the 1980s provide part of the reason for increases in minimum wage rates falling behind increases in average and median wages over that period, the cuts in minimum wage rates relative to average and median wage increases since 1990 cannot be justified by any improvements in the social safety net.

[16] *Safety Net Review – Wages June 2005* (7 June 2005 decision) at [408].

159. It is respectfully submitted that this decline in the C14 to C10 rates as against the AWOTE are clear and unequivocal evidence that the living standards of the low paid have declined against the balance of the working community. That is a powerful factor in support of the increase sought by the ACCER.

Comparing the wages and pensions safety nets

160. The ACCER submits that a safety net of fair minimum wages ought to produce fair outcomes for safety net-dependent workers and their families compared to other relevant groups in the community and the community as a whole. It is submitted that the living standards of those who rely on pensions should be a relevant matter in taking into account "relative living standards", as the Commission is required to do when setting minimum wage rates. In 2021-22 there were approximately 2.55 million Age Pension recipients, with 66.7% receiving a full-rate pension and 32.8% receiving a part-rate pension as a result of the incomes and assets tests (Services Australia, *Annual Report 2021-22*, page 56).

161. In 2009 new arrangements were introduced for age and disability pensions following the Commonwealth Government's *Secure and Sustainable Pension Reform*. The changes were based on the *Pension Review* conducted by Dr Jeff Harmer, the Secretary of the Department of Families, Housing, Community Services and Indigenous Affairs. A central part of that review was to identify a pension rate that provides "a basic acceptable standard of living" for those who are reliant on it.

162. Table 3 compares the living standards of pensioners and three safety net-dependent families in January 2022 by the use of the equivalence scales used by the ABS. Three wage rates are used: the NMW, the C12 and the C10 minimum wage rates. It is not concerned with identifying poverty lines or lines of income adequacy, but with comparing the outcomes for working families and for pensioners who rely totally on government transfers by reference to median equivalised disposable household income (**MEHDI**). It compares relative living standards and relates each of the households to the community-wide measure.

Table 3

Relative living standards of pension and safety net-dependent families

January 2022

Household	Disposable income $ per week	Equivalence scale	Equivalised income $ per week	Disposable income as percentage of MEDHI
NMW-dependent family, second parent not seeking employment, 2 children	1,125.55	2.1	535.98	49.6%
C12-dependent family, second parent not seeking employment, 2 children	1,168.84	2.1	556.59	51.5%
C10-dependent family, second parent not seeking employment, 2 children	1,221.45	2.1	581.64	53.9%
Couple on age pension	872.98	1.5	581.99	53.9%
Single person on age pension	608.49	1	608.49	56.3%

Notes: The median equivalised disposable household income (MEDHI) at January 2023 is estimated to be $1,080.00 per week. The disposable incomes of the NMW, C12 and C10-dependent families are taken from Tables A6, A7 and A8 of Appendix A. The working family incomes and the pension rates include maximum rental assistance. All transfer payments and annual payments have been adjusted on the basis of the year comprises 52.18 weeks.

163. Table 3 shows that the pension safety net for a couple, $872.98 per week, produces a standard of living that is 4.3% age points higher than that of a NMW-dependent family of two adults and two children with a disposable income of $1,125.55 per week. The family would need $1,222.45 per year, an extra $96.90 per week, to have the same recorded standard of living as that estimated for the pensioner couple.

164. This comparison understates the differences between those on the wages safety net and those on the pension safety net. The NMW-dependent family has the costs of work, unlike pensioners. Furthermore, we need to take into account the fact that pensioners are entitled to the pensioner concession card with its wide range of benefits, including health care.

165. The equivalence scales do not take into account the costs of or absence of costs of work across households. The Commission has published data on the costs of work. The *Statistical Report* of 20 March 2015 (at Table 14.1) contained data on the costs of

working, other than child care. A note to the table read “As an example of how these data can be read, results show that the average cost of working is $70.75 for full-time award-reliant males and that they spent, on average, 8.0 per cent of their weekly gross wages on the costs of working.” This figure has not been updated or qualified in subsequent releases, but it is clear that the average costs of working are substantial.

166. Taking into account the costs of work and the value of the pensioner concession card, we can conclude that the pensioner couple has a higher standard of living than the C10-dependent family. The fact that the minimum rate for a skilled worker provides a standard of living below that provided to pensioners is a sign that there is something wrong with the minimum wages system.

167. The Commission has held that “a comparison with pensioners for the purpose of assessing the relative standards of the low paid is of very limited relevance”[17] and refused ACCER’s application in the following year for it to depart from that view.[18] Notwithstanding this, the ACCER respectfully submits that the comparison with the aged pension are relevant. This is because the ACCER is not urging a comparison between working families and a small segment of the population. ACOSS identifies that more than approximately 4.9 million Australians are living in disadvantaged low income wage-dependent families, which is about half of the approximately 2.55 million Australians living on Government age pensions (ACOSS, 2022, page 17; Services Australia, 2022).

168. Having regard to the obligation for the Commission to take into account relative living standards when setting a safety net of fair minimum wages, why, we ask, should the higher paid workers in these working families have to work overtime and/or take an extra job, in order for them to achieve the higher standard of living provided to approximately 2.55 million on the age pension (Services Australia, 2022)?

169. The ACCER respectfully submits that the comparison with the aged pension is matter which supports the making of an order in the terms sought.

170. The effect of the foregoing is that when one considers the ongoing decline of the relative living standards of the low paid and the concomitant increasing needs, are factors which strongly count in favour of the increase sought by the ACCER.

CONCLUSION

171. The ACCER submits that the evidence reveals that a significant cohort of Australian workers who are dependent upon the NMW and the C13 to C10 wage rates contained in modern awards are not receiving a decent living wage. Many of those groups are well below the 60% poverty line or are sufficiently close to that poverty line such to say that they are not protected from the ill effects of poverty and disadvantage.

172. A significant increase to the NMW would assist with the long-held goal of the NMW to close the gap of poverty in Australia, which the ACCER believes can be achieved by the end of the decade.

173. For those reasons, the ACCER respectfully submits that an increase in the amount of **7.2%** should be granted to the NMW and flowed on to, at a minimum, the wage rates at the C13 to C10 level in all modern awards.

---

[17] *Annual Wage Review 2015-16* [2016] FWCFB 3500 at [354].
[18] *Annual Wage Review 2016-17* [2017] FWCFB 3500 at [368].

REFERENCES

ABS (2023) Consumer Price Index, Australia, December Quarter 2022. https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release, accessed 17 March, 2023.

ABS (2023a) Australian National Accounts: National income, expenditure and product, December 2022, https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/latest-release, accessed 23 February, 2023.

ABS (2023b) Labour Force, Australia, Detailed, https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release, accessed 23 February, 2023.

ABS (2023c) Weekly Payroll Jobs and Wages in Australia, February 2023, https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/weekly-payroll-jobs-and-wages-australia/latest-release, accessed 17 March, 2023.

ABS (2023d) Business Indicators, Australia, quarterly estimates, December 2022, https://www.abs.gov.au/statistics/economy/business-indicators/business-indicators-australia/dec-2021, accessed 17 March, 2023.

ABS (2023e) Wage Price Index, December 2022, https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/latest-release, accessed 23 March, 2023.

ABS (2023f) Household Income and Wealth, April 2023, https://www.abs.gov.au/statistics/economy/finance/household-income-and-wealth-australia/2019-20, accessed 31 March, 2023.

ACOSS (2021) Budget Priorities Statement: 2021-22, Australian Council of Social Services, https://www.acoss.org.au/wp-content/uploads/2021/02/ACOSS-BPS-FINAL.pdf, accessed 10 March, 2022.

ACOSS and the UNSW Sydney, Poverty rates in OECD countries, https://povertyandinequality.acoss.org.au/poverty/poverty-rates-in-oecd-countries/ accessed 29 March, 2023

ACOSS and UNSW Sydney (2022) Poverty in Australia 2022: A Snapshot. Australian Council of Social Services and University of New South Wales Sydney, https://povertyandinequality.acoss.org.au/wp-content/uploads/2022/10/Poverty-in-Australia-2020_A-snapshot.pdf

ACOSS and UNSW Sydney (2023) Poverty in Australia 2023: Who is Affected. Australian Council of Social Services and University of New South Wales Sydney, https://povertyandinequality.acoss.org.au/wp-content/uploads/2023/03/Poverty-in-Australia-2023_Who-is-affected_screen.pdf

ACTCOSS (2022) 2022 ACT Cost of Living Report: Tracking changes in the cost of living for low-income households in the Australian Capital Territory.

https://www.actcoss.org.au/sites/default/files/public/publications/2022-report-ACT-Cost-of-Living.docx, accessed 6 March, 2023.

Anglicare (2022) Rental Affordability Snapshot: National Report, April 2022. https://www.anglicare.asn.au/wp-content/uploads/2022/04/Rental-Affordability-Snapshot-National-report.pdf, accessed 6 March, 2023.

Australian Government (2022) Budget 2022/23: Budget Strategy and Outlook, Budget Paper No. 1, 29 March, bp1_2022-23.pdf (budget.gov.au), accessed 31 March 2022.

Australian Government (2022) Budget Statement 2: Economic Outlook, https://budget.gov.au/2022-23-october/content/bp1/download/bp1_bs-2.pdf, accessed 17 March, 2023.

Australian Institute of Health and Welfare (2021) Age Pension, https://www.aihw.gov.au/reports/australias-welfare/age-pension, access 24 March 2023.

Bishop, J. (2018) *The effect of minim wage increases on wages, hours worked and job loss*, https://www.rba.gov.au/publications/bulletin/2018/sep/the-effect-of-minimum-wage-increases-on-wages-hours-worked-and-job-loss.html

Cortis, N. and Blaxland, M. (2020) Australia's Community Sector and COVID-19: Supporting communities through the crisis. Australian Council of Social Services, https://www.acoss.org.au/wp-content/uploads/2020/09/Australias-community-sector-and-Covid-19_FINAL.pdf, accessed 10 March, 2022.

DAE/ACOSS (2020) Estimating the Economic Impacts of Lowering Current Levels of Income Support Payments. Deloitte Access Economics, Australian Council of Social Services, https://www.acoss.org.au/wp-content/uploads/2020/09/Final-ACOSS-Coronavirus-Supplement-to-ACOSS-09.09.2020.pdf, accessed 10 March, 2022.

Fair Work Commission (2023) Statistical Report - Annual Wage Review 2022-23 (Version 1), https://www.fwc.gov.au/documents/wage-reviews/2022-23/statistical-report-version-%201-2023-03-03.pdf

Fair Work Commission (2014) Statistical Report - Annual Wage Review 2013-14 (8 May 2014).

Fair Work Commission (2014) Statistical Report - Annual Wage Review 2014-15 (20 March 2015).

Homelessness Australia (2021) We can, and did, dramatically reduce homelessness with increased income support, new data shows. Homelessness Australia, https://homelessnessaustralia.org.au/we-can-and-did-dramatically-reduce-homelessness-with-increased-income-support-new-data-shows/, accessed 10 March, 2022.

Ireland Department of Social Welfare (1997) Sharing in Progress: National Anti-Poverty Strategy.

Knight, B. (2022) 'Cost of living: more low-income households face the prospect of homelessness.' UNSW Newsroom. https://newsroom.unsw.edu.au/news/social-affairs/cost-living-more-low-income-households-face-prospect-homelessness, accessed 6 March, 2023.

McKenzie, M. (2018). The Erosion of Minim Wage Policy in Australia and Labour's Shrinking Share of Total Income. *Journal of Australian Political Economy,* 52-77.

McLachlan, R., Gilfillan, G., Gordon, J. (2013) Deep and Persistent Disadvantage in Australia, *Productivity Staff Working Paper*.

Melbourne Institute (2022) Poverty Lines Australia, September Quarter 2022, The Melbourne Institute: Applied Economic and Social Research, The University of Melbourne, https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0010/4454434/Poverty-Lines-Australia-Sept-2022.pdf, accessed 17 March, 2023.

Murphy, K. (2020) *The end of certainty. Scott Morrison and pandemic politic*, Australian Quarterly, Issue 79.

Phillips, B., Gray M., Biddle, N. (2020) Australian National University Centre for Social Research and Methods COVID-19 JobKeeper and JobSeeker impacts on poverty and housing stress under current and alternative economic and policy scenarios, https://csrm.cass.anu.edu.au/sites/default/files/docs/2020/8/Impact_of_Covid19_JobKeeper_and_Jobeeker_measures_on_Poverty_and_Financial_Stress_FINAL.pdf

Productivity Commission (2015) *Workplace Relations Framework Productivity Commission Inquiry Report*, Final Report, Canberra.

Raynes, L. (2022) Briefing Note: Wages, Prices, and the 2022 Federal Election. Australia Institute. https://australiainstitute.org.au/wp-content/uploads/2022/06/Wages-Prices-and-the-Federal-Election.pdf, accessed 17 March, 2023.

RBA (2023) Statement on Monetary Policy, February 2023 – Reserve Bank of Australia https://www.rba.gov.au/publications/smp/2023/feb/pdf/statement-on-monetary-policy-2023-02.pdf, accessed 17 March, 2023.

Services Australia (2022). *Services Australia Annual Report 2021-22*, https://www.servicesaustralia.gov.au/sites/default/files/2022-10/annual-report-2021-22.pdf

Services Australia (2022). *A guide to Australian Government payments*, https://www.servicesaustralia.gov.au/sites/default/files/2023-03/co029-2303.pdf

Stanford, J. (2023) Profit-Price Spiral: The truth behind Australia's inflation. Australia Institute and Centre for Future Work, https://australiainstitute.org.au/wp-content/uploads/2023/02/Profit-Price-Spiral-Research-Report-WEB.pdf, accessed 6 March, 2023.

United Nations Economic Commission for Europe (2011) Canberra Group Handbook on Household Income Statistics, Second Edition (2011).

Westpac (2023) Australia and New Zealand Weekly Report, https://www.westpac.com.au/docs/pdf/aw/economics-research/WestpacWeekly.pdf, accessed 17 March, 2023.

Wilson, E., Sama, M. and Johnson, T. (2021) No Fighting Chance: Impact of the withdrawal of COVID-19 income and tenancy benefits. Melbourne: Swinburne Centre for Social Impact. https://www.unitingvictas.org.au/wp-content/uploads/No-Fighting-Chance-Final-Report.pdf, accessed 10 March, 2022.

Wilson, E., Churchus, C., and Johnson, T. (2022). 'Can't Afford to Live': The impact of the rising cost of living on Victorians and Tasmanians on low incomes. Uniting. https://www.unitingvictas.org.au/wp-content/uploads/FINALCant-afford-to-live-report_web-version-embargoed-until-19.10-1.pdf, accessed 6 March, 2023.

CASE LAW

Alcan (NT) Alumina Pty Ltd v Commissioner of Territory Revenue (2009) 239 CLR 27

Annual Wage Review 2012-13 [2013] FWCFB 4000

Annual Wage Review 2015-16 [2016] FWCFB 3500

Annual Wage Review 2016-17 [2017] FWCFB 3500

Annual Wage Review 2017-18 [2018] FWCFB 3500

Annual Wage Review 2017-18 [2018] FWCFB 3500

Annual Wage Review 2019-20 [2020] FWCFB 3500

Annual Wage Review 2020-21 [2021] FWCFB 3500

Annual Wage Review 2021-2022 [2022] FWCFB 3500

Board of Bendigo Regional Institute of Technical and Further Education v Barclay (2012) 248 CLR 500

Certain Lloyd's Underwriters v Cross (2012) 248 CLR 378

Commissioner of Taxation v Consolidated Media Holdings Ltd (2012) 250 CLR 503

Deal v Father Pius Kodakkathanath (2016) 90 ALJR 946

Federal Commissioner of Taxation v Unit Trend Services Pty Ltd (2013) 250 CLR 523

Independent Commission Against Corruption v Cunneen (2015) 256 CLR 1

IW v City of Perth (1997) 191 CLR 1

Safety Net Review – Wages June 2005 (7 June 2005 decision)

Victims Compensation Fund Corporation v Brown (2003) 201 ALR 260

https://www.accer.asn.au/

ACCER

AUSTRALIAN CATHOLIC COUNCIL FOR EMPLOYMENT RELATIONS

Australian Catholic Council for Employment Relations for the Australian Catholic Bishops Conference

Annual Wage Review 2022-23

Submission Appendix A

March 2023

https://www.accer.asn.au/

Appendix A

Measures of Living Standards

List of Tables

Table A1
Median equivalised disposable household income
January 2001 – January 2023
($ per week)

	Median equivalised disposable household income (ABS)	Household Disposable Income per head (Melbourne Institute)	Median equivalised disposable household income (MEDHI)
January 2001	403.00	408.53	403.00
January 2002	-	450.06	444.00
January 2003	449.00	443.17	449.00
January 2004	491.00	469.89	491.00
January 2005	-	502.95	526.00
January 2006	564.00	519.44	564.00
January 2007	-	563.23	612.00
January 2008	688.00	602.35	688.00
January 2009	-	669.36	765.00
January 2010	714.00	667.78	714.00
January 2011	-	710.94	760.00
January 2012	791.00	746.12	791.00
January 2013	-	748.82	794.00
January 2014	844.00	776.53	844.00
January 2015	-	799.51	869.00
January 2016	854.00	798.34	854.00
January 2017	-	810.25	867.00
January 2018	899.00	827.03	899.00
January 2019	-	848.68	923.00
January 2020	959.00	867.48	959.00
January 2021	-	918.88	1016.00
January 2022	-	954.88	1056.00
January 2023	-	976.17	1080.00

Household Disposable Income (HDI) per head figures for January 2001 to January 2022 are taken from Poverty Lines Australia published by the Melbourne Institute, September Quarter 2022, the latest available publication in this series. The figure used for each January is the published figure for the immediately preceding December quarter. The HDI estimate for January 2023 is the published figure for September 2022. The next in this series, covering the December quarter 2022, is due to be published in April 2023.

The median equivalised disposable household income figures (ABS) are taken from Household Income and Wealth, Australia, 2019-20. The financial year figures calculated by the ABS have been used for each January within the survey periods, from January 2001 to January 2020. As the published figures for all of those years are in 2018-19 prices, the earlier years have been re-calculated for nominal rate, using CPI adjustments and rounded to the nearest dollar. For the years, 2008 to 2020, the disclosed price adjustments in Table 1.1 are used. For the 2001 to 2006 period, the CPI factor in the previous release (Household Income and Wealth, Australia, 2017-18) are used, multiplied by the CPI factor for 2017-18 in the current release (2019-20), rounded to 3 decimal places.

The MEHDI figure for periods intervening ABS data releases from January 2002 to January 2023 are calculated by multiplying the most recent ABS calculated figure by the relative change in HDI between the two periods. The MEDHI figures for January 2022 and January 2023 are calculated by applying the relative HDI increase from the 2020 figures ($959 plus 10.1% and 12.5% respectively). Consistent with the ABS practice, the figures for the years not covered by the ABS surveys have been rounded to the nearest dollar.

Table A2
Relative living standards single workers without children
January 2001 – January 2023
($ per week, unless otherwise indicated)

Year January	Median equivalised disposable household Income (MEDHI)	NMW Disposable Income		C12 Disposable Income		C10 Disposable Income	
		$ per week	% of HDI	$ per week	% of HDI	$ per week	% of HDI
2001	403.00	346.38	86.0%	370.50	91.9%	406.53	100.9%
2002	444.00	354.76	79.9%	380.05	85.6%	416.81	93.9%
2003	449.00	366.37	81.6%	391.74	87.2%	429.14	95.6%
2004	491.00	377.93	77.0%	408.93	83.3%	444.77	90.6%
2005	526.00	396.78	75.4%	421.18	80.1%	457.78	87.0%
2006	564.00	412.84	73.2%	438.14	77.7%	475.40	84.3%
2007	612.00	449.93	73.5%	475.17	77.6%	510.94	83.5%
2008	688.00	467.59	68.0%	500.28	72.7%	538.06	78.2%
2009	765.00	494.29	64.6%	526.67	68.8%	570.03	74.5%
2010	714.00	497.17	69.6%	529.54	74.2%	572.90	80.2%
2011	760.00	521.86	68.7%	553.15	72.8%	596.56	78.5%
2012	791.00	537.49	68.0%	569.59	72.0%	614.52	77.7%
2013	794.00	556.87	70.1%	589.96	74.3%	636.14	80.1%
2014	844.00	569.44	67.5%	603.31	71.5%	648.47	76.8%
2015	869.00	581.11	66.9%	615.71	70.9%	658.72	75.8%
2016	854.00	593.75	69.5%	629.22	73.7%	670.69	78.5%
2017	867.00	606.23	69.9%	641.07	73.9%	682.48	78.7%
2018	899.00	623.78	69.4%	656.23	73.0%	698.99	77.8%
2019	923.00	647.10	70.1%	682.20	73.9%	731.61	79.3%
2020	959.00	662.54	69.1%	698.65	72.9%	749.55	78.2%
2021	1,016.00	681.67	67.1%	723.48	71.2%	781.05	76.9%
2022	1,056.00	692.07	65.5%	734.68	69.6%	789.86	74.8%
2023	1,080.00	724.47	67.1%	766.70	71.0%	817.80	75.7%

Note: The MEDHI calculations are taken from Table A1. The disposable incomes in the three columns are taken from Tables A6 to A8.

Table A3
Relative living standards of Couple parent families with two children
January 2001 – January 2023
($ per week, unless otherwise indicated)

Year January	Median equivalised disposable household Income (MEDHI)	NMW Disposable Income		C12 Disposable Income		C10 Disposable Income	
		$ per week	% of HDI	$ per week	% of HDI	$ per week	% of HDI
2001	846.30	553.80	65.4%	578.51	68.4%	615.33	72.7%
2002	932.40	573.16	61.5%	599.04	64.2%	636.62	68.3%
2003	942.90	591.41	62.7%	617.37	65.5%	655.59	69.5%
2004	1,031.10	609.60	59.1%	641.18	62.2%	677.84	65.7%
2005	1,104.60	663.43	60.1%	685.48	62.1%	722.90	65.4%
2006	1,184.40	686.40	58.0%	714.28	60.3%	752.36	63.5%
2007	1,285.20	731.95	57.0%	757.77	59.0%	794.36	61.8%
2008	1,444.80	758.09	52.5%	793.37	54.9%	831.97	57.6%
2009	1,606.50	796.03	49.6%	828.89	51.6%	873.07	54.3%
2010	1,499.40	808.36	53.9%	841.31	56.1%	885.49	59.1%
2011	1,596.00	840.44	52.7%	872.32	54.7%	916.54	57.4%
2012	1,661.10	864.41	52.0%	897.12	54.0%	942.89	56.8%
2013	1,667.40	915.54	54.9%	949.25	56.9%	996.30	59.8%
2014	1,772.40	938.24	52.9%	973.05	54.9%	1,019.11	57.5%
2015	1,824.90	961.70	52.7%	997.17	54.6%	1,041.41	57.1%
2016	1,793.40	980.78	54.7%	1,017.15	56.7%	1,059.88	59.1%
2017	1,820.70	973.71	53.5%	1,009.62	55.5%	1,052.18	57.8%
2018	1,887.90	994.61	52.7%	1,026.31	54.4%	1,070.40	56.7%
2019	1,938.30	1,013.16	52.3%	1,049.25	54.1%	1,100.04	56.8%
2020	2,013.90	1,035.32	51.4%	1,072.44	53.3%	1,124.76	55.8%
2021	2,133.60	1,060.72	49.7%	1,103.54	51.7%	1,162.56	54.5%
2022	2,217.60	1,077.07	48.6%	1,120.73	50.5%	1,177.40	53.1%
2023	2,268.00	1,125.55	49.6%	1,168.84	51.5%	1,221.45	53.9%

Note: The MEDHI calculations are taken from Table A1, multiplied by 2.1. The disposable incomes in the three columns are taken from Tables A6 to A8.

Table A4
Relative living standards of Sole parent with two children families
January 2001 – January 2023
($ per week, unless otherwise indicated)

Year January	Median equivalised disposable household Income (MEDHI)	NMW Disposable Income		C12 Disposable Income		C10 Disposable Income	
		$ per week	% of HDI	$ per week	% of HDI	$ per week	% of HDI
2001	644.80	553.80	85.9%	578.51	89.7%	615.33	95.4%
2002	710.40	573.16	80.7%	599.04	84.3%	636.62	89.6%
2003	718.40	591.41	82.3%	617.37	85.9%	655.59	91.3%
2004	785.60	609.60	77.6%	641.18	81.6%	677.84	86.3%
2005	841.60	663.43	78.8%	685.48	81.4%	722.90	85.9%
2006	902.40	686.40	76.1%	714.28	79.2%	752.36	83.4%
2007	979.20	731.95	74.7%	757.77	77.4%	794.36	81.1%
2008	1,100.80	758.09	68.9%	793.37	72.1%	831.97	75.6%
2009	1,224.00	796.03	65.0%	828.89	67.7%	873.07	71.3%
2010	1,142.40	808.36	70.8%	841.31	73.6%	885.49	77.5%
2011	1,216.00	840.44	69.1%	872.32	71.7%	916.54	75.4%
2012	1,265.60	864.41	68.3%	897.12	70.9%	942.89	74.5%
2013	1,270.40	915.54	72.1%	949.25	74.7%	996.30	78.4%
2014	1,350.40	938.24	69.5%	973.05	72.1%	1,019.11	75.5%
2015	1,390.40	961.70	69.2%	997.17	71.7%	1,041.41	74.9%
2016	1,366.40	980.78	71.8%	1,017.15	74.4%	1,059.88	77.6%
2017	1,387.20	973.71	70.2%	1,009.62	72.8%	1,052.18	75.8%
2018	1,438.40	994.61	69.1%	1,026.31	71.4%	1,070.40	74.4%
2019	1,476.80	1,013.16	68.6%	1,049.25	71.0%	1,100.04	74.5%
2020	1,534.40	1,035.32	67.5%	1,072.44	69.9%	1,124.76	73.3%
2021	1,625.60	1,060.72	65.3%	1,103.54	67.9%	1,162.56	71.5%
2022	1,689.60	1,077.07	63.7%	1,120.73	66.3%	1,177.40	69.7%
2023	1,728.00	1,125.55	65.1%	1,168.84	67.6%	1,221.45	70.7%

Note: The MEDHI calculations are taken from Table A1, multiplied by 1.6. The disposable incomes in the three columns are taken from Tables A6 to A8.

Table A5
60% of median poverty lines for workers and families
January 2001 – January 2023
($ per week)

	Median equivalised disposable household income	Poverty Line Single	Poverty Line Couple and 2 children	Poverty Line Sole parent and 2 children
January 2001	403.00	241.80	507.78	386.88
January 2002	444.00	266.40	559.44	426.24
January 2003	449.00	269.40	565.74	431.04
January 2004	491.00	294.60	618.66	471.36
January 2005	526.00	315.60	662.76	504.96
January 2006	564.00	338.40	710.64	541.44
January 2007	612.00	367.20	771.12	587.52
January 2008	688.00	412.80	866.88	660.48
January 2009	765.00	459.00	963.90	734.40
January 2010	714.00	428.40	899.64	685.44
January 2011	760.00	456.00	957.60	729.60
January 2012	791.00	474.60	996.66	759.36
January 2013	794.00	476.40	1,000.44	762.24
January 2014	844.00	506.40	1,063.44	810.24
January 2015	869.00	521.40	1,094.94	834.24
January 2016	854.00	512.40	1,076.04	819.84
January 2017	867.00	520.20	1,092.42	832.32
January 2018	899.00	539.40	1,132.74	863.04
January 2019	923.00	553.80	1,162.98	886.08
January 2020	959.00	575.40	1,208.34	920.64
January 2021	1,016.00	609.60	1,280.16	975.36
January 2022	1,056.00	633.60	1,330.56	1,013.76
January 2023	1,080.00	648.00	1,360.80	1,036.80

Note: Poverty lines are 60% of relevant MEDHI rate in Tables A2-4.

Table A6
Wages, taxes and family payments for NMW-dependent workers and families
January 2001 – January 2023
($ per week, unless otherwise indicated)

Year	NMW			Benefits						Disposable income
	Weekly Gross	Annual Gross	Weekly Net	Medicare exemption	FTB A	FTB B	FTB A Supp.	FTB B Supp.	Rental assist. max.	
2001	400.40	20,893.00	346.38	6.00	116.20	34.79	-	-	50.43	553.80
2002	413.40	21,571.00	354.76	6.20	122.92	36.82	-	-	52.46	573.16
2003	431.40	22,510.00	366.37	6.47	126.70	37.94	-	-	53.93	591.41
2004	448.40	23,398.00	377.93	6.73	130.48	39.06	-	-	55.40	609.60
2005	467.40	24,389.00	396.78	7.01	133.56	39.97	23.50	5.81	56.80	663.43
2006	484.40	25,276.00	412.84	7.27	137.06	41.02	24.06	5.88	58.27	686.40
2007	511.86	26,709.00	449.93	7.68	140.84	42.14	24.76	6.02	60.58	731.95
2008	522.12	27,244.00	467.59	7.83	145.46	43.54	25.60	6.23	61.84	758.09
2009	543.78	28,374.00	494.29	8.16	151.34	44.87	26.30	6.44	64.63	796.03
2010	543.78	28,374.00	497.17	8.16	156.94	46.55	27.28	6.65	65.61	808.36
2011	569.90	29,737.00	521.86	8.55	160.30	47.53	27.84	6.79	67.57	840.44
2012	589.30	30,750.00	537.49	8.84	164.64	48.79	27.84	6.79	70.02	864.41
2013	606.40	31,642.00	556.87	9.10	193.25	50.53	27.84	6.79	71.16	915.54
2014	622.20	32,466.00	569.44	9.33	199.74	52.26	27.84	6.79	72.84	938.24
2015	640.90	33,442.00	581.11	12.82	204.51	53.66	27.84	6.79	74.97	961.70
2016	656.90	34,277.00	593.75	13.14	208.54	54.58	27.84	6.79	76.14	980.78
2017	672.70	35,101.00	606.23	13.45	186.99	55.49	27.84	6.79	76.92	973.71
2018	694.90	36,260.00	623.78	13.90	188.69	55.49	27.84	6.79	78.12	994.61
2019	719.20	37,528.00	647.10	14.38	182.21	54.13	28.82	7.00	79.52	1,013.16
2020	740.80	38,655.00	662.54	14.82	185.56	55.11	29.38	7.13	80.78	1,035.32
2021	753.80	39,333.00	681.67	15.08	188.91	56.09	29.94	7.27	81.76	1,060.72
2022	772.60	40,314.00	692.07	15.45	191.24	56.77	30.20	7.34	84.00	1,077.07
2023	812.60	42,401.00	724.47	16.25	197.96	58.73	31.34	7.62	89.18	1,125.55

Notes: Data for years 2001 to 2022 are from ACCER's 2022 submission to the Annual Wage Review. National Minimum Wage rates in table are as at 1 January of that year. Payments are calculated on the basis of the year being 52.18 weeks. NMW Net rate is NMW after tax. Disposable income assumes maximum benefits given two children aged 8 to 12. From 2013 to 2016, the FTB A payment included the Schoolkids Bonus. The two children are aged 8 to 12.

Table A7
Wages, taxes and family payments for C12-dependent workers and families
January 2001 – January 2023
($ per week, unless otherwise indicated)

Year	C12			Benefits						Disposable income
	Weekly Gross	Annual Gross	Weekly Net	Medicare exemption	FTB A	FTB B	FTB A Supp.	FTB B Supp.	Rental assist. max.	
2001	439.60	22,938.00	370.50	6.59	116.20	34.79	-	-	50.43	578.51
2002	452.60	23,617.00	380.05	6.79	122.92	36.82	-	-	52.46	599.04
2003	470.60	24,556.00	391.74	7.06	126.70	37.94	-	-	53.93	617.37
2004	487.60	25,443.00	408.93	7.31	130.48	39.06	-	-	55.40	641.18
2005	506.60	26,434.00	421.18	7.60	133.56	39.97	23.50	2.87	56.80	685.48
2006	523.60	27,321.00	438.14	7.85	139.06	41.02	24.06	5.88	58.27	714.28
2007	551.00	28,751.00	475.17	8.26	140.84	42.14	24.76	6.02	60.58	757.77
2008	561.26	29,287.00	500.28	8.42	147.46	43.54	25.60	6.23	61.84	793.37
2009	582.92	30,417.00	526.67	8.74	151.34	44.87	26.20	6.44	64.63	828.89
2010	582.92	30,417.00	529.54	8.74	156.94	46.55	27.28	6.65	65.61	841.31
2011	609.00	31,778.00	553.15	9.14	160.30	47.53	27.84	6.79	67.57	872.32
2012	629.70	32,857.00	569.59	9.45	164.64	48.79	27.84	6.79	70.02	897.12
2013	648.00	33,813.00	589.96	9.72	193.25	50.53	27.84	6.79	71.16	949.25
2014	664.80	34,689.00	603.31	9.97	199.74	52.56	27.84	6.79	72.84	973.05
2015	684.70	35,727.00	615.71	13.69	204.51	53.66	27.84	6.79	74.97	997.17
2016	701.80	36,620.00	629.22	14.04	208.54	54.58	27.84	6.79	76.14	1,017.15
2017	718.60	37,897.00	641.07	14.52	186.99	55.49	27.84	6.79	76.92	1,009.62
2018	742.30	38,733.00	656.23	14.85	186.99	55.49	27.84	6.79	78.12	1,026.31
2019	768.30	40,090.00	682.20	15.37	182.21	54.13	28.82	7.00	79.52	1,049.25
2020	791.30	41,290.00	698.65	15.83	185.56	55.11	29.38	7.13	80.78	1,072.44
2021	805.10	42,010.00	723.48	16.10	188.91	56.09	29.94	7.27	81.76	1,103.54
2022	825.20	43,059.00	734.68	16.50	191.24	56.77	30.20	7.34	84.00	1,120.73
2023	940.90	49,096.00	817.80	18.82	191.24	56.77	30.20	7.34	84.00	1,206.17

Notes: Data for years 2001 to 2022 are from ACCER's 2022 submission to the Annual Wage Review. For 2023, the C12 rate is taken from Manufacturing and Associated Industries and Occupations Award [MA000010], as at 1 January. Payments are calculated on the basis of the year being 52.18 weeks. From 2013 to 2016, the FTB A payment included the Schoolkids Bonus. The children are aged 8 to 12.

Table A8
Wages, taxes and family payments for C10-dependent workers and families
January 2001 – January 2023
($ per week, unless otherwise indicated)

Year	C10			Benefits						Disposable income
	Weekly Gross	Annual Gross	Weekly Net	Medicare exemption	FTB A	FTB B	FTB A Supp.	FTB B Supp.	Rental assist. max.	
2001	492.20	25,683.00	406.53	7.38	116.20	34.79	-	-	50.43	615.33
2002	507.20	26,466.00	416.81	7.61	122.92	36.82	-	-	52.46	636.62
2003	525.20	27,405.00	429.14	7.88	126.70	37.94	-	-	53.93	655.59
2004	542.20	28,292.00	444.77	8.13	130.48	39.06	-	-	55.40	677.84
2005	561.20	29,283.00	457.78	8.42	133.56	39.97	23.50	2.87	56.80	722.90
2006	578.20	30,170.00	475.40	8.67	139.06	41.02	24.06	5.88	58.27	752.36
2007	605.56	31,598.00	510.94	9.08	140.84	42.14	24.76	6.02	60.58	794.36
2008	615.82	32,133.00	538.06	9.24	147.46	43.54	25.60	6.23	61.84	831.97
2009	637.48	33,263.00	570.03	9.56	151.34	44.87	26.20	6.44	64.63	873.07
2010	637.48	33,263.00	572.90	9.56	156.94	46.55	27.28	6.65	65.61	885.49
2011	663.60	34,627.00	596.56	9.95	160.30	47.53	27.84	6.79	67.57	916.54
2012	686.20	35,806.00	614.52	10.29	164.64	48.79	27.84	6.79	70.02	942.89
2013	706.10	36,844.00	636.14	10.59	193.25	50.53	27.84	6.79	71.16	996.30
2014	724.50	37,804.00	648.47	10.87	199.74	52.56	27.84	6.79	72.84	1,019.11
2015	746.20	38,936.00	658.72	14.92	204.51	53.66	27.84	6.79	74.97	1,041.41
2016	764.90	39,912.00	670.69	15.30	208.54	54.58	27.84	6.79	76.14	1,059.88
2017	783.30	40,873.00	682.48	15.67	186.99	55.49	27.84	6.79	76.92	1,052.18
2018	809.10	42,219.00	698.99	16.18	186.99	55.49	27.84	6.79	78.12	1,070.40
2019	837.40	43,696.00	731.61	16.75	182.21	54.13	28.82	7.00	79.52	1,100.04
2020	862.50	45,005.00	749.55	17.25	185.56	55.11	29.38	7.13	80.78	1,124.76
2021	877.60	45,793.00	781.05	17.55	188.91	56.09	29.94	7.27	81.76	1,162.56
2022	899.50	46,936.00	789.86	17.99	191.24	56.77	30.20	7.34	84.00	1,177.40
2023	940.90	49,096.00	817.80	18.82	197.96	58.73	31.34	7.62	89.18	1,221.45

Notes: Data for years 2001 to 2022 are from ACCER's 2022 submission to the Annual Wage Review. For 2023, the C10 rate is taken from Manufacturing and Associated Industries and Occupations Award [MA000010], as at 1 January. Payments are calculated on the basis of the year being 52.18 weeks. From 2013 to 2016, the FTB A payment included the Schoolkids Bonus. The children are aged 8 to 12.

Table A9
Selected minimum wage rates as ratios of median earnings in main job
August 1997 - August 2022
($ per week, unless otherwise indicated)

Year August	Median Earnings	NMW		C12		C10	
		$ per week	% of median earnings	$ per week	% of median earnings	$ per week	% of median earnings
1997	581.00	359.40	61.9%	398.60	68.6%	451.20	77.7%
1998	615.00	373.40	60.7%	412.60	67.1%	465.20	75.6%
1999	652.00	385.40	59.1%	424.60	65.1%	477.20	73.2%
2000	694.00	400.40	57.7%	439.60	63.3%	492.20	70.9%
2001	712.00	413.40	58.1%	452.60	63.6%	507.20	71.2%
2002	750.00	431.40	57.5%	470.60	62.7%	525.20	70.0%
2003	769.00	448.40	58.3%	487.60	63.4%	542.20	70.5%
2004	800.00	467.40	58.4%	506.60	63.3%	561.20	70.2%
2005	843.00	484.40	57.5%	523.60	62.1%	578.20	68.6%
2006	900.00	511.86	56.9%	551.00	61.2%	605.56	67.3%
2007	940.00	522.12	55.5%	561.26	59.7%	615.82	65.5%
2008	1,000.00	543.78	54.4%	582.92	58.3%	637.48	63.7%
2009	1,000.00	543.78	54.4%	582.92	58.3%	637.48	63.7%
2010	1,050.00	569.90	54.3%	609.00	58.0%	663.60	63.2%
2011	1,100.00	589.30	53.6%	629.70	57.2%	686.20	62.4%
2012	1,150.00	606.40	52.7%	648.00	56.3%	706.10	61.4%
2013	1,153.00	622.20	54.0%	664.80	57.7%	724.50	62.8%
2014	1,208.00	640.90	53.1%	684.70	56.7%	746.20	61.8%
2015	1,233.00	656.90	53.3%	701.80	56.9%	764.90	62.0%
2016	1,250.00	672.70	53.8%	718.60	57.5%	783.30	62.7%
2017	1,284.00	694.90	54.1%	742.30	57.8%	809.10	63.0%
2018	1,344.00	719.20	53.5%	768.30	57.2%	837.40	62.3%
2019	1,380.00	740.80	53.7%	791.30	57.3%	862.50	62.5%
2020	1,430.00	753.80	52.7%	805.10	56.3%	877.60	61.4%
2021	1,500.00	772.60	51.5%	825.20	55.0%	899.50	60.0%

Year August	Median Earnings	NMW		C12		C10	
		$ per week	% of median earnings	$ per week	% of median earnings	$ per week	% of median earnings
2022	1,525.00	812.60	53.3%	865.20	56.7%	940.90	61.7%

Notes: Over the period 1997 to 2021 the annual wage review decisions and their operative dates have varied. The Table assumes that the annual wage increase in each year was in operation before the month (August) in which the survey was undertaken. In 2006, 2007 and 2008 the wage increases came into operation after August.

Median earnings for years 2012 to 2022 are from the Commission's Statistical Report of 3 March 2023 (Version 1, Table 8.1). Median earnings for the years 1999 to 2009 are taken from the Commission's Statistical Report of 16 June 2011. Median earnings for the years 2010-2011 are taken from the Commission's Statistical Report of 11 June 2021 (Version 11, Table 8.1). The median earnings for 1997 are taken from Employee Earnings, Benefits and Trade Union Membership, Australia, August 1997, cat. no. 6310.0, page 30. The median earnings for 1998 are taken from Employee Earnings, Benefits and Trade Union Membership, Australia, August 1998, cat. no. 6310.0, page 30.

NMW, C10 and C12 figures for 2000-2022 are taken from tables A6-8. Figures from 1997-1999 are taken from ACCER's 2021 submission to the Annual Wage Review (table A9).

Table A10
Safety net rates compared to Average Weekly Earnings
November 2001-November 2022
($ per week, unless otherwise indicated)

Year November	Average Weekly Ordinary Time Earnings (AWOTE)	NMW		C12		C10	
		$ per week	% of AWOTE	$ per week	% of AWOTE	$ per week	% of AWOTE
1997	712.10	359.40	50.5%	398.60	56.0%	451.20	63.4%
1998	739.30	373.40	50.5%	412.60	55.8%	465.20	62.9%
1999	760.20	385.40	50.7%	424.60	55.9%	477.20	62.8%
2000	798.80	400.40	50.1%	439.60	55.0%	492.20	61.6%
2001	843.10	413.40	49.0%	452.60	53.7%	507.20	60.2%
2002	882.20	431.40	48.9%	470.60	53.3%	525.20	59.5%
2003	929.60	448.40	48.2%	487.60	52.5%	542.20	58.3%
2004	964.90	467.40	48.4%	506.60	52.5%	561.20	58.2%
2005	1,014.50	484.40	47.7%	523.60	51.6%	578.20	57.0%
2006	1,045.40	511.86	49.0%	551.00	52.7%	605.56	57.9%
2007	1,100.70	522.12	47.4%	561.26	51.0%	615.82	55.9%
2008	1,158.50	543.78	46.9%	582.92	50.3%	637.48	55.0%
2009	1,225.20	543.78	44.4%	582.92	47.6%	637.48	52.0%
2010	1,274.10	569.90	44.7%	609.00	47.8%	663.60	52.1%
2011	1,333.40	589.30	44.2%	629.70	47.2%	686.20	51.5%
2012	1,392.80	606.40	43.5%	648.00	46.5%	706.10	50.7%
2013	1,437.20	622.20	43.3%	664.80	46.3%	724.50	50.4%
2014	1,474.50	640.90	43.5%	684.70	46.4%	746.20	50.6%
2015	1,499.90	656.90	43.8%	701.80	46.8%	764.90	51.0%
2016	1,532.00	672.70	43.9%	718.60	46.9%	783.30	51.1%
2017	1,567.70	694.90	44.3%	742.30	47.3%	809.10	51.6%
2018	1,606.60	719.20	44.8%	768.30	47.8%	837.40	52.1%
2019	1,658.70	740.80	44.7%	791.30	47.7%	862.50	52.0%
2020	1,711.60	753.80	44.0%	805.10	47.0%	877.60	51.3%
2021	1,748.40	772.60	44.2%	825.20	47.2%	899.50	51.4%

Year November	Average Weekly Ordinary Time Earnings (AWOTE)	NMW		C12		C10	
		$ per week	% of AWOTE	$ per week	% of AWOTE	$ per week	% of AWOTE
2022	1,805.90	812.60	45.0%	865.20	47.9%	940.90	52.1%

Notes: Until 2005, wage increases were awarded in the first half of the calendar year. In 2006 wage increases awarded by the Australian Fair Pay Commission commenced in December 2006 and subsequent wage increases awarded by it commenced by November. Decisions from 2010 have taken effect on 1 July. For November 1997 to November 2011, see Average Weekly Earnings, Australia, November 2011, cat. no. 6302.0, Table 1 Average Weekly Earnings, Australia (Dollars) – Trend A2810223V. For November 2012 to November 2022, see Average Weekly Earnings, Australia, November 2019, cat. no. 6302.0, Table 1 Average Weekly Earnings, Australia (Dollars) – Trend A84990044V.

Table A11
Disposable incomes of safety net families and national Household Disposable Income
(Couple parent and sole parent families with two children)
January 2001–January 2023
($ per week, unless stated)

Year	Household Disposable Income per head (HDI)	NMW Family Disposable income		C12 Family Disposable income		C10 Family Disposable income	
		NMW Family. Disposable income	NMW DI as % of HDI	C12 Family. Disposable income	C12 DI as % of HDI	C10 Family. Disposable income	C10 DI as % of HDI
2001	408.53	553.80	135.6%	578.51	141.6%	615.33	150.6%
2002	450.06	573.16	127.4%	599.04	133.1%	636.62	141.5%
2003	443.17	591.41	133.4%	617.37	139.3%	655.59	147.9%
2004	469.89	609.60	129.7%	641.18	136.5%	677.84	144.3%
2005	502.95	663.43	131.9%	685.48	136.3%	722.90	143.7%
2006	519.44	686.40	132.1%	714.28	137.5%	752.36	144.8%
2007	563.23	731.95	130.0%	757.77	134.5%	794.36	141.0%
2008	602.35	758.09	125.9%	793.37	131.7%	831.97	138.1%
2009	669.36	796.03	118.9%	828.89	123.8%	873.07	130.4%
2010	667.78	808.36	121.1%	841.31	126.0%	885.49	132.6%
2011	710.94	840.44	118.2%	872.32	122.7%	916.54	128.9%
2012	746.12	864.41	115.9%	897.12	120.2%	942.89	126.4%
2013	748.82	915.54	122.3%	949.25	126.8%	996.30	133.0%
2014	776.53	938.24	120.8%	973.05	125.3%	1,019.11	131.2%
2015	799.51	961.70	120.3%	997.17	124.7%	1,041.41	130.3%
2016	798.34	980.78	122.9%	1,017.15	127.4%	1,059.88	132.8%
2017	810.25	973.71	120.2%	1,009.62	124.6%	1,052.18	129.9%
2018	827.03	994.61	120.3%	1,026.31	124.1%	1,070.40	129.4%
2019	848.68	1,013.16	119.4%	1,049.25	123.6%	1,100.04	129.6%
2020	867.48	1,035.32	119.3%	1,072.44	123.6%	1,124.76	129.7%
2021	918.88	1,060.72	115.4%	1,103.54	120.1%	1,162.56	126.5%
2022	954.88	1,077.07	112.8%	1,120.73	117.4%	1,177.40	123.3%
2023	976.17	1,125.55	115.3%	1,168.84	119.7%	1,221.45	125.1%

Notes: Household Disposable Income (HDI) figures have been calculated by the Melbourne Institute; see Table A1. The disposable incomes for families dependent on the NMW, C12 and C10 wage rates are taken from Tables A6, A7 and A8, respectively. Note the disposable incomes for both families are the same because they receive the same amount of family payments.

Table A12
Safety Net Wages and Household Disposable Income – Single worker
April 1997–January 2023
($ per week, unless stated)

Year	Household Disposable Income per head (HDI)	NMW			C10		
		Gross	Net	Net as % of HDI	Gross	Net	Net as % of HDI
1997	350.92	359.40	305.70	87.1%	451.20	367.96	104.9%
1998	360.88	359.40	305.70	84.7%	451.20	367.96	102.0%
1999	362.90	373.40	316.69	87.3%	465.20	376.43	103.7%
2000	387.72	385.40	326.11	84.1%	477.20	384.03	99.0%
2001	408.53	400.40	346.38	84.8%	492.20	406.53	99.5%
2002	450.06	413.40	354.76	78.8%	507.20	416.81	92.6%
2003	443.17	431.40	366.37	82.7%	525.20	429.14	96.8%
2004	469.89	448.40	377.93	80.4%	542.20	444.77	94.7%
2005	502.95	467.40	396.78	78.9%	561.20	457.78	91.0%
2006	519.44	484.40	412.84	79.5%	578.20	475.40	91.5%
2007	563.23	511.86	449.93	79.9%	605.56	510.94	90.7%
2008	602.35	522.12	467.59	77.6%	615.82	538.06	89.3%
2009	669.36	543.78	494.29	73.8%	637.48	570.03	85.2%
2010	667.78	543.78	497.17	74.5%	637.48	572.90	85.8%
2011	710.94	569.90	521.86	73.4%	663.60	596.56	83.9%
2012	746.12	589.30	537.49	72.0%	686.20	614.52	82.4%
2013	748.82	606.40	556.87	74.4%	706.10	636.14	85.0%
2014	776.53	622.20	569.44	73.3%	724.50	648.47	83.5%
2015	799.51	640.90	581.11	72.7%	746.20	658.72	82.4%
2016	798.34	656.90	573.79	71.9%	764.90	670.70	84.0%
2017	810.25	672.70	606.23	74.8%	783.30	682.48	84.2%
2018	827.03	694.90	623.78	75.4%	809.10	698.99	84.5%
2019	848.68	719.20	647.10	76.2%	837.40	731.61	86.2%
2020	867.48	740.80	662.54	76.4%	862.50	749.55	86.4%
2021	918.88	753.80	681.67	74.2%	877.60	781.05	85.0%
2022	954.88	772.60	692.07	72.5%	899.50	789.86	82.7%
2023	976.17	812.60	724.47	74.2%	940.90	817.80	83.8%

Notes: The gross and net wages for 1997 are at April of that year following the decision of the Safety Net Review Case, April 1997. The HDIs for the period 2001 to 2023 are taken from Table A1 and are at January each year. The HDI for 1997 to 2000 are taken from Poverty Lines Australia: September Quarter 2022. The NMW column includes the FMW before 2010.

Table A13
Ratio of disposable income of selected households to their 60 per cent of median income poverty lines
September 2022

Adapted from Table 8.6 of the Commission's *Statistical Report* of 3 March 2023

Household		60% median income (PL, $pw)	Disposable income (DI) NMW-dependent		Disposable income (DI) C10-dependent	
			$pw	Ratio DI:PL	$ pw) (estimate)	Ratio DI: PL
1	Single adult	646.82	717.34	1.11	802.00	1.24
2	Single parent working full time, 1 child	840.86	1,000.37	1.19	1,085.00	1.29
3	Single parent working part time, 1 child	840.86	673.07	0.80	732.00	0.87
4	Single parent working full time, 2 children	1,034.91	1,115.03	1.08	1,200.00	1.16
5	Single parent working part time, 2 children	1,034.91	787.73	0.76	849.00	0.82
6	Single-earner couple, one with Newstart,	970.23	942.18	0.97	980.00	1.01
7	Single-earner couple,	970.23	728.11	0.75	805.00	0.83
8	Single-earner couple, one with Newstart, 1 child	1,164.27	1,138.69	0.98	1,176.00	1.01
9	Single-earner couple, 1 child	1,164.27	1,000.37	0.86	1,083.00	0.93
10	Single-earner couple, one with Newstart 2 children	1,358.32	1,260.31	0.93	1,304.00	0.96
11	Single-earner couple, 2 children	1,358.32	1,115.03	0.82	1,209.00	0.89
12	Dual-earner couple	970.23	1,123.64	1.16	1,261.00	1.30
13	Dual-earner couple, 1 child	1,164.27	1,312.38	1.13	1,409.00	1.21
14	Dual-earner couple, 2 children	1,358.32	1,427.04	1.05	1,521.00	1.12

The 60% median income poverty line (PL) data are taken from the Table 8.6 of the Commission's Statistical Report of 3 March 2023 (Version 1). The disposable incomes of NMW-dependent households are taken from Table 8.4 of the Statistical Report. The estimates of the C10-dependent households in this table are the product of the Commission's poverty lines and the ratios for the C10- dependent households in Table 8.6, rounded to the nearest dollar.

The Commission's notes to Table 8.6 are:

Note: Poverty lines are based on estimates of median equivalised household disposable income in 2017–18 for September 2017and 2019–20 for September 2021 and September 2022, adjusted for movements in household disposable income per head as calculated by the Melbourne Institute of Applied Economic and Social Research and for household composition using the modified OECD equivalence scale. C14, C10 and C4 are minimum award rates set under the Manufacturing and Associated Industries and Occupations Award 2020. AWOTE data are expressed in original terms. The increase of $420 to the low and middle income tax offset has been included for September 2021.

Assumptions: Tax-transfer parameters as at September 2017, September 2021 and September 2022. Wage rates for 2017: C14 = $694.90 pw, C10 = $809.10 pw, C4 = $971.90 and AWOTE of full-time adult employees = $1569.60 pw. Wage rates for 2021: C14 = $772.60 pw, C10 = $899.50 pw, C4 = $1080.60 pw and AWOTE of full-time adult employees =
$1748.40. Wage rates for 2022: C14 = $812.60 pw, C10 = $940.90 pw, C4 = $1130.30 pw and AWOTE of full-time adult employees = $1807.70. Other assumptions as per Table 8.4.

Source: ABS, Average Weekly Earnings, Australia, November 2022; ABS, Household Income and Wealth, Australia, 2017–18 financial year; ABS, Household Income and Wealth, Australia, 2019–20 financial year; Fair Work Commission modelling; Manufacturing and Associated Industries and Occupations Award 2020; Melbourne Institute of Applied Economic and Social Research, Poverty Lines: Australia, September quarter 2022.

ACCER
AUSTRALIAN CATHOLIC COUNCIL FOR EMPLOYMENT RELATIONS

https://www.accer.asn.au/