ANNUAL WAGE REVIEW 2024–25

INITIAL AND/OR POST-BUDGET SUBMISSION

COVER SHEET

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IN THE FAIR WORK COMMISSION

Matter No.: C2025/1

Annual Wage Review 2024-25

INITIAL SUBMISSION OF THE UNITED WORKERS' UNION

Introduction

1. The United Workers' Union ('**UWU**') makes these submissions for the *Annual Wage Review 2024-25* on behalf of our membership.

2. UWU has a diverse membership, which includes employees in aged care, home care and disability support, contract security and cleaning, childcare and teacher aides, ambulance workers, logistics, farming, manufacturing, food production, hospitality and market research. A significant proportion of UWU members are directly reliant on modern awards.

3. These submissions are intended to address several matters.

   (a) In **Section 1** we express support for the submission made by the Australian Council of Trade Unions ('**ACTU**'), that the Fair Work Commission ('**FWC**') Expert Panel should award an increase of **at least 4.5%** to the national minimum wage ('**NMW**') and modern award minimum wages, based on statutory considerations including the minimum wages objective and the modern awards objective.

   In this section we also present real accounts from UWU members about the impact that low wages and the increased cost of living has had on them.

   (b) In **Section 2** we address specific matters relating to gender undervaluation.

   (c) In **Section 3** we address specific matters relating to Schedule I of the *Hospitality Industry (General) Award 2020* in respect of loaded rates in that award.

SECTION 1 – AN APPROPRIATE INCREASE TO MINIMUM WAGE RATES

4. UWU supports the submission of the ACTU[1] and calls on the Expert Panel to award an increase of at least 4.5% to the NMW and modern award minimum wages, thus delivering cost of living relief to Australia's lowest paid workers.

[1] ACTU initial submission dated 4 April 2025.

5. This submission is intended to supplement the submission of the ACTU, and to help the Expert Panel to understand the real-world impacts that this decision will have on UWU members.

Statutory considerations

6. In conducting the review of the NMW and modern award minimum wages, the FWC must establish and maintain a safety net of fair minimum wages, taking into account the matters listed in the minimum wages objective, including:

> (a) the performance and competitiveness of the national economy, including productivity, business competitiveness and viability, inflation and employment growth; and
>
> (aa) the need to achieve gender equality, including by ensuring equal remuneration for work of equal or comparable value, eliminating gender-based undervaluation of work and addressing gender pay gaps; and
>
> (b) promoting social inclusion through increased workforce participation; and
>
> (c) relative living standards and the needs of the low paid; and
>
> (e) providing a comprehensive range of fair minimum wages to junior employees, employees to whom training arrangements apply and employees with a disability.[2]

6. When varying modern award minimum wages, the FWC must take into account the rate of the NMW that it proposes to set in the review.[3] In other words, the FWC must first decide the proposed NMW so that it can be taken into account in the review of modern award minimum wages.

7. In varying modern award minimum wages, the FWC must also consider the modern awards objective, which requires that modern awards provide a fair and relevant minimum safety net of terms and conditions, taking into account:

> (a) relative living standards and the needs of the low paid; and
>
> (aa) the need to improve access to secure work across the economy; and
>
> (ab) the need to achieve gender equality in the workplace by ensuring equal remuneration for work of equal or comparable value, eliminating gender-based undervaluation of work and providing workplace conditions that facilitate women's full economic participation; and
>
> (b) the need to encourage collective bargaining; and
>
> (c) the need to promote social inclusion through increased workforce participation; and

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[2] *Fair Work Act 2009* (Cth) ('**FW Act**'), s 284(1).
[3] Ibid, s 285(3).

(d) the need to promote flexible modern work practices and the efficient and productive performance of work; and

(da) the need to provide additional remuneration for:

(i) employees working overtime; or

(ii) employees working unsocial, irregular or unpredictable hours; or

(iii) employees working on weekends or public holidays; or

(iv) employees working shifts; and

(f) the likely impact of any exercise of modern award powers on business, including on productivity, employment costs and the regulatory burden; and

(g) the need to ensure a simple, easy to understand, stable and sustainable modern award system for Australia that avoids unnecessary overlap of modern awards; and

(h) the likely impact of any exercise of modern award powers on employment growth, inflation and the sustainability, performance and competitiveness of the national economy.[4]

8. In exercising powers under the FW Act, the FWC is directed to take into account the objects of the FW Act, and any objects of the part of the Act under which the powers are being exercised.[5] The objects of the FW Act[6] are therefore also relevant to the review.

9. In the *Annual Wage Review 2022-23* ('**2023 AWR**'), the Expert Panel summarised how it must discharge its statutory functions in the conduct of the review:

> *The discharge of the Commission's statutory functions under s 285 involves an evaluative exercise which is informed by the considerations in ss 284(1)(a)-(e) and 134(1)(a)-(h) (as applicable) and the object in s 3. The statutory objectives are very broadly expressed and do not necessarily exhaust the matters which the Panel might properly consider to be relevant. The range of such matters 'must be determined by implication from the subject matter, scope and purpose' of the FW Act. There is a degree of overlap between the various considerations which must be taken into account under ss 284(1) and 134(1) and also a degree of tension between some of these considerations. No consideration is assigned any particular primacy and the relevance of and weight to be assigned to the considerations will vary depending upon the social and economic context and other facts and circumstances of the particular Review. The complex balancing exercise which is required has led the Commission in previous Reviews to eschew a mechanistic approach to wage fixation.*[7] (footnotes removed).

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[4] Ibid, s 134(1).
[5] Ibid, s 578(a).
[6] Ibid, s 3.
[7] *Annual Wage Review 2022-23* [2023] FWCFB 3500, [22].

10. This section addresses the following groups of considerations that the Expert Panel must take into account in its review of the NMW and modern award minimum wages:

(a) Economic and business considerations;[8]

(b) Relative living standards and the needs of the low paid;[9]

(c) Gender equality;[10]

(d) Job security;[11] and

(e) Collective bargaining.[12]

Economic and business considerations

11. In March 2025, the Federal Government released the 2025–26 Budget. It contained the following forecasts for major economic parameters, which update the forecasts contained in the Mid-Year Economic and Fiscal Outlook ('**MYEFO**') 2024–25 released in December 2024:[13]

Economic parameter comparison		**Outcome**	**Forecasts**			
		2023–24	**2024–25**	2025–26	2026–27	2027–28
Real GDP Growth (%)	MYEFO 2024–25	1.4	**1.75**	2.25	2.5	2.75
	Budget 2025–26	1.4	**1.5**	2.25	2.5	2.75
	Difference	0	**-0.25**	0	0	0
Employment Growth (%)	MYEFO 2024–25	2.2	**1.75**	1	1.5	1.75
	Budget 2025–26	2.2	**2.75**	1	1.25	1.5
	Difference	0	**+1**	0	-0.25	-0.25
Unemployment Rate (%)	MYEFO 2024–25	4.1	**4.5**	4.5	4.5	4.25
	Budget 2025–26	4	**4.25**	4.25	4.25	4.25
	Difference	-0.1	**-0.25**	-0.25	-0.25	0
CPI Growth (%)	MYEFO 2024–25	3.8	**2.75**	2.75	2.5	2.5
	Budget 2025–26	3.8	**2.5**	3	2.5	2.5
	Difference	0	**-0.25**	+0.25	0	0
WPI Growth (%)	MYEFO 2024–25	4.1	**3**	3	3.25	3.5
	Budget 2025–26	4.1	**3**	3.25	3.25	3.5
	Difference	0	**0**	+0.25	0	0
Nominal GDP Growth (%)	MYEFO 2024–25	4.1	**3.25**	3.5	5	5.5
	Budget 2025–26	4.1	**4.25**	3.25	4	5.25
	Difference	0	**+1**	-0.25	-1	-0.25

[8] FW Act, s 134(1)(c), (d), (f) and (h); s 284(1)(a) and (b).
[9] Ibid, s 134(1)(a); s 284(1)(c).
[10] Ibid, s 134(1)(ab); s 284(1)(aa).
[11] Ibid, s 134(1)(aa).
[12] Ibid, s 134(1)(b).
[13] Budget 2025–26, Budget Paper No.1, p 6, Table 1.1 https://budget.gov.au/content/bp1/download/bp1_2025-26.pdf; MYEFO 2024–25, p 4, Table 1.1 https://archive.budget.gov.au/2024-25/myefo/download/myefo2024-25.pdf.

12. Both employment growth and nominal GDP growth (goods and services produced at current market prices) for 2024-25 are forecast to be higher in the 2025-26 Budget than they were in MYEFO (by 1 point each), while both the unemployment rate and CPI growth rate are now forecast to be lower (by -0.25 points each).

13. The 2025-26 Budget has also revised up the forecast real wages growth for 2024-25, which is now expected to be 0.5%:[14]

Real wages growth comparison		Outcome	Forecasts			
		2023-24	**2024–25**	2025–26	2026–27	2027–28
Real Wage Growth (%)	MYEFO 2024–25	0.3	**0.25**	0.25	0.75	1
	Budget 2025–26	0.3	**0.5**	0.25	0.75	1
	Difference	0	**+0.25**	0	0	0

14. The 2025-26 Budget is optimistic about future real wage growth, stating that the "*strength of labour market conditions and easing in inflation means that real wages are growing again.*"[15]

15. Household consumption forecasts are also slightly higher for 2025-26 in the Budget than in MYEFO, despite being slightly lower for 2023-24 and 2024-25:[16]

Household consumption growth comparison		Outcome	Forecasts		
		2023-24	**2024–25**	2025–26	2026–27
Household Consumption (%)	MYEFO 2024–25	1.1	**1**	2	N/A
	Budget 2025–26	1	**0.75**	2.25	2.25
	Difference	-0.1	**-0.25**	+0.25	N/A

16. Budget Paper No.1 states in relation to household consumption growth:

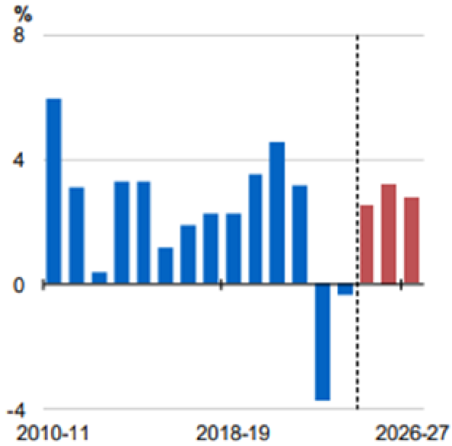
> *Household consumption growth remained subdued over 2024 with many households continuing to face cost-of-living pressures, including high mortgage costs. However, growth in real household disposable income is forecast to continue to pick up, which is expected to drive a gradual rise in consumption over the forecast period.*

It also forecasts that:

> *Lower inflation, continued employment growth, higher wages, tax cuts, and the recent reduction in interest rates will support a pick-up in real household disposable income (Chart 2.7).*[17]

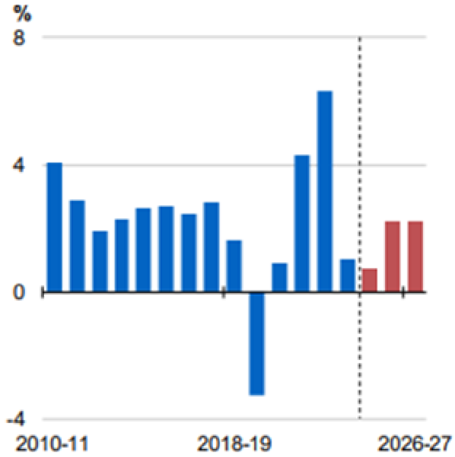
[14] Budget 2025–26, Budget Paper No.1, p 6. Calculated as the difference between WPI growth and CPI growth.
[15] Ibid, p 46.
[16] Budget 2025–26, p 43, Table 2.2; MYEFO 2024–25, p 39.
[17] Budget 2025–26, p 42, 44.

Chart 2.7: Real household gross disposable income growth



Source: ABS Australian National Accounts: National Income, Expenditure and Product and Treasury.

Chart 2.8: Household consumption growth



Source: ABS Australian National Accounts: National Income, Expenditure and Product and Treasury.

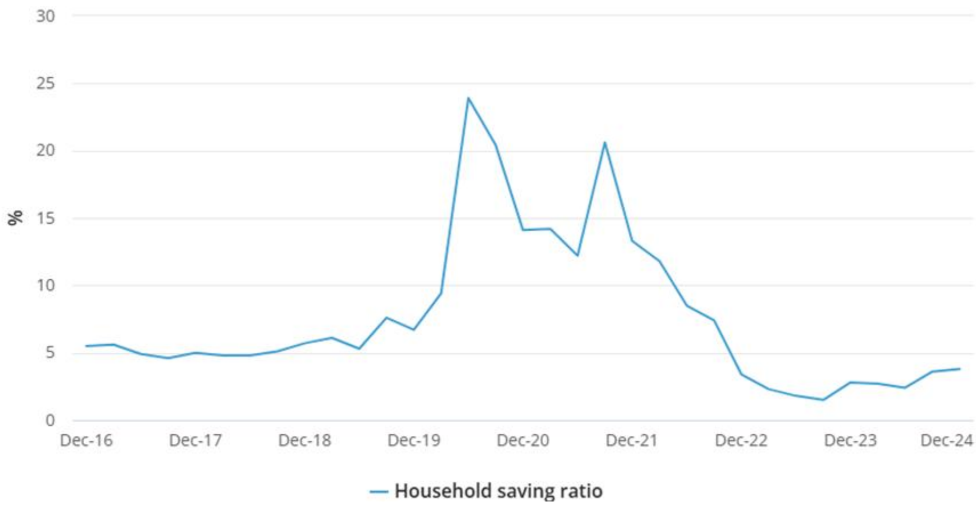
Case study: Lorraine, aged care worker

Lorraine works part time in the aged care sector in South Australia. She is paid approximately $32.14 per hour under the Aged Care Award 2010 (Direct Care Employees - Level 3 - Qualified part-time). She states:

"It is really difficult to live off this kind of income, I don't have any money to spend on myself… I'm a single parent with 3 girls living at home and they're missing out on a lot because things are so expensive… I have housing costs, groceries, petrol and bills…I have to put aside $200 per fortnight just to pay for gas and electricity and even then, I'm still catching up on things so that they're not overdue… My pantry and my fridge look bare all the time… we can't get fresh food very often because it's cheaper for me to buy tinned foods but it's not the same quality… We're going to have to start eating less quality food because its more affordable... An award increase could potentially cover some of my petrol costs, so I could put more money towards food or other activities."

17. The national accounts data released by the Australian Bureau of Statistics ('**ABS**') in December 2024, showed that Australia's household saving ratio (net saving as a percentage of net household disposable income) is still below pre-pandemic levels despite some gradual improvement over the last few years:[18]

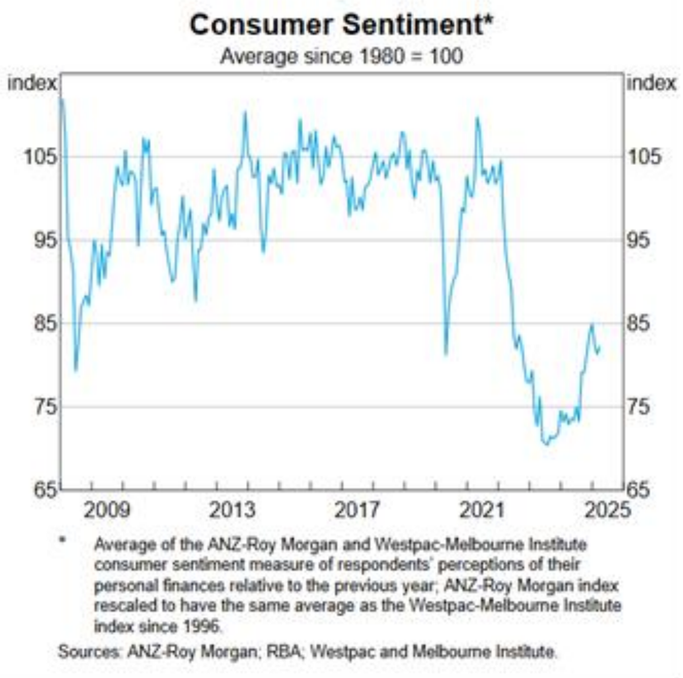
[18] ABS, Australian National Accounts: National Income, Expenditure and Product (December 2024) https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/dec-2024.



18. In relation to the labour market, the 2025–26 Budget notes:

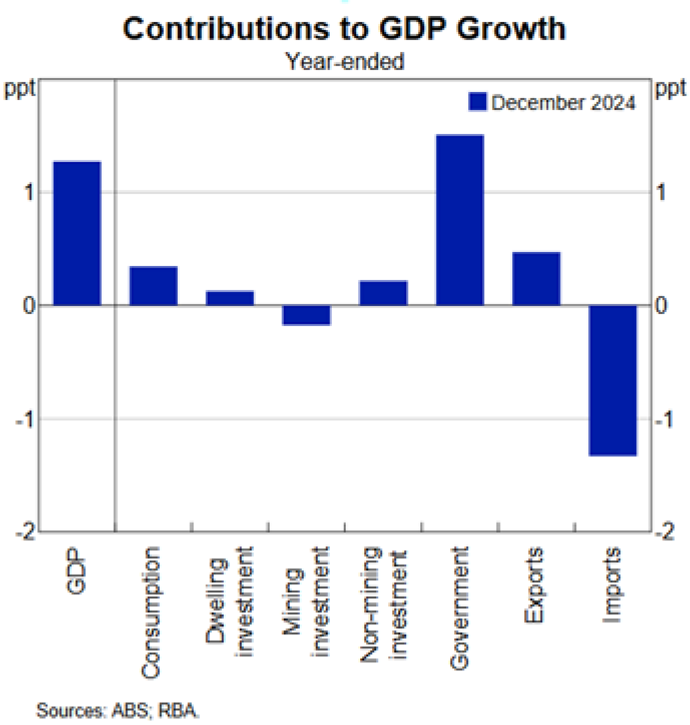
> *The labour market remains a source of strength with the unemployment rate remaining low at around 4 per cent over the past three quarters, participation remaining elevated and over one million additional people employed since May 2022.*[19]

19. Despite the strong labour market conditions, measures of consumer sentiment remain low since the post pandemic inflationary period. While there has been some improvement, real wage growth is needed for a sustained restoration in confidence:[20]



[19] Budget 2025-26, p 46.
[20] RBA Chart Pack (2 April 2025) https://www.rba.gov.au/chart-pack/household-sector.html.

20. The Budget's optimism about the recovery in real wages growth and increased household consumption and disposable income growth reinforces the argument for a strong real increase in the NMW and modern award minimum wages for 2025-26. Along with other living cost relief for low to middle-income earners, a strong increase would likely contribute to improving consumer sentiment, and may have a flow on effect to the improving the contribution of consumption to the broader economy, which remains sluggish:[21]



21. In relation to this decision's potential macroeconomic impact, in UWU's submission to the *Annual Wage Review 2023-24* ('**2024 AWR**'), we noted a report from the Centre for Future Work ('**CFW**'), which found:

> *The macroeconomic footprint of the national minimum wage decision, therefore, is modest. It lifts the pay of the lowest-paid Australian employees, who start with lower hourly wages and who work fewer hours (and hence account for a doubly-smaller share of total wages). Strong improvements in minimum and award wages are vital to their ability to navigate the current cost of living crisis facing Australian households.*[22]

[21] RBA Chart Pack (2 April 2025) https://www.rba.gov.au/chart-pack/au-growth.html.
[22] Centre for Future Work, '*The Irrelevance of Minimum Wages to Future Inflation*', (20 March 2024), pp 15-16, https://futurework.org.au/report/the-irrelevance-of-minimum-wages-to-future-inflation/.

22. The contribution to WPI growth from last year's Award increase (including state-based Award increases) was just 11.25% of total WPI growth.[23]

23. Inflation has continued to moderate since last year's review. The 2025-26 Budget's economic outlook notes:

> *Inflation has moderated substantially across both headline and underlying measures. Headline inflation was 2.4 per cent through the year to December 2024, which is less than a third of its 2022 peak. Underlying inflation is now less than half its peak at 3.2 per cent through the year to December quarter 2024 and is 2.7 per cent on a six-month annualised basis.*[24]

24. These observations reinforce the conclusions of the 2024 CFW report that *"it is inconceivable that even a strong increase in Modern Award wages would have major macroeconomic repercussions (including on inflation)."*[25]

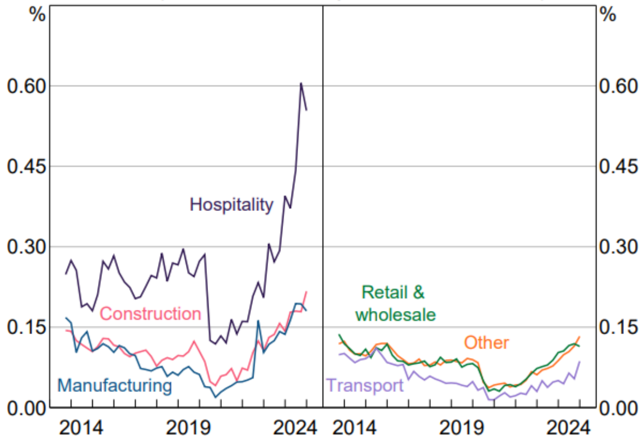
25. The RBA's April 2025 Financial Stability Review ('**RBA Review**') found, in relation to businesses:

> *Most businesses remain profitable, despite the ongoing pressures (Graph 2.15). Most large and small businesses' profit margins are around the level recorded over the 2010s…*[26]

26. The RBA Review notes that insolvencies "…*have risen sharply in industries exposed to discretionary spending, notably hospitality… These firms are especially vulnerable to changes in demand, as they typically operate with slimmer profit margins and limited cash buffers*."[27] However, when looking at industries more broadly, "*On a cumulative basis, insolvencies remain slightly below their pre-pandemic trend, following a period of exceptionally low levels during the pandemic.*"[28]

[23] FWC, Statistical report 1 – Annual Wage Review 2024-25 (7 March 2025), Table 5.3 (Sept-24 contribution - Awards).
[24] Budget 2025-26, p 47.
[25] CFW, '*The Irrelevance of Minimum Wages to Future Inflation*', (20 March 2024), pp 15-16.
[26] RBA, Financial Stability Review (April 2025), p 27, https://www.rba.gov.au/publications/fsr/2025/apr/pdf/financial-stability-review-2025-04.pdf.
[27] Ibid, p 59.
[28] Ibid, p 26.

Graph 2.14
Company Insolvencies by Industry
Quarterly, share of operating businesses in industry*



* Seasonally adjusted. Earliest observation September 2013. Latest observation December 2024.

Sources: ABS; ASIC; RBA.

27. The 2025-26 Budget confidently concludes, in relation to the future outlook for the Australian economy:

> *The Australian economy remains on track for a soft landing following the sharpest rise in global inflation in recent decades. Macroeconomic policies have been calibrated to bring inflation down while preserving labour market gains, and managing risks to growth.*[29]

28. As UWU's submission noted last year, wage growth must come from decisions such as that of the Expert Panel in this review, and we would urge the Panel to adopt the ACTU's proposal for a 4.5% increase to the NMW and modern award minimum wages. There is no evidence that a strong, real increase to minimum and award wages will have any damaging macroeconomic consequences, conversely, businesses in sectors such as hospitality will benefit from an increased capacity for discretionary spending on the part of consumers.

Case study: Josie, aged care worker

Josie works part-time in aged care and earns $31.14 per hour under the *Aged Care Award 2010* (with a part-time loading, Direct Care Employees, Level 3 - Qualified). She also relies on weekend penalty rates. She states:

"I look after my husband, who is not well and I have two teenagers at home. I work alternate weekends from 7am-3pm because of the higher penalty rates, it's a big help getting the double rates because I have a mortgage to pay. However, for me the biggest cost is groceries, which are so expensive, it is sometimes more than $200 per week… Yes, they increased aged care award wages which was great, actually it was a relief and has made things more comfortable

[29] Budget 2025-26, p 49.

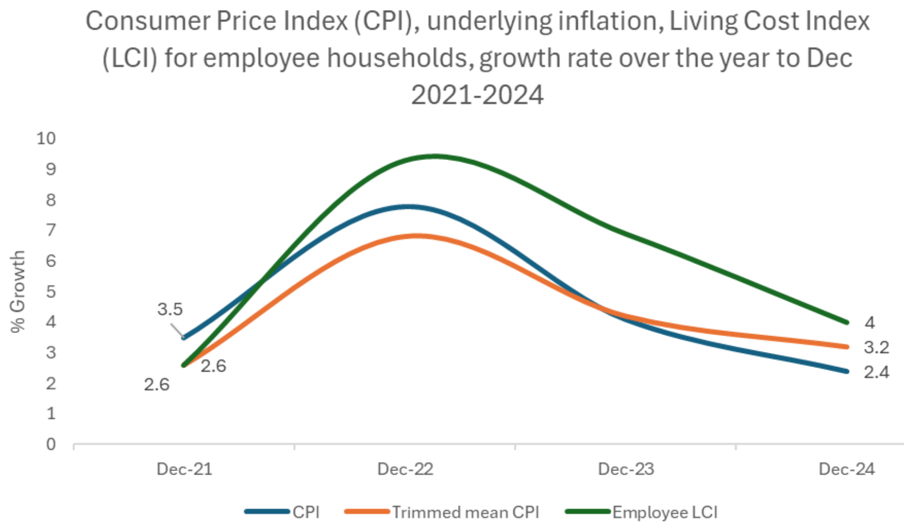
but keeping up with the cost of living is still tricky because everything is so pricey…I still have to limit my spending… I have had to cut back on visiting friends, I can't spend money on clothes and cannot go on vacation or out to dinner which we used to do occasionally…An increase in the award wage could mean that we are able to eat out as a family to treat my kids."

Relative living standards and the needs of the low paid

29. The most recent ABS release for *Selected Living Cost Indexes (LCIs) by household type and CPI* (December 2024) found that employee households had the largest increases in living costs on both a quarterly and annual basis:[30]

	Change from previous quarter (%)	Annual change (%)
Pensioner and beneficiary LCI (PBLCI)	-0.1	2.8
Employee LCI	0.4	4.0
Age pensioner LCI	-0.1	2.5
Other government transfer recipient LCI	0.0	3.2
Self-funded retiree LCI	0.3	2.5
Consumer Price Index (CPI)	0.2	2.4

30. Comparing the annual change in Employee LCI to the changes in both the all groups CPI (price change for all goods and services) and the trimmed mean CPI (an underlying inflation measure that reduces the effect of irregular or temporary price changes), it can be seen that the Employee LCI has not been lower than CPI since December 2021:[31]



[30] ABS, Selected Living Cost Indexes, Australia (December 2024) https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/selected-living-cost-indexes-australia/latest-release.
[31] ABS, Selected Living Cost Indexes, Table 1. All groups, index numbers and percentage changes, by household type https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/selected-living-cost-indexes-australia/latest-release; ABS, Consumer Price Index, Australia (December Quarter 2024), Table 8. CPI: Analytical Series https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/dec-quarter-2024.

31. Chart 4.2 to the FWC Statistical Report 1 shows that non-discretionary inflation has outgrown discretionary inflation over the last few years – particularly when tobacco is excluded from discretionary expenditure:[32]

Chart 4.2: Non-discretionary and discretionary inflation, cumulative growth rates

Note: Non-discretionary expenditure refers to goods or services purchased because they meet a basic need (food, shelter, healthcare), are required to maintain current living standards, or are a legal obligation. Discretionary expenditure includes purchases that could be considered as 'optional'.

Source: ABS, Consumer Price Index, Australia, December 2024.

32. While the recent reduction in mortgage interest rates is welcome, there are risks to households arising from those conditions. In its recent Financial Stability Review, the RBA considered how falling interest rates might affect the economy, noting:

> *In the longer term, vulnerabilities could build if an easing in financial conditions encourages households to take on excessive debt. While current lending standards are robust, historical experience both in Australia and abroad suggests that periods of low and/or falling interest rates can coincide with riskier borrowing activity and, at times, a relaxation of lending standards and rapid increases in housing prices.*[33]

33. The *Consumer Sentiment Tracker Study* published by the financial comparison site 'Finder' (February 2025 update) found stark differences in reported cash savings between males and females, metropolitan and regional areas, and between generations:[34]

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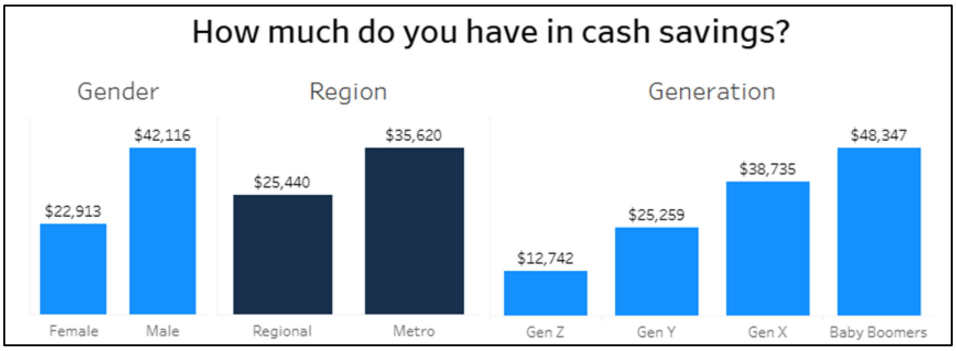
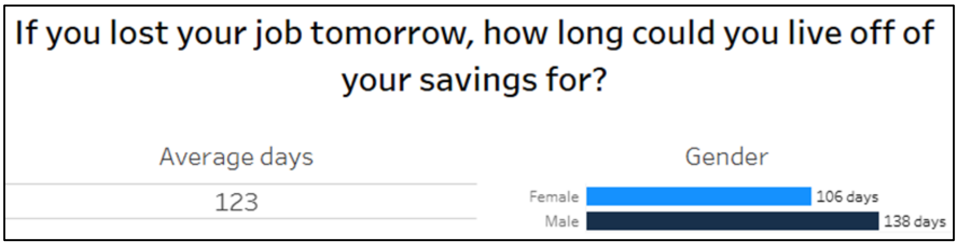
[32] FWC, Statistical report 1 – Annual Wage Review 2024-25 (7 March 2025), p 34 https://www.fwc.gov.au/documents/sites/wage-reviews/2024-25/c2025-1-statistical-report-version-1.pdf.
[33] RBA Review, p 24.
[34] Finder, Consumer Sentiment Tracker (6 February 2025) https://www.finder.com.au/insights/consumer-sentiment-tracker.



34. An additional gendered difference is apparent in the response to the following question:



Case study: Sarah, cleaner

Sarah works in Tasmania as a cleaner. She is employed as a casual and her rate under the *Cleaning Services Award 2020* is $32.25 per hour. She states:

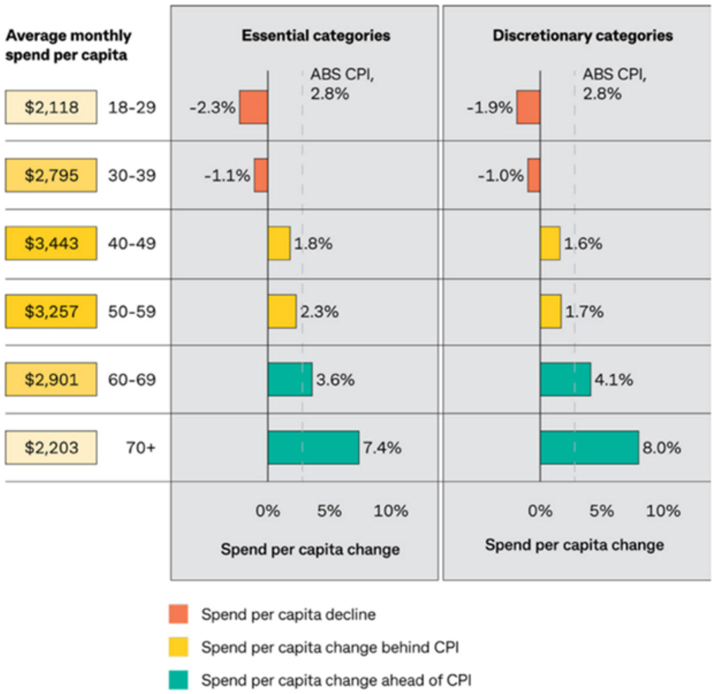
"By the time I get paid and all my bills come out I have $200 left for groceries and petrol and it's crazy. Plus my rent is about to go up … I went to the supermarket last week for standard shop and it was $95; it's getting beyond a joke…we can't really do anything anymore: my husband and I, we used to go out for meals occasionally or go for a drive, but the price of petrol and food costs a fortune, so we just can't do it anymore… An increase would make heaps of difference … we could maybe save for a holiday, a big holiday to maybe see family up in Sydney…. Or I'd like to buy a house someday, but I know I can't because I'm casual, and I can't get a home loan or save up for a deposit."

35. In November 2024 the Commonwealth Bank released its *CommBank iQ Cost of Living Insights Report*,[35] which found that, while the balance between essential and discretionary spending is now nearly equal:

> *Young Australians continue to feel the pinch more than any other age group with those aged 18–29 cutting back on spending by 2 per cent over the past year, with a notable decline in both*

[35] CommBank iQ Cost of Living Insights Report, '*Spending on essentials slows as Aussies under 40 grapple with cost-of-living*' (19 November 2024) https://www.commbank.com.au/articles/newsroom/2024/11/CommBank-Cost-of-Living-Insights-Report.html.

essential (-2.3 per cent) and discretionary (-1.9 per cent) spending. In the past 12 months 30- to 39-year-olds have also recorded negative overall spending growth, with a 1.1 per cent drop in essential spending and 1.0 per cent drop in discretionary categories.[36]



36. The FWC Statistical Report also reports on the characteristics of low-paid adult employees. Specifically, low-paid adult employees are more likely to be younger, female, live in a regional area and be reliant on an award as their pay setting method:[37]

Table 8.7: Characteristics of low-paid adult employees, 2023

	Low-paid adult employees (%)	Other adult employees (%)
Personal characteristics		
Gender		
Male	44.4	51.3
Female	55.6	48.7
Age Group		
21–24	22.1	7.2
25–29	17.5	13.0
30–49	33.9	51.5
50–64	21.0	24.9
65 and over	5.5	3.4
Region		
Metropolitan	60.7	71.9
Regional	39.3	28.1
Method of setting pay		
Award only	41.6	14.6
Collective agreement	23.5	36.6
Individual arrangement	34.9	48.8

[36] CommBank iQ Report, 'Key Highlights', p 4 https://www.commbank.com.au/content/dam/caas/newsroom/docs/Cost-of-Living-Insights-241119-Key-Highlights-2.pdf.
[37] Ibid, pp 84-85.

37. The recently published Final Report of the Supermarkets Inquiry (February 2025) conducted by the Australian Competition and Consumer Commission (‘**ACCC**’) found:

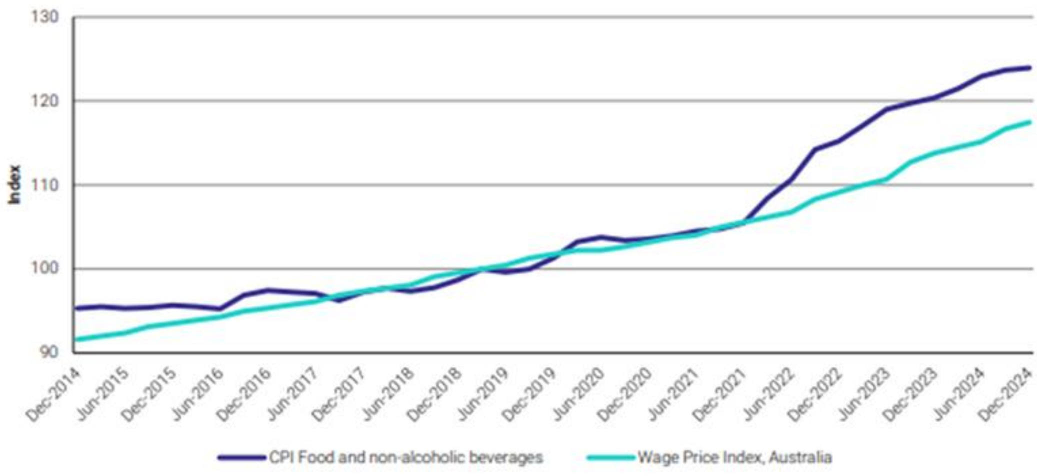
> *Over the last 5 years, Australians have been faced with increasing prices across almost all goods and services. During this time, grocery prices (as represented by CPI food and non-alcoholic beverages) have risen by more than other goods and services; about 24% compared to 22%.*[38]

38. During that period, however, wages have not kept pace with grocery inflation:

> *As illustrated in Figure 1.1, between 2018 and late 2021, grocery prices increased largely in line with wages. They then started increasing at a higher rate. By the end of 2022 and in early 2023 grocery prices were increasing at more than twice the rate of wage growth. The rate of grocery price growth has slowed since 2024 but compared to the pre-2022 period, prices remain substantially elevated relative to wages.*[39]

Figure 1.1: Wages have not kept up with grocery price inflation since late 2021

CPI food and non-alcoholic beverages and Wage Price Index between December 2014 quarter and December 2024 quarter



Note: Indices re-based to March 2019 quarter to align with 2019–2024 period used for most data analysis in this report. Wage Price Index refers to the *Total hourly rates of pay excluding bonuses: all sectors by state* series as published by ABS.
Source: ABS Consumer Price Index, Australia, December Quarter 2024; ABS Wage Price Index, Australia, December Quarter 2024.

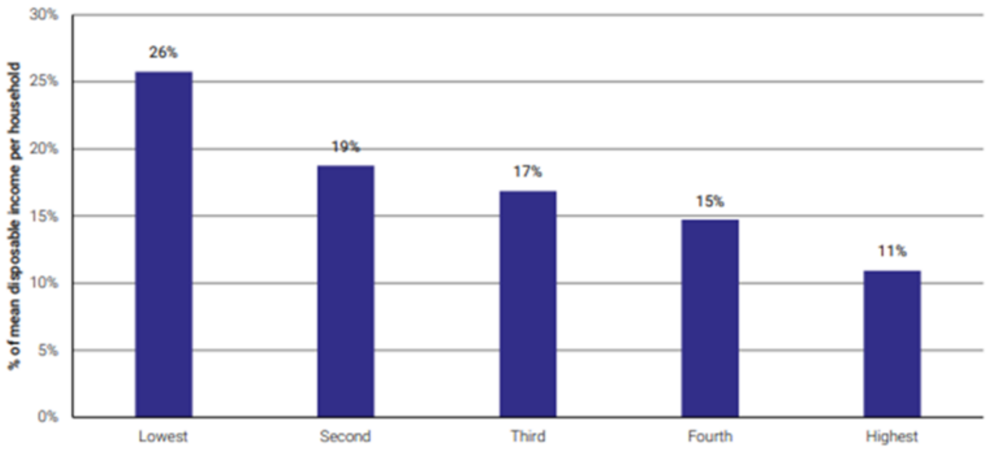
39. The Final Report also found that consumers on lower incomes spend a higher proportion of their income on groceries and are more likely to be adversely impacted by high grocery prices.

[38] ACCC, Supermarkets inquiry, Final report (February 2025), pp 2-3 https://www.accc.gov.au/system/files/supermarkets-inquiry_1.pdf.
[39] Ibid.

The ACCC used ABS Household Expenditure Survey Data to show the impact of these higher prices by income quintile:[40]

Figure 4.20: Surveyed consumers on lower incomes spend the highest proportion of their income on food and non-alcoholic beverages

Percentage of gross household income spent on food and non-alcoholic beverages, by income quintile



Source: ACCC analysis of ABS Household Expenditure Survey data.

40. The living standards of the lowest paid workers in Australia are still being impacted by the impacts of inflation. Easing interest rate pressures will be of only limited benefit to the lowest-paid workers, and households will be more vulnerable to shocks because of their lessened savings. A real wage increase will help to rebuild the capacity of workers to deal with the increases to non-discretionary items, such as groceries, which the ACCC report shows have been growing at a faster rate than wages.

41. The Expert Panel should adopt the ACTU proposal for a **4.5%** increase to the NMW and modern award minimum wages, to ensure that low-paid workers are not penalised with significantly lower wages relative to high-paid workers in the Australian economy.

Case study: Martin, food process worker

Martin works full time as Food Process Worker in NSW. He is paid $24.98 per hour at level 3 under the *Food, Beverage and Tabacco Manufacturing Award 2020*. He states:

"The wages barely keep up with the cost of living: living expenses have skyrocketed in recent times, particularly energy bills… We just had to pay over $200 for an energy bill …our wage is just not enough: a lot of my colleagues say the same thing too. … I can't afford to treat myself anymore, I used to buy a meal out every so often, but I can't do that now…I was looking

[40] Ibid, pp 246-247.

> *to save up for a car, to make the journey to work quicker and easier, but doing that is very difficult due to the size of the bills that keep coming in … it's a slap in the face when you see those bills…Minimum award wages are impossible for people trying to keep up with the cost of living."*

Gender equality

42. Women are more likely than men to be award-reliant.[41] In total, women comprise 60% of all employees whose pay is set by awards and men comprise 40%.[42] In UWU's areas of coverage, women comprise:

    (a) 96.1% of employees covered by the *Children's Services Award*;

    (b) 79.5% of employees covered by the *Aged Care Award*;

    (c) 69.3% of employees covered by the *Social, Community, Home Care and Disability Services Industry Award*;

    (d) 67% of employees covered by the *General Retail Industry Award*;

    (e) 65.8% of employees covered by the *Hospitality Industry (General) Award*; and

    (f) 60% of employees covered by the *Cleaning Services Award*.[43]

43. Research has identified that higher minimum wages have a positive impact on gender pay equality.[44] When mandated minimum wages are raised above market levels, this benefits women due to the disproportionate number of women in the bottom income distribution.[45]

44. Australia's gender pay gap is trending downwards but remains a persistent issue.[46] The current gender pay gap in average weekly ordinary full-time earnings is 11.85%.[47]

[41] ABS, *Employee Earnings and Hours, Australia* (May 2023).
[42] Ibid, Data cube 3.
[43] Kelvin Yuen and Josh Tomlinson, *A Profile of Employee Characteristics Across Modern Awards* (Fair Work Commission, March 2023), Appendix B, Table B1, p 52.
[44] See, Jill Rubery and Aristea Koukiadaki, *Closing the Gender Pay Gap: A Review of the Issues, Policy Mechanisms and International Evidence* (International Labour Organisation, 2016), p. 12.
[45] Lawrence M Kahn, Wage Compression and the Gender Pay Gap, (Institute for the Study of Labor (IZA), April 2015); Hallward-Driemeier, Bob Rijkers and Andrew Waxman, *Can Minimum Wages Close the Gender Wage Gap? Evidence from Indonesia, Policy Research Working Paper* (World Bank Group, July 2015).
[46] ABS, *Gender Pay Gap Guide - Gender pay gap indicators over time* (February 2023).
[47] ABS, *Average Weekly Earnings, Australia* (February, 2025).

45. When the average ordinary earnings of both part-time and full-time employees per hour worked are considered, there is a 7.19% gender pay gap.[48]

46. Consistent with the fact that modern award-reliant employees have a smaller wage distribution than employees who are not reliant on modern awards, there is a smaller gender pay gap of 0.7% among modern award-reliant employees.[49]

47. In the 2024 AWR, the FWC found that due to the disproportionate number of women reliant on modern awards, an increase in minimum wages above that of the market rate would likely narrow the gender pay gap.[50] While noting that the effect on the gender pay gap would be 'small', the FWC nonetheless recognised that this consideration favoured increasing modern award minimum wages at a level greater than the rates present in the labour market.[51]

48. UWU submits that in light of Australia's persistent gender pay gap, FWC should increase the NMW and modern award minimum wages by at least 4.5%, facilitating the minimum wages objective in s 284(1)(aa) of the FW Act.

Case studies: Sophie, aged care worker and Gill, cleaner

Sophie works in aged care as a Community Care Worker. She is paid under the under the *Social, Community, Home Care and Disability Services Industry Award 2010* and is employed on a casual basis. She states:

"I'm a single parent of one child and I work most weekends because the weekend penalties help keep my head above water financially… there are times that I wish I didn't have to work on weekends because but I miss out on family occasions and birthday parties, it's hard to have a normal family life.

Last year we had our really big award wage increase in Aged Care with the Work Value Case… things have gotten a lot better for aged care workers this year… but it's still really hard being paid award wages… being on the bare minimum is tough.

Coping with rising interest rates have been really hard. I'm managing a mortgage and it's a big chunk out of my wage every week, I'm finding that really tough. I'm also constantly watching the price of petrol. We need petrol to drive to our client's houses, so if you cannot afford to fill

[48] ABS, *Employee Earnings* (August, 2024).
[49] FWC, *Statistical report – Annual Wage Review 2024-25*, p. 90 Table 11.1.
[50] *Annual Wage Review 2023-24* [2024] FWCFB 3500, [85].
[51] Ibid.

up then you can't afford to work… petrol prices are very important to care workers… Food has also been so expensive, but I often go without so my son can get what he needs.

As a care worker, I work really long days. This work takes a lot out of us, physically and mentally… I'm often too tired to actually be that loving parent at the end of the day because I'm so drained.

If we got a decent increase this year, I'd like to do something special for my son… he misses out on certain things whilst I am at work, so to be able to treat him would make things more worthwhile.

It's time that everyone in Australia had a decent living wage so they can make ends meet and enjoy a work life balance."

Gill works full time as a cleaner in Victoria and is reliant on weekend penalty rates. She has been a cleaner for approximately 11 years. She states:

"I work Saturday and Sunday to get the penalty rates, because I need the money, so I don't have a weekend. That was very hard when my kids were little …plus I had to work two jobs to pay for their school fees… but now I'm still paying off my mortgage …I'd like to pay off my mortgage before I get to 65 or 70, that is my dream…If our wage went up I could possibly buy more groceries, because shopping is getting very expensive."

Job security

49. The Expert Panel must consider any impact that varying modern award minimum wages may have on *"the need to improve access to secure work across the economy"*.[52]

50. In the 2024 AWR, the Expert Panel noted that s 134(1)(aa) is primarily directed at "*whether the review outcome might affect the capacity of employers in the future to continue to offer, or maintain permanent employment.*"[53]

51. The labour market remains extremely healthy, with the most recent ABS Labour Force data showing the seasonally adjusted unemployment rate at 4.1%,[54] maintaining the same rate as applied at the time of the 2024 AWR.

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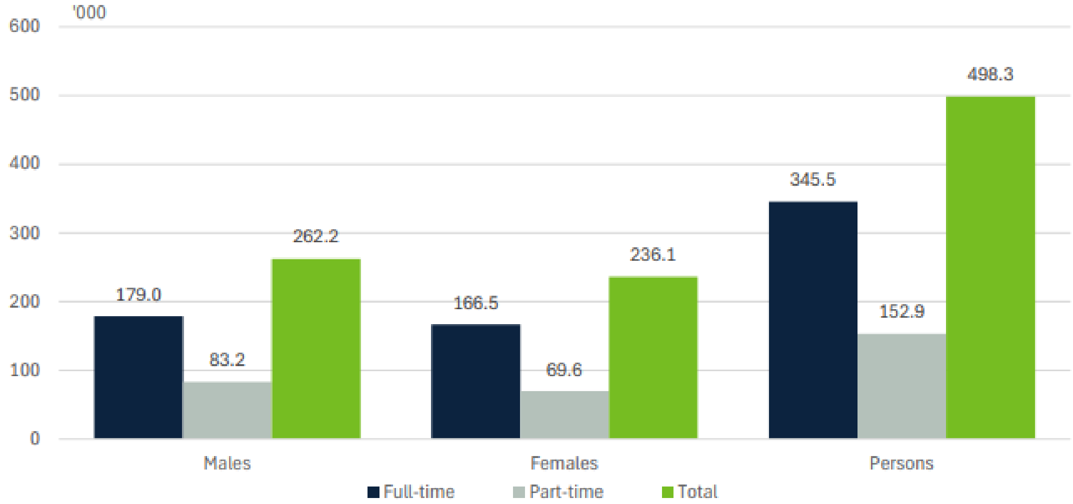
[52] FW Act, s 134(1)(aa).
[53] *Annual Wage Review 2024-25* [2024] FWCFB 3500, [133].
[54] ABS, Labour Force, Australia, February 2025.

52. There has been stronger growth in full-time employment compared to part-time employment, with nearly 500,000 total permanent jobs created between January 2024 and January 2025:

Chart 6.10: Change in full-time, part-time and total employment by gender, January 2024 to January 2025



Source: ABS, *Labour Force, Australia*, January 2025.

53. The proportion of casual employees in the workforce has declined slightly to 22.2%, a level which has been maintained since around 2023.[55]

54. Despite the historically high increases awarded by the FWC in the 2022, 2023 and 2024 reviews (around a 14.1% increase in that period), the data shows that there has been a negligible impact on the capacity of employers to continue to offer and maintain permanent employment over that same period.

55. The direction of monetary policy appears to now be focused, longer term, on rate-cutting[56], and as the Expert Panel noted in the 2024 AWR, this is likely have a far greater impact on the strength of the labour market than any decision arising from this review.[57] UWU would therefore submit that the impact on job security of this decision is negligible, and that an increase to the NMW and modern award minimum wages of at least 4.5% would not have a detrimental impact on access to secure work in the economy.

Collective bargaining

56. In deciding whether to vary modern award minimum wages, the Expert Panel must take into account *"the need to encourage collective bargaining"*.[58] This requires the Expert Panel to

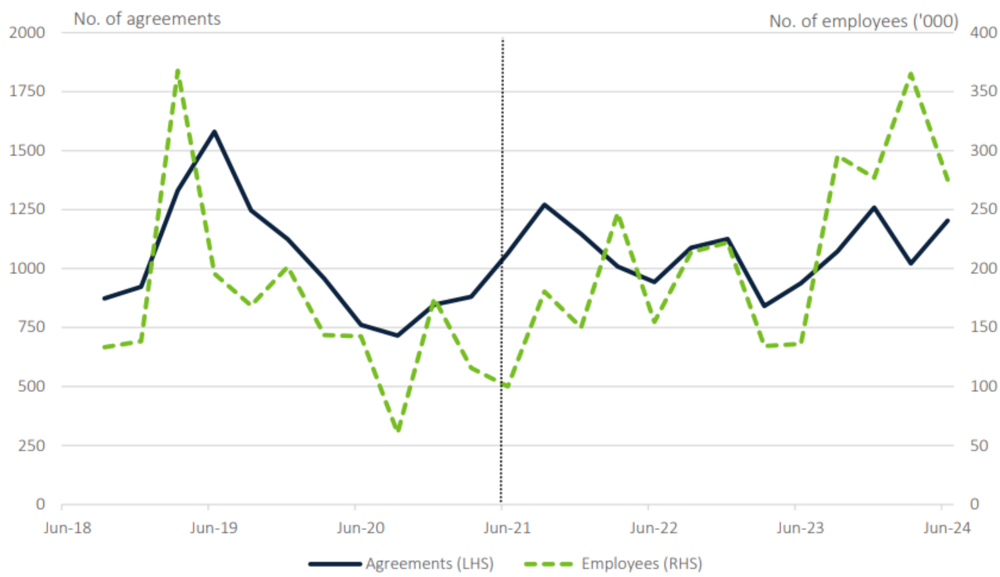
[55] FWC, *Statistical report – Annual Wage Review 2024-25*, p 97, Chart 12.1.
[56] Statement by the Reserve Bank Board: Monetary Policy Decision, 18 February 2025.
[57] *Annual Wage Review 2023-24* [2024] FWCFB 3500, [135].
[58] FW Act, s 134(1)(b).

consider the relationship between wage setting in the review and any effect it may have on collective bargaining.

57. The 2024 AWR observed that there had been a downward trend in enterprise bargaining, demonstrated by a reduction in the number of agreements approved by the FWC, the total number of employees covered by agreements and the proportion of Australian employees who are covered by a collective agreement.[59] As noted by the FWC, the proportion of employees covered by agreements declined from 41.1% in 2014 to 34.0% in May 2023.[60]

58. However, since May 2023 there has been an increase in the number of agreements approved by FWC and in the number of employees covered by agreements:[61]

Chart 2: Number of enterprise agreements approved and employees covered, September quarter 2018 to June quarter 2024



Source: Department of Employment and Workplace Relations, *Workplace Agreements Database*, June quarter 2024.

59. Analysis of the latest data on the number of enterprise agreement approval applications by quarter shows that the overall number of applications is higher than in the previous reporting period.[62] In 2023-2024 the FWC received more enterprise agreement approval applications than in the year prior, except in the September quarter.[63] Based on this upward trend, there is

[59] *Annual Wage Review 2023-24* [2024] FWCFB 3500, [136].
[60] Ibid.
[61] Murray Furlong, *General Manager's Report into Developments in Making Enterprise Agreements under the Fair Work Act 2009* (Fair Work Commission, March 2025), p 81.
[62] Ibid, p 79, Table 7 – Enterprise Agreement Approval Applications.
[63] Ibid.

now likely to be a higher proportion of the total Australian workforce covered by agreements than at the last statistical evaluation in May 2023.

60. As noted by the FWC in previous reviews, it is not possible to establish a causal link between any long-term decline in collective bargaining and annual wage review decisions over the last decade.[64] Likewise, there is unlikely to be a causal link between the recent increase in collective bargaining and the 2023 AWR and 2024 AWR decisions. Increases in the rates of collective bargaining and agreement coverage are instead likely attributable to recent legislative changes, namely:

(a) *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022* (Cth) ('**SJBP reforms**');

(b) *Fair Work Legislation Amendment (Closing Loopholes) Act 2023* (Cth); and

(c) *Fair Work Legislation Amendment (Closing Loopholes No 2) Act 2024* (Cth).

61. Accordingly, UWU submits that an increase in the rate of collective bargaining is likely to have been driven by recent legislative changes rather than any variation to the NMW or modern award minimum wages. This factor should be a neutral consideration in this year's review.

Conclusion

62. The Expert Panel should award an increase of **at least 4.5%** to the NMW and modern award minimum wages, to help Australia's lowest paid workers deal with the crisis in the cost of living. The factors relevant to the Expert Panel's decision, particularly the decline in relative living standards and the needs of the low paid, weigh in favour of a grant of a significant increase.

SECTION 2 – MATTERS RELATING TO GENDER UNDERVALUATION

63. In the 2023 AWR, the Expert Panel acknowledged that the SJBP reforms required the FWC to take a more active approach to addressing gender undervaluation in the review:

> *In previous years, the Commission has approached the Review on the implicit premise that the task of establishing and maintaining a safety net of fair minimum wages involves determining the adjustment that should be made to the NMW [national minimum wage] and modern award minimum wage rates as they exist at the relevant time. However, the requirement to now take into account the elimination of gender-based undervaluation of work in the conduct of the Review itself necessarily requires us to consider whether the existing NMW and modern award*

[64] *Annual Wage Review 2023-24* [2024] FWCFB 3500, [139]; *Annual Wage Review 2022-23* [2023] FWCFB 3500, [154].

minimum wage rates constitute a properly valued and non-gender biased foundation upon which to make any wages adjustment.[65]

64. The Expert Panel went on to set out a process to address gendered undervaluation. As a first step, the FWC commissioned a two-stage research project to identify occupations and industries in which there is gender pay inequity and potential undervaluation of work and qualifications.[66]

65. The resulting research reports for 'Stage 1' and 'Stage 2' were published in November 2023 and April 2024, respectively. Stage 1 was a National Data Profile of Gender-based Occupational Segregation ('**Stage 1 Report**'), which identified occupations and industries in which gender-based occupational segregation is prevalent and the modern awards which cover those occupations and industries.[67] The Stage 2 report set out the history of wage fixation and work value assessments in the awards identified in the Stage 1 Report as setting pay in the large highly feminised occupations.[68]

66. In June 2024, the FWC commenced on its own initiative proceedings to consider variations to modern award classifications and minimum wage rates on work value grounds to remedy potential gender undervaluation in five priority awards.[69] The five priority awards are the *Children's Services Award 2010*, the *Social, Community, Home Care and Disability Services Industry Award 2010*, the *Health Professionals and Support Services Award 2020*, the *Aboriginal and Torres Strait Islander Health Workers and Practitioners and Aboriginal Community Controlled Health Services Award 2020* and the *Pharmacy Industry Award 2020* ('**Pharmacy Award**').

67. UWU has participated in all priority award reviews except for in relation to the Pharmacy Award.

68. The FWC has not yet handed down its decision. As such, we are not able to comment further in relation to the above matters.

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[65] [2023] FWCFB 3500, [40].
[66] Ibid, [137].
[67] UNSW Social Policy Research Centre, Stage 1 report: Gender-based Occupational Segregation: A National Data Profile, 6 November 2023, https://www.fwc.gov.au/documents/consultation/gender-based-occupational-segregation-report-2023-11-06.pdf.
[68] Annual Wage Review 2023–24 Stage 2 report—Gender pay equity research, 4 April 2024, https://www.fwc.gov.au/documents/consultation/stage-2-report-gender-pay-equity-research-2024-04-04.pdf.
[69] [2024] FWCFB 280, [1].

Next steps on gender-based undervaluation

69. We note the ACTU has made detailed submissions in respect of gender equality and next steps on gender-based undervaluation. We have read and adopt the ACTU's submissions.

70. The SJBP reforms have rightfully placed an onus on the FWC to address gender equality, and that the FWC has appropriately begun taking steps to meet this obligation. The Stage 1 report identified a range of large, highly feminised occupations in feminised industries.[70] The FWC has yet to consider gendered undervaluation in many of these identified areas. It is appropriate that the FWC continue to initiate proceedings to consider and address gendered undervaluation.

71. The Stage 1 Report identified 144 detailed occupational classifications of any size which were over 60 per cent female (the conventional measure of gender-based occupational segregation).[71] However, it focused on 29 occupations that were large (containing over 10,000 people), very highly feminised (over 80 per cent female) and located within feminised industry classes (over 60 per cent female).[72] This is a restrictive criteria that excludes many feminised occupations, such as hospitality workers (which is large but falls under the 80 per cent female threshold).[73] As noted by the authors of the Stage 1 Report, "*While this enabled a focus on priority occupations, this is not to imply that segregation is not problematic below the 80% threshold, in smaller occupations, or in occupations located in male-dominated industries.*"[74]

72. UWU's view is that the FWC should adopt broader criteria when determining which awards to review in future gender-based undervaluation proceedings.

73. In respect of the order in which the remaining occupations are dealt with, as a general principle, we adopt the ACTU's submission that the awards that can be characterised as generally covering 'caring' work should be dealt with first, before moving on to awards that *prima facie* do not involve 'caring' work.

SECTION 3 – MATTERS RELATING TO THE LOADED RATES SCHEDULE IN THE HOSPITALITY AWARD

76. In UWU's initial submission to the 2023 AWR, we drew attention to the 2021 inclusion of "loaded rates" of pay in the *Hospitality Industry (General) Award 2020* ('**HIGA**'), and that

[70] Stage 1 report, pp 6-7.
[71] Ibid, p 6.
[72] Ibid.
[73] Ibid, p 87.
[74] Ibid, p 15.

consequent upon the inclusion of those loaded rates in the HIGA, that it may be necessary to review those rates to ensure that employees were not worse off following the Annual Wage Review decision.[75] We reiterated this view in our initial submission to the 2024 AWR.[76]

77. We continue to have concerns about the inclusion of loaded rates of pay in the HIGA. The loaded rate percentage has not been subject to review since 2022. The FWC's initial modelling indicated that, should all parameters around hours of work and shift lengths be followed, employees would potentially be better off by margins as small as $0.13 per week (UWU modelling below demonstrates the margin is even smaller at present).[77] In 2022, the FWC's modelling drew attention to a scenario under which employees would be worse off under loaded rates.[78] To address this, the FWC adjusted one loaded rate after UWU and the Australia Hotels Association reached a consent position.[79]

78. UWU has conducted updated modelling on loaded rates in the HIGA. Under the current 126.85% loaded rate for an employee classified as Level 3, the loaded rate provides an extremely marginal overall benefit to the employee of $0.05 per week:

A model of a Level 3 employee on the loaded rate (26.85%) working 40hrs Monday to Sunday (current).

Loaded Rate	$32.73	Level 3 Loaded Rate		Award Minimum Rate	$25.80	Level 3		
	Hours	Loading	Weekly total		Hours	Loading	Weekly total	
Loaded Rate	40	100%	$1309.20	M-F	20	100%	$516.00	
			$0.00	Saturday	10	125%	$322.50	
			$0.00	Sunday	8	150%	$309.60	
			$0.00	OT (Sun)	2	200%	$103.20	
Allowances	Amount	Value		Allowances	Amount	Value		
Allowance			$0.00	Split Shift - Clause 26.14(b)(i)	5	$3.41	$17.05	
Allowance			$0.00	Late Night Penalty (7pm - midnight M-F)	15	$2.72	$40.80	
Annual Leave	Yes		$75.42	Annual Leave	Yes		$75.42	
Leave Loading	Yes		$13.20	Leave Loading	Yes		$13.20	
Totals	**40.00**	**Hrs**	**$1,397.82**	**Totals**	**40.00**	**Hrs**	**$1,397.77**	$ 0.05

79. UWU has modelled a scenario where the FWC awards a 3.0% pay increase to the HIGA. Under that scenario, Level 3 employees paid the 126.85% loaded rate would be $0.20 per week worse off:[80]

[75] United Workers' Union initial submission to the Annual Wage Review 2022-23 dated 31 March 2023, [41] to [46].
[76] United Workers' Union initial submission to the Annual Wage Review 2023-24 dated 28 March 2024, [79] to [80].
[77] AM2020/103 Award Flexibility – Hospitality, FWC Agreements Team, 20 July 2021, Annexure E.
[78] [2022] FWC 1967, Attachment A, Hospitality Award – Schedule J Loaded Rates Review as a result of the *Annual Wage Review 2021-22*, p 6.
[79] [2022] FWCFB 174, [9].
[80] The 3.0% increase and consequent rate calculations (including how rounding is applied) are based on the *Method for adjusting rates in modern awards – Annual Wage Review 2023-2024*. The split shift rate in cl 26.14(b)(i) is calculated as 0.33% of the standard weekly rate in the HIGA (Sch C.1.1). The 7pm to 12am M-F penalty in cl 29.2(b) is calculated as 10.0% of the standard hourly rate in the HIGA (Sch C.3). The 126.85% loaded hourly rate in Sch I.5.2 is calculated as 126.85% of the applicable minimum rate in cl 18.

Scenario: FWC awards a 3.0% increase to HIGA minimum rates		
	Weekly	Hourly
Level 3 rate (current):	$980.40	$25.80
Standard rate (current):	$1,032.30	$27.17
Level 3 rate weekly (3.0% increase):	$1,009.81	
Std. rate weekly (3.0% increase):	$1,063.27	
New Level 3 rate weekly (rounded)	$1,009.80	
New Std. rate weekly (rounded):	$1,063.30	
New Level 3 rate hourly:	$26.57368	
New Std. rate hourly:	$27.98158	
New Level 3 rate hourly (rounded):	$26.57	
New Std. rate hourly (rounded):	$27.98	
New split shift rate (cl 26.14(b)(i)):	$3.50889	
New 7pm-12am M-F penalty:	$2.79800	
New split shift rate (rounded):	$3.51	
New 7pm-12am M-F penalty (rounded):	$2.80	
New Level 3 loaded rate (26.85%):	$33.70405	
New Level 3 loaded rate (26.85%) (rounded):	$33.70	

A model of a Level 3 employee on the loaded rate (26.85%) working 40hrs Monday to Sunday (with 3% inc.).									
Loaded Rate	**$33.70**	**Level 3 Loaded Rate**		**Award Minimum Rate**	**$26.57**	**Level 3**		
	Hours	**Loading**	**Weekly total**		**Hours**	**Loading**	**Weekly total**	
Loaded Rate	40	100%	$1348.00	M-F	20	100%	$531.40	
			$0.00	Saturday	10	125%	$332.13	
			$0.00	Sunday	8	150%	$318.84	
			$0.00	OT (Sun)	2	200%	$106.28	
Allowances	**Amount**	**Value**		**Allowances**	**Amount**	**Value**		
Allowance			$0.00	Split Shift - Clause 26.14(b)(i)	5	$3.51	$17.55	
Allowance			$0.00	Late Night Penalty (7pm - midnight M-F)	15	$2.80	$42.00	
Annual Leave	Yes		$77.67	Annual Leave	Yes		$77.67	
Leave Loading	Yes		$13.59	Leave Loading	Yes		$13.59	
Totals	**40.00**	**Hrs**	**$1,439.26**	**Totals**	**40.00**	**Hrs**	**$1,439.46**	-$ 0.20

80. UWU's modelling above indicates that a comprehensive review of loaded rates in Schedule I of the HIGA is required to identify whether employees may be worse off under certain scenarios.

81. Further, given that some employees are only better off by very small margins, we also continue to have concerns that minor unforeseen variations to an employees' work roster may make the scheme unfavourable for some employees. Hospitality employees are typically young, with a median age of 25, and there is a high proportion of migrant workers in the industry.[81] This indicates that there are employees paid under the HIGA who may be particularly vulnerable to exploitation. In these circumstances, UWU believes that loaded rates are an inappropriate

[81] Jobs and Skills Australia, Occupation and Industry profile, Accommodation and Food Services, available at: https://www.jobsandskills.gov.au/data/occupation-and-industry-profiles/industries/accommodation-and-food-services; The Australian Government the Treasury, Round Up, Labour Market Edition, March 2024, p 47.

alternative to the specific payment of minimum rates of pay, overtime, penalty rates and allowances.

82. We would respectfully submit that the Expert Panel should adopt the following approach, namely that:

(a) FWC staff are engaged to analyse the loaded rates percentages using the same methodology as was applied in 2022; and

(b) a report is issued and parties' views are sought; and

(c) if necessary, loaded rates percentages in Schedule I of the HIGA are re-calibrated; and

(d) a review is conducted of Schedule I to assess whether it is still appropriate to retain loaded rates in the HIGA.

Filed on behalf of the

United Workers' Union

4 April 2025