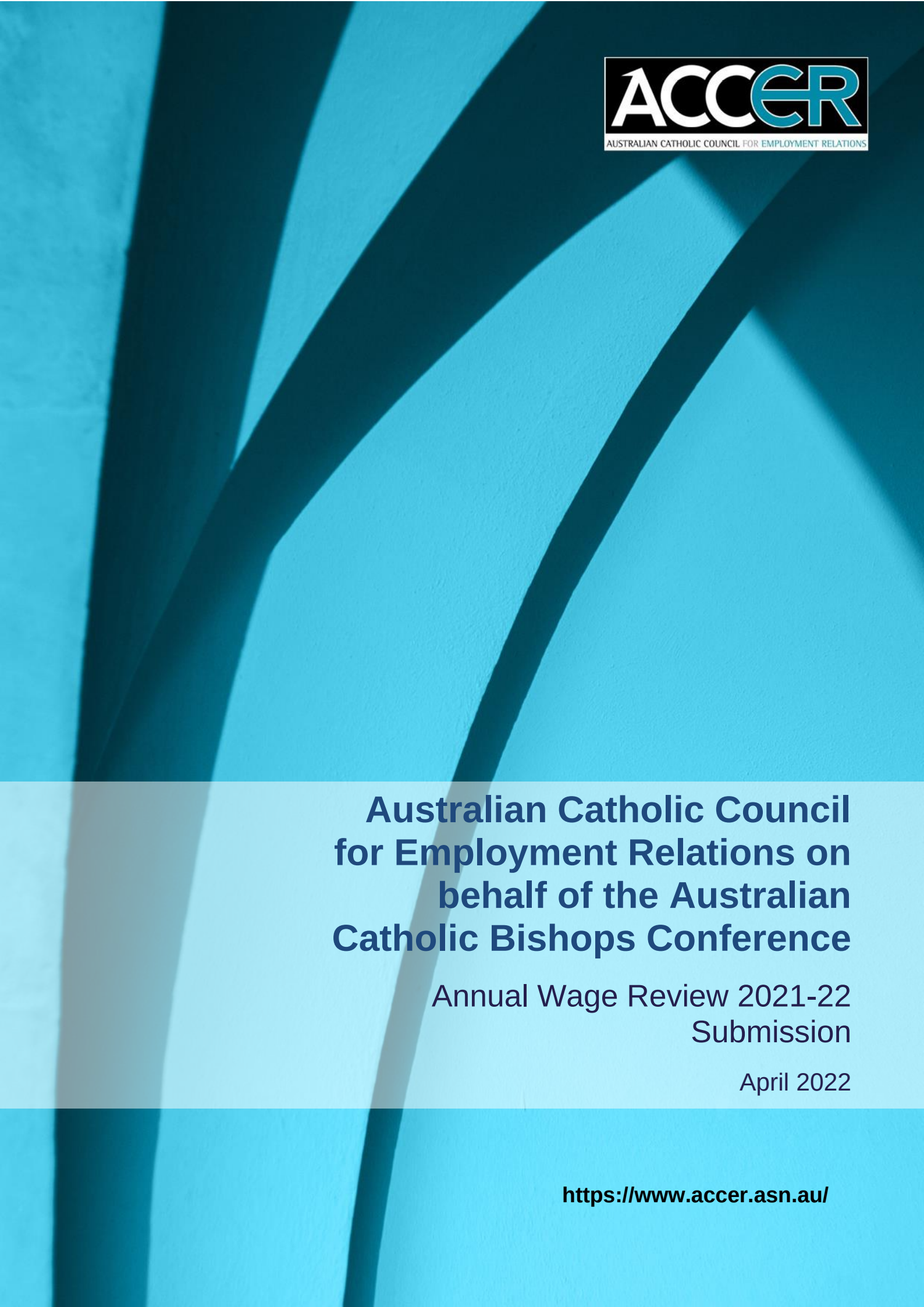

Australian Catholic Council for Employment Relations on behalf of the Australian Catholic Bishops Conference

Annual Wage Review 2021-22 Submission

April 2022

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

CONTENTS

INTRODUCTION

1. This submission is made by the Australian Catholic Council for Employment Relations (**ACCER**) on behalf of the Australian Catholic Bishops Conference (the **ACBC**) and 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**).

4. For this year's submissions, 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 economy's capacity to absorb, and benefit from, significant improvements in minimum wage levels; and

    (b) Employers' capacity to afford significant improvement in minimum wage levels.

5. The Full Report prepared by Dr Barnes and the ACU is annexed as Appendix A.

6. Catholic Church employers have seen the impact of JobKeeper on employees who would otherwise receive the minimum wage hourly rate. Many of those workers, engaged in casual or part-time positions received a weekly uplift in their take home wage under JobKeeper/JobSeeker. The impact of JobKeeper on poverty provides a strong indication of the rate which might be paid to all workers as a minimum entitlement, to meet the goals the *Fair Work Act (Cth*) (the **FW Act**) to provide a safety net through the NMW review.

7. 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. We have the example of how quickly and decisively the community can act to address poverty and the positive impact JobKeeper has anecdotally had on rates of poverty in Australia. In effect JobKeeper provided a minimum wage for all workers, irrespective of the hours that they worked or did not work. 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.

EXECUTIVE SUMMARY

8. The ACCER submits that the statutory framework created by the 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 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.

9. Accordingly, the ACCER seeks an **increase of 6.5% to the NMW** and, at a minimum, to the C13 to C10 rates provided for in modern awards.

10. 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.

PART 1: LEGAL PRINCIPLES

11. 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 FW Act. Whilst ACCER has previously raised this issue, it submits that the point remains significant, and ought be revisited.

12. The principles of statutory construction are well settled. The task begins and ends with the statutory text, read in context.[1] That context includes the general purpose and policy of the provision under consideration,[2] which purpose is to be derived from the statutory text and not from any assumption about the desired or desirable operation of the provision.[3] 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] as follows:

> *24. The context and purpose of a provision are important to its proper construction because, as the plurality said in Project Blue Sky Inc v Australian Broadcasting Authority, "[t]he primary object of statutory construction is to construe the relevant provision so that it is consistent with the language and purpose of all the provisions of the statute". That is, statutory construction requires deciding what is the legal meaning of the relevant provision "by reference to the language of the instrument viewed as a whole", and "the context, the general purpose and policy of a provision and its consistency and fairness are surer guides to its meaning than the logic with which it is constructed".*
>
> *25. Determination of the purpose of a statute or of particular provisions in a statute may be based upon an express statement of purpose in the statute itself, inference from its text and structure and, where appropriate, reference to extrinsic materials. The purpose of a statute resides in its text and structure. Determination of a statutory purpose neither permits nor requires some search for what those who promoted or passed the legislation may have had in mind when it was enacted. It is important in this respect, as in others, to recognise that to speak of legislative "intention" is to use a metaphor. Use of that metaphor must not mislead. "[T]he duty of a court is to give the words of a statutory provision the meaning that the legislature is taken to have intended them to have". And as the plurality went on to say in Project Blue Sky:*
>
> > *"Ordinarily, that meaning (the legal meaning) will correspond with the grammatical meaning of the provision. But not always. The context of the words, the consequences of a literal or grammatical construction, the purpose of the statute or the canons of construction may require the words of a legislative provision to be read in a way that does not correspond with the literal or grammatical meaning." (emphasis added)*
>
> *To similar effect, the majority in Lacey v Attorney-General (Qld) said:*

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[1] 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].

[2] Board of Bendigo Regional Institute of Technical and Further Education v Barclay (2012) 248 CLR 500 at 516 [41].

[3] *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].

> *"Ascertainment of legislative intention is asserted as a statement of compliance with the rules of construction, common law and statutory, which have been applied to reach the preferred results and which are known to parliamentary drafters and the courts." (footnote omitted) (emphasis added)*
>
> *The search for legal meaning involves application of the processes of statutory construction. The identification of statutory purpose and legislative intention is the product of those processes, not the discovery of some subjective purpose or intention.*
>
> *26. A second and not unrelated danger that must be avoided in identifying a statute's purpose is the making of some a priori assumption about its purpose. 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. As Spigelman CJ, writing extra-curially, correctly said:*
>
> > *"Real issues of judicial legitimacy can be raised by judges determining the purpose or purposes of Parliamentary legislation. It is all too easy for the identification of purpose to be driven by what the particular judge regards as the desirable result in a specific case." (emphasis added)*
> >
> > *And as the plurality said in Australian Education Union v Department of Education and Children's Services:*
> >
> > > *"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." (emphasis added)*
> > >
> > > *(footnote omitted)*

13. 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.

14. 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.

15. 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.

16. 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

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

17. 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.

18. 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.

19. 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 function is that which is contained in the first part of the sub section.

20. 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*.

21. Whilst the phrase "a safety net" is not defined in the legislation, the imagery associated with the phrase is arresting. 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. 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.

22. 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.

23. 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.

24. 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.[4] If there is any ambiguity in the words used, that ambiguity should be resolved in favour of the beneficial cause.

25. 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.

26. 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.[5] 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.

27. The ACCER would accept that, as has previously been found[6], the NMW is a blunt instrument for addressing disadvantage. This is equally so of wage rates contained in modern awards. However, that reality does not change the statutory intention imposed by s. 284. With respect, any order issued must ultimately answer the description of being *a safety net of fair minimum wages.* If there are groups of workers who are dependent upon the NMW, or the wage rates set by a modern award and are in poverty, the order does not answer the statutory description contained in s. 284 of the FW Act.

28. 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.

What is poverty and disadvantage in statistical terms?

29. 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*

[4] *IW v City of Perth* (1997) 191 CLR 1 at 11
[5] Victims Compensation Fund Corporation v Brown (2003) 201 ALR 260 at [33].
[6] For example see *Annual Wage Review 2012-13* [2013] FWCFB 4000 at [56]-57].

> *are likely to be excluded and marginalised from participating in activities that are considered the norm for other people in society.*[7]

30. 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.

31. 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".[8] 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.

32. 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 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.

33. 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.

34. 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])*

35. 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.

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[7] Adapted from Irish National Anti-Poverty Strategy - Sharing in Progress 1997
[8] See, for example [360] of the *Annual Wage Review 2019-20* [2020] FWCFB 3500.

Prior consideration of s.284

36. Whilst contrary authority to the above submissions exists,[9] such authority is not presently binding.

37. The 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".

38. 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.

[9] See *Annual Wage Review 2020-21* [2021] FWCFB 3500 at [6].

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

39. 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

40. 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)

41. 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.

42. 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 B1 to B8 of Appendix B 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.

43. The most recent estimate of the national median was published in July 2019; *Household Income and Wealth, Australia, 2017-18*, cat. no. 6523.0. The median equivalised disposable household income for a single person in that year was $899.00 per week. We have used that figure for January 2018. 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 B1 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 2019 to 2021 will have to be amended after the publication of the ABS survey results for the year 2019-20, which is expected in late 2021.

Recent comparisons of living standards: Table 8.6 in Statistical Report, 31 March 2022

44. 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 B 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.

45. 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 2022 the NMW-dependent single adult was 65.8% of the median (for a single person) and the NMW-dependent family of four (couple parents with two children) was at 48.8% 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 75.1%, while the family of four dependent on the C10 rate was at 53.3% of the median. But for the substantial payments received by families, the gap between them and single adults would be much greater.

46. Table 8.6 in the Commission’s *Statistical Report* of 31 March 2022 presents calculations at September 2016, September 2020 and September 2021 of the living standards of 14 kinds of households at four wage levels by reference to their 60% of median poverty lines. Table B13 in Appendix B is extracted from Table 8.6, with the measures regarding NMW and C10-dependent households at September 2021.

47. The 60% poverty lines are based on ABS surveys in 2015-16 and 2017-18 . In the ABS survey for 2015-16, the estimated median equivalised household disposable income was $853.00 per week. In the following ABS survey, for 2017-18, median equivalised household disposable income had risen to $899.00 per week, an increase of only 5.4%.

48. The estimates for September 2020 and September 2021 in Table 8.6 of the March 2022 report are based on changes in household disposable income calculated by the Melbourne Institute in *Poverty Lines, Australia, September Quarter 2021*. We have used the September quarter 2021 figures for our January 2022 estimates. By April 2022 the next quarterly newsletter will be published, enabling estimates for December 2021 and revised estimates for January 2022. 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 $630.93 per week in the Commission's calculations, whereas we calculate it to be $631.20per week (see Table B5 in Appendix

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

49. Table 8.6 shows only a very small increase in median equivalised disposable household income over the period from September 2016 to September 2021, with the result that the relative poverty line has increased by only 21.5%.

The figures require a degree of caution

50. 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.

51. 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 2016 to September 2021, 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.

Changes in family assistance

52. Table 8.6 reflects the impact that the cuts in family assistance since 2016 have had. This is illustrated by the calculations of changes in disposable incomes that underlie (but are not explicit in) the estimated changes of NMW-dependent households relative to their poverty lines.

Couple parent families

53. 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.

54. 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

55. Table 8.6 has, at September 2020, NMW-dependent sole parents working 19 hours per week at **21% below** the poverty line (with one child) and **25% 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 **14%** and **19%**, respectively).

56. The 2016 Census data in Appendix C shows that 30.8% of low income sole parents are employed part time, and that they comprise 75.3% of all employed sole parents. 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.

57. 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

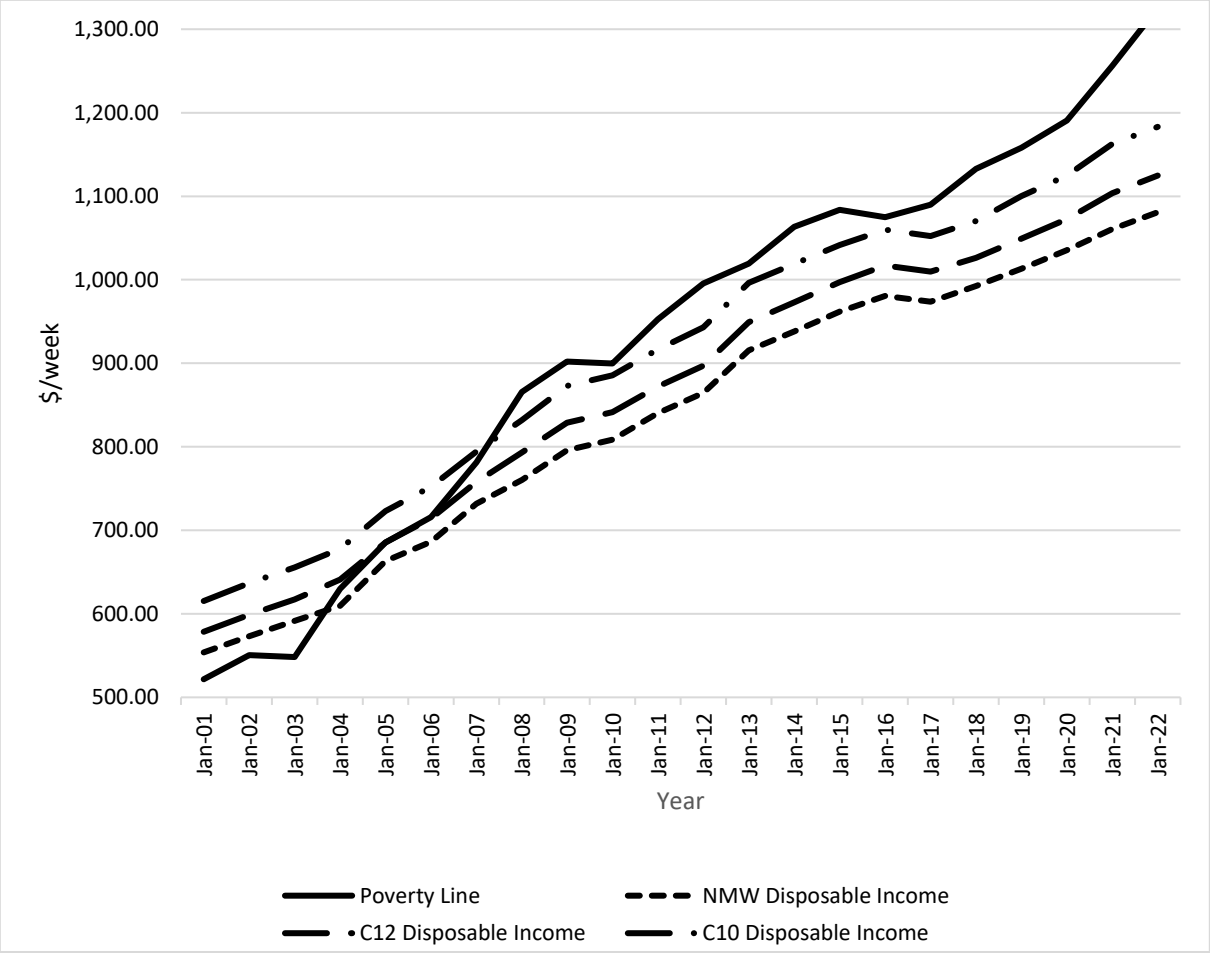
58. Figure 1 converts data on relative living standards into a graph that compares disposable incomes with the 60% poverty line. The data for this graph are in Appendix B at Tables B5 to B8. For the reasons indicated above, the poverty line can be seen as a line representing the position where people 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 2022



59. The data in Tables B5 to B8 of Appendix B 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 31 March 2022, 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.

60. The tables in Appendix B show that the NMW-dependent family of a couple and two children fell further into poverty over these 17 years: from 3.2% below the 60% relative poverty line, with a poverty gap of $20.40 per week, to **16.3% below** it, with a poverty gap in January 2021 of $207.37 per week. Similar changes have impacted on C12-dependent workers and their families.

61. 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 7.6% above the poverty line, but in January 2021 it was **9.0% below** the poverty line.

62. In January 2004 the C10-dependent single worker without family responsibilities was 48.3% above the 60% relative poverty line, but by January 2021 had fallen to 27.0% above the poverty line. This represents a large cut in relative living standards, although less than the cuts suffered by workers with family responsibilities.

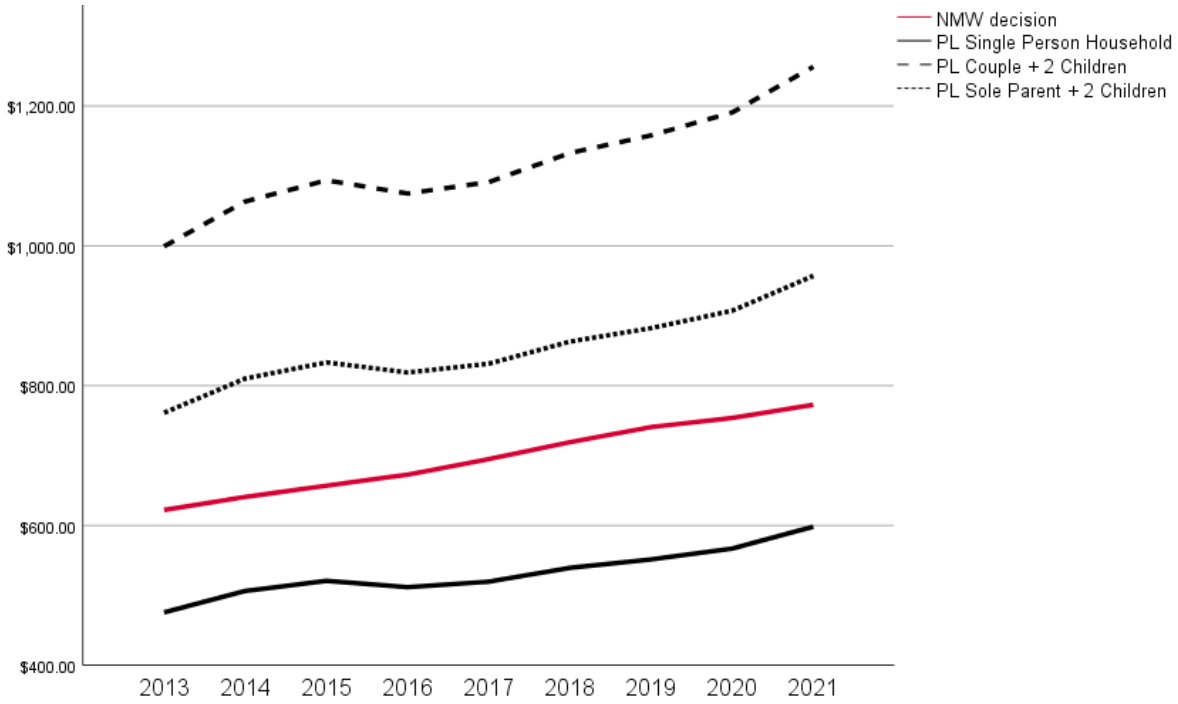
63. Many low income working families are living in poverty and deprived of a decent standard of living. This deleterious trend has been hidden within the national statistics recording, for most of this period, the very substantial increases in Australian average incomes, wealth and living standards. 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.

64. Figure 2 reports annual changes in NMW decisions over the past decade relative to changes in the poverty line for different types of household: single person households, couples with 2 dependent children, and sole parents/carers with 2 dependent children. Calculations of poverty line 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 head taken from annual reports of Poverty Lines Australia (Melbourne Institute, 2021).

65. Full data and calculations are documented in Appendix A which revises data from previous ACCER submissions and provides estimates for the most recent iteration (January 2022). Figure 2 shows that, although the NMW has remained above the poverty line for single person households, it has consistently trended well below the poverty line for multi-person households, including couples and sole parents/carers with 2 dependent children.

Figure 2: National Minimum Wage outcomes and Australian Household Poverty Lines 2013-2021.

Source: see Appendix A



66. Figure 2 establishes the extent of the gap between the NMW and the poverty line for multi-person households and families. While the poverty line for single person households was an average of 30.9% above the NMW from 2013-2021, the poverty line for couples with 2 dependent children and sole parents/carers with 2 dependent children was an average of 62.4% and 81.8% of the NMW, respectively.

67. Moreover, the ratio of poverty lines to the NMW has been in decline over the last 5 years. For single person households between 2017 and 2021, this ratio fell from 133.7% to 129.2%; for couples with 2 dependent children, from 63.7% to 61.5%, and; for sole parents/carers with 2 dependent children, from 83.6% to 80.7% (Figure 2).

68. In growth terms, the dollar amount required to meet the poverty line grown in every year since 2016 except one (2018). In the last two years, poverty line growth has surpassed annual growth in the NMW. In 2021, annual growth in the poverty line was more than double NMW growth—5.5% against 2.5% respectively (Figure 3).

Figure 3: National Minimum Wage as a Percentage (%) of Australian Poverty Line

2013-2021. Source: see Appendix A

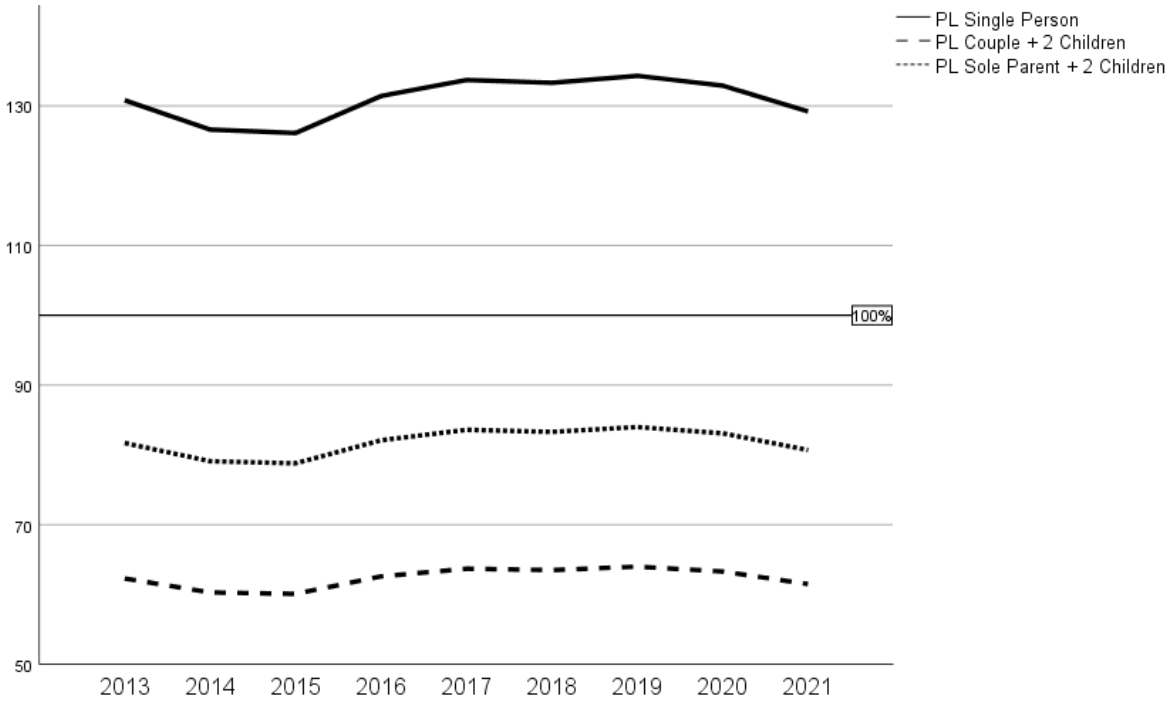
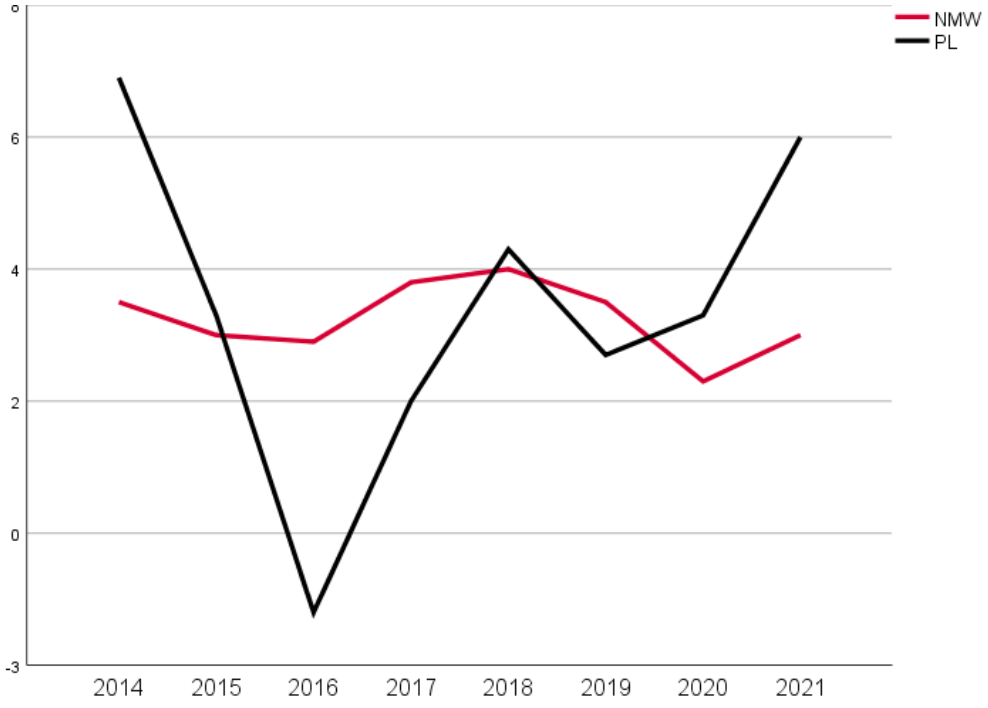


Figure 4: Annual Change (%), National Minimum Wage and Poverty Line

2013-2021. Source: see Appendix A



69. The poverty line figures for multi-person households/families and the NMW, the falling ratio of the former to the latter, and the faster growth of the former relative to the latter were unacceptable before and during the COVID Recession. However, these lags are

even less tenable in the context of a booming economy driven by high business investment, business confidence and profits.

70. Put simply, recent NMW wage determinations have failed to fulfill the requirement to provide a reasonable safety-net, with negative consequences in both social and economic terms. In the context of a rapidly recovering economy with excellent conditions for business by recent historical standards, there is now an excellent opportunity to address this problem.

71. As well as documenting changes in the NMW, poverty lines and related measures, Appendix A provides up-to-date calculations for the PL for different household types as of January 2022. Based on these calculations, the PL for a couple with 2 dependent children stands at $1325.52 per week and, for a sole parents/carer with 2 children, $1009.92. Even to raise the NMW to the latter income level would require a one-off increase of nearly one third (+30.7%).

72. Note that, despite the social and economic benefits of higher income support evidenced by the experience of the CS and the JobKeeper programs in 2020 and 2021, we are not proposing such a sizeable, one-off increase in the interests of social dialogue. Nevertheless, efforts to close the gap between the NMW and the relative poverty line can and should be made. Current booming business conditions combined with persistently low wages growth have created a generational opportunity to commence this process.

73. The gap can be closed incrementally within the next 5-10 years. However, this process should begin with a much larger increase in the NMW relative to recent determinations. The **proposed increase of 6.5%** represents a step in this direction. To reiterate, based on the calculations in Appendix A this would provide for an increase in the NMW of **$50.22 per week**, bringing the **NMW to $822.82 per week**.

Research on the level of poverty in Australia

74. 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.

75. 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." (June 2013 decision, paragraph 408, footnote omitted and emphasis added)*

76. The report *COVID, Inequality and Poverty in 2020 & 2021: How poverty and Inequality were reduced in the COVID Recession and Increased During the Recovery* (**COVID, Inequality and Poverty**) 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 and based on research for the year 2020-21. It found that a large proportion of those living in poverty were in households where there was full time employment: 655,000 at the 50% measure and 1,091,000 at the 60% measure; and

in homes where there was part time employment, there were 375,000 below the 50% poverty line and 637,000 below the 60% poverty line; page 29-30.

77. *COVID, Inequality and Poverty* also found that, among the total number living in poverty, there were 643,000 children under the age of 15 living in poverty at the 50% of median level, with 936,000 in poverty at the 60% level; page 28.

78. 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.

79. Secondly, and perhaps more importantly for the present exercise, it is entirely consistent with the data from Table 8.6 discussed above at [44] to [52]. The fact that there are approximately 1,091,000 living at the 60% 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. This data proves that examples identified in Table 8.6 and highlighted [53] to [52] above are not theoretical. This data shows that there are nearly 1,091,000 Australians for who the current NMW rates are not an effective safety net.

80. 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 1,091,000 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 218,200 people receiving a full time wage which is not sufficient to constitute a safety net for them and their families.

81. The conclusion to be drawn from these statistics in *COVID, Inequality and Poverty* is that the Commission's decisions have the capacity to improve or reduce the living standards of more than 1.6 million Australians who are living in poverty and disadvantage. 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.

82. 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.

83. In Appendix C we draw data from the 2016 Census on the number and working patterns of households with children which are below or near the 60% relative poverty line.

84. The *Poverty in Australia 2020 Part 1: Overview* report refers to the most recent data from the Organisation for Economic Co-operation and Development (OECD), which show that in 2016 the Australian Poverty rate at the 50% level was 12.1%, which was above the OECD average of 11.8%. Australia had the 16th highest rate among the 36 OECD countries. 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.

85. 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)

86. 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)

87. 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).

88. 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.

89. 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.

90. 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

91. 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).

92. 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).

93. 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).

94. 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).

95. 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.

96. 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.

97. 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).

98. 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).

99. 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.

100. 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.

101. Given this research, commentary, and the objects of the FWA, 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

The benefits of higher wages for Australia's macroeconomic outlook

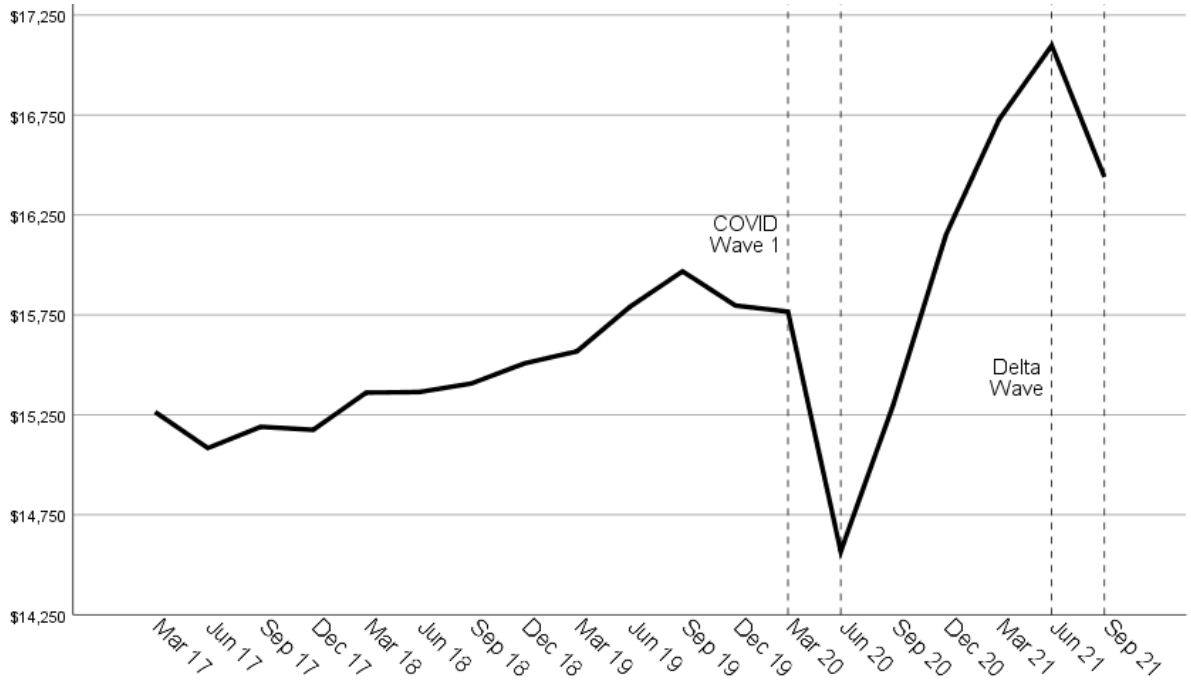
102. The COVID-19 pandemic generated a health, social and economic crisis for Australia and the world. Economic and labour market dimensions of the crisis were reflected in rising job losses, higher under-employment and rising financial insecurity for households, families and individuals (Barnes, 2022).

103. Australia is now in the process of recovering from the pandemic, with hopes that 2022 will herald the beginning of a post-pandemic era. The heart of this recovery is Australia's impressive macroeconomic performance since the end of the First Wave of the pandemic in mid-2020. The economy has grown impressively since mid-2020 despite the impacts of the Second Wave, which was concentrated in Victoria (June-October 2020), the Third Wave, also known as the Delta Wave (June-November 2021), and emergence of the Omicron variant of the coronavirus in December 2021.

104. A key indicator of this recovery is the trend in per capita Real Net National Disposable Income (**RNNDI**), which measures net national income minus government transfers/taxes. Figure 5 shows that RNNDI per capita rose sharply after the end of the First Wave before falling back due to the impacts of the Delta Wave in late 2021. Average quarterly growth in the year to June 2021 was 4.1%. This compares to an average of 0.3% from Dec 2016 to March 2020.

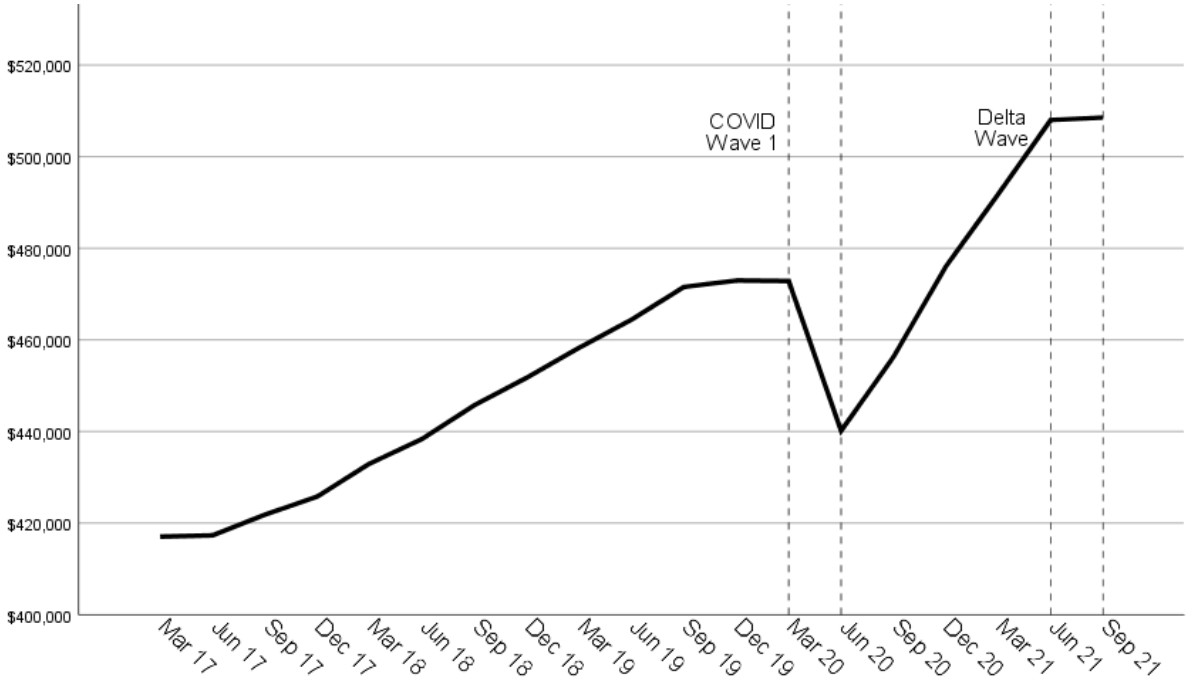
105. Thus, average quarterly growth was nearly 14 times higher during FY2020/21 than in the 3 years preceding the COVID-19 pandemic (Figure 5). While RNNDI fell in the most recently available dataset due to the impact of the Delta Wave, the impressive performance of the economy following the end of the First Wave in 2020 is a portent of the expected recovery in 2022. Growth is expected to recover significantly from the Delta Wave in the coming year.

Figure 5: Real Net National Disposable Income per capita, 2011-2021 Quarterly, seasonally adjusted – Source: ABS (2022)



106. A second sign of recovery is rapid growth in Gross Value Added (**GVA**), which provides a core measure of the value of economic output. Since the end of the COVID Recession, GVA has grown by 2.9% per quarter, and cumulatively by 14.7%. By comparison, GVA grew by just 1.2% per quarter on average in the 3 years preceding the recession (March 2017-March 2020), and 14.3% cumulatively. Thus, total value generated from production was greater in the year following the COVID Recession than in the 3 years prior to the pandemic (Figure 6).

Figure 6: Gross Value Added (GVA), all sectors, 2017-2021 Quarterly, current $ million, seasonally adjusted – Source: ABS (2022a)

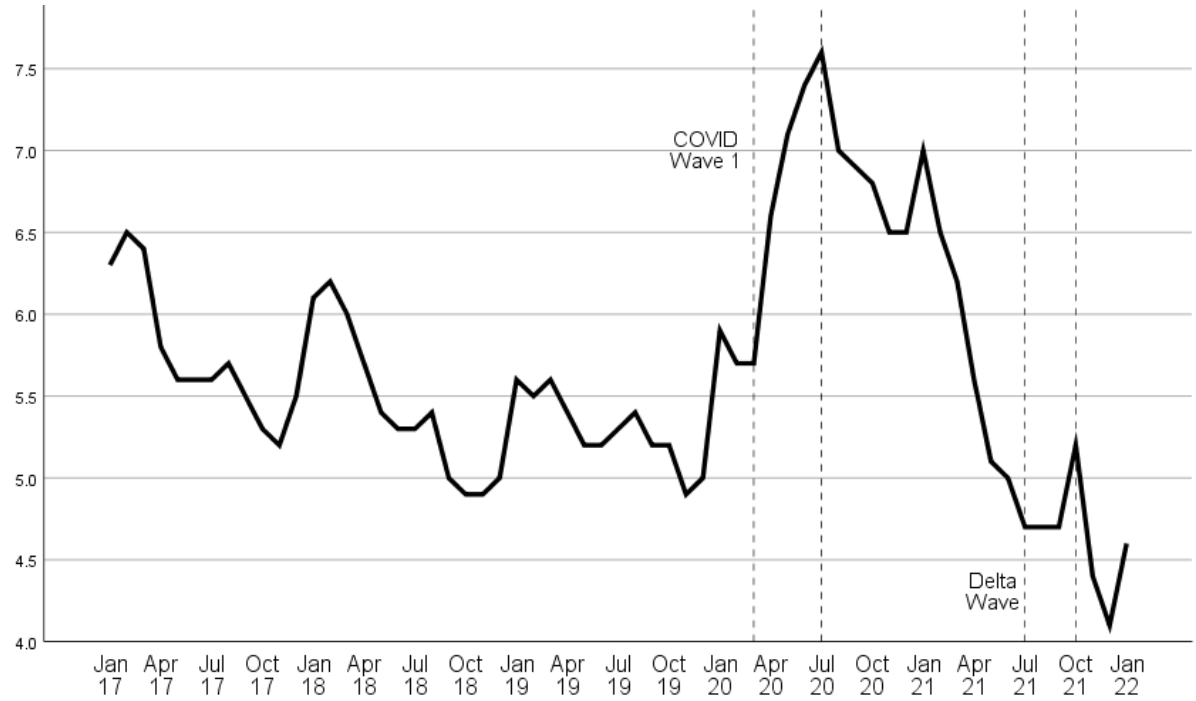


107. A further sign of recovery is Australia's remarkably low rate of unemployment. Officially, unemployment peaked at 7.6% in July 2020 due to the impact of the COVID Recession. Despite another spike due to the Second Wave's impact, unemployment then plummeted to 4.7% by July 2021—a full percentage point lower than pre-pandemic levels (Feb 2020). Following another increase due to the Delta Wave's impact, unemployment stood at just 4.6% by Jan 2022, with expectations of further falls in 2022 (Figure 6).

108. Historically, trends towards full employment are 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 conflating factors, including changes in the institutional architecture of wage fixing, lower rates of collective bargaining, lower rates of unionisation, and—as demonstrated below—historically low levels of income support (wage and non-wage) for the lowest-paid workers in our community. As the report also demonstrates, this transformation risks limiting, and even undermining Australia's post-pandemic economic recovery due to unfulfilled potential in household income growth and consumption expenditure, with reverberating impacts on economic growth overall.

Figure 7: Unemployment Rate (%), 15-64 years old, 2017-2022

Source: ABS (2022b)



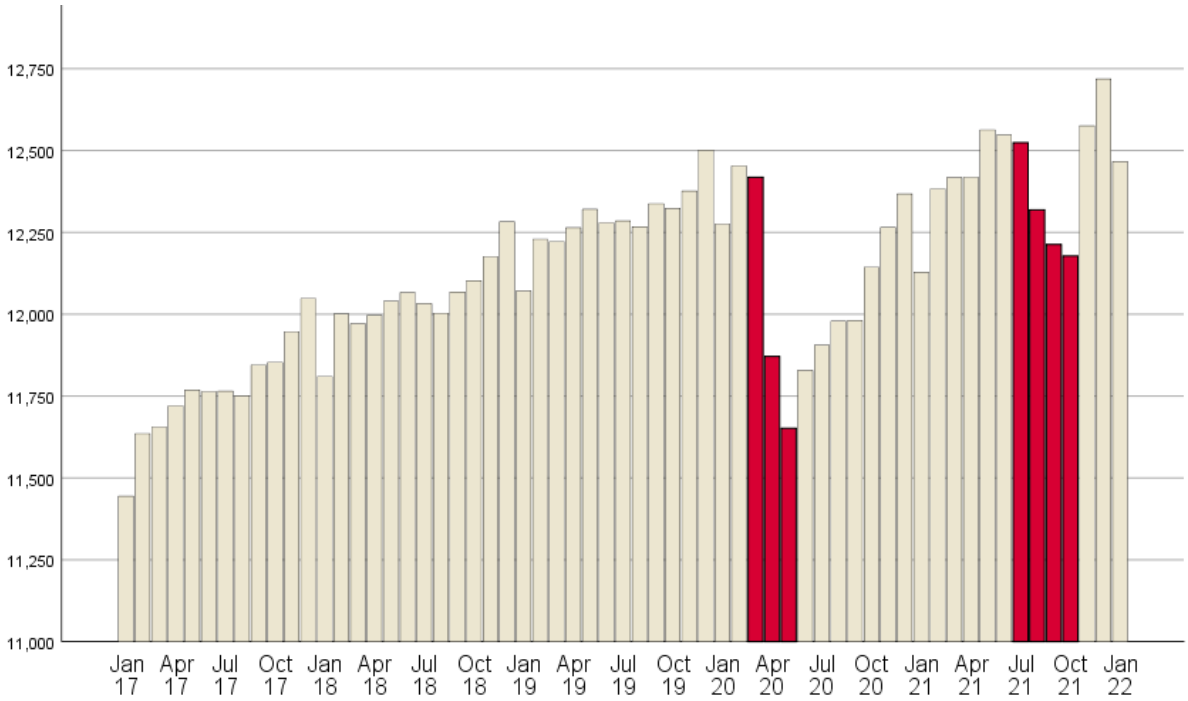
109. Of course, the official unemployment rate is only one indicator of Australia's economic health. This indicator has been criticised for significantly under-estimating the true state of joblessness and labour market insecurity (Kennedy, 2020; Roy Morgan, 2021). Moreover, in the context of 2020's COVID Recession, low official unemployment was strongly influenced by sharp declines in labour force size and labour force participation. These declines were, in turn, influenced by the Federal Government's decision to effectively close international borders for most of the past two years, thereby lowering immigration-induced population and labour force growth, as well as the withdrawal of millions of workers from the labour force during episodes of community lockdown in 2020 and 2021 (Barnes, 2022).

110. With this caveat in mind, it is instructive, therefore, to observe the sharp recovery in employment growth in Australia which has occurred alongside the declining unemployment rate. Regardless of any reservations about the official unemployment rate, the recent rise in employment growth clearly demonstrates the strength of the economic recovery underway. Figure 8 charts total monthly employment in Australia over the last 5 years. The red bars indicate the periods of the First Wave of the COVID-19 pandemic in 2020 and the Delta Wave in 2021. These periods recorded significant falls in total employment.

111. This reports emphasis is on the periods of recovery *following* these declines. From June 2020 to May 2021, average monthly employment growth was 0.6%, following on from an average 2.2 monthly decline during the First Wave, including a 4.4% decline in April 2020. This recovery period compares to a monthly average of 0.2% from Feb 2017 until Feb 2020. Employment then fell by a monthly average of 0.6% during the Delta Wave. Since October 2021, however, employment has grown by 0.8% on average. In short, total employment during the year following the First Wave grew three times faster on average than employment during the 3 years prior to the pandemic; total employment since the end of the Delta Wave has grown four times faster.

Figure 8: Total Employment,'000s, 15-64 years old, 2017-2022

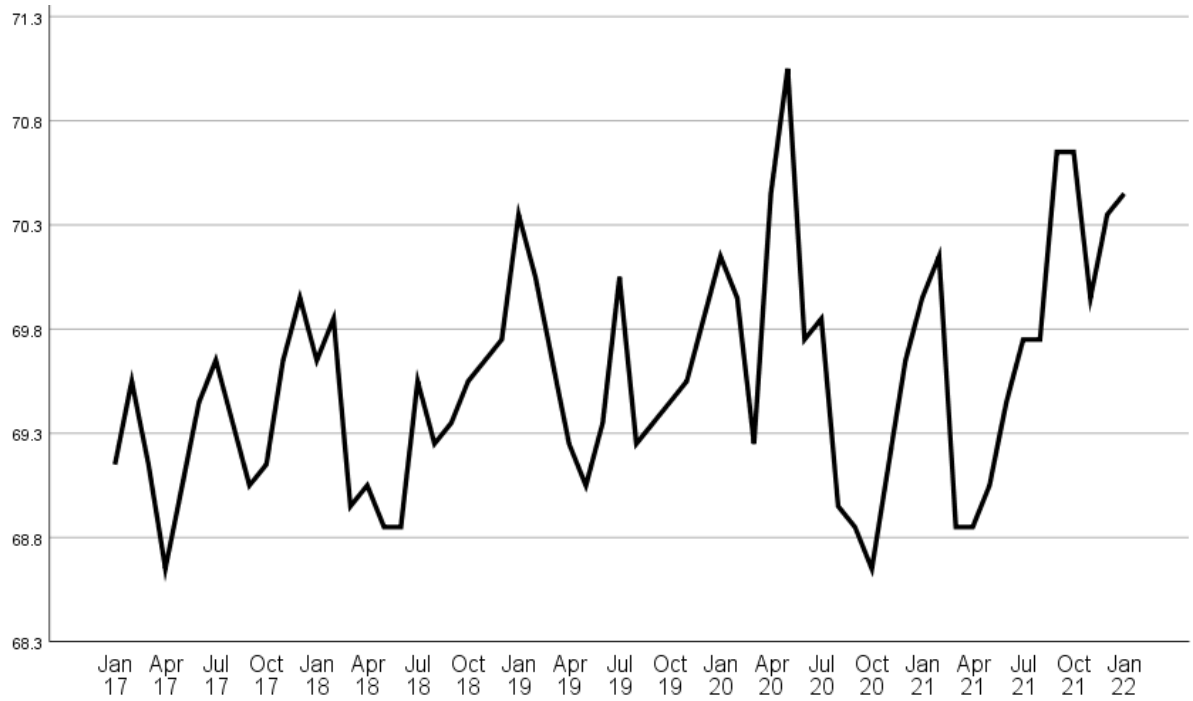
Source: ABS (2022b)



112. We are also in a period of booming growth in *fulltime* jobs. As a percentage of all employment, fulltime jobs declined to 68.6% by October 2020, following a period in which many fulltime jobs were saved by the Federal Government's JobKeeper program. Since late 2020, fulltime jobs have increased significantly. By January 2022, 70.4% of all employment in Australia was fulltime (Figure 9).

Figure 9: Fulltime Jobs as a Percentage (%) of Total Employment, 2017-2022

Source: ABS (2022b)



113. Thus, the likely prognosis for Australia in 2022 and beyond is for the continuation of the current post-recession boom, including record low unemployment, rising employment growth and buoyant fulltime jobs growth. The immediate prospect is extremely positive for job creation. This is demonstrated by the Weekly Payroll Jobs Index which suggests a positive upward trend in job creation in the near term. Notwithstanding a recent index decline over the new year period of 2021/22—a seasonal fluctuation which is repeated in all summer holiday periods—the trend has been upward since the main impacts of the COVID-19 pandemic have subsided (Figure 10).

Figure 10: Weekly Payroll Jobs Index during COVID-19 Pandemic, Jan 2020 – Jan 2022

Source: ABS (2022c)

114. *Rising business investment* is the key causal factor in Australia's macroeconomic recovery. Rising investment has, in turn, been bolstered by rising profits. Figure 11 records quarterly trends in Gross Operating Surpluses (**GOS**) and Gross Fixed Capital Formation (**GFCF**) over the last 3 years. GOS is a measure of income from production among private non-financial businesses and GFCF is a measure of the net acquisition of assets in the economy, i.e., investment derived from total value added.

115. In the 3 years prior to the pandemic (Dec 2016 – Dec 2019), GFCF grew by 0.6% on average every quarter, before declining during the First Wave of the pandemic. Since June 2020, GFCF has grown by 3.2% per quarter, or 16.1% cumulatively. In other words, GFCF, as a measure of total investment in assets, has grown over 5 times faster since the COVID Recession subsided than during the pre-pandemic period.

116. Quarterly GOS growth has increased correlatively with rising GFCF investment—the only exception was during the depth of the COVID Recession in 2020 when many businesses benefitted from JobKeeper and related Federal Government support schemes but preferred to hold cash rather than invest. Since March 2021, GOS has grown by 5.7% per quarter, or by 11.4% cumulatively (Figure 11).

117. A further indication of booming economic conditions is total private business investment, which is a measured of GFCF by private enterprises. Figure 12 demonstrates that private business investment has grown rapidly since late 2020 (September Quarter), rising by a quarterly average of 2.9% since, or by 11.4% cumulatively.

Figure 11: Gross Fixed Capital Formation and Gross Operating Surpluses

Quarterly, current $ million, seasonally adjusted. Source: ABS (2022; 2022a)

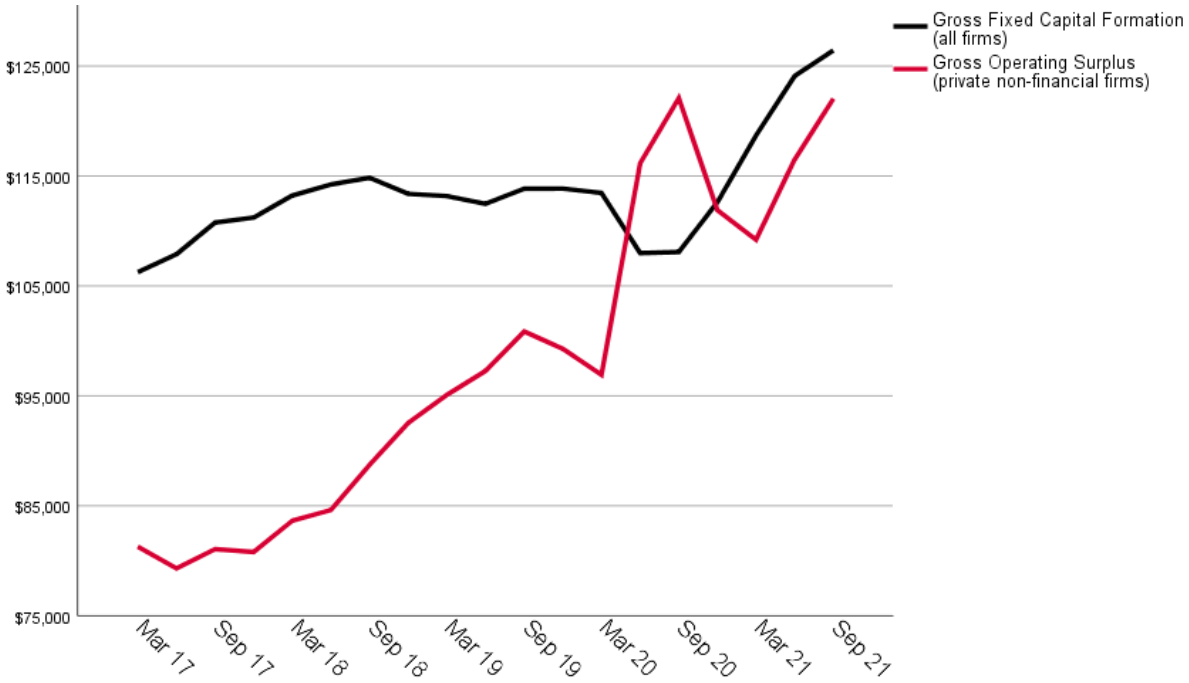
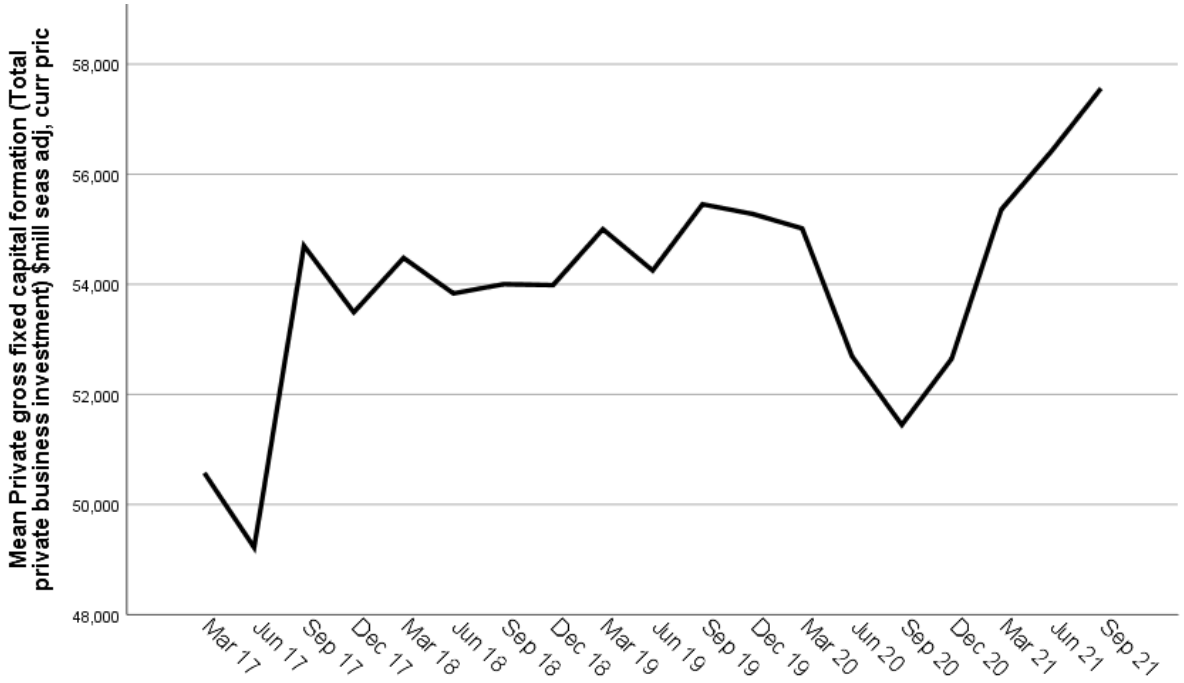


Figure 12: Total Private Business Investment (private GFCF)

Quarterly, current $ million, seasonally adjusted. Source: ABS (2022)



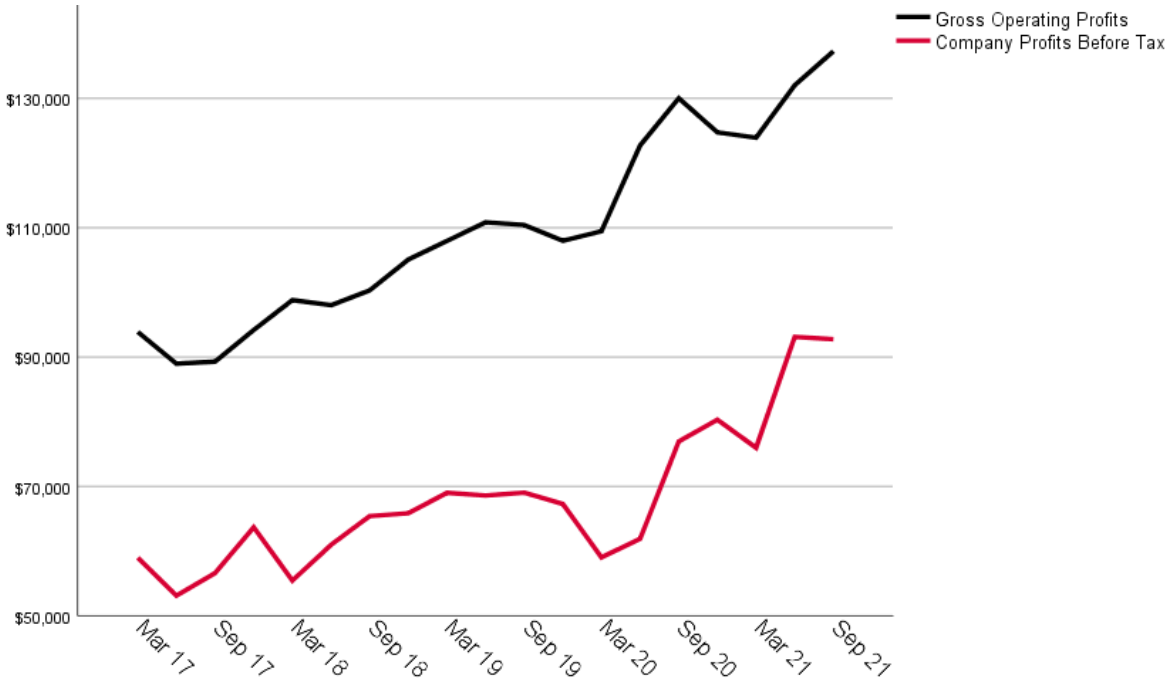
118. Booming business investment has been underpinned by rapidly growing business profits at the macroeconomic scale. Even in the context of the COVID Recession, Gross Operating Profits (**GOP**) have surged. From March to September 2020, GOP increased

by 9.0% per quarter on average, or 18.1% cumulatively. After declining over the summer of 2020/21, GOP has increased since March 2021 by 5.3% per quarter on average, or 10.5% cumulatively (until September Quarter 2021). These figures compared to a quarterly average in the 3 years until March 2020 of 1.3%.

119. Company profits before tax have similarly boomed despite scaling back somewhat in 2021. Since March 2020, profits before tax have increased by 8.4% per quarter on average, or cumulatively by 50.4%. By comparison, the quarterly average in the 3 years until March 2020 was 1.5%, or 16.4% cumulatively. This shows that company profits before tax have grown over 3 times more in the nearly 2 years since the COVID-19 pandemic began than in the 3 years prior to the pandemic (Figure 13).

Figure 13: Gross Operating Profits and Company Profits Before Tax, 2017-2022

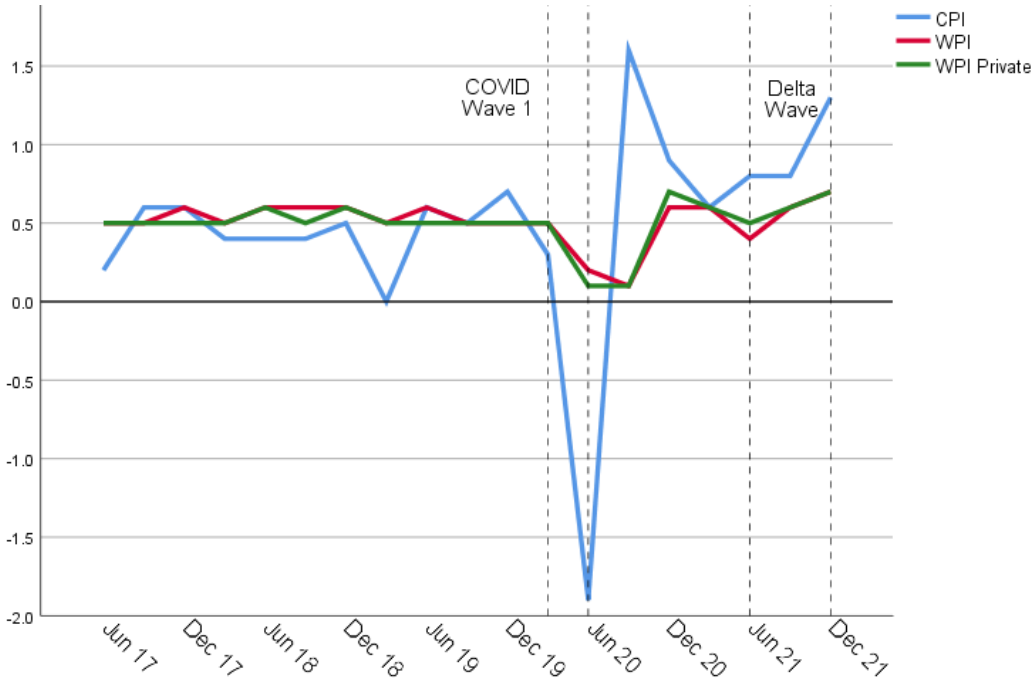
Quarterly, current $ million, seasonally adjusted. Source: ABS (2022a)



120. Finally, while inflationary pressures are an issue in current economic policy debate, they are not undermining business performance in general and are not driven primarily by wage pressures. Figure 14 charts trends in the Consumer Price Index (CPI)—the primary measure used to calculate the rate of inflation—alongside trends 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. The CPI fluctuated much more sharply than the WPI during the COVID Recession in 2020.

121. Booming economic conditions since the end of the COVID recession have seen CPI growth significantly outpace WPI growth. Whereas the CPI grew by an average of 1.0% per quarter from September 2020, the WPI grew by 0.5%. The WPI for private firms similarly grew by just 0.5% per quarter (Figure 14). In short, total inflation has increased at approximately twice the rate of wages inflation since the end of the COVID Recession. Thus, economic concerns about inflation should not be attributed to wage pressures.

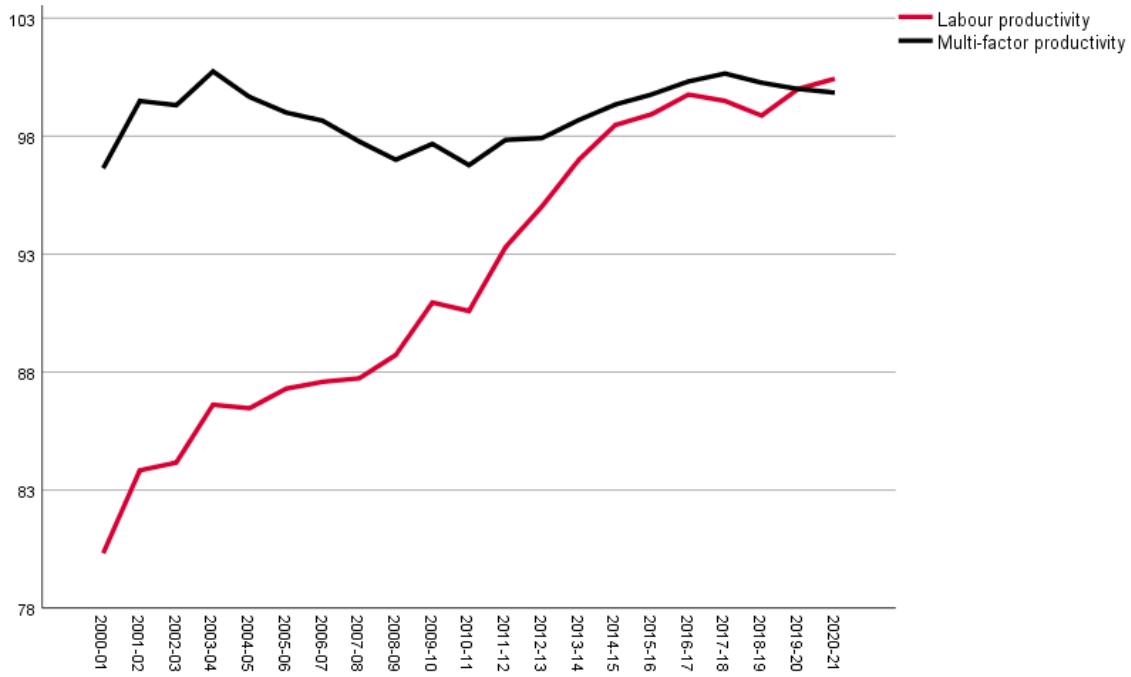
Figure 14: Monthly Change (%), Cons. Price Index (CPI) & Wage Price Index (WPI) 2017-2022. Source: ABS (2022)



122. Nor are there productivity concerns about significant wage rises. On the contrary, labour productivity has disproportionately contributed to national productivity growth over the past two decades. Since FY2000/01, labour productivity has grown by 1.1% annually on average. In comparison, multi-factor productivity—which includes all inputs on production as well as labour—averaged 0.2%, over five times weaker, for the same period. Unlike productivity overall, labour productivity continued to grow during the period of the COVID Recession (FY2020/21) (Figure 15).

Figure 15: Labour Productivity and Multi-Factor Productivity, FY2000/01 – 2020/21

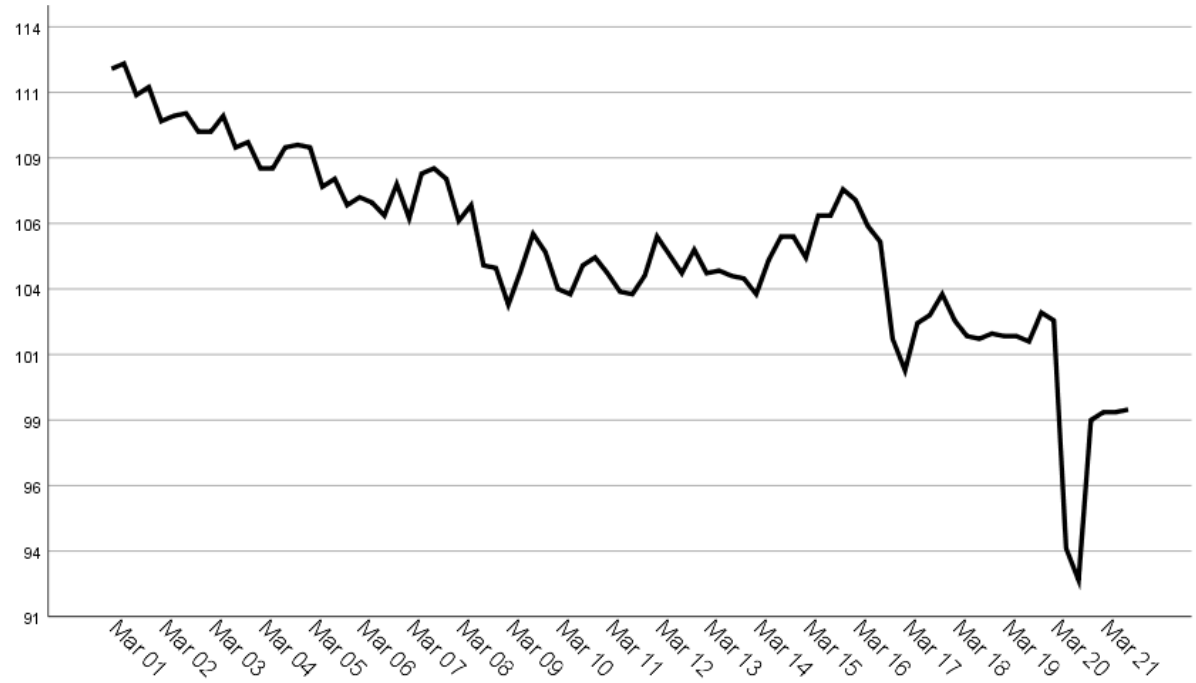
Quality-adjusted hours worked. Source: ABS (2022)



123. Nor are labour costs a generalised barrier to more significant wage rises. In Australia, the trend in real unit labour costs has fallen consistently for decades. Although the recovery post-COVID Recession period recorded a predictable increase in labour costs, due in part to rising labour demand, costs have plateaued in 2021 and remain far lower than any point in recent decades (Figure 16).

Figure 16: Index of Real Unit Labour Costs, 2001-2022

Quarterly. Source: ABS (2022)



124. Contrary to views that see significantly greater increases in NMW as a threat to our economic wellbeing, it is contended that there are significant benefits in significantly greater increases than in previous years. Moreover, there are significant risks to our economy in the FWC *not* determining such an increase in 2022.

125. The first indication of this finding is that consumer spending fell throughout the second half of 2021. Consumer spending is a critical driver of economic growth and employment. This, and the above indicators of rising business investment in 2021, suggest that the Australia's economic recovery is disproportionately investment-driven rather than consumption-driven. This is important because the rate of investment will slow over time, putting greater emphasis on consumption expenditure's role as a co-determinant of economic growth.

126. Excessively slow wages growth is a barrier to this potential because it limits the capacity of consumer spending to play its full role in national income and future economic growth. As Figure 17 shows, despite rising after the COVID Recession in 2020, consumer spending continued to fall in 2021 during the Delta Wave. Unlike booming business investment, consumer spending fell sharply in this period, by 4.6% until the September Quarter 2021.

Figure 17: Consumer Spending During the COVID-19 Pandemic

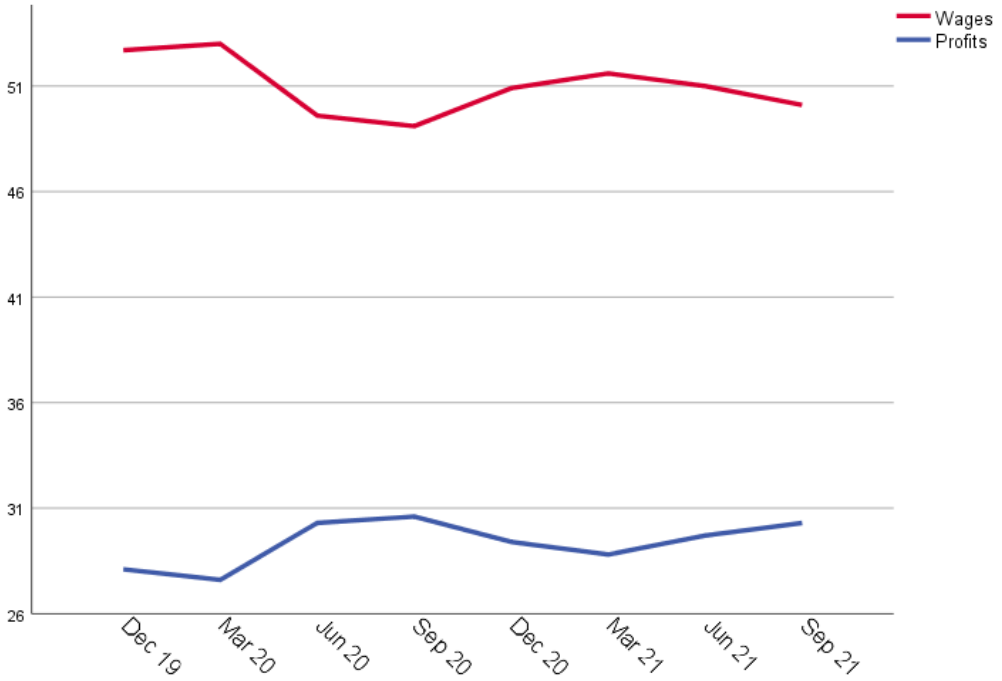
Quarterly final household consumption, current $ million, seas. adj. Source: ABS (2022)

127. A second indication is that the wage share of the national economy has continued to fall. The COVID Recession has lowered the wage share even further. In quarterly factor income terms[10], wages fell from 53.0% of factor income on the eve of the COVID Recession (March 2020) to 50.1% by the end of last year (September 2021). Over the same period, the profits share of total factor income increased from 27.6% to 30.3% (Figure 18).

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

Figure 18: Profit/Wages Share of Factor Income (%) during COVID-19 Pandemic

Quarterly, seasonally adjusted. Source: ABS (2022)



128. In annualised national income terms, the labour share has fallen steadily from 59% in 2015/16 to 54% in 2020/21. Over the same period, the capital share of national income increased from 41% to 46% (Figure 19).

129. A final indication of the wages/profit imbalance at the heart of our economy can be found by observing trends in wages as a proportion of national Gross Value Added (GVA). While this proportion was at historically low levels prior to the COVID-19 pandemic and subsequently increased during the recent recession, the post-recession recovery has recorded a sharp decline to even lower levels. From June 2020, the share of wages in GVA fell from a peak of 53.7% to 49.7% in September 2021 (Figure 20).

Figure 19: Labour/Capital Shares of National Income (%), FY2000/01 – 2020/21

Source: ABS (2022)

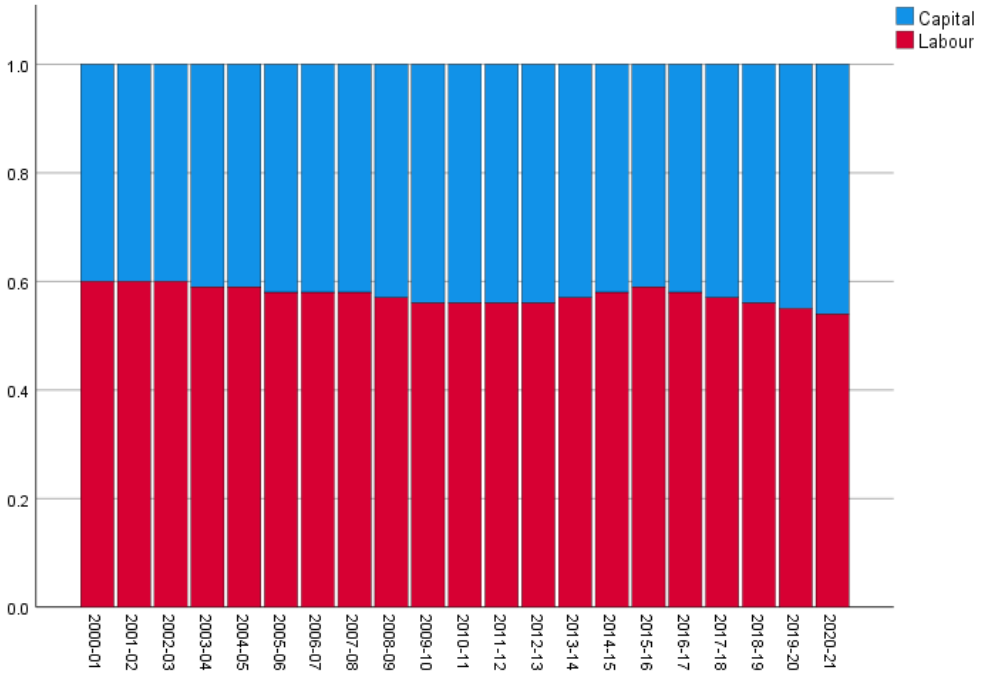
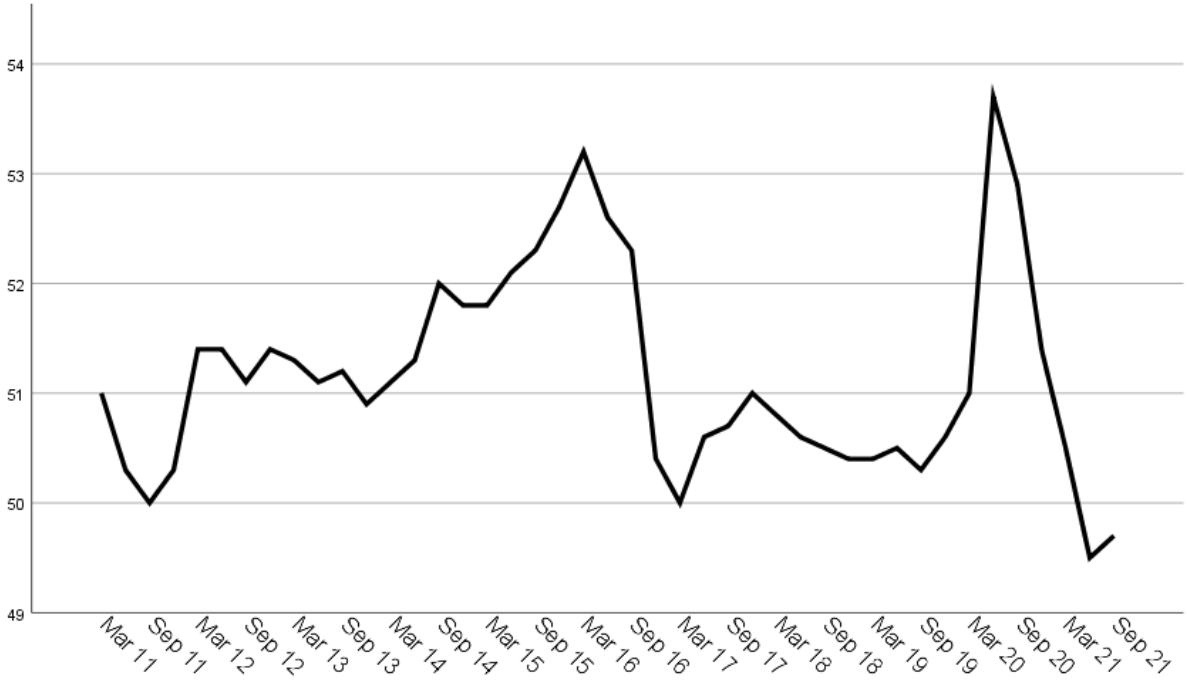


Figure 20: Wages as a Percentage (%) of Gross Value Added (GVA), 2011-2022

Source: ABS (2022)

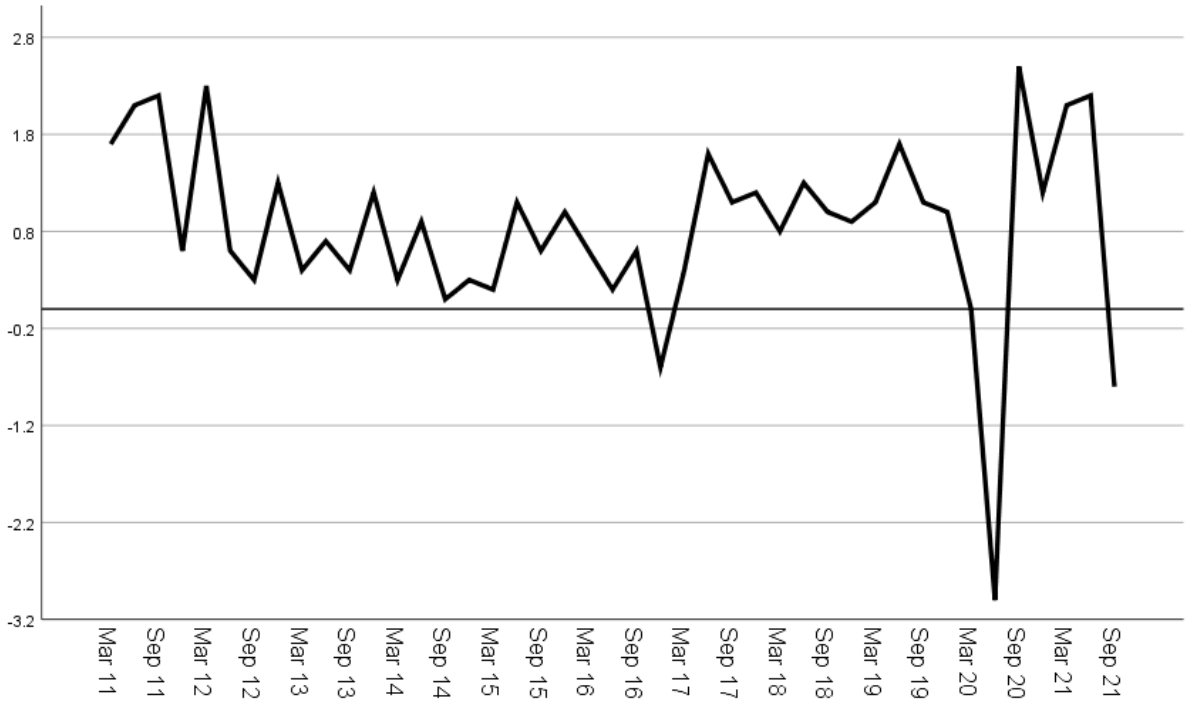


130. We posit significant concerns that an insufficiently sizeable increase in the NMW will encourage a continuation of the trends listed above—to reiterate, investment-biased economic growth and relatively weak consumer spending, a falling wages share of

income, and a declining ratio between wages and economic output (**GVA**). If not addressed, these threaten to limit economic growth and employment growth over the medium and longer terms. To reiterate, wages growth in Australia is relatively low or stagnant on several measures. Despite rising economic output and business investment, growth in wages and salaries has been falling during the post-recession recovery (Figure 21).

Figure 21: Quarterly Change (%), Wages and Salaries, 2011-2022

Current $, seasonally adjusted. Source: ABS (2022a)



The current state of business conditions in Australia and the affordability of wage rises

131. The current state of business nationally is a generalised reflection of Australia's rapid economic recovery from the COVID Recession. There are numerous indicators that conditions for business are improving significantly despite numerous challenges, including residual impacts of the COVID-19 pandemic. First, evidence from several surveys shows that business confidence is highly positive and suggests that confidence, and business conditions, will continue to rise.

132. For example, Australian Chamber of Commerce and Industry (**ACCI**) evidence for the Fourth Quarter 2021 was highly positive in its findings. The ACCI-Westpac Survey of Industrial Trends reported that business expectations 'are upbeat as NSW and Victoria emerge from lockdown, facilitated by high vaccination rates'. The survey's index reported expectations were at 'an historic high': 'Respondents anticipate a burst of new orders in the opening quarter of 2022, including an element of catch-up, with a net 71% expecting an increase—a record high, coming off a low base' (ACCI-Westpac, 2022).

133. Some similar findings emerged from the National Australia Bank's (**NAB**) Quarterly Business Survey for December 2021. Based on survey evidence, NAB Group Chief Economist, Alan Oster wrote that, 'We now know that Omicron has dampened [the] recovery somewhat but, fundamentally, we expect that positive trajectory [in business confidence] to continue when the current virus outbreak recedes' (NAB Group Economics, 2022).

134. Second, ABS survey data suggests that business expectations about employment are more optimistic in early 2020 compared to the same period 12 months earlier. Data from the ABS Survey of Business Conditions and Sentiments shows that the proportion of businesses who expected to add employees within the next month was 10% in January 2022, compared to 7% 12 months earlier in January 2021.

135. This survey also enables us to disaggregate data by firm size based on the number of employees, including small businesses (0-19 employees), medium-sized businesses (20-199 employees), and large businesses (200 or more employees). For large and medium-sized businesses, the proportion of businesses who expected to add employees within the next month was 26% and 30% in January 2022, respectively, compared to 20% and 25% 12 months earlier.

136. Even for small businesses, who represent the largest share in total employment nationally, there were more optimistic expectations for the current period. As a rule, the 'survival rate' of small businesses and the capacity to hire new staff is lower than in larger businesses. Nevertheless, the proportion of small businesses which expected to add employees within the month following January 2022 was 9%, compared to 6% 12 months earlier in January 2021.

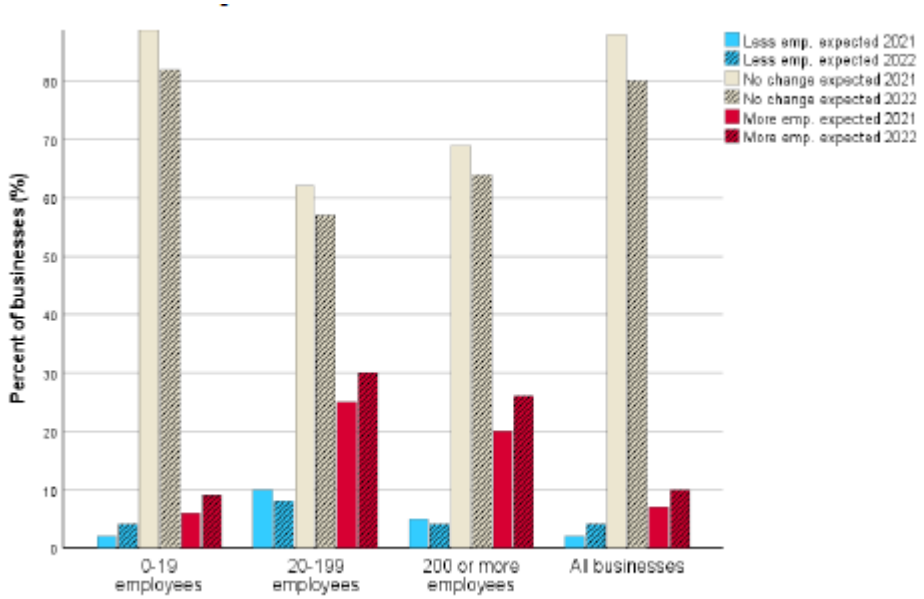
137. Though there was also a smaller increase in the proportion of small businesses expecting lower employment numbers, these findings nevertheless point to an increase in what might be termed the 'net optimism' of businesses, including small businesses. This means that, in general, businesses are more optimistic about hiring additional staff in the coming period that 12 months earlier (Figure 22).

138. To pre-empt the potential criticism that businesses in many sectors tend to hire more staff following the summer holiday period—for example, the ABS Weekly Jobs Index tends to rise after January for each year—we suggest that this is not so important given the same months are being compared. January 2021 and January 2022 are two periods 12 months apart in which business conditions would be expected to be similar in seasonal terms yet which produce different results in business confidence terms.

139. January 2021 and 2022 were also periods of relative optimism vis-à-vis the COVID-19 pandemic: in the earlier case, business and community optimism that Australia would begin to move into a post-pandemic phase was high after the experience of 2020—this was prior to the outbreak of the Delta Wave in mid-2021. Similarly, optimism was high in early 2022 due to Australia's relatively high vaccination rate and the staged removal of public health-based restrictions and lockdown conditions. Thus, we are confident that the comparison of these two time periods provides an instructive indication of rising business confidence.

Figure 22: Business Expectations, Employment over Next Month by No. of Employees

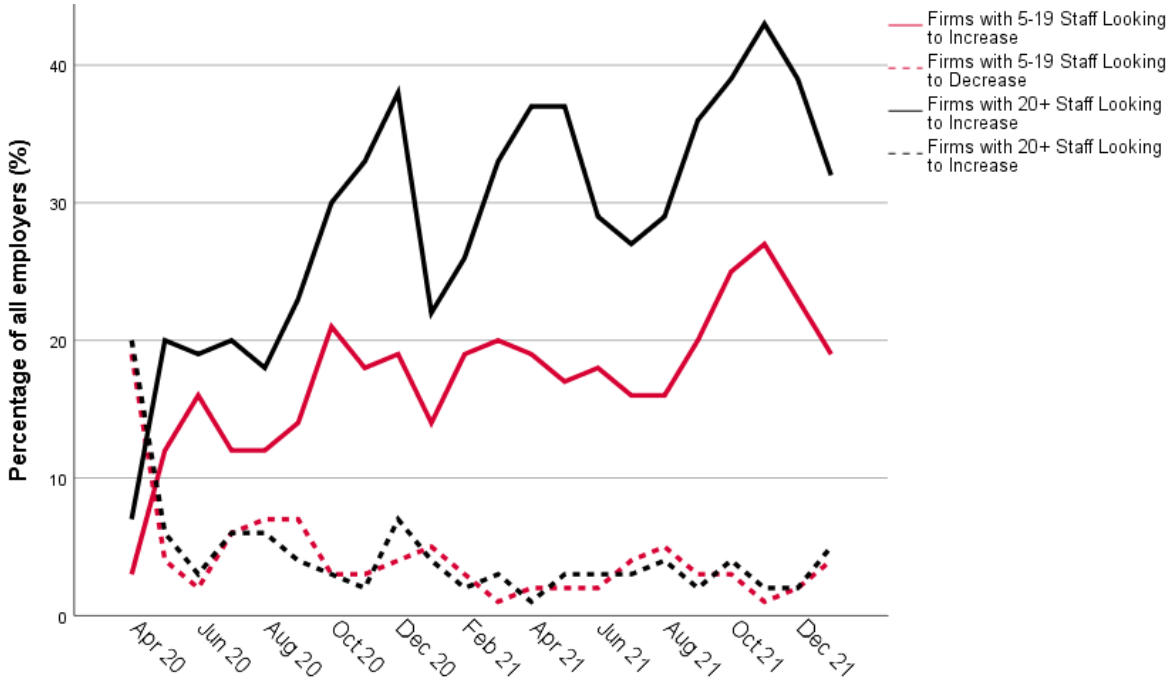
Comparison of Jan 2021 and Jan 2022. Source: ABS (2022d)



140. The picture suggested by ABS data is complemented by data from the National Skills Commission's (NSC) Recruitment Insights Report which records survey findings for employers' expectations about the next 3 months. Figure 23 presents findings for the period from the tail of the COVID Recession (April 2020) until December 2021. It shows, first of all, that the proportion of employers looking to increase staff numbers in the short term recovered significantly after the COVID Recession. Second, it shows that, by November 2021, 43% of medium-to-large employers—those with 20 or more employees—were looking to increase staff numbers in the short term. It also shows that a quarter (25%) of small businesses—those with 5-19 employers—were looking to increase staff numbers over the same period (Figure 23).

Figure 23: Firms Looking to Change Staffing over Next 3 Months by No. of Employees

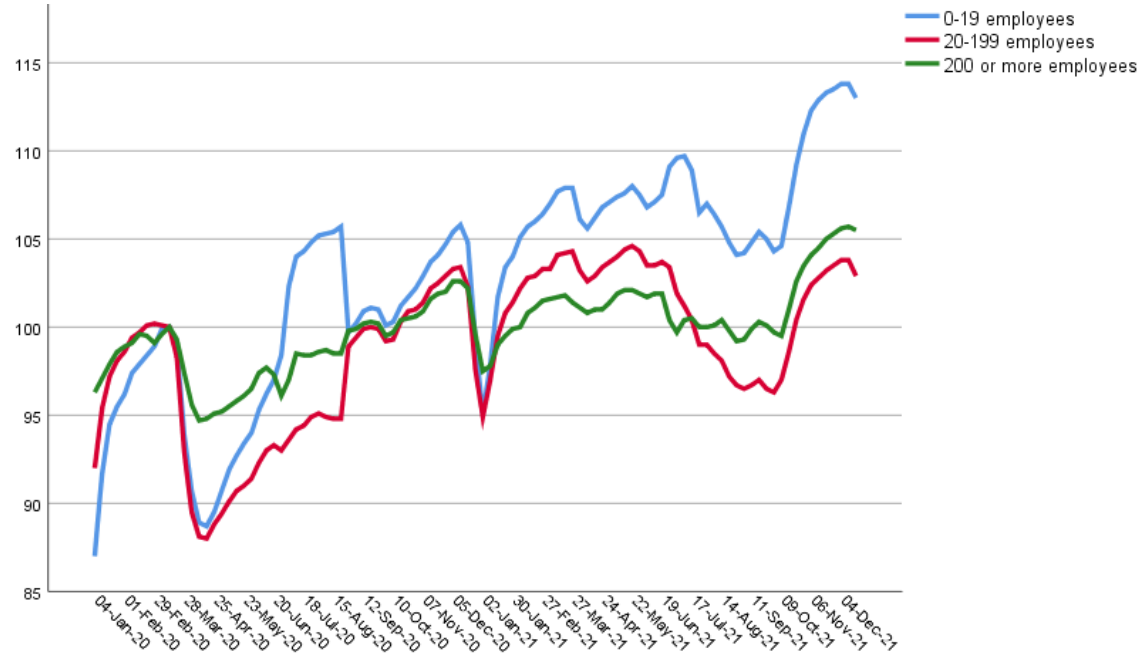
Source: NSC (2022)



141. Signs of rising business confidence are further illustrated by the recovery in payroll jobs among small businesses. While the Weekly Payroll Jobs Index has risen for all businesses over the course of the COVID-19 pandemic, the recovery for small businesses is particularly significant because the conditions of the COVID Recession drove labour demand from small businesses below labour demand from larger businesses in March-May 2020. Since mid-2020 the traditional lead in the Weekly Payroll Jobs Index for small businesses has been gradually restored (Figure 24).

Figure 24: Weekly Payroll Jobs Index by Employees per Firm, Jan 2020 – Jan 2022

Source: ABS (2022c)



142. This report does not question the fact that institutional constraints are an important issue for businesses in decisions to hire, retain or shed staff, especially for small businesses. However, wage costs are not the most important of these constraints in the current context. Figure 25 presents data from the ABS Survey of Business Conditions and Sentiments which shows that the 'affordability of additional staff' is not necessarily the highest order concern for firms with insufficient staff numbers or unmet labour demand, i.e., firms that preferred to hire more staff but were unable to do so. This data shows that, in January 2022, the most prominent concern for business was the 'inability to find suitable staff' (69% of businesses), followed by 'uncertainty due to COVID-19' (62%) and the 'availability of existing employees' (53%), an issue influenced by the Omicron outbreak as well as seasonal factors. Staff affordability was the fifth out of 8 ranked concerns (44%).

143. For small businesses, affordability was only a slightly more important issue, recorded for 46% of respondents and ranking as the fourth most important concern. Nonetheless, small businesses were more likely to report locating suitable employees, COVID-19 and staff availability as concerns limiting hiring decisions. This suggests that wage costs, while unquestionably important, are far from the *most* important question for business in the current period. A further finding is that affordability was the least widespread concern among medium-sized businesses (22%) (Figure 25).

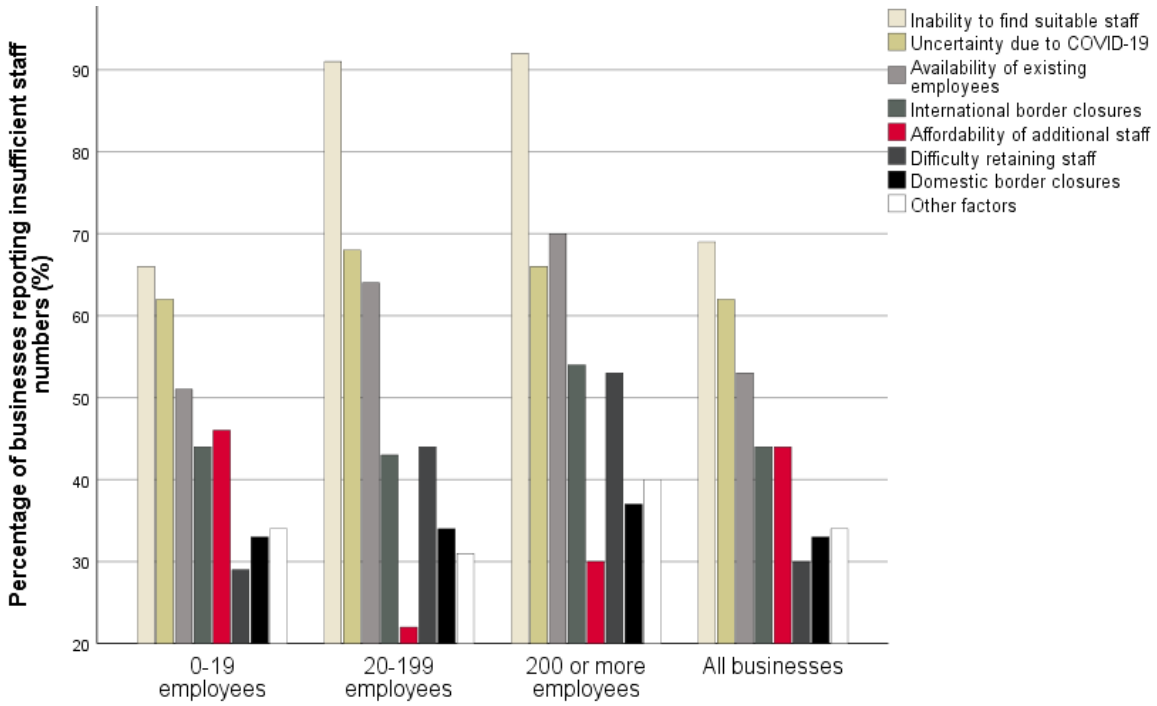
144. These conclusions are complemented by data from the NAB Quarterly Business Survey which found that labour cost increases for the Fourth Quarter of 2021 (0.8%) were less than purchase costs overall (1.3%) (NAB Group Economics, 2022). While important, labour cost pressures are evidently not the biggest challenge facing business in general during the current period.

145. These conclusions are also broadly supported by Reserve Bank of Australia (**RBA**) prognoses for the near term. During a recent address (February 2022), RBA Governor Phillip Lowe stated that:

The economy performed significantly better last year than we had expected. GDP growth is likely to have been around 5 percent, compared with our forecast of 3.5 percent… Wages growth was also higher than we were expecting, although the difference here is smaller than for the other variables and wages growth remains low (Lowe, 2022).

Figure 25: Factors Influencing Hiring Decisions for Firms with Insufficient Staffing

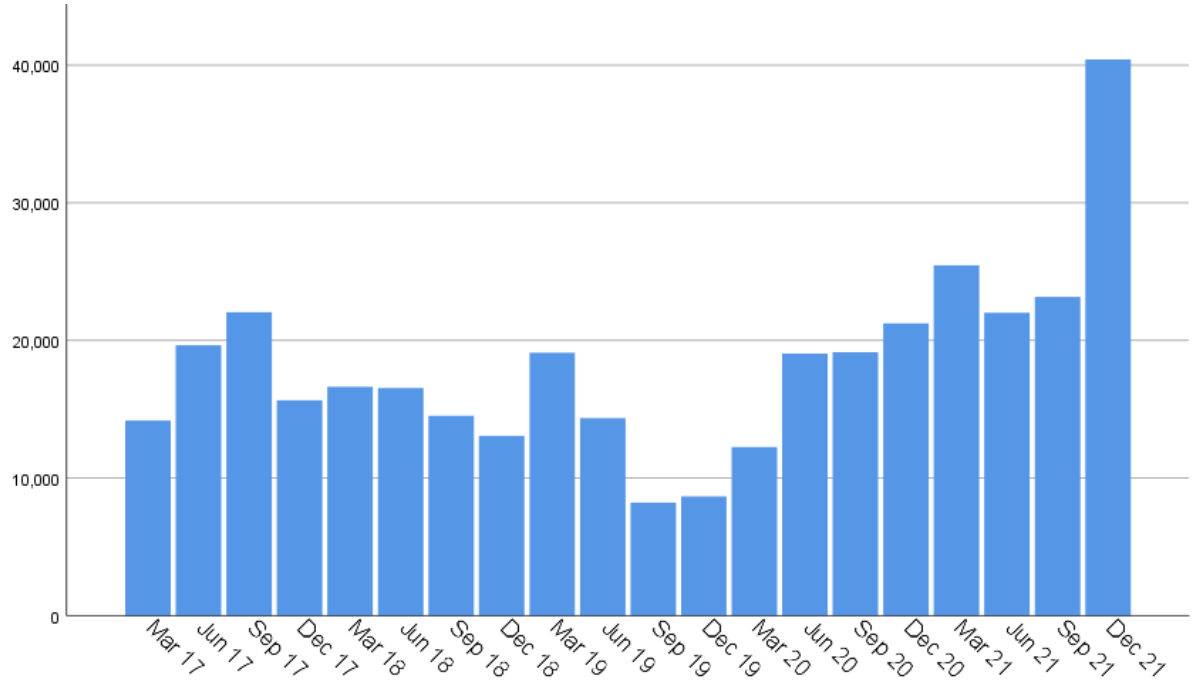
Jan 2022. Source: ABS (2022d)



146. A final, longer-term indicator of improving business conditions raised here is the sharp rise in net business entries per quarter since the start of the pandemic. Net business entries are calculated by subtracting total business entries from total business exits, as measured quarterly in the ABS Count of Australian Businesses (Figure 26). Based upon this data, it is calculated that net business entries per quarter since June 2020 have been, on average, 62% higher than during the 3 years prior to the pandemic (March 2017 – March 2020).

Figure 26: Net Entries of Australian Businesses, 2017-2022

Quarterly. Source: ABS (2022e)



The affordability of wage rises for business in key sectors and industries

147. In economic terms, a central concept in this report's analysis is the *wage elasticity of labour demand*. In this section, analysis focuses on high-employment industries—i.e., those sectors in which Australia's economy is particularly dependent for jobs and jobs growth—and demonstrates that many of the most strategically important of these industries, from the perspective of job creation and job retention, have labour demand with relatively low elasticity, i.e., sectors in which labour demand is relatively wage *inelastic*.

148. 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—potentially including a *significant* rise—will not have a major impact on job retention or creation.

149. There are several reasons why labour demand for businesses in a particular sector may be relatively wage inelastic. A core reason is relatively low labour substitutability, i.e., businesses in sectors in which labour demand is relatively insensitive to wage price changes, or what is also known as a low substitution effect. This may include sectors in which business tend to have:

- low labour-intensity and, therefore, greater emphasis on non-wage costs in everyday operations, forward planning, investment decisions, staffing decisions, etc. This is referred to below as a ***low labour/capital ratio***;
- a relatively large supply of labour, including relatively immigration-dependent industries (operating under 'normal' economic conditions without closed international borders). This is referred to below as ***immigration-dependent labour supply*.**

150. A further core reason for relative wage inelasticity of labour demand can be found in those sectors with:

- high and/or rising sales, reflecting high/rising consumption expenditure on goods and services in that sector, i.e., a high ratio of sales to wage/salary costs. This is referred to below as a ***high sales/wage cost ratio***.

151. With these three industry characteristics in mind—low labour/capital ratio, high labour supply and high sales/wage cost ratio—it is argued that further insights on the impact of wage rises for relatively low-paid workers can be gleaned by analysing changes in the following sectors (Figure 27). First, sectors which have historically exhibited an *immigration-dependent labour supply* include:

- Healthcare and Social Assistance (HSA): This is, by far, the largest-employing sector in Australia, accounting for over 1.9 million jobs by late 2021 and around 1 in 5 female jobs in the country. While HSA includes many higher-paid professional occupations, it also includes many low-paid occupations, including those sub-sectors with a primarily female labour force profile.

- Accommodation and Food Services (AFS): Australia's eighth-ranked sector for employment in late 2021, with around 850,000 jobs and recent history of sharp employment fluctuations due to international/domestic border closures and episodic lockdowns in major cities and tourist destinations. This sector exhibits high dependence on lower-paid workers, female workers and younger workers.

152. Second, there are sectors which exhibit a combination of these characteristics. These include:

- Retail Trade: Australia's second-largest employing sector, with nearly 1.3 million jobs in late 2021. Retail Trade exhibits both a relatively *immigration-dependent labour supply* and a relatively *high sales/wage cost ratio* (Figure 28). Like AFS, this sector also exhibits a high dependence on lower-paid workers, female workers and younger workers.

- Construction: Australia's fourth-ranked sector for employment in late 2021 with over 1.1 million workers. Construction exhibits a relatively *high sales/wage cost ratio* on aggregate (cf. Figure 28). However, business relations in the construction sector also tend to exhibit a tiered or pyramidal structure, with large globally branded businesses operating as lead firms, medium-sized firms acting as supplier of goods, services and labour to these lead firms, and small businesses, micro-businesses and sole traders operating at the lower tiers of business networks. Many firms within these tiered networks, including smaller businesses, tend to exhibit *immigration-dependent labour supply*.

- Manufacturing: Australia's seventh-ranked sector for employment in late 2021 with over 860,000 workers. While also tending to operate in tiered production networks like construction, manufacturing firms are more likely to exhibit a relatively *high sales/wage cost ratio* (cf. Figure 28) and a relatively *low labour/capital ratio*.

Figure 27: Employment by Select Sector, ’000s, 2017-2022

Quarterly, seasonally adjusted. Source: ABS (2022b)

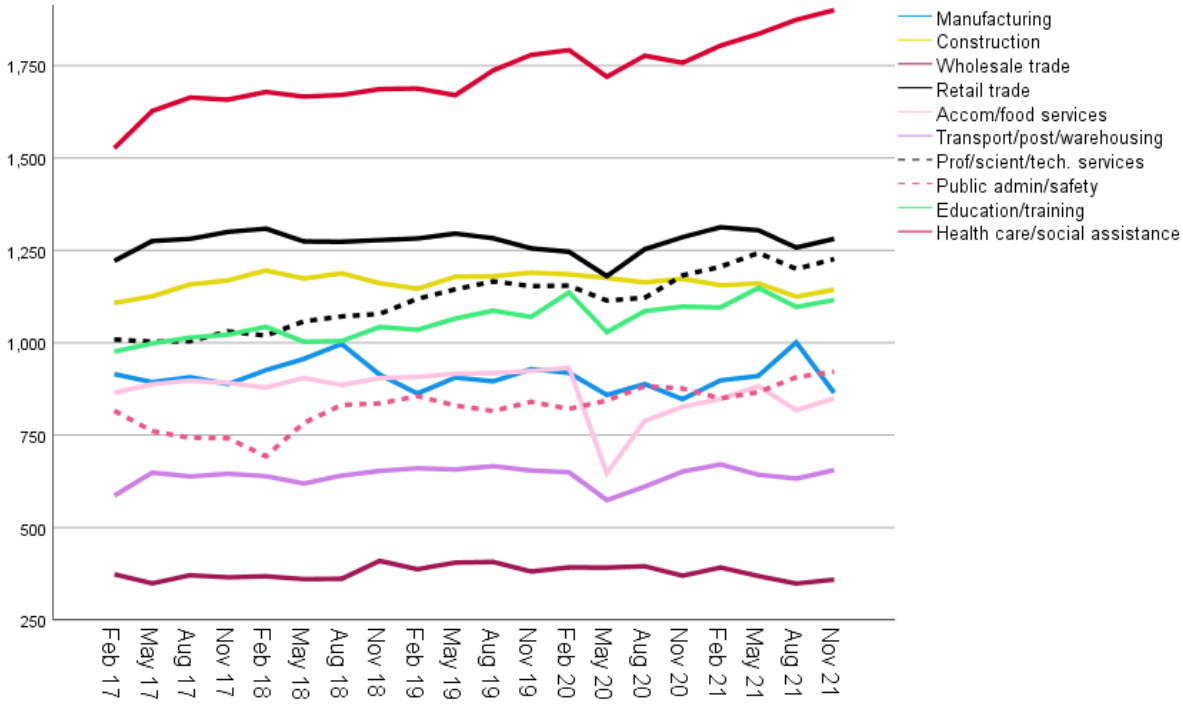
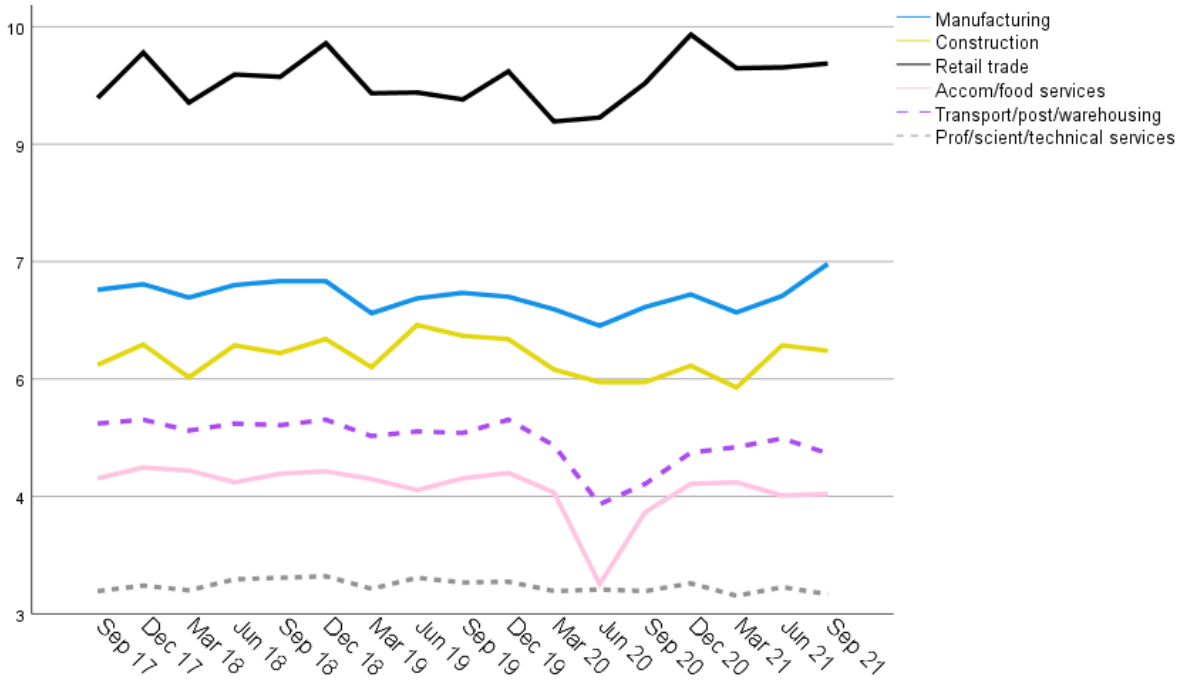


Figure 28: Ratio (%), Sales/Wages and Salaries, Select Sectors, 2017-2021

Quarterly, current $. Source: ABS (2022a)



153. Together, these 5 sectors accounted for nearly half (46%) of all employment in Australia in late 2021 (November). While the occupational profile of jobs in each one is highly diverse in social and economic terms, each also has a preponderance of—and, in several

sub-sectors, a dependence upon—relatively low-paid jobs and occupations. In these cases, wage levels are strongly affected, to differing degrees, on movements in the NMW and Award wage increments. Analysis of business conditions in these sectors, therefore, provides a highly instructive picture of the reverberating effects of NMW changes, as well as the relationship between these changes and general business conditions.

154. First, sales income for these key sectors increased significantly throughout 2020/21 as the economy recovered from the COVID Recession. For Manufacturing, sales income grew by an average of 2.7% per quarter from September 2020 to June 2021, or 10.7% cumulatively. Even in the context of recessionary conditions influenced by the Delta Wave, Manufacturing sales income continued to grow by a further 3.0% during the September Quarter 2021.

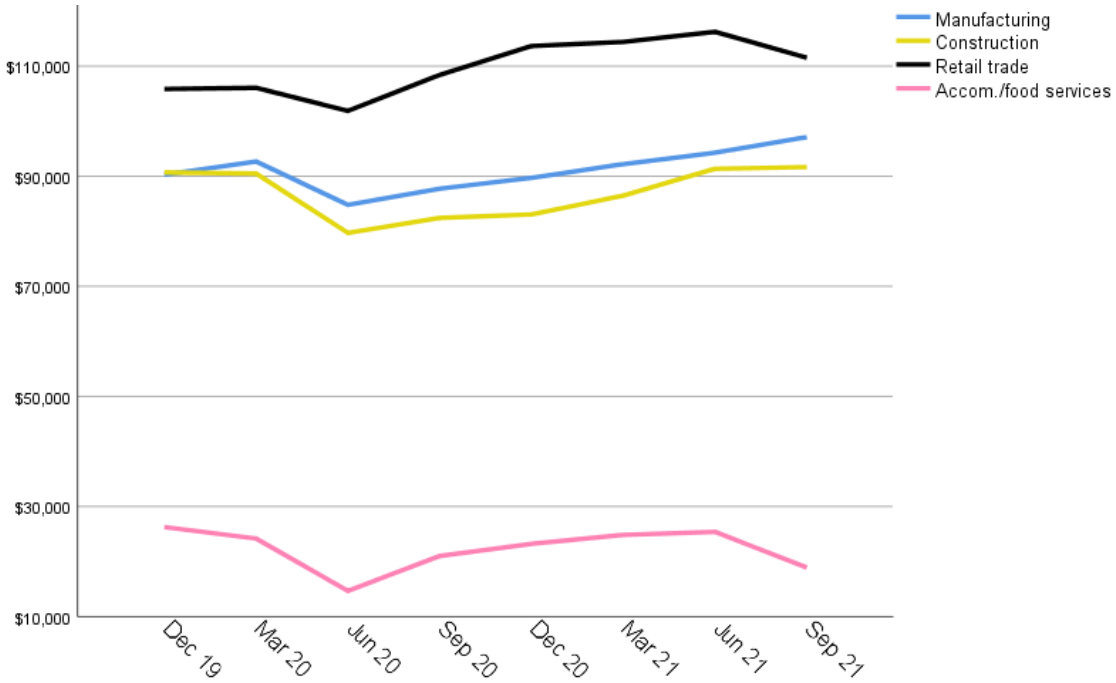
155. For Construction, income grew by 3.5% on average over the same period, or 13.9% cumulatively, and grew by a further 0.3% during the September Quarter 2021. Retail Trade experienced growth of 3.4% on average, and 13.5% cumulatively, while AFS grew by 15.8% on average, or an astonishing 63.0% cumulatively.

156. While Retail Trade and AFS predictably experienced employment falls during the Delta Wave as business shopfronts were shuttered, this decline was insufficiently strong to wipe out aggregate employment growth from the preceding period. It would also be expected that forthcoming data will reflect renewed growth in these sectors following the end of lockdown conditions in October/November 2021. Moreover, employment growth in each of these sectors through 2020/21 was more than sufficient to absorb one-off declines caused by the First Wave of the COVID-19 pandemic during the June Quarter of 2020 (Figure 29).

Figure 29: Sales Income by Select Sector during COVID-19 Pandemic

Quarterly, current $ million, seasonally adjusted. Source: ABS (2022a)

Note: data for Health/Social Services unavailable

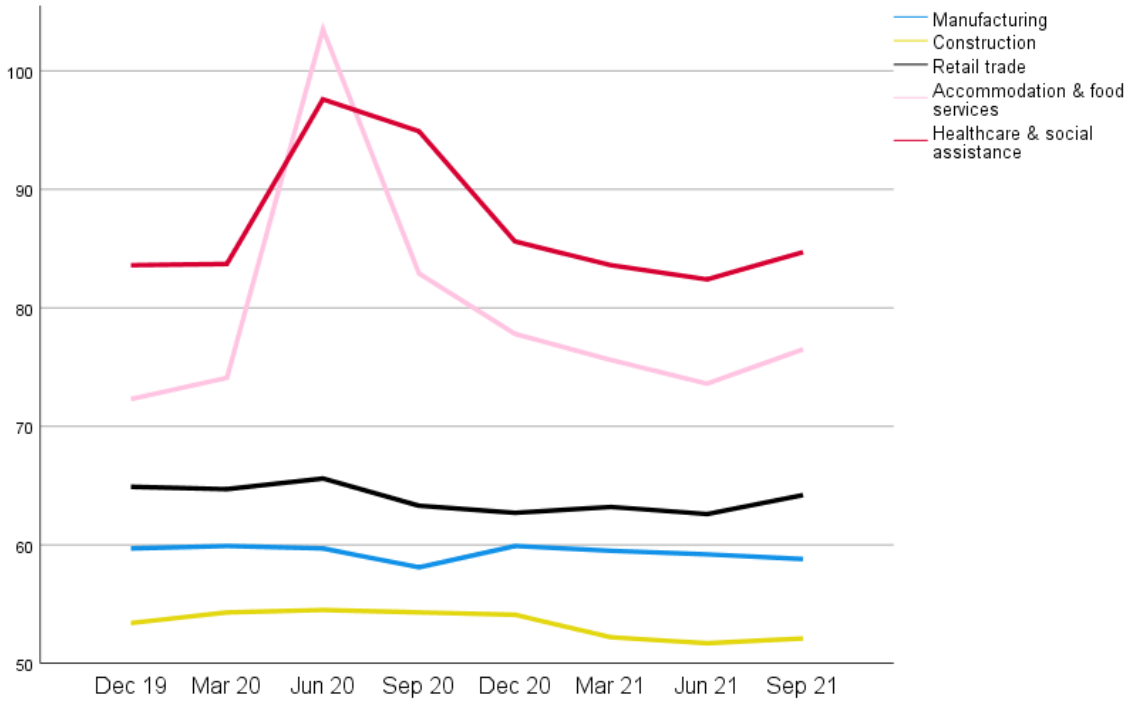


157. Second, while wages and salaries have grown in the context of the recovery following 2020's COVID Recession, wages growth relative to total output growth continues to be modest at best. Figure 20 above demonstrates that wages as a proportion of GVA have fallen significantly during the period of COVID-19 pandemic. When disaggregated at the industry level, these data reveal declining shares for HSA and AFS and little significant movement in the wages share for Manufacturing, Construction and Retail Trade.

158. While the average ratio of wages to GVA increased somewhat for Construction, AFS and HSA for the 12 months to the September Quarter 2021 compared to the 3 years to the December Quarter 2019—i.e., until the eve of the COVID-19 pandemic—the same ratio for Manufacturing and Retail Trade declined from 60.1 and 65.5% in the earlier period to 59.1 and 63.2% for the more recent period, respectively (Figure 30).

Figure 30: Wages as a Percentage (%) of GVA during COVID-19 Pandemic

Select Sector. Source: ABS (2022)

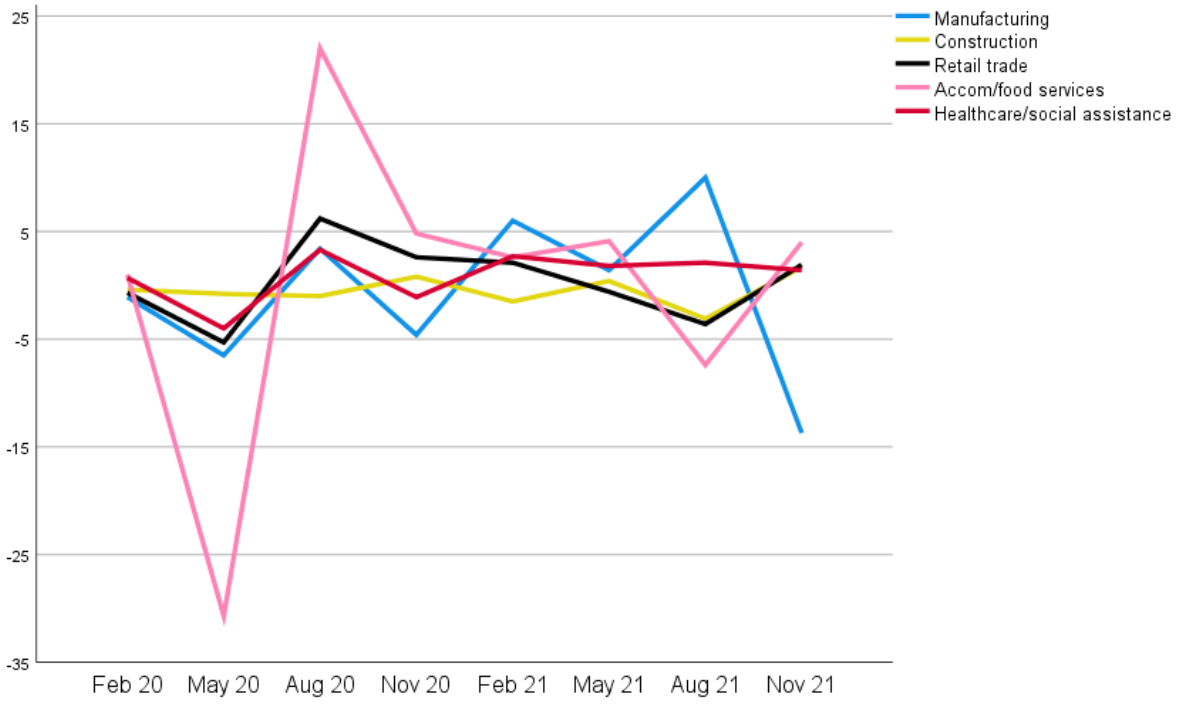


159. Third, employment growth has been strong in the period since the end of the COVID Recession. Quarterly employment growth data are detailed below in Figure 31, which shows that, from the August Quarter 2020 to the May Quarter 2021, Manufacturing employment grew by an average of 1.5% compared to an average of 1.4% in the 3 years until the February Quarter 2020, i.e., until the eve of the COVID-19 pandemic. For Retail Trade, the corresponding figures are 2.6% and 2.2%; for AFS, 8.4 and 7.7%, respectively.

160. Only for Construction and HSA has average employment growth been slower during the post-recession period. Although the Delta Wave had a predictably negative impact on job markets overall, employment growth nevertheless continued to rise for Construction, Retail Trade and AFS, while remaining steady for HSA (Figure 31).

Figure 31: Employment Growth (%) by Select Sector during COVID-19 Pandemic

Quarterly, seasonally adjusted. Source: ABS (2022b)



161. Fourth, if we compare expectations about increasing or decreasing employment for businesses in these 5 sectors in January 2021 and January 2022 (cf. Figure 22 above), we find that business confidence has improved significantly. While, for most of these sectors, the proportion of businesses that expected lower employment numbers increased, the increase in expectations of higher employment numbers was notably larger. Figure 32 shows that 15% of Manufacturing businesses expected higher employment numbers in January 2022, compared to 10% 12 months earlier. For Construction, the corresponding figures were 9% and 3%; for Retail Trade, 11% and 0%; and, for AFS, 8% and 2%, respectively.

162. In January 2022, businesses in Manufacturing and Retail Trade exceeded the percentage of all businesses expecting increased employment, while Construction was only one point lower (10% - cf. Figure 22 above). The only exception to this trend was HSA, which recorded a decline, from 14% to 2%. However, the percentage of organisations in HSA who expected no change in employment numbers remained the same (86%), reflecting relatively stability in intra-sectoral employment.

163. This data is supported by NSC National Recruitment Insights data which similarly shows a rise in businesses looking to increase employment over the subsequent 3-month period. Notwithstanding seasonal reductions around December 2021, the pattern from mid-2021, in the context of the Delta Wave and extended lockdowns across Sydney, Melbourne and other major population centres, has been for sharp increases in employers anticipating rising labour market demand across each sector. Only Manufacturing is a partial exception to this finding (Figure 33).

Figure 32: Firms Expecting Higher/Lower Employment over Next Month

Select sector, Jan 2021 – Jan 2022. Source: ABS (2022d)

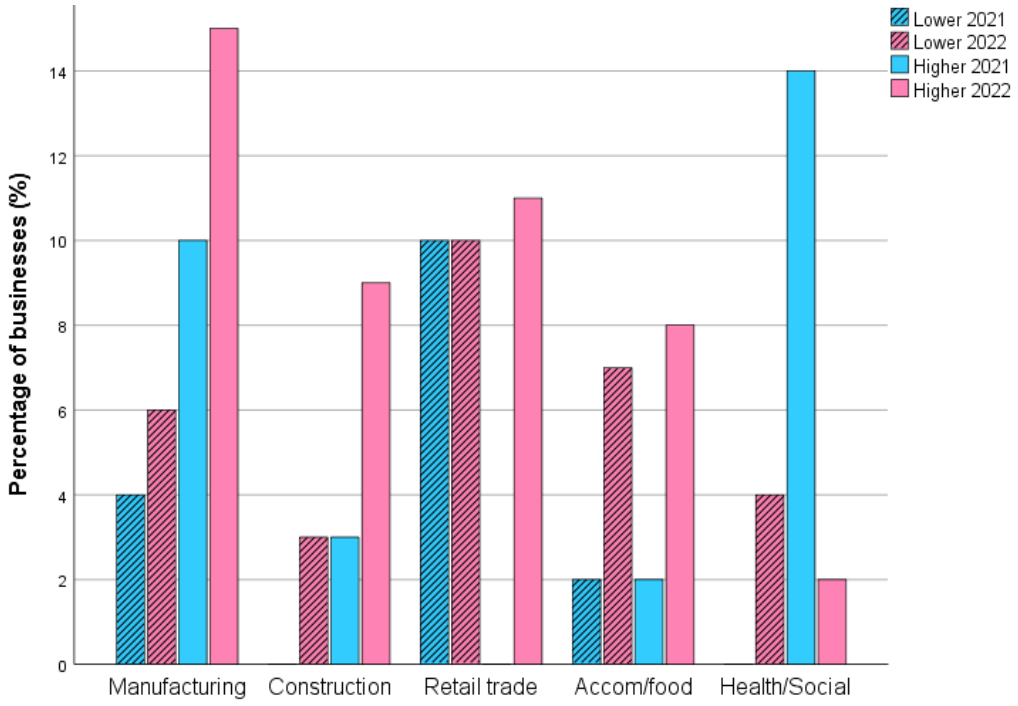
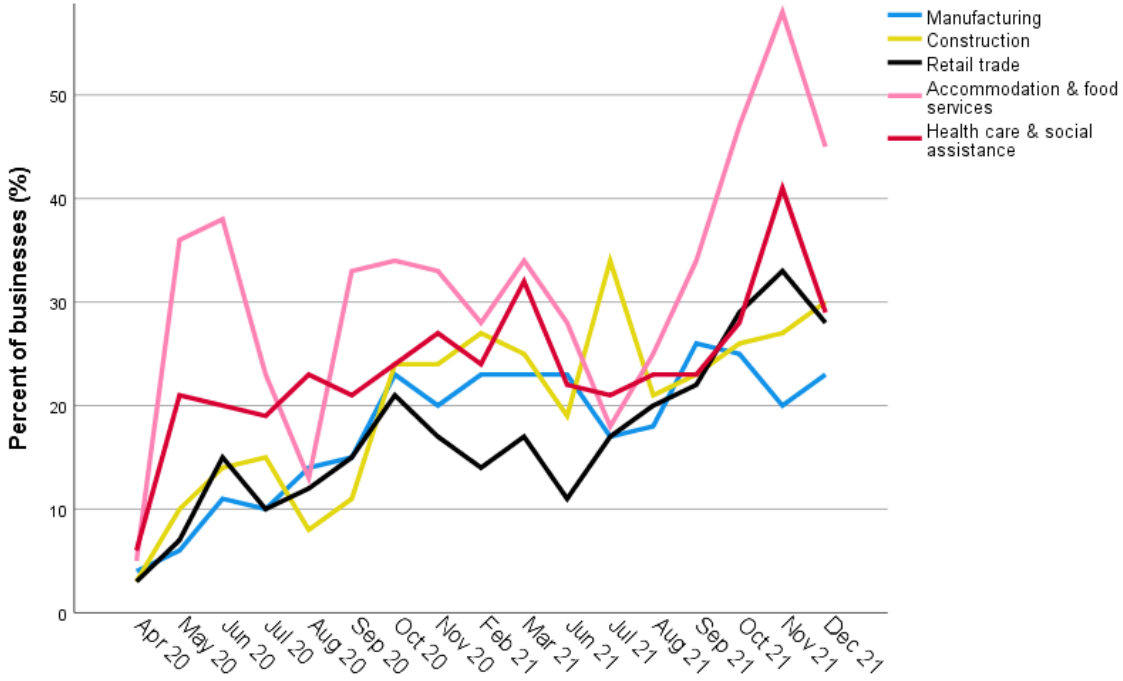


Figure 33: Employers Looking to Increase Jobs over Next 3 Months by Select Sector

Source: NSC (2022)

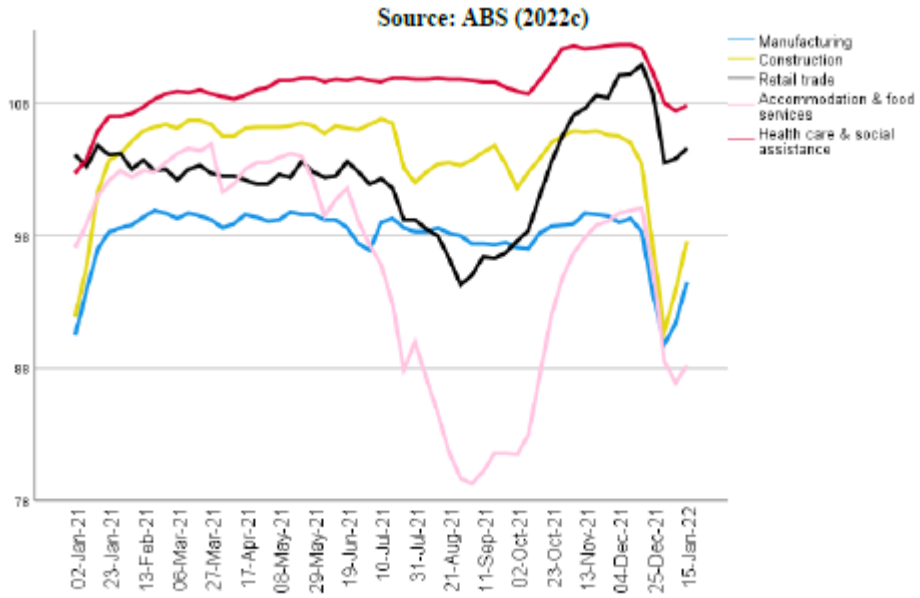


164. Finally, rising business expectations about increased employment fit with the seasonal increase in the Weekly Payroll Jobs Index in early 2022 which looks to be repeating the strong rise in labour market demand experienced at the beginning of 2021, albeit in the

context of a sharp recovery from the major economic impact of the Delta Wave of June-October 2021 (Figure 34).

Figure 34: Weekly Payroll Jobs Index by Select Sector, Jan 2021 – Jan 2022

Source: ABS (2022c)



Minimal risk of disemployment

165. The ACCER submits that its proposed increase to the NMW does not create a meaningful risk of disemployment. This is apparent from the data contained the ACU Report at Appendix 1.

166. Points 5-8 of the Executive Summary to that report provide outlines of relevant information in this regard. Points 5-7 emphasise that the objective scenario which gave rise to this concern in the 2020 decision[11] has changed significantly. As the Federal Government has argued in its recent Budget Strategy and Outlook for 2022/23, a 'strong economic recovery is well underway… Economic growth forecasts have been revised upwards, driven by stronger-than-expected momentum in the labour market and consumer spending' (Australian Government, 2022: 5).

167. Accordingly, Point 7 of the ACU Executive Summary argued that Australia is experiencing booming business confidence. Please refer to Figures 18-19 (pp. 20-21 of the full ACU Report). Point 5 emphasised that the new economic situation means there is no threat to Australia's recovery, including 'disemployment', from a significantly higher rise in the National Minimum Wage (NMW). For example, unit labour costs have remained stagnant to date (see Figure 12).

168. If anything, there is significant danger in *not* providing a higher increase in the NMW this time, as stated in Point 6 of the Executive Summary. Consumer spending is lagging behind booming business investment (p. 15), the wages share of national income continues to fall (see Figures 14-15, pp. 16-17), as well as wages as a percentage of

[11] See [169] of the *Annual Wage Review 2019-20* [2020] FWCFB 3500.

economic output, measured by Gross Value Added (GVA) (Figure 16). The absence of a significantly higher increase in the NMW this time will encourage further supply-side distortions in our economy, portending negative impacts on longer-term prosperity by weakening consumption expenditure and spending-driven income growth.

169. The potential for adverse effects on employment opportunities for low-skilled and young workers is important but, again, the objective situation has changed significantly over the ensuing 12 months. During the depth of the COVID Recession in 2020, the largest job losses in proportional terms occurred in industries such as retail trade, accommodation and food services (i.e., hospitality and tourism-related), and arts and recreation. Although these sectors are characterised by a high proportion of young workers and low-skill workers, these declines were caused primarily by lockdown conditions as well as Australia's closed border regime. They were not caused by problems with wages, the growth of which remained at historically low levels. An end to the cycle of lockdown and the re-opening of borders since late 2021 has seen a resurgence in labour force participation in these sectors and, therefore, in employment numbers.

170. The ACU Report emphasises that most of these sectors have relatively low wage elasticity of labour demand (see Point 8 in the Executive Summary of the ACU Report at Annexure 1). This means that jobs growth is relatively insensitive to significant wage rises because such growth is determined primarily by labour supply. Due to the cessation in lockdown conditions and international border closures, labour supply is returning to these sectors.

171. The ACU Report demonstrates this finding for accommodation and services, and for retail trade. For both these sectors, there has been sharply rising employment growth (see Figure 27) alongside rising business confidence (Figures 28-29). In short, the concerns that arose following the First Wave of the COVID-19 pandemic in 2020 can no longer be applied in early 2022 or to near-term forecasts, a period in which economic growth, business confidence, business investment and employment growth are expected to continue rising well above wage trends.

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

Performance and Competitiveness of the National Economy

172. 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 the consideration identified at s.284 (1)(c) of the FW Act, it is necessary for the ACCER to say something about the considerations identified in (a).

SPECIFIC CONSIDERATIONS

173. 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.

Inflation

174. Inflation was recorded at a rate of 0.9% at December 2020 and 1.3% at December 2021 (ABS, 2022f).

Wage growth

175. The WPI increased by 2.3% in the year ending December 2021 (ABS, 2022g).

176. The stagnancy of WPI indicates that increases in the NMW and the C13-10 rates are needed to offset the institutional obstacles preventing wage growth.

Economic considerations

177. Gross Domestic Product (**GDP**) growth was recorded at 5% for the year ended December 2021 (RBA, Statement of Monetary Policy February 2022, p 56). It is forecasted to maintain 5% growth by June 2021, and then gradually relax to 4.5% by December 2022(RBA, Statement of Monetary Policy February 2022, p 56).

178. Given the steady increase in GDP growth, ACCER submits that increasing the NMW and the C13-10 rates will not have an adverse effect on the economy.

179. 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

180. 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).

181. Many of the factors identified above at [173] to [179] 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

182. Over the year to February 2022 employment decreased by 1.2%. A further 18,500 gained employment.

183. 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.

184. 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).

185. 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.'

186. 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.

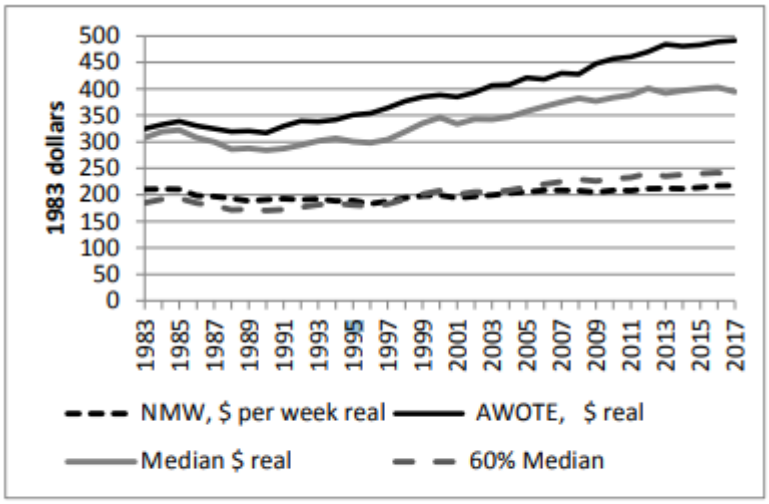
However, some mainstream analysts recognise these institutional factors behind wage stagnation: for example, Bishop and Cassidy (2017:16) acknowledges that 'low wage growth may reflect a decline in workers' bargaining power', while Watson (2016) concluded that increasingly casualised work and the erosion 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).

187. This theory is underpinned by ABS data:

Figure 35 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).

188. 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).

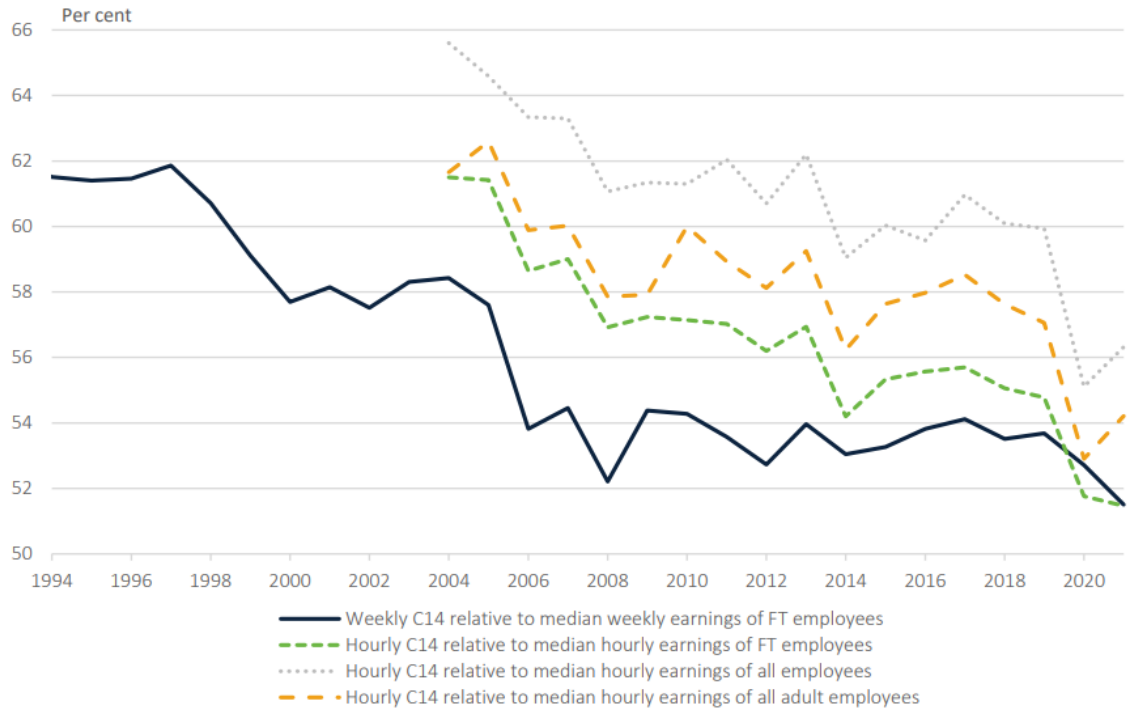
189. On the basis of this research, it is submitted that concerns or submissions made in respect of the adverse effect of an increase in the minimum wage should be approached with caution. The evidence in Australia does not support such a conclusion.

Cuts in relative wage levels

190. Figure 36, which is copied from Chart 8.3 of the Commission's *Statistical Report* of 31 March 2022, 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 36

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.

191. Figure 35 shows that in 1997 the FMW was close to 62% of median earnings. The year by year changes in since 1997 are in Table B9 of Appendix B. In 1997 the FMW was 61.9% of median wages. In August 2020 the NMW was 52.7% of median wages, down from 53.5% in August 2018. These cuts were imposed by the Australian Industrial Relations Commission (**AIRC**) from 1994 until 2005 and then by the AFPC from 2006 to 2009.

192. Table 2 provides the essential details of the cuts in the relative values of minimum wage rates over the past 24 years. Since 1997 median wages have increased by 158.2% and average ordinary time wages have increased by 145.5%, compared to increases of 115% in the NMW, 107% in the C12 rate and 99.4% in the C10 rate and 80.9% 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 1

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

1997 – 2021

($ 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
2021	772.60	794.80	825.20	899.50	1,080.60	1,500.00	1,748.40
% increase	115.0%	111.3%	107.0%	99.4%	80.9%	158.2%	145.5%

Notes: Median wages; see Table B9 in Appendix B. Average wages; see Table B10 in Appendix B.

193. A longer term perspective was given in the ACTU's submission of 10 October 2016 in the Annual Wage Review 2016-17. The submission showed that until 1992 the NMW was never less than 7.0% above 60% of the median, i.e. never less than 64% of the median.

194. Table B9 of Appendix B also records the changes in the position of the C12 and C10 wage rates relative to median earnings over the period 1997 to 2021. The C12 rate has fallen from 68.6% to 55% of median earnings, while the C10 rate has fallen from 77.7% to 60%. These are alarming figures. Table B10 in Appendix B tracks changes in the relationship between Average Weekly Ordinary Time Earnings (AWOTE) and three minimum wage rates over the period November 1997 to November 2021. 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 47.2% in 2021. 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 2017 to 2021 it was down to 44.4% 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 51.7%.

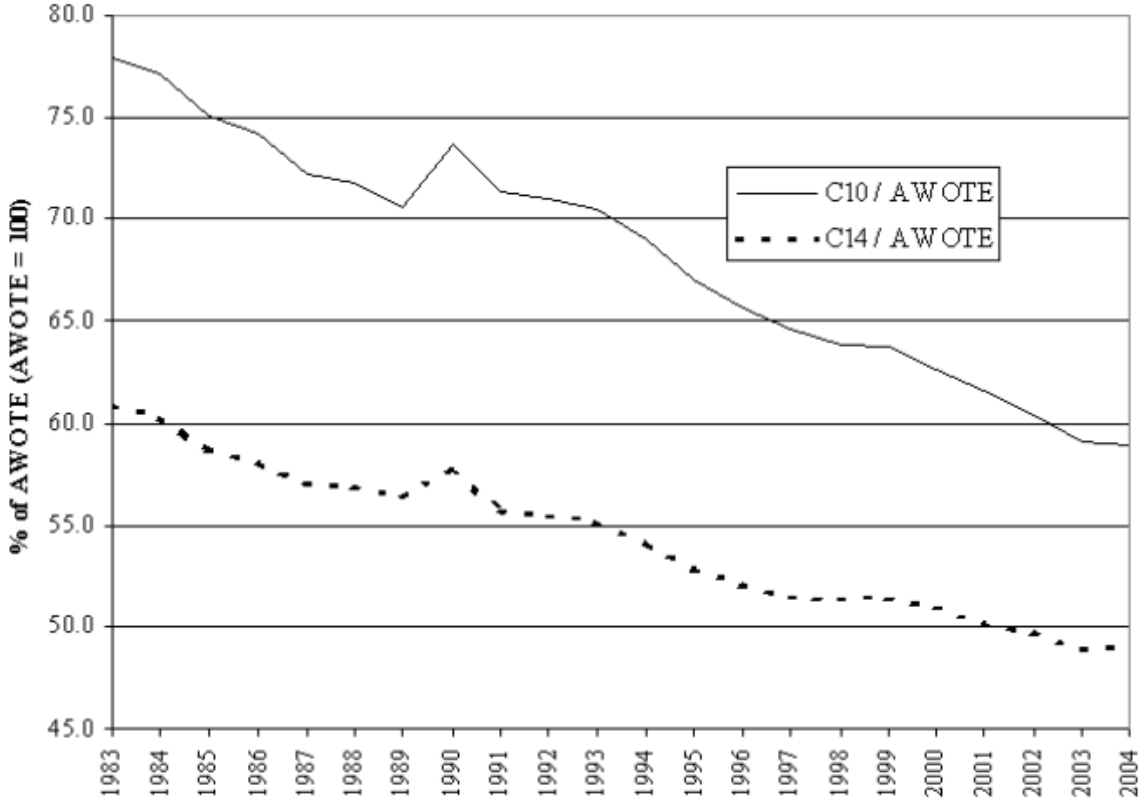
195. Figure 36 is copied from Chart 18 in the AIRC's Safety Net Review Case 2005 decision, the last decision by the AIRC before the *Work Choices* legislation came into operation. It was tendered as Exhibit ACTU 3.1.

Figure 37

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

Full-Time Adult Earnings

1983-2004



196. 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."

197. 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.

198. 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

199. The ACCER submit 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 2019-20 there were approximately 2.56 million Age Pension recipients, with 66.9% 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 2019-20*, page 8.

200. 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.

201. Table 2 compares the living standards of pensioners and three safety net-dependent families in January 2021 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 2

Relative living standards of pension and safety net-dependent families

January 2021

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	1,077.07	2.1	512.89	48.8%
C12-dependent family, second parent not seeking employment, 2 children	1,120.73	2.10	533.68	50.7%
C10-dependent family, second parent not seeking employment, 2 children	1,177.40	1.5	784.93	53.3%
Couple on age pension	793.85	1.5	529.23	52.5%
Single person on age pension	553.23	1	553.23	54.9%

Notes: The median equivalised disposable household income (MEDHI) at January 2022 is estimated to be $1,052.00 per week. The disposable incomes of the NMW, C12 and C10-dependent families are taken from Tables B6, B7 and B8 of Appendix B. 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.

202. Table 2 shows that the pension safety net for a couple, $793.85 per week, produces a standard of living that is 3.7 %age points higher than that of a NMW-dependent family of two adults and two children with a disposable income of $1,077.07 per week. The family would need $1,159.83 per year, an extra $22.30 per week, to have the same recorded standard of living as that estimated for the pensioner couple.

203. 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.

204. 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.

205. 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.

206. 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” (May 2016 decision, paragraph 354) and refused ACCER’s application in the following year for it to depart from that view (June 2017 decision, paragraph 368). 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. The 2016 Census identifies that approximately 1,270,000 Australians are living in disadvantaged low income wage-dependent families, which is about half of the approximately 2.54 million Australians living on Government age pensions.

207. 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 2.54 million on the age pension?

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

209. 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

210. 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.

211. The ACCER submits that the fundamental requirement of the minimum wage objective contained in s. 284 of the FW Act is that any order issued by the Expert Panel must answer the description of being *a safety net* of fair minimum wages. Any order that results in cohorts of workers not receiving a wage which keeps them from poverty and disadvantage, does not answer that description.

212. The example provided by the JobSeeker and JobKeeper payments, where an amount of $1,500 was paid, irrespective of the hours worked or not worked, is that such an amount is sufficient to lift workers out of poverty. It is a lesson which should not be quickly forgotten and could provide real guidance as to how the NMW review might address its mandate.

213. For those reasons, the ACCER respectfully submits that an increase in the amount of 6.5% 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.

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Australian Catholic Council for Employment Relations on behalf of the Australian Catholic Bishops Conference

Annual Wage Review 2021-2022 Submission Appendices

April 2022

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Appendix A

ACU Research Report to Assist with Preparations for ACCER's Submission to the 2022 FWC Annual Wage Case

Final Report: March/April 2022

ACU Research Report to Assist with Preparations for ACCER's Submission to the 2022 FWC Annual Wage Case[1]

Executive Summary

This report has been written to provide key research data to support ACCER's submission to the FWC Annual Wage Case. It documents and substantiates the following findings:

(1) The report recommends an increase in the National Minimum Wage (NMW) of 6.5 percent for 2022. This would provide for an increase in the NMW of $50.22 per week, bringing the NMW from $772.60 to $822.82 per week.

(2) This proposal is based on the idea that the FWC should commence a process of narrowing the gap between the NMW and the Poverty Line (PL) for sole parents/carers with 2 dependent children. This report's calculations show that elimination of this gap in 2022 would require a one-off increase in the NMW of 30.7 percent. In the interests of social balance and economic stability, it is proposed that the FWC should undertake the task of narrowing and, ultimately, eliminating this gap over the next 5-10 years as part of its safety net mandate. The proposed NMW increase for 2022 represents an initial step in this process.

(3) The prognosis for such an increase in the NMW is extremely positive due to Australia's rapidly recovering economy, including very low unemployment and excellent conditions for business. Despite recent challenges of the COVID-19 pandemic such as the Delta and Omicron variants, as well as recent natural disasters in Queensland and NSW, Australia's economy is booming.

(4) This view is supported by numerous economic data, including

- Real Net National Disposable Income (RNNDI), which measures net national income minus government taxes/transfers, grew 14 times faster in FY2020/21 than in the 3 years prior to the COVID-19 pandemic. Income growth is expected to resume rapidly in the aftermath of the Delta Wave.
- Australia's economy generated more Gross Value Added—i.e., more production output—in the year following the COVID Recession than in the 3 years prior to the pandemic.
- Australia is experiencing exceptionally low—and falling—unemployment with strong fulltime jobs growth.
- Total employment grew 3 times faster in the year following the COVID Recession than in the 3 years prior to the pandemic. Employment has grown 4 times faster since the end of the Delta Wave late last year.

[1] Prepared by Tom Barnes and Dani Cotton, ACU. All correspondence to tom.barnes@acu.edu.au.

- Australia's economic recovery is being driven by strong business investment. Investment in fixed assets (Gross Fixed Capital Formation) grew 5 times faster in the year following the COVID Recession than the 3 years prior to the pandemic.
- Strong investment is underpinned by strong business profits. Gross Operating Profits grew 4 times faster in the year following the COVID Recession than the 3 years prior to the pandemic.

(5) There is no threat to Australia's economic recovery from higher wage rises. On the contrary, there are significant economic and social benefits that will accrue from a much larger rise in the NMW. Evidence for this conclusion includes the following:

- Despite concerns about rising prices, overall inflation has increased approximately twice as quickly as wage cost inflation since the end of the COVID Recession in 2020. Wage costs have *not* been a strong contributor to inflation overall.
- Wage rises are not rising with labour productivity, which has grown five times faster than overall (multi-factor) productivity over the past two decades and continues to grow.
- Unit labour costs have plateaued since the end of the COVID Recession at a level below any observation in decades.

(6) There are significant economic risks in *not* providing for a much larger increase in the NMW than recent years. Overall wages growth has been falling over the recent period. Major risks include the following:

- Growth in consumer spending is lagging behind business investment, threatening to create a lopsided economy that is unable to maintain economic prosperity in the longer term.
- The wages share of national income continues to fall, leading to further potential restrictions on growth.
- The values of wages as a percentage of economic output (Gross Value Added) continues to decline, leading to further potential limits on growth and prosperity.

(7) Australia is experiencing booming business confidence:

- More businesses expect to increase employment levels over the next 1-3 months than in the same period 12 months ago. This finding also applies to small businesses with fewer than 20 employees.
- ABS survey data shows that concerns about wage costs are less important to businesses currently than factors such as the suitability of potential staff, ongoing effects of the COVID-19 pandemic, or the availability of existing staff. Wage costs are also a relatively lower order concern for small businesses.

(8) The capacity of business to absorb a significant increase in the NMW is revealed through analysis of high-employing industries where labour demand is relatively wage inelastic. In plain English, this means that labour demand in these industries is relatively insensitive to changes in wage prices compared to other industries, including the NMW:

- This report demonstrates that relative wage inelasticity of labour demand applies to sectors which account for nearly half (46 percent) of all employment in Australia.
- This includes sectors like Healthcare and Social Assistance—Australia's largest sector with over 1.9 million workers—and Accommodation and Food Services, both of which historically exhibit immigration-dependent labour supply. With the removal of Australia's COVID-induced closed international border regime in late 2021, the

expectation is that reviving immigration numbers will drive a resurgence in labour force participation and employment growth in these sectors.

- The report's analysis also includes sectors which exhibit a high sales/wage cost ratio as well as an immigration-dependent labour supply, such as Retail Trade and Construction, as well as Manufacturing, which exhibits a high sales/wage cost ratio and relatively low labour/capital ratio.
- For each of these sectors, the report demonstrates the following findings:
    - Strong and rising sales income;
    - A falling wage costs/output (GVA) ratio;
    - Rising employment growth;
    - Rising business confidence, including rising expectations of increased staffing in 2022.

(8) Australia's strong business climate offers a generational opportunity to rectify the gap between NMW growth and rising relative poverty:

- The rollout of emergency fiscal measures during 2020's COVID Recession, including the Coronavirus Supplement (CS) to the JobSeeker payment, demonstrates the feasibility of policies that significantly address challenges faced by low-income households and families, including those living below the poverty line. The CS has demonstrated the potential to deploy safety net provisions to significantly curtail poverty in Australia.
- Survey evidence shows that the CS led to higher consumer spending, better household nutrition, more spending on healthcare *and* improved labour market participation for recipients.
- Low-income households exhibit a higher marginal propensity to consume—every additional dollar of income for low-income household is more likely to boost national income via consumption expenditure than an additional dollar allocated to relatively high-income households.

(9) Recent increases in the NMW have failed to provide a safety net for low-income households and the poor:

- The poverty line for a couple with 2 dependent children averaged just 62.4 percent of the NMW from 2013-2021.
- The poverty line for a sole parent/carer with 2 dependent children averaged just 81.8 percent of the NMW from 2013-2021.
- The ratio between the poverty line and the NMW has declined since 2017.
- In the context of booming economic conditions alongside rising relative poverty, there is no longer any justification for maintaining previously modest increases in the NMW.

(10) The FWC can address past inadequacies by commencing a long-term project to reduce and, ultimately, eliminate the prevailing gap between the NMW and the poverty line.

- The report proposes that this be achieved by focusing on the relative poverty line for sole parents/carers with 2 dependent children. The poverty line for these households currently lags the NMW by more than a third.
- Our proposal for a NMW increase in 2022 is conceived as a first step in the process of eliminating this gap and, thereby, addressing the safety net provisions of the NMW set out in legislation.

Full Report

1. Introductory Outline

This report is intended to support the ACCER submission to the FWC Annual Wage Case with data and original analysis that focus upon the primary research question: 'Can the economy and employers afford a real increase in the National Minimum Wage?' Accordingly, the report documents the capacity of:

- the economy to absorb, and benefit from, significant improvements in minimum wage levels
- employers to afford a significant improvement in minimum wage levels, including those operating in:
    - small businesses, i.e., firms with 0-19 employees
    - medium-sized businesses, i.e., firms with 20-199 employees
    - large businesses, i.e., firms with 200 or more employees

In addition to this primary research question, the report:

- documents recent trends in minimum and real wage levels;
- the need for a living/decent wage to support a reasonable standard of living for households, including individuals and families;
- outlines the effects of changes in real income levels on poverty in Australia.

The report draws primary data from official sources, especially the Australian Bureau of Statistics (ABS) as well as the National Skills Commission (NSC) Recruitment Insights Report and various secondary source material.

The report makes its case for a higher NMW in the following four sections. In Section 2, the report documents the benefits of higher wages for Australia's macroeconomic outlook. Section 3 outlines the current state of business conditions in Australia and the capacity of businesses—large, medium and small—to afford significant increases in wages for low-paid workers. Section 4 focuses on the question of wage affordability for businesses in strategically important, high-employment sectors of the economy which have a high proportion of low-paid paid workers, young workers and female workers. Based on the report's view that a significant increase in the wages is beneficial, necessary and affordable, Section 5 concludes its analysis by detailing the case for a more significant rise in the NMW in social as well as economic terms.

2. The Benefits of Higher Wages for Australia's Macroeconomic Outlook

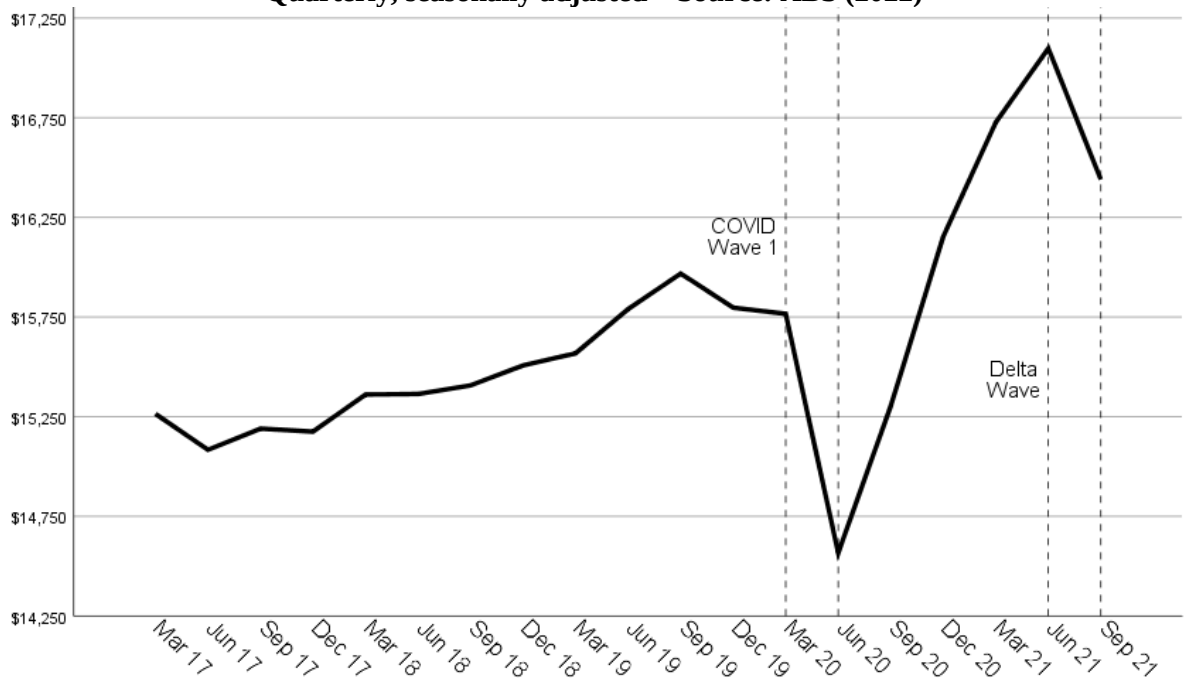
The COVID-19 pandemic generated a health, social and economic crisis for Australia and the world. Economic and labour market dimensions of the crisis were reflected in rising job losses, higher under-employment and rising financial insecurity for households, families and individuals (Barnes, 2022).

Australia is now in the process of recovering from the pandemic, with hopes that 2022 will herald the beginning of a post-pandemic era. The heart of this recovery is Australia's impressive macroeconomic performance since the end of the First Wave of the pandemic in mid-2020. The economy has grown impressively since mid-2020 despite the impacts of the Second Wave, which was concentrated in Victoria (June-October 2020), the Third Wave, also known as the Delta Wave (June-November 2021), and emergence of the Omicron variant of the coronavirus in December 2021.

A key indicator of this recovery is the trend in per capita Real Net National Disposable Income (RNNDI), which measures net national income minus government transfers/taxes. Figure 1 shows that RNNDI per capita rose sharply after the end of the First Wave before falling back due to the impacts of the Delta Wave in late 2021. Average quarterly growth in the year to June 2021 was 4.1 percent. This compares to an average of 0.3 percent from Dec 2016 to March 2020.

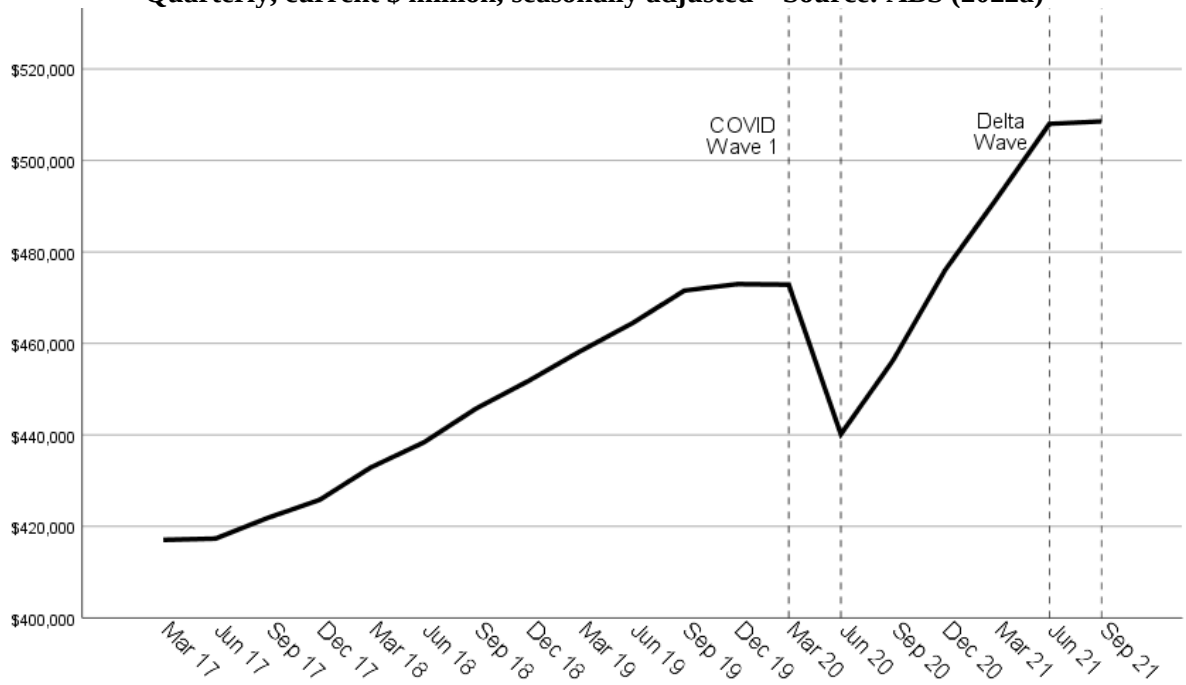
Thus, average quarterly growth was nearly 14 times higher during FY2020/21 than in the 3 years preceding the COVID-19 pandemic (Figure 1). While RNNDI fell in the most recently available dataset due to the impact of the Delta Wave, the impressive performance of the economy following the end of the First Wave in 2020 is a portent of the expected recovery in 2022. Growth is expected to recover significantly from the Delta Wave in the coming year.

Figure 1: Real Net National Disposable Income per capita, 2011-2021
Quarterly, seasonally adjusted – Source: ABS (2022)



A second sign of recovery is rapid growth in Gross Value Added (GVA), which provides a core measure of the value of economic output. Since the end of the COVID Recession, GVA has grown by 2.9 percent per quarter, and cumulatively by 14.7 percent. By comparison, GVA grew by just 1.2 percent per quarter on average in the 3 years preceding the recession (March 2017-March 2020), and 14.3 percent cumulatively. Thus, total value generated from production was greater in the year following the COVID Recession than in the 3 years prior to the pandemic (Figure 2).

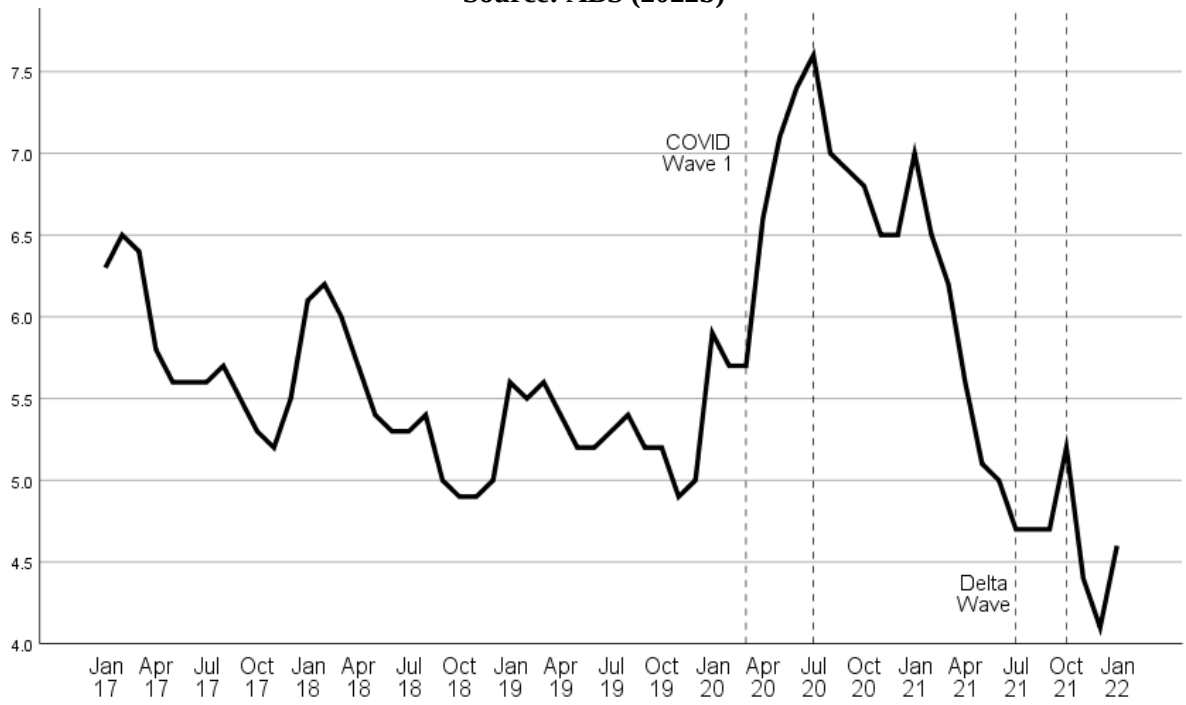
Figure 2: Gross Value Added (GVA), all sectors, 2017-2021
Quarterly, current $ million, seasonally adjusted – Source: ABS (2022a)



A further sign of recovery is Australia's remarkably low rate of unemployment. Officially, unemployment peaked at 7.6 percent in July 2020 due to the impact of the COVID Recession. Despite another spike due to the Second Wave's impact, unemployment then plummeted to 4.7 percent by July 2021—a full percentage point lower than pre-pandemic levels (Feb 2020). Following another increase due to the Delta Wave's impact, unemployment stood at just 4.6 percent by Jan 2022, with expectations of further falls in 2022 (Figure 3).

Historically, trends towards full employment are 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 conflating factors, including changes in the institutional architecture of wage fixing, lower rates of collective bargaining, lower rates of unionisation, and—as demonstrated below—historically low levels of income support (wage and non-wage) for the lowest-paid workers in our community. As the report also demonstrates, this transformation risks limiting, and even undermining Australia's post-pandemic economic recovery due to unfulfilled potential in household income growth and consumption expenditure, with reverberating impacts on economic growth overall.

Figure 3: Unemployment Rate (%), 15-64 years old, 2017-2022
Source: ABS (2022b)



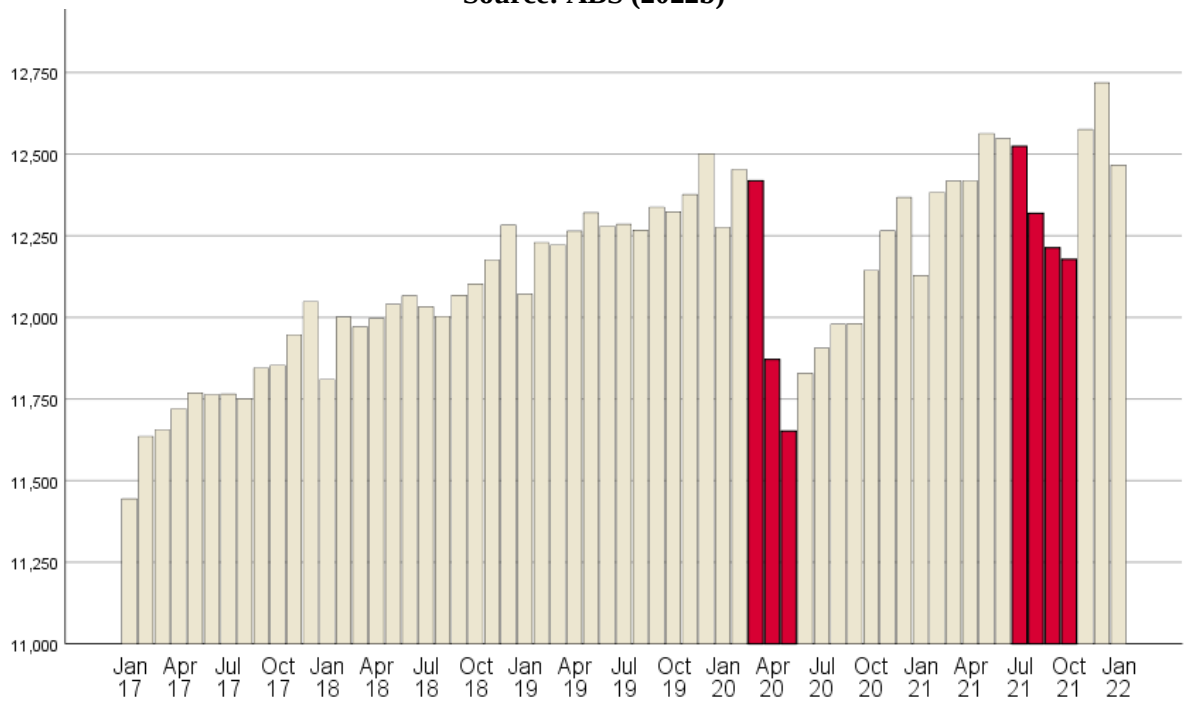
Of course, the official unemployment rate is only one indicator of Australia's economic health. This indicator has been criticised for significantly under-estimating the true state of joblessness and labour market insecurity (Kennedy, 2020; Roy Morgan, 2021). Moreover, in the context of 2020's COVID Recession, low official unemployment was strongly influenced by sharp declines in labour force size and labour force participation. These declines were, in turn, influenced by the Federal Government's decision to effectively close international borders for most of the past two years, thereby lowering immigration-induced population and labour force growth, as well as the withdrawal of millions of workers from the labour force during episodes of community lockdown in 2020 and 2021 (Barnes, 2022).

With this caveat in mind, it is instructive, therefore, to observe the sharp recovery in employment growth in Australia which has occurred alongside the declining unemployment rate. Regardless of any reservations about the official unemployment rate, the recent rise in employment growth clearly demonstrates the strength of the economic recovery underway. Figure 4 charts total monthly employment in Australia over the last 5 years. The red bars indicate the periods of the First Wave of the COVID-19 pandemic in 2020 and the Delta Wave in 2021. These periods recorded significant falls in total employment.

This report's emphasis is on the periods of recovery *following* these declines. From June 2020 to May 2021, average monthly employment growth was 0.6 percent, following on from an average 2.2 monthly decline during the First Wave, including a 4.4 percent decline in April 2020. This recovery period compares to a monthly average of 0.2 percent from Feb 2017 until Feb 2020. Employment then fell by a monthly average of 0.6 percent during the Delta Wave. Since October 2021, however, employment has grown by 0.8 percent on average. In short, total employment during the year following the First Wave grew three

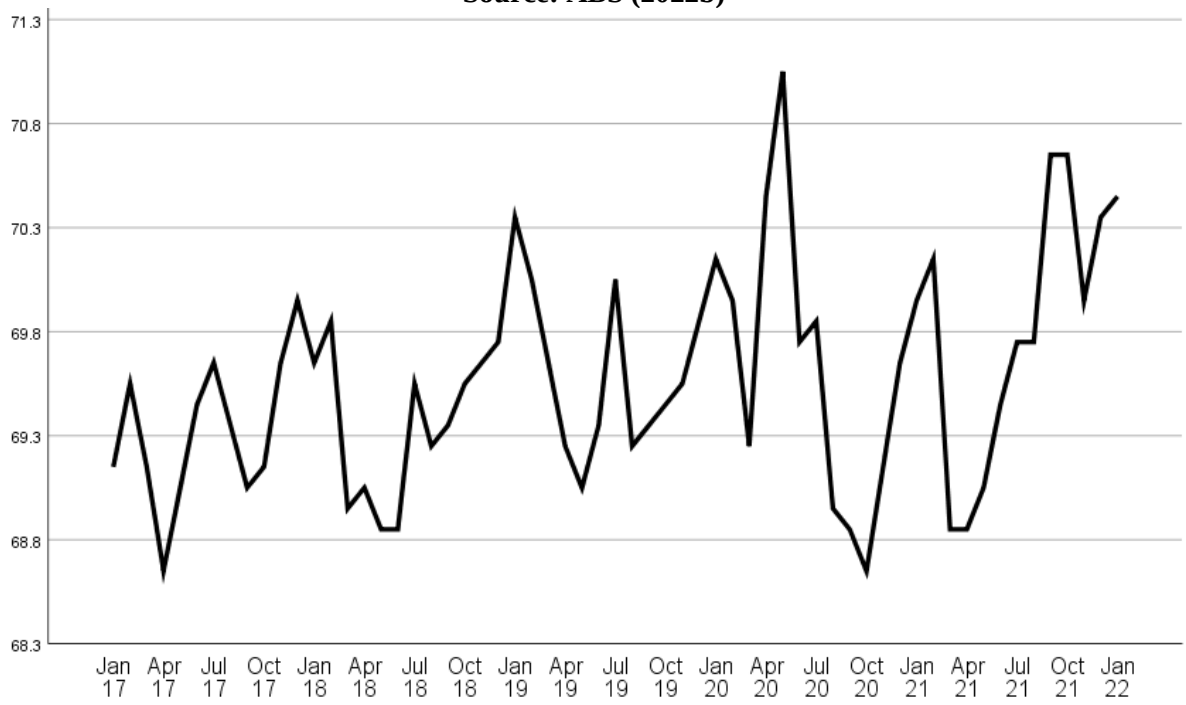
times faster on average than employment during the 3 years prior to the pandemic; total employment since the end of the Delta Wave has grown four times faster.

Figure 4: Total Employment,'000s, 15-64 years old, 2017-2022
Source: ABS (2022b)



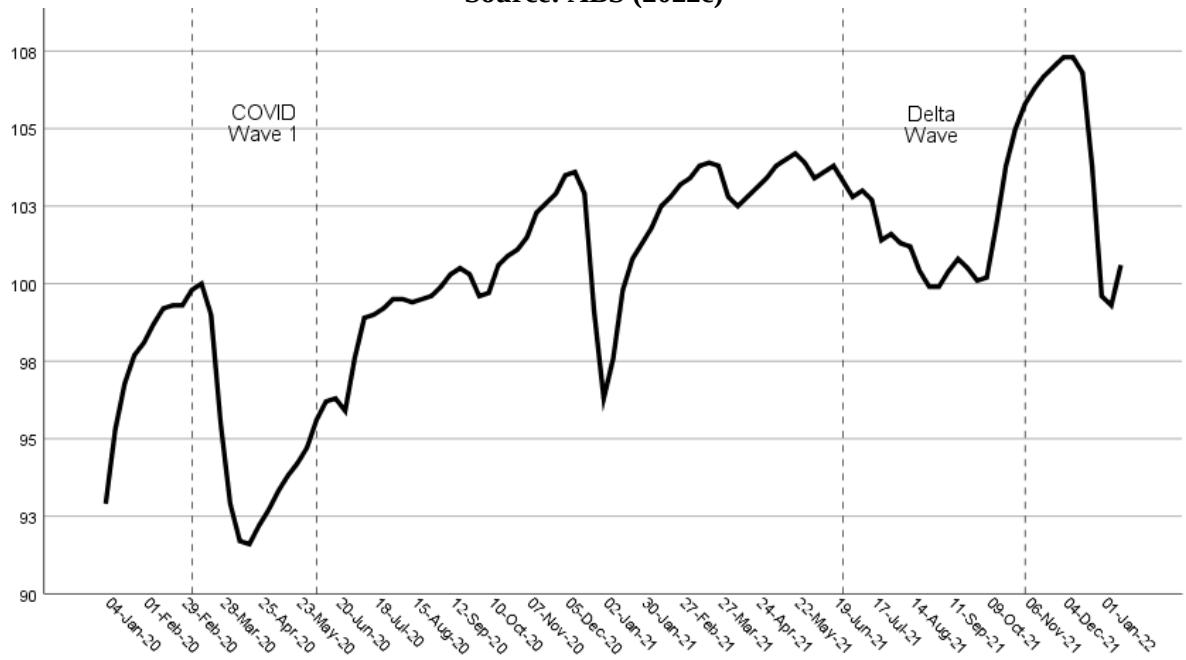
We are also in a period of booming growth in *fulltime* jobs. As a percentage of all employment, fulltime jobs declined to 68.6 percent by October 2020, following a period in which many fulltime jobs were saved by the Federal Government's JobKeeper program. Since late 2020, fulltime jobs have increased significantly. By January 2022, 70.4 percent of all employment in Australia was fulltime (Figure 5).

Figure 5: Fulltime Jobs as a Percentage (%) of Total Employment, 2017-2022
Source: ABS (2022b)



Thus, the likely prognosis for Australia in 2022 and beyond is for the continuation of the current post-recession boom, including record low unemployment, rising employment growth and buoyant fulltime jobs growth. The immediate prospect is extremely positive for job creation. This is demonstrated by the Weekly Payroll Jobs Index which suggests a positive upward trend in job creation in the near term. Notwithstanding a recent index decline over the new year period of 2021/22—a seasonal fluctuation which is repeated in all summer holiday periods—the trend has been upward since the main impacts of the COVID-19 pandemic have subsided (Figure 6).

Figure 6: Weekly Payroll Jobs Index during COVID-19 Pandemic, Jan 2020 – Jan 2022
Source: ABS (2022c)



Rising business investment is the key causal factor in Australia's macroeconomic recovery. Rising investment has, in turn, been bolstered by rising profits. Figure 7 records quarterly trends in Gross Operating Surpluses (GOS) and Gross Fixed Capital Formation (GFCF) over the last 3 years. GOS is a measure of income from production among private non-financial businesses and GFCF is a measure of the net acquisition of assets in the economy, i.e., investment derived from total value added.

In the 3 years prior to the pandemic (Dec 2016 – Dec 2019), GFCF grew by 0.6 percent on average every quarter, before declining during the First Wave of the pandemic. Since June 2020, GFCF has grown by 3.2 percent per quarter, or 16.1 percent cumulatively. In other words, GFCF, as a measure of total investment in assets, has grown over 5 times faster since the COVID Recession subsided than during the pre-pandemic period.

Quarterly GOS growth has increased correlatively with rising GFCF investment—the only exception was during the depth of the COVID Recession in 2020 when many businesses benefitted from JobKeeper and related Federal Government support schemes but preferred to hold cash rather than invest. Since March 2021, GOS has grown by 5.7 percent per quarter, or by 11.4 percent cumulatively (Figure 7).

A further indication of booming economic conditions is total private business investment, which is a measured of GFCF by private enterprises. Figure 8 demonstrates that private business investment has grown rapidly since late 2020 (September Quarter), rising by a quarterly average of 2.9 percent since, or by 11.4 percent cumulatively.

Figure 7: Gross Fixed Capital Formation and Gross Operating Surpluses
Quarterly, current $ million, seasonally adjusted. Source: ABS (2022; 2022a)

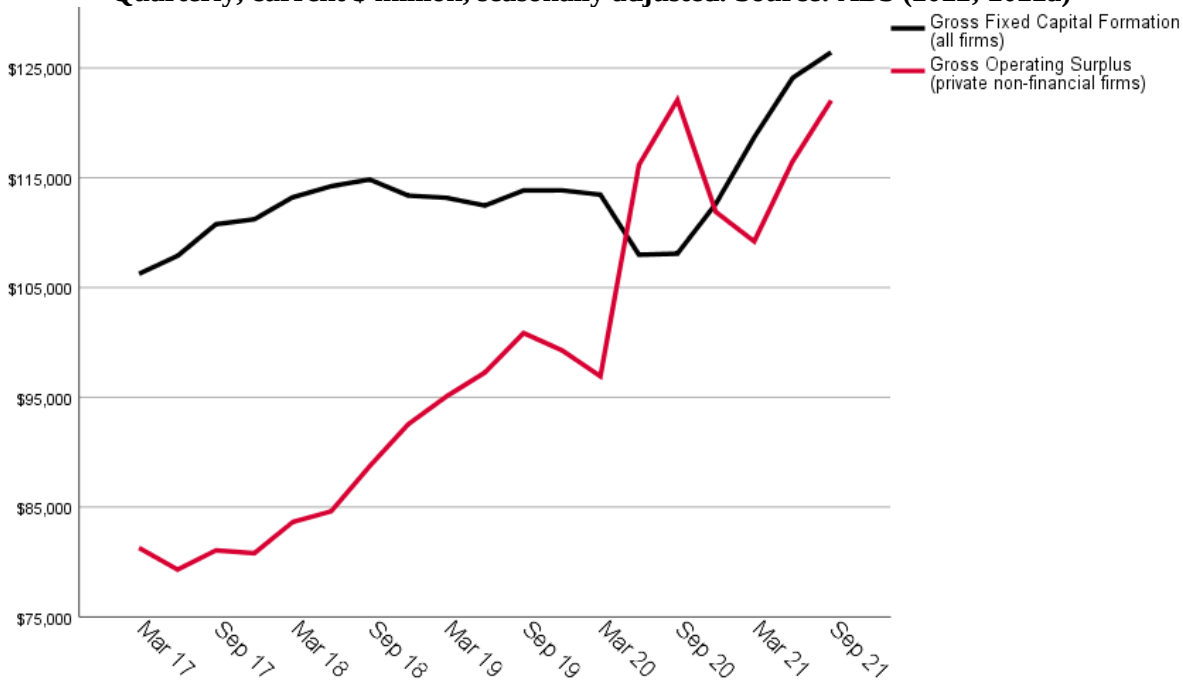
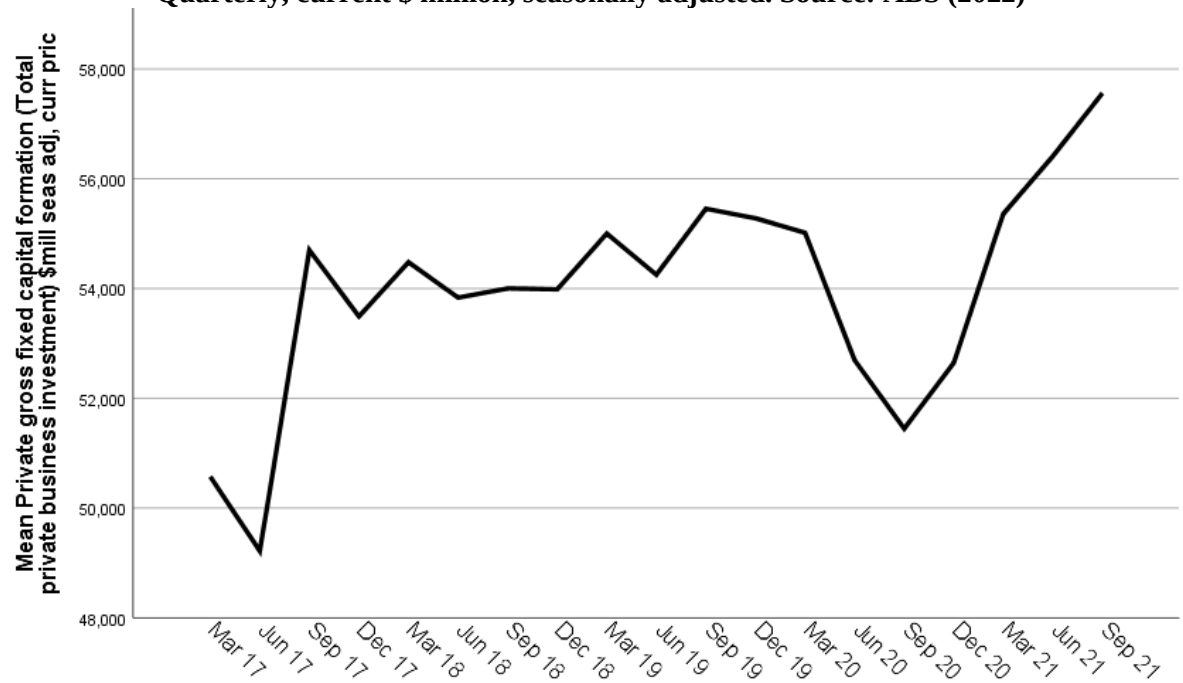


Figure 8: Total Private Business Investment (private GFCF)
Quarterly, current $ million, seasonally adjusted. Source: ABS (2022)

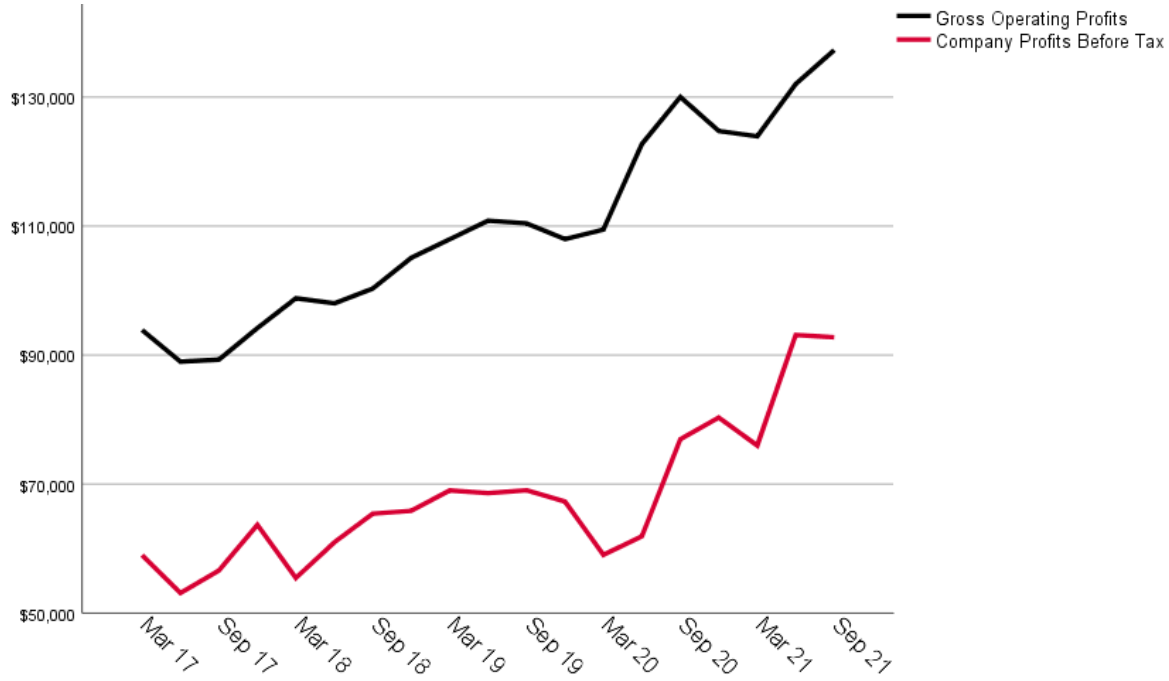


Booming business investment has been underpinned by rapidly growing business profits at the macroeconomic scale. Even in the context of the COVID Recession, Gross Operating Profits (GOP) have surged. From March to September 2020, GOP increased by 9.0 percent per quarter on average, or 18.1 percent cumulatively. After declining over the summer of

2020/21, GOP has increased since March 2021 by 5.3 percent per quarter on average, or 10.5 percent cumulatively (until September Quarter 2021). These figures compared to a quarterly average in the 3 years until March 2020 of 1.3 percent.

Company profits before tax have similarly boomed despite scaling back somewhat in 2021. Since March 2020, profits before tax have increased by 8.4 percent per quarter on average, or cumulatively by 50.4 percent. By comparison, the quarterly average in the 3 years until March 2020 was 1.5 percent, or 16.4 percent cumulatively. This shows that company profits before tax have grown over 3 times more in the nearly 2 years since the COVID-19 pandemic began than in the 3 years prior to the pandemic (Figure 9).

Figure 9: Gross Operating Profits and Company Profits Before Tax, 2017-2022
Quarterly, current $ million, seasonally adjusted. Source: ABS (2022a)

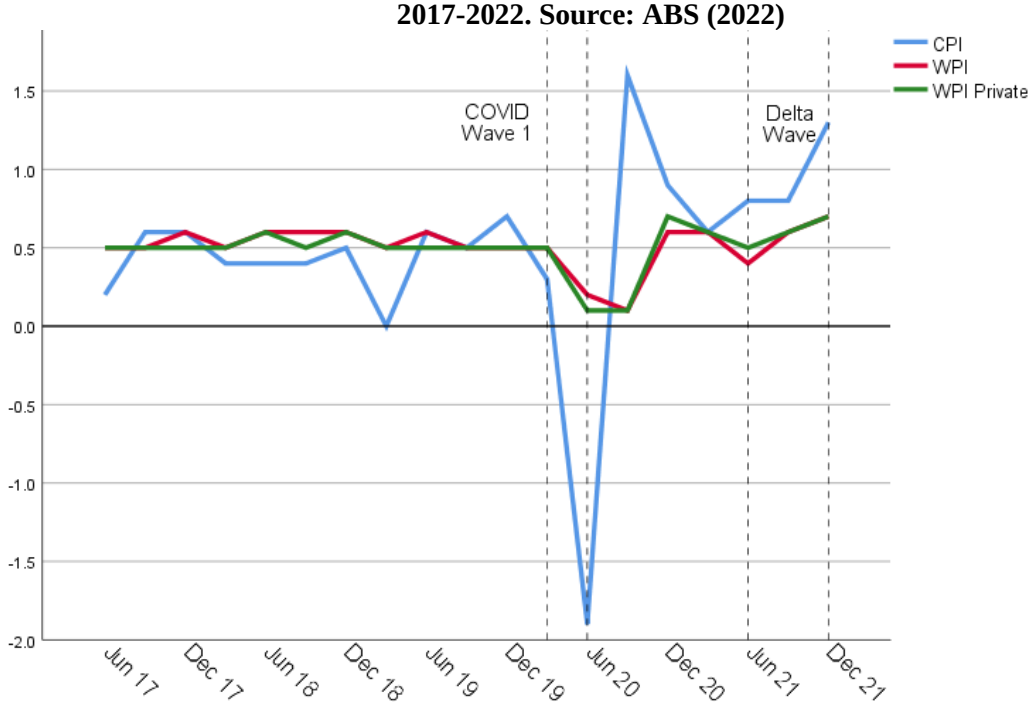


Finally, while inflationary pressures are an issue in current economic policy debate, they are not undermining business performance in general and are not driven primarily by wage pressures. Figure 10 charts trends in the Consumer Price Index (CPI)—the primary measure used to calculate the rate of inflation—alongside trends in the Wage Price Index, 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. The CPI fluctuated much more sharply than the WPI during the COVID Recession in 2020.

Booming economic conditions since the end of the COVID recession have seen CPI growth significantly outpace WPI growth. Whereas the CPI grew by an average of 1.0 percent per quarter from September 2020, the WPI grew by 0.5 percent. The WPI for private firms similarly grew by just 0.5 percent per quarter (Figure 10). In short, total inflation has increased at approximately twice the rate of wages inflation since the end of the COVID

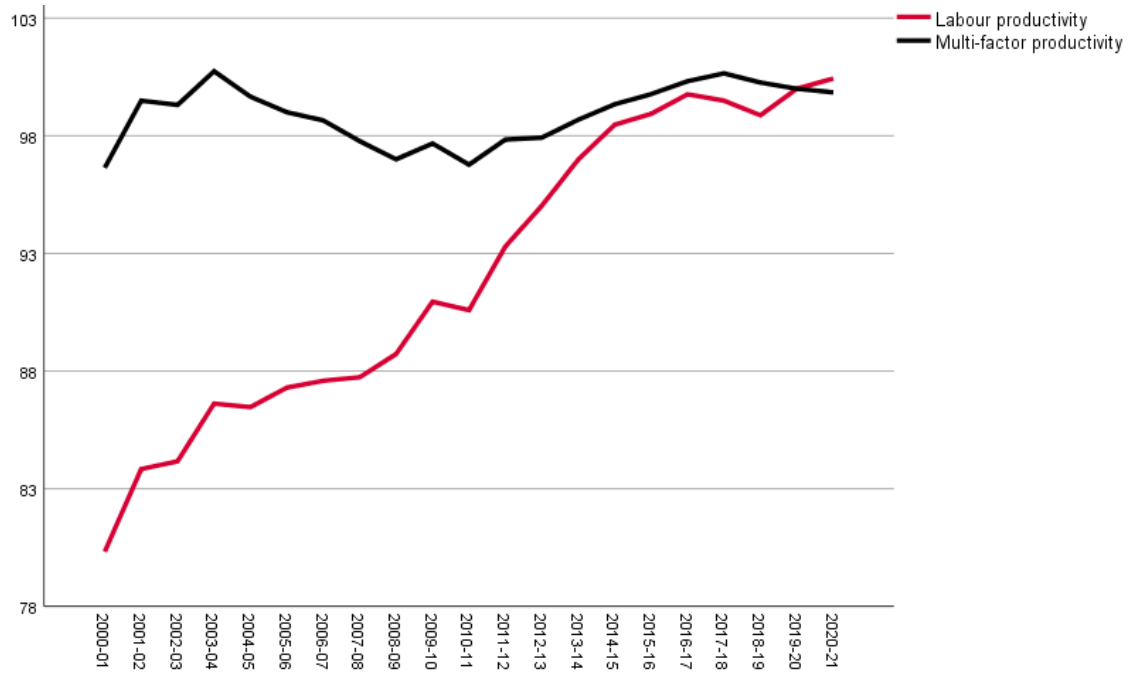
Recession. Thus, economic concerns about inflation should not be attributed to wage pressures.

Figure 10: Monthly Change (%), Cons. Price Index (CPI) & Wage Price Index (WPI) 2017-2022. Source: ABS (2022)



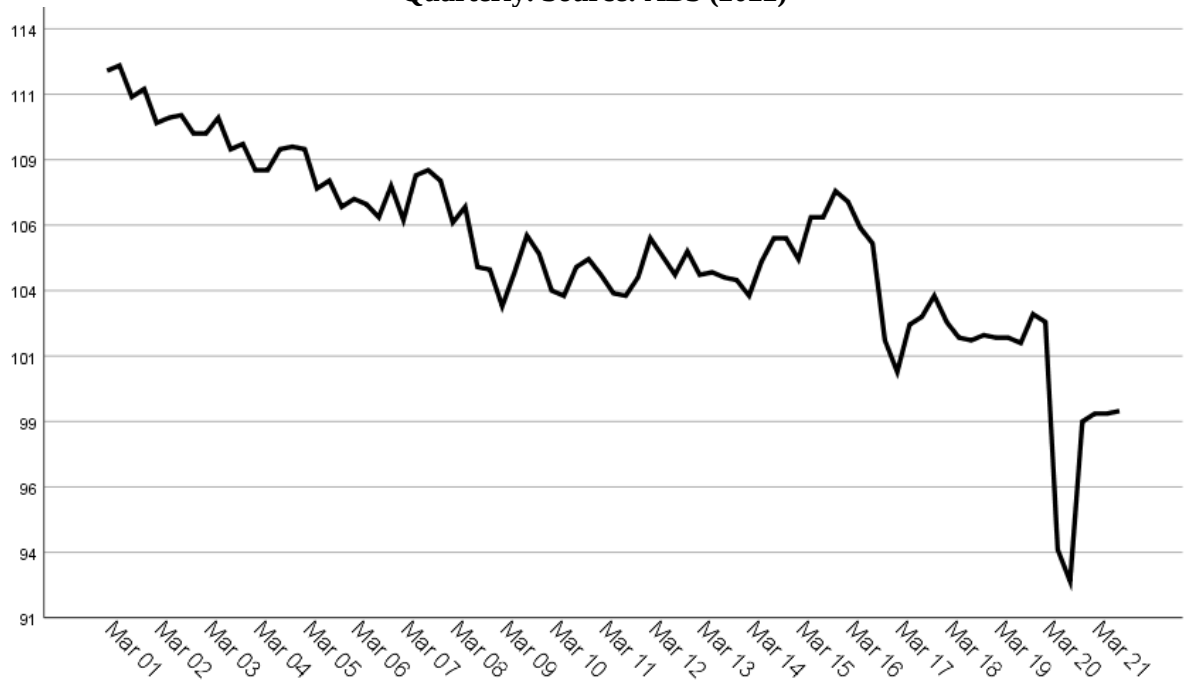
Nor are there productivity concerns about significant wage rises. On the contrary, labour productivity has disproportionately contributed to national productivity growth over the past two decades. Since FY2000/01, labour productivity has grown by 1.1 percent annually on average. In comparison, multi-factor productivity—which includes all inputs on production as well as labour—averaged 0.2 percent, over five times weaker, for the same period. Unlike productivity overall, labour productivity continued to grow during the period of the COVID Recession (FY2020/21) (Figure 11).

Figure 11: Labour Productivity and Multi-Factor Productivity, FY2000/01 – 2020/21
Quality-adjusted hours worked. Source: ABS (2022)



Nor are labour costs a generalised barrier to more significant wage rises. In Australia, the trend in real unit labour costs has fallen consistently for decades. Although the recovery post-COVID Recession period recorded a predictable increase in labour costs, due in part to rising labour demand, costs have plateaued in 2021 and remain far lower than any point in recent decades (Figure 12).

Figure 12: Index of Real Unit Labour Costs, 2001-2022
Quarterly. Source: ABS (2022)

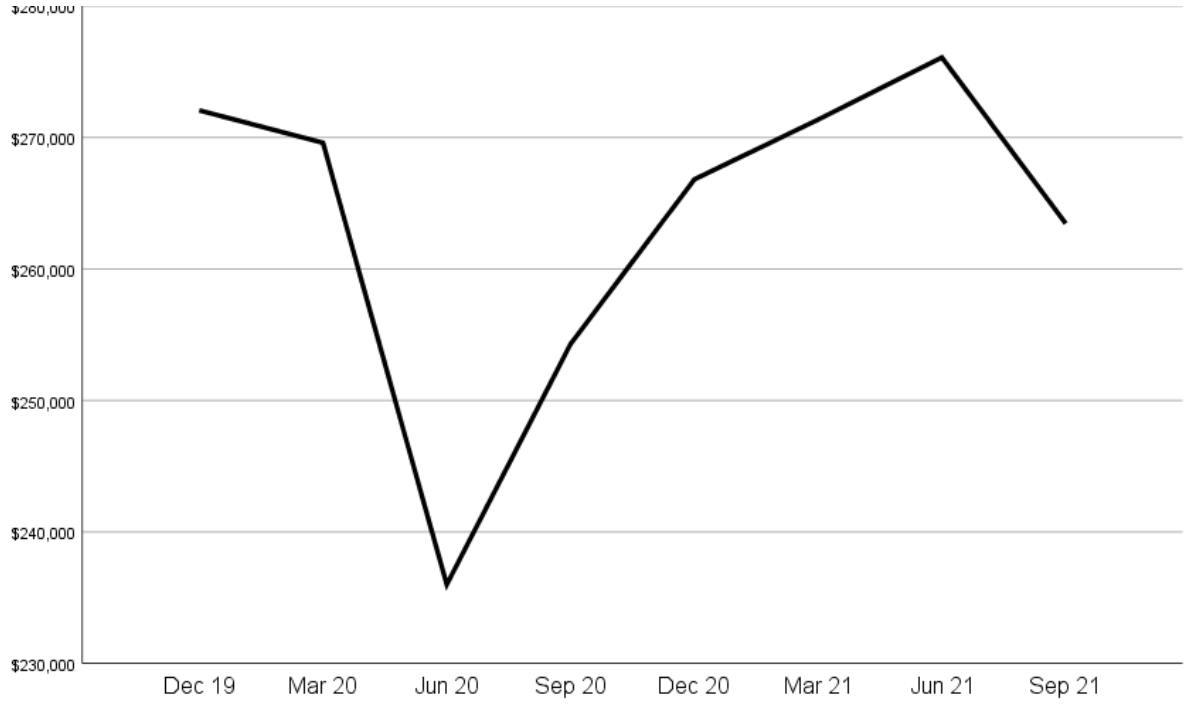


Contrary to views that see significantly greater increases in the National Minimum Wage (NMW) as a threat to our economic wellbeing, this report contends that there are significant benefits in significantly greater increases than in previous years. Moreover, there are significant risks to our economy in the Fair Work Commission (FWC) *not* determining such an increase in 2022.

The first indication of this finding is that consumer spending fell throughout the second half of 2021. Consumer spending is a critical driver of economic growth and employment. This, and the above indicators of rising business investment in 2021, suggest that the Australia's economic recovery is disproportionately investment-driven rather than consumption-driven. This is important because the rate of investment will slow over time, putting greater emphasis on consumption expenditure's role as a co-determinant of economic growth.

Excessively slow wages growth is a barrier to this potential because it limits the capacity of consumer spending to play its full role in national income and future economic growth. As Figure 13 shows, despite rising after the COVID Recession in 2020, consumer spending continued to fall in 2021 during the Delta Wave. Unlike booming business investment, consumer spending fell sharply in this period, by 4.6 percent until the September Quarter 2021.

Figure 13: Consumer Spending During the COVID-19 Pandemic
Quarterly final household consumption, current $ million, seas. adj. Source: ABS (2022)

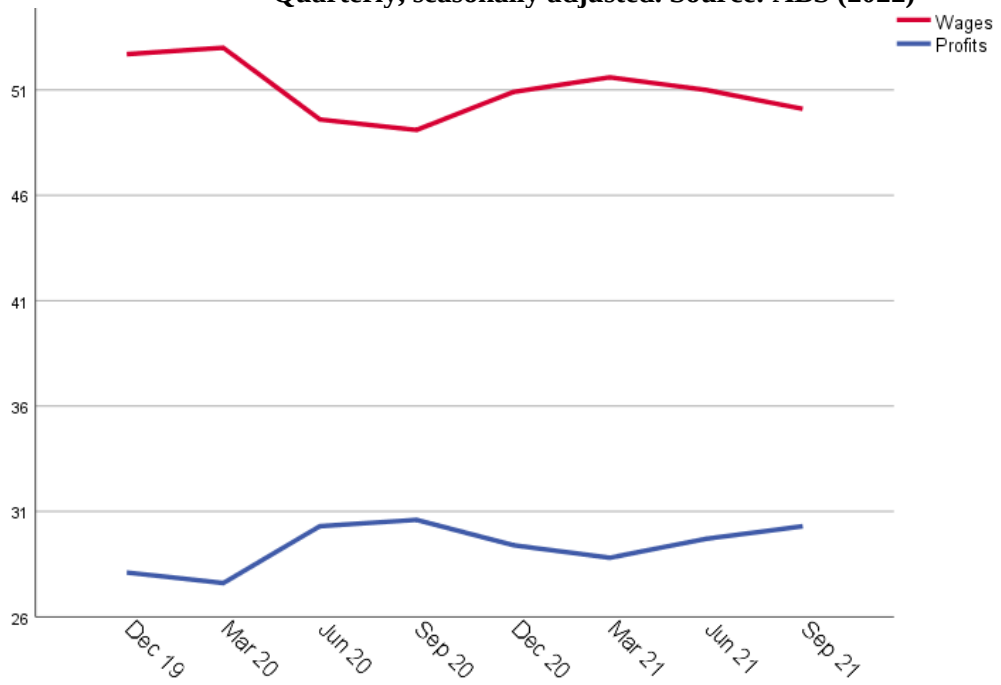


A second indication is that the wage share of the national economy has continued to fall. The COVID Recession has lowered the wage share even further. In quarterly factor income terms[2], wages fell from 53.0 percent of factor income on the eve of the COVID Recession

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

(March 2020) to 50.1 percent by the end of last year (September 2021). Over the same period, the profits share of total factor income increased from 27.6 to 30.3 percent (Figure 14).

Figure 14: Profit/Wages Share of Factor Income (%) during COVID-19 Pandemic
Quarterly, seasonally adjusted. Source: ABS (2022)



In annualised national income terms, the labour share has fallen steadily from 59 percent in 2015/16 to 54 percent in 2020/21. Over the same period, the capital share of national income increased from 41 to 46 percent (Figure 15).

A final indication of the wages/profit imbalance at the heart of our economy can be found by observing trends in wages as a proportion of national Gross Value Added (GVA). While this proportion was at historically low levels prior to the COVID-19 pandemic and subsequently increased during the recent recession, the post-recession recovery has recorded a sharp decline to even lower levels. From June 2020, the share of wages in GVA fell from a peak of 53.7 percent to 49.7 percent in September 2021 (Figure 16).

Figure 15: Labour/Capital Shares of National Income (%), FY2000/01 – 2020/21
Source: ABS (2022)

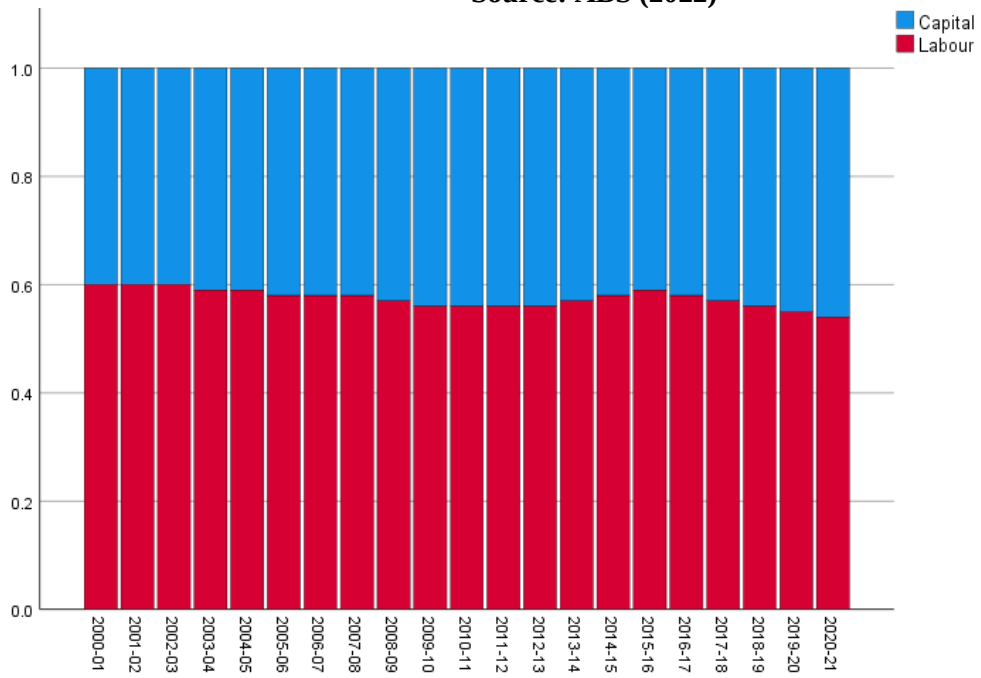
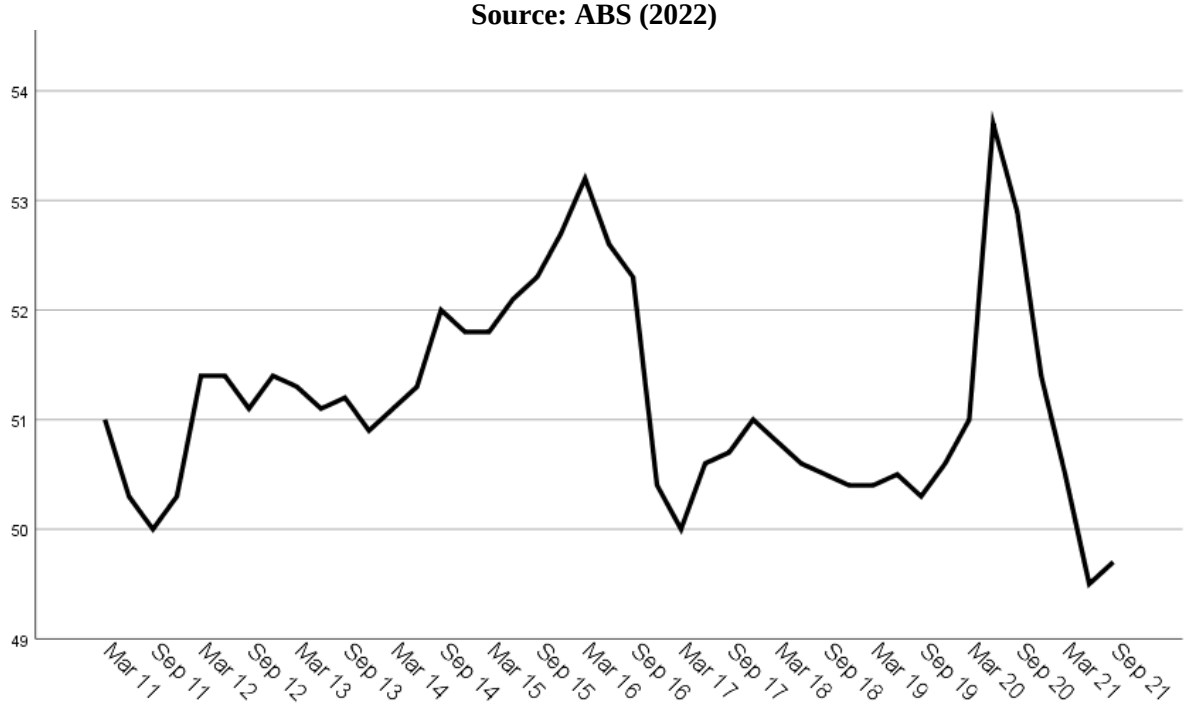


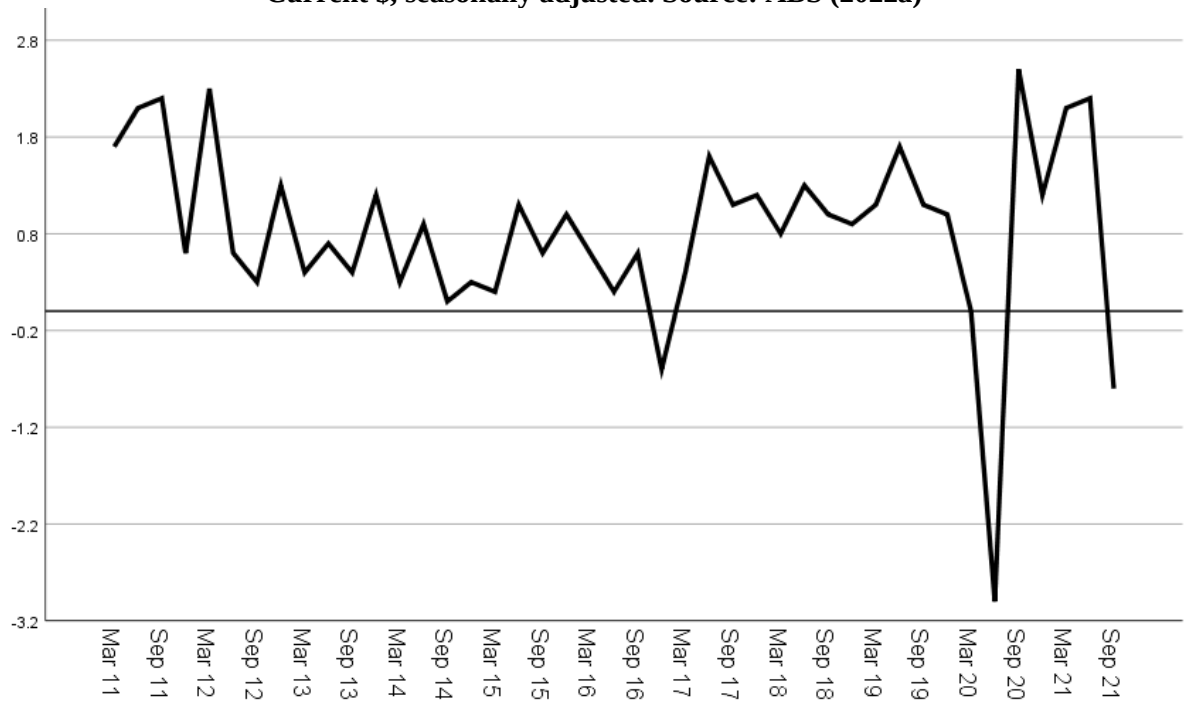
Figure 16: Wages as a Percentage (%) of Gross Value Added (GVA), 2011-2022
Source: ABS (2022)



We posit significant concerns that an insufficiently sizeable increase in the NMW will encourage a continuation of the trends listed above—to reiterate, investment-biased economic growth and relatively weak consumer spending, a falling wages share of income, and a

declining ratio between wages and economic output (GVA). If not addressed, these threaten to limit economic growth and employment growth over the medium and longer terms. To reiterate, wages growth in Australia is relatively low or stagnant on several measures. Despite rising economic output and business investment, growth in wages and salaries has been falling during the post-recession recovery (Figure 17).

Figure 17: Quarterly Change (%), Wages and Salaries, 2011-2022
Current $, seasonally adjusted. Source: ABS (2022a)



3. The Current State of Business Conditions in Australia and the Affordability of Wage Rises

The current state of business nationally is a generalised reflection of Australia's rapid economic recovery from the COVID Recession. There are numerous indicators that conditions for business are improving significantly despite numerous challenges, including residual impacts of the COVID-19 pandemic. First, evidence from several surveys shows that business confidence is highly positive and suggests that confidence, and business conditions, will continue to rise.

For example, Australian Chamber of Commerce and Industry (ACCI) evidence for the Fourth Quarter 2021 was highly positive in its findings. The ACCI-Westpac Survey of Industrial Trends reported that business expectations 'are upbeat as NSW and Victoria emerge from lockdown, facilitated by high vaccination rates'. The survey's index reported expectations were at 'an historic high': 'Respondents anticipate a burst of new orders in the opening quarter of 2022, including an element of catch-up, with a net 71 percent expecting an increase—a record high, coming off a low base' (ACCI-Westpac, 2022).

Some similar findings emerged from the National Australia Bank's (NAB) Quarterly Business Survey for December 2021. Based on survey evidence, NAB Group Chief Economist, Alan Oster wrote that, 'We now know that Omicron has dampened [the] recovery somewhat but, fundamentally, we expect that positive trajectory [in business confidence] to continue when the current virus outbreak recedes' (NAB Group Economics, 2022).

Second, ABS survey data suggests that business expectations about employment are more optimistic in early 2020 compared to the same period 12 months earlier. Data from the ABS Survey of Business Conditions and Sentiments shows that the proportion of businesses who expected to add employees within the next month was 10 percent in January 2022, compared to 7 percent 12 months earlier in January 2021.

This survey also enables us to disaggregate data by firm size based on the number of employees, including small businesses (0-19 employees), medium-sized businesses (20-199 employees), and large businesses (200 or more employees). For large and medium-sized businesses, the proportion of businesses who expected to add employees within the next month was 26 percent and 30 percent in January 2022, respectively, compared to 20 percent and 25 percent 12 months earlier.

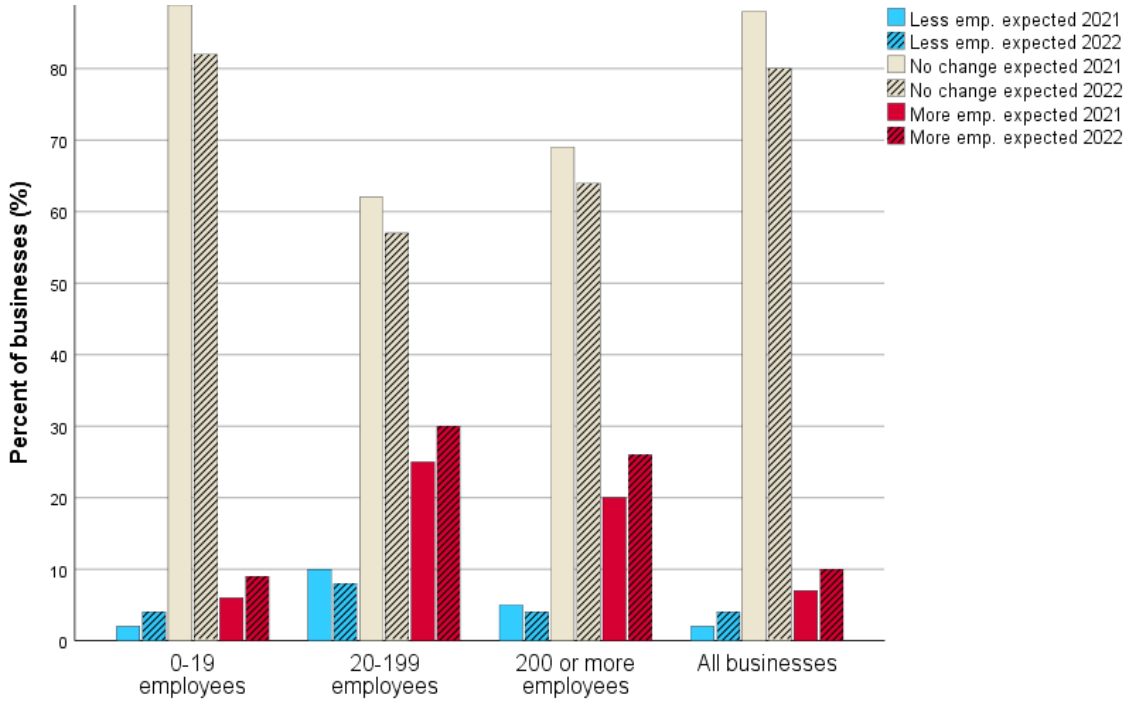
Even for small businesses, who represent the largest share in total employment nationally, there were more optimistic expectations for the current period. As a rule, the 'survival rate' of small businesses and the capacity to hire new staff is lower than in larger businesses. Nevertheless, the proportion of small businesses which expected to add employees within the month following January 2022 was 9 percent, compared to 6 percent 12 months earlier in January 2021.

Though there was also a smaller increase in the proportion of small businesses expecting lower employment numbers, these findings nevertheless point to an increase in what might be termed the 'net optimism' of businesses, including small businesses. This means that, in general, businesses are more optimistic about hiring additional staff in the coming period that 12 months earlier (Figure 18).

To pre-empt the potential criticism that businesses in many sectors tend to hire more staff following the summer holiday period—for example, the ABS Weekly Jobs Index tends to rise after January for each year—we suggest that this is not so important given the same months are being compared. January 2021 and January 2022 are two periods 12 months apart in which business conditions would be expected to be similar in seasonal terms yet which produce different results in business confidence terms.

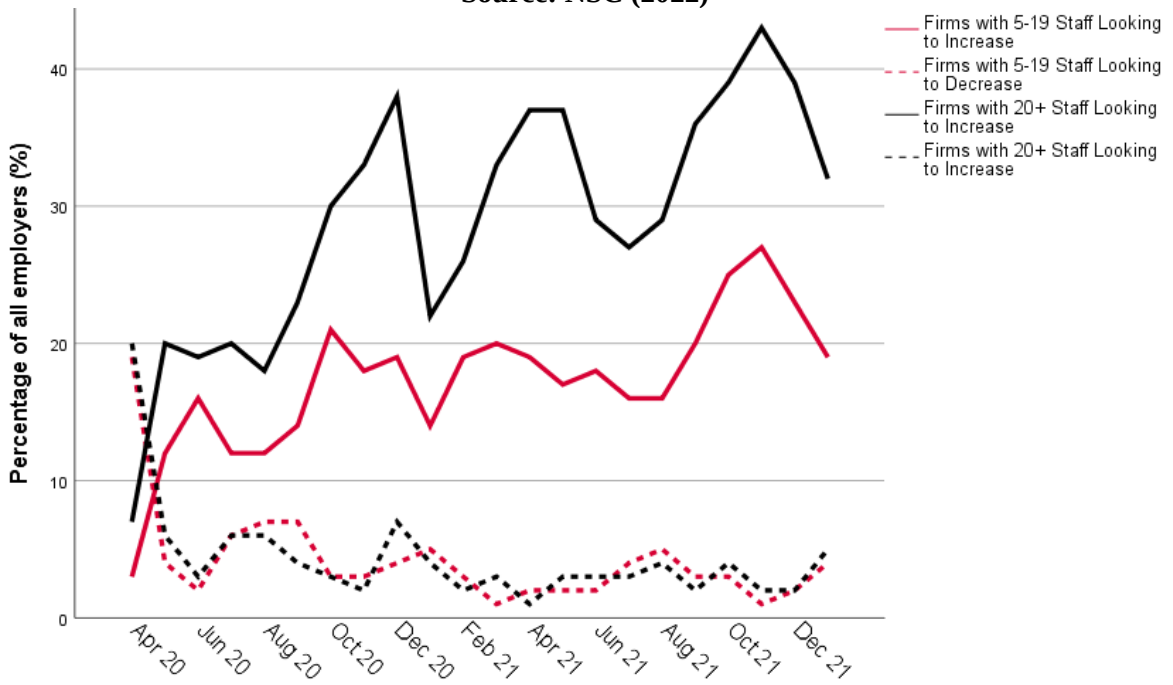
January 2021 and 2022 were also periods of relative optimism vis-à-vis the COVID-19 pandemic: in the earlier case, business and community optimism that Australia would begin to move into a post-pandemic phase was high after the experience of 2020—this was prior to the outbreak of the Delta Wave in mid-2021. Similarly, optimism was high in early 2022 due to Australia's relatively high vaccination rate and the staged removal of public health-based restrictions and lockdown conditions. Thus, we are confident that the comparison of these two time periods provides an instructive indication of rising business confidence.

Figure 18: Business Expectations, Employment over Next Month by No. of Employees
Comparison of Jan 2021 and Jan 2022. Source: ABS (2022d)



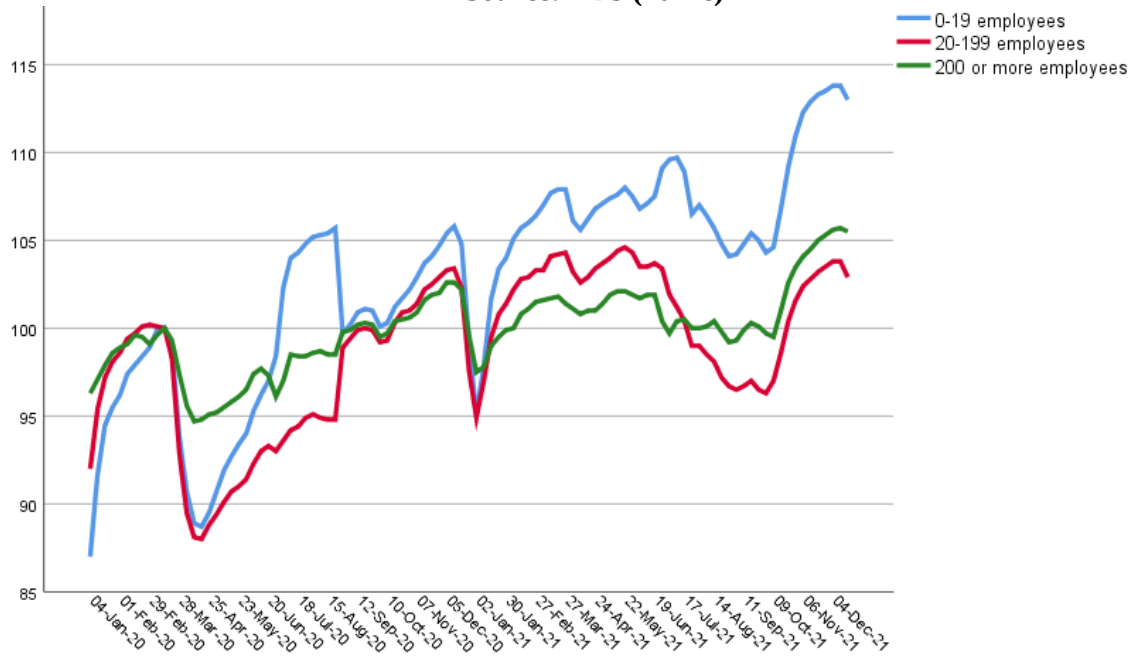
The picture suggested by ABS data is complemented by data from the National Skills Commission's (NSC) Recruitment Insights Report which records survey findings for employers' expectations about the next 3 months. Figure 19 presents findings for the period from the tail of the COVID Recession (April 2020) until December 2021. It shows, first of all, that the proportion of employers looking to increase staff numbers in the short term recovered significantly after the COVID Recession. Second, it shows that, by November 2021, 43 percent of medium-to-large employers—those with 20 or more employees—were looking to increase staff numbers in the short term. It also shows that a quarter (25 percent) of small businesses—those with 5-19 employers—were looking to increase staff numbers over the same period (Figure 19).

Figure 19: Firms Looking to Change Staffing over Next 3 Months by No. of Employees
Source: NSC (2022)



Signs of rising business confidence are further illustrated by the recovery in payroll jobs among small businesses. While the Weekly Payroll Jobs Index has risen for all businesses over the course of the COVID-19 pandemic, the recovery for small businesses is particularly significant because the conditions of the COVID Recession drove labour demand from small businesses below labour demand from larger businesses in March-May 2020. Since mid-2020 the traditional lead in the Weekly Payroll Jobs Index for small businesses has been gradually restored (Figure 20).

Figure 20: Weekly Payroll Jobs Index by Employees per Firm, Jan 2020 – Jan 2022
Source: ABS (2022c)



This report does not question the fact that institutional constraints are an important issue for businesses in decisions to hire, retain or shed staff, especially for small businesses. However, wage costs are not the most important of these constraints in the current context. Figure 21 presents data from the ABS Survey of Business Conditions and Sentiments which shows that the 'affordability of additional staff' is not necessarily the highest order concern for firms with insufficient staff numbers or unmet labour demand, i.e., firms that preferred to hire more staff but were unable to do so. This data shows that, in January 2022, the most prominent concern for business was the 'inability to find suitable staff' (69 percent of businesses), followed by 'uncertainty due to COVID-19' (62 percent) and the 'availability of existing employees' (53 percent), an issue influenced by the Omicron outbreak as well as seasonal factors. Staff affordability was the fifth out of 8 ranked concerns (44 percent).

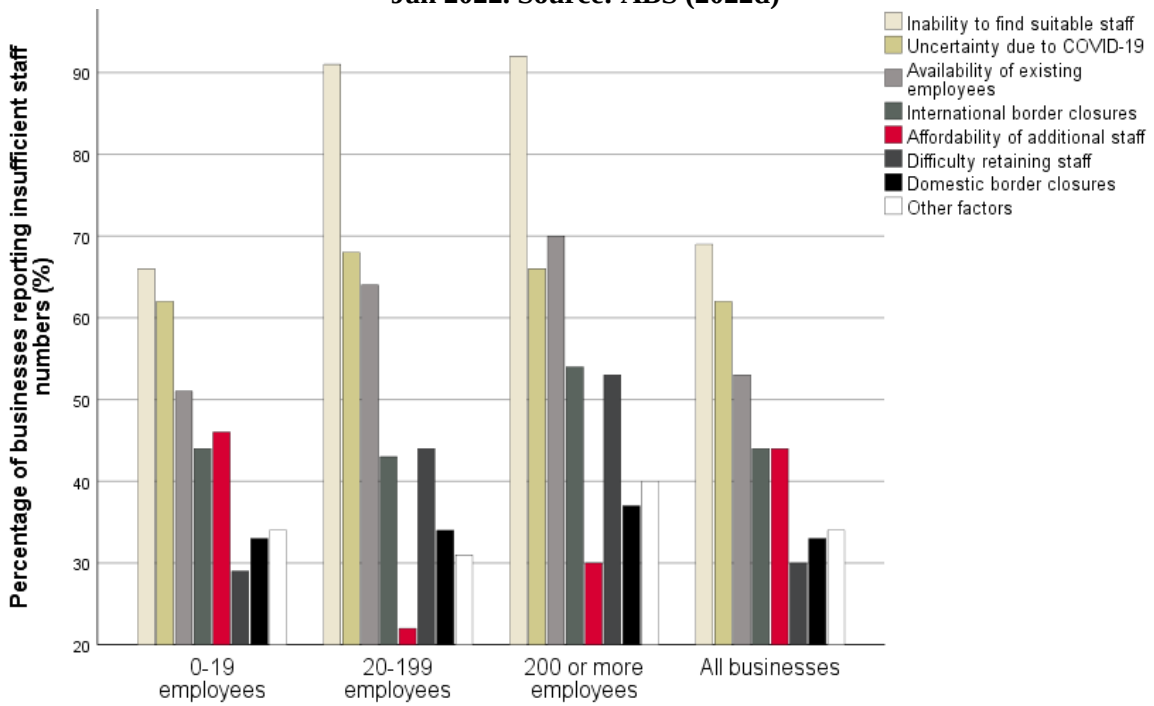
For small businesses, affordability was only a slightly more important issue, recorded for 46 percent of respondents and ranking as the fourth most important concern. Nonetheless, small businesses were more likely to report locating suitable employees, COVID-19 and staff availability as concerns limiting hiring decisions. This suggests that wage costs, while unquestionably important, are far from the *most* important question for business in the current period. A further finding is that affordability was the least widespread concern among medium-sized businesses (22 percent) (Figure 21).

These conclusions are complemented by data from the NAB Quarterly Business Survey which found that labour cost increases for the Fourth Quarter of 2021 (0.8 percent) were less than purchase costs overall (1.3 percent) (NAB Group Economics, 2022). While important, labour cost pressures are evidently not the biggest challenge facing business in general during the current period.

These conclusions are also broadly supported by Reserve Bank of Australia (RBA) prognoses for the near term. During a recent address (February 2022), RBA Governor Phillip Lowe stated that:

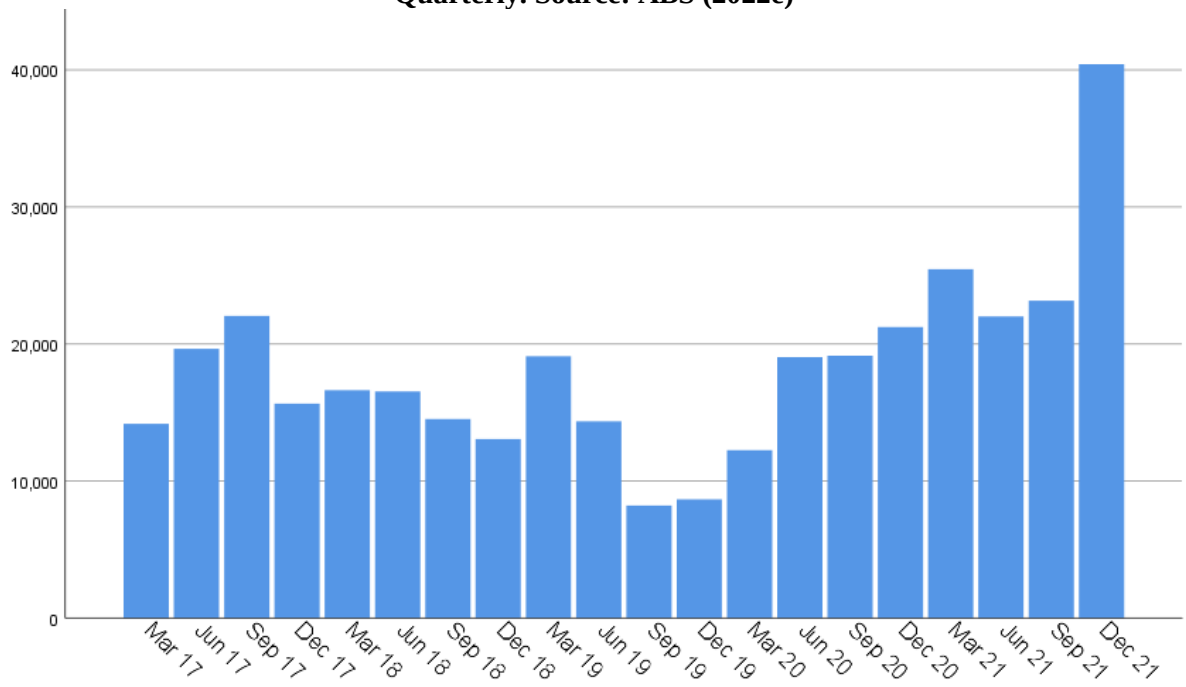
> The economy performed significantly better last year than we had expected. GDP growth is likely to have been around 5 percent, compared with our forecast of 3.5 percent… Wages growth was also higher than we were expecting, although the difference here is smaller than for the other variables and wages growth remains low (Lowe, 2022).

Figure 21: Factors Influencing Hiring Decisions for Firms with Insufficient Staffing Jan 2022. Source: ABS (2022d)



A final, longer-term indicator of improving business conditions raised here is the sharp rise in net business entries per quarter since the start of the pandemic. Net business entries are calculated by subtracting total business entries from total business exits, as measured quarterly in the ABS Count of Australian Businesses (Figure 22). Based upon this data, it is calculated that net business entries per quarter since June 2020 have been, on average, 62 percent higher than during the 3 years prior to the pandemic (March 2017 – March 2020).

Figure 22: Net Entries of Australian Businesses, 2017-2022
Quarterly. Source: ABS (2022e)



4. The Affordability of Wage Rises for Businesses in Key Sectors and Industries

In economic terms, a central concept in this report's analysis is the *wage elasticity of labour demand*. In this section, analysis focuses on high-employment industries—i.e., those sectors in which Australia's economy is particularly dependent for jobs and jobs growth—and demonstrates that many of the most strategically important of these industries, from the perspective of job creation and job retention, have labour demand with relatively low elasticity, i.e., sectors in which labour demand is relatively wage *inelastic*.

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—potentially including a *significant* rise—will not have a major impact on job retention or creation.

There are several reasons why labour demand for businesses in a particular sector may be relatively wage inelastic. A core reason is relatively low labour substitutability, i.e., businesses in sectors in which labour demand is relatively insensitive to wage price changes, or what is also known as a low substitution effect. This may include sectors in which business tend to have:

- low labour-intensity and, therefore, greater emphasis on non-wage costs in everyday operations, forward planning, investment decisions, staffing decisions, etc. This is referred to below as a ***low labour/capital ratio***;
- a relatively large supply of labour, including relatively immigration-dependent industries (operating under 'normal' economic conditions without closed international borders). This is referred to below as ***immigration-dependent labour supply.***

A further core reason for relative wage inelasticity of labour demand can be found in those sectors with:

- high and/or rising sales, reflecting high/rising consumption expenditure on goods and services in that sector, i.e., a high ratio of sales to wage/salary costs. This is referred to below as a ***high sales/wage cost ratio***.

With these three industry characteristics in mind—low labour/capital ratio, high labour supply and high sales/wage cost ratio—it is argued that further insights on the impact of wage rises for relatively low-paid workers can be gleaned by analysing changes in the following sectors (Figure 23). First, sectors which have historically exhibited an *immigration-dependent labour supply* include:

- Healthcare and Social Assistance (HSA): This is, by far, the largest-employing sector in Australia, accounting for over 1.9 million jobs by late 2021 and around 1 in 5 female jobs in the country. While HSA includes many higher-paid professional occupations, it also includes many low-paid occupations, including those sub-sectors with a primarily female labour force profile.
- Accommodation and Food Services (AFS): Australia's eighth-ranked sector for employment in late 2021, with around 850,000 jobs and recent history of sharp employment fluctuations due to international/domestic border closures and episodic lockdowns in major cities and tourist destinations. This sector exhibits high dependence on lower-paid workers, female workers and younger workers.

Second, there are sectors which exhibit a combination of these characteristics. These include:

- Retail Trade: Australia's second-largest employing sector, with nearly 1.3 million jobs in late 2021. Retail Trade exhibits both a relatively *immigration-dependent*

labour supply and a relatively *high sales/wage cost ratio* (Figure 24). Like AFS, this sector also exhibits a high dependence on lower-paid workers, female workers and younger workers.

- Construction: Australia's fourth-ranked sector for employment in late 2021 with over 1.1 million workers. Construction exhibits a relatively *high sales/wage cost ratio* on aggregate (cf. Figure 24). However, business relations in the construction sector also tend to exhibit a tiered or pyramidal structure, with large globally branded businesses operating as lead firms, medium-sized firms acting as supplier of goods, services and labour to these lead firms, and small businesses, micro-businesses and sole traders operating at the lower tiers of business networks. Many firms within these tiered networks, including smaller businesses, tend to exhibit *immigration-dependent labour supply*.
- Manufacturing: Australia's seventh-ranked sector for employment in late 2021 with over 860,000 workers. While also tending to operate in tiered production networks like construction, manufacturing firms are more likely to exhibit a relatively *high sales/wage cost ratio* (cf. Figure 24) and a relatively *low labour/capital ratio*.

Figure 23: Employment by Select Sector, '000s, 2017-2022
Quarterly, seasonally adjusted. Source: ABS (2022b)

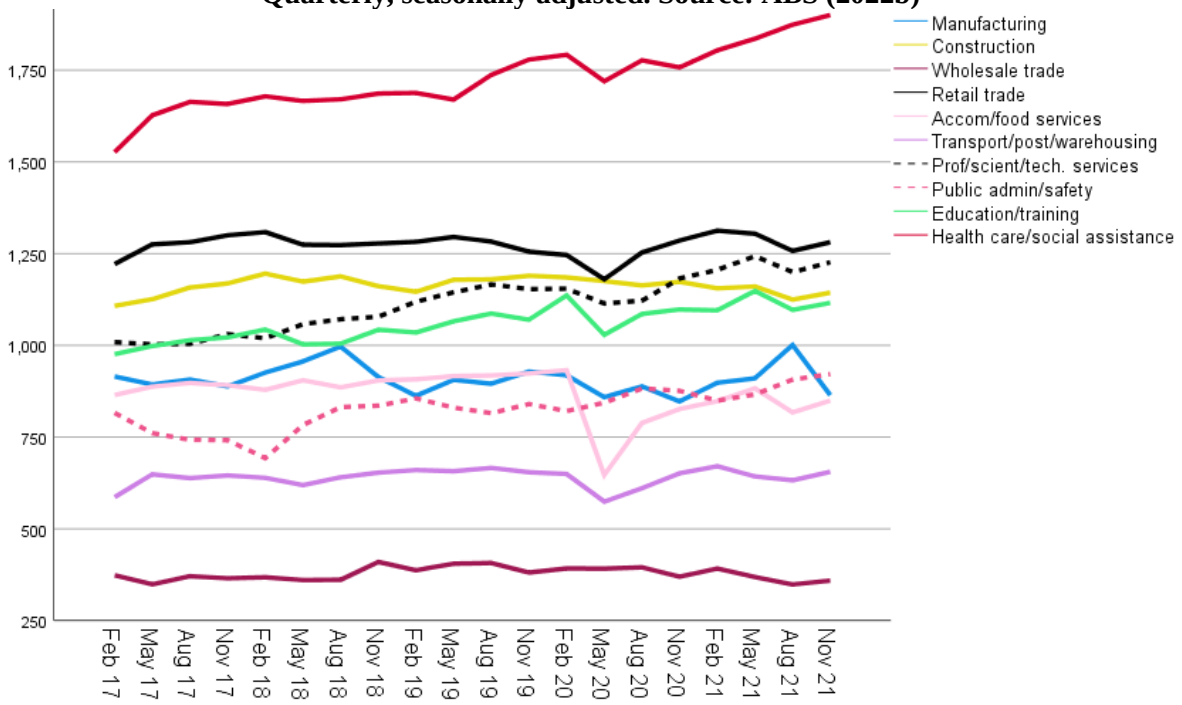
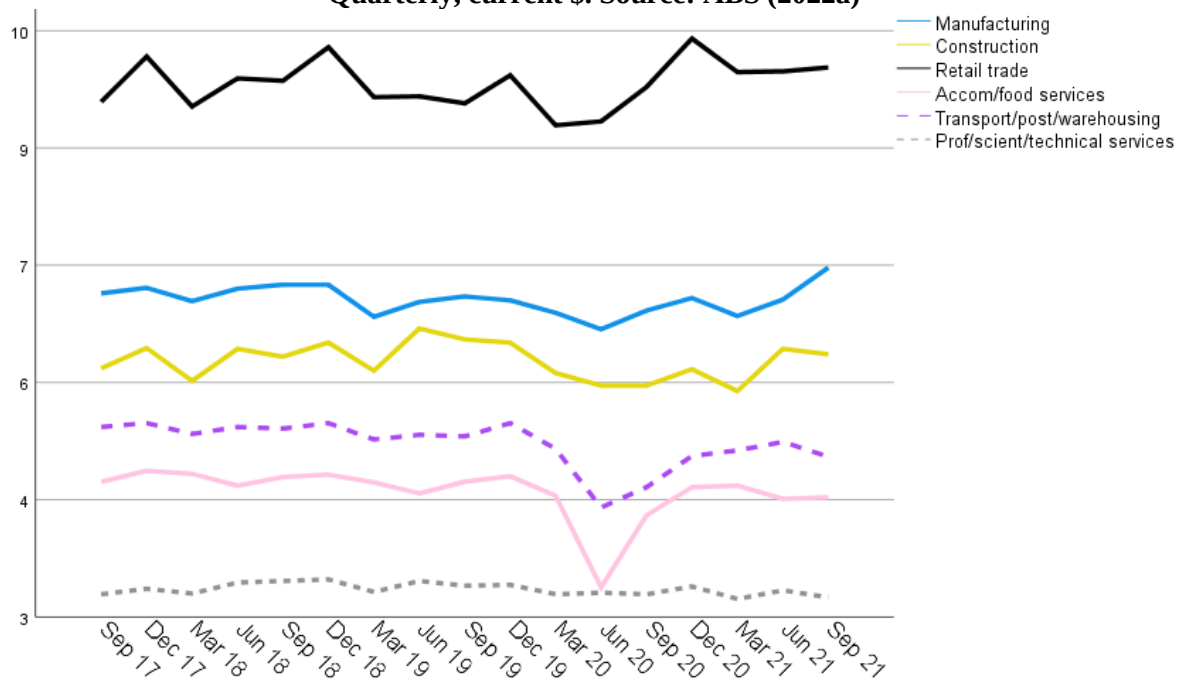


Figure 24: Ratio (%), Sales/Wages and Salaries, Select Sectors, 2017-2021
Quarterly, current $. Source: ABS (2022a)



Together, these 5 sectors accounted for nearly half (46 percent) of all employment in Australia in late 2021 (November). While the occupational profile of jobs in each one is highly diverse in social and economic terms, each also has a preponderance of—and, in several sub-sectors, a dependence upon—relatively low-paid jobs and occupations. In these cases, wage levels are strongly affected, to differing degrees, on movements in the NMW and Award wage increments. Analysis of business conditions in these sectors, therefore, provides a highly instructive picture of the reverberating effects of NMW changes, as well as the relationship between these changes and general business conditions.

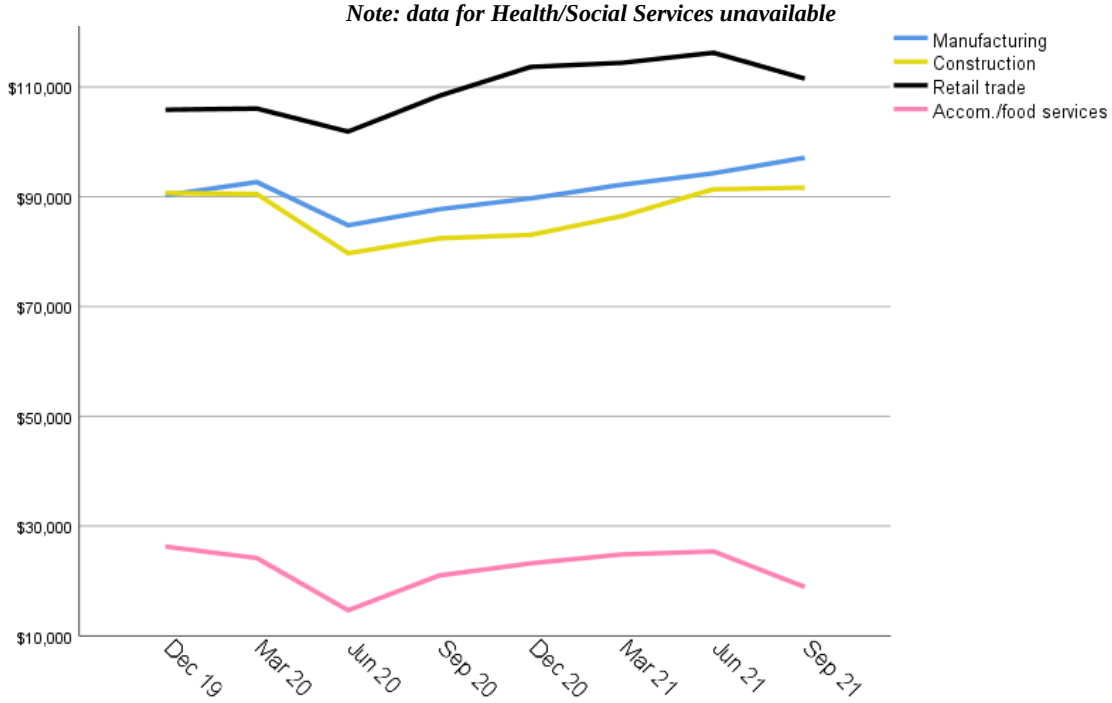
First, sales income for these key sectors increased significantly throughout 2020/21 as the economy recovered from the COVID Recession. For Manufacturing, sales income grew by an average of 2.7 percent per quarter from September 2020 to June 2021, or 10.7 percent cumulatively. Even in the context of recessionary conditions influenced by the Delta Wave, Manufacturing sales income continued to grow by a further 3.0 percent during the September Quarter 2021.

For Construction, sales income grew by 3.5 percent on average over the same period, or 13.9 percent cumulatively, and grew by a further 0.3 percent during the September Quarter 2021. Retail Trade experienced growth of 3.4 percent on average, and 13.5 percent cumulatively, while AFS grew by 15.8 percent on average, or an astonishing 63.0 percent cumulatively.

While Retail Trade and AFS predictably experienced employment falls during the Delta Wave as business shopfronts were shuttered, this decline was insufficiently strong to wipe out aggregate employment growth from the preceding period. It would also be expected that forthcoming data will reflect renewed growth in these sectors following the end of lockdown conditions in October/November 2021. Moreover, employment growth in each of these

sectors through 2020/21 was more than sufficient to absorb one-off declines caused by the First Wave of the COVID-19 pandemic during the June Quarter of 2020 (Figure 25).

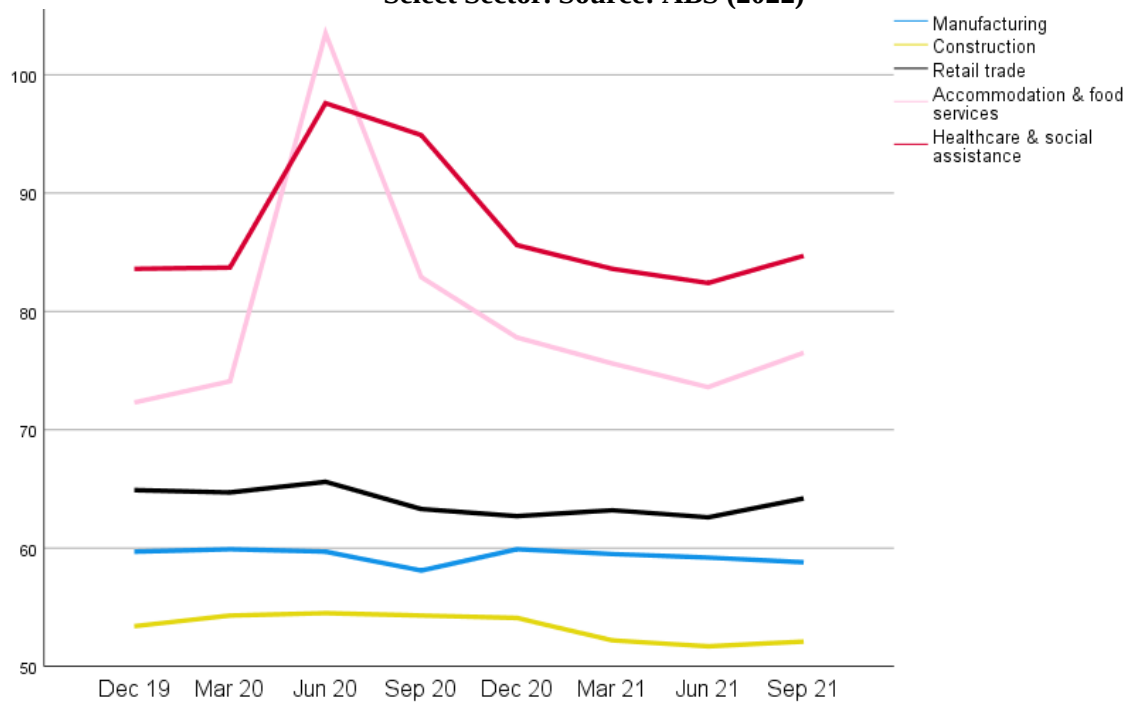
Figure 25: Sales Income by Select Sector during COVID-19 Pandemic
Quarterly, current $ million, seasonally adjusted. Source: ABS (2022a)
Note: data for Health/Social Services unavailable



Second, while wages and salaries have grown in the context of the recovery following 2020's COVID Recession, wages growth relative to total output growth continues to be modest at best. Figure 16 above demonstrates that wages as a proportion of GVA have fallen significantly during the period of COVID-19 pandemic. When disaggregated at the industry level, these data reveal declining shares for HSA and AFS and little significant movement in the wages share for Manufacturing, Construction and Retail Trade.

While the average ratio of wages to GVA increased somewhat for Construction, AFS and HSA for the 12 months to the September Quarter 2021 compared to the 3 years to the December Quarter 2019—i.e., until the eve of the COVID-19 pandemic—the same ratio for Manufacturing and Retail Trade declined from 60.1 and 65.5 percent in the earlier period to 59.1 and 63.2 percent for the more recent period, respectively (Figure 26).

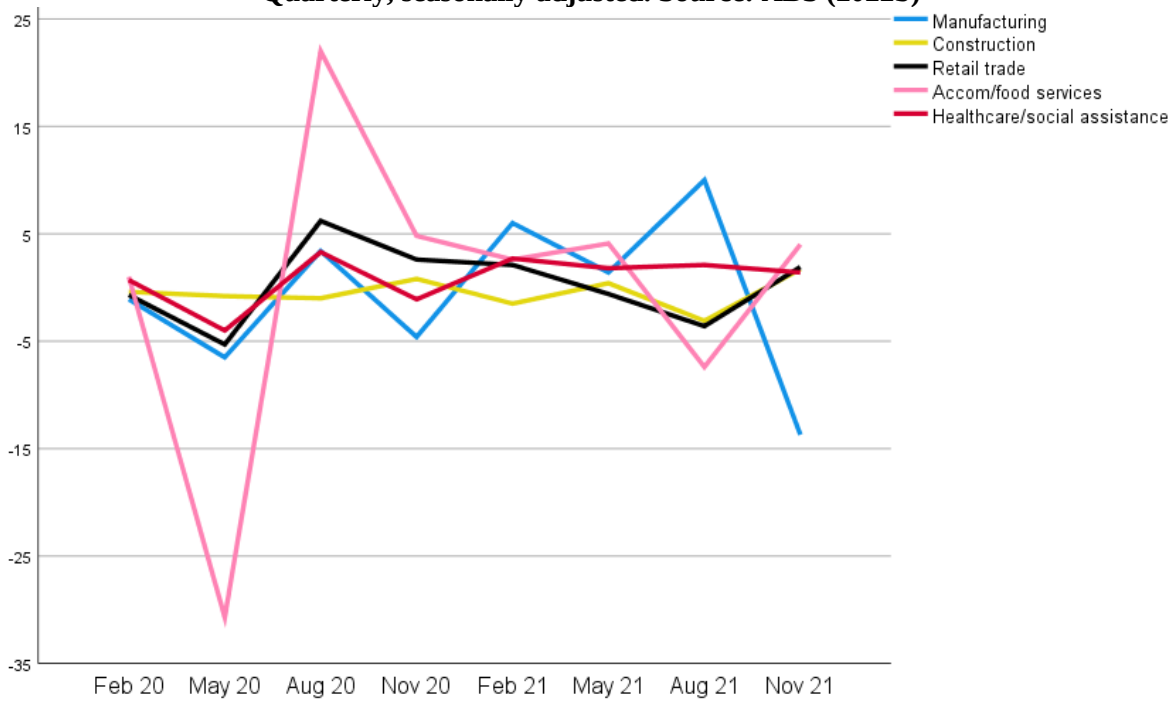
Figure 26: Wages as a Percentage (%) of GVA during COVID-19 Pandemic Select Sector. Source: ABS (2022)



Third, employment growth has been strong in the period since the end of the COVID Recession. Quarterly employment growth data are detailed below in Figure 27, which shows that, from the August Quarter 2020 to the May Quarter 2021, Manufacturing employment grew by an average of 1.5 percent compared to an average of 1.4 percent in the 3 years until the February Quarter 2020, i.e., until the eve of the COVID-19 pandemic. For Retail Trade, the corresponding figures are 2.6 and 2.2 percent; for AFS, 8.4 and 7.7 percent, respectively.

Only for Construction and HSA has average employment growth been slower during the post-recession period. Although the Delta Wave had a predictably negative impact on job markets overall, employment growth nevertheless continued to rise for Construction, Retail Trade and AFS, while remaining steady for HSA (Figure 27).

Figure 27: Employment Growth (%) by Select Sector during COVID-19 Pandemic
Quarterly, seasonally adjusted. Source: ABS (2022b)



Fourth, if we compare expectations about increasing or decreasing employment for businesses in these 5 sectors in January 2021 and January 2022 (cf. Figure 18 above), we find that business confidence has improved significantly. While, for most of these sectors, the proportion businesses that expected lower employment numbers increased, the increase in expectations of higher employment numbers was notably larger. Figure 28 shows that 15 percent of Manufacturing businesses expected higher employment numbers in January 2022, compared to 10 percent 12 months earlier. For Construction, the corresponding figures were 9 percent and 3 percent; for Retail Trade, 11 percent and 0 percent; and, for AFS, 8 percent and 2 percent, respectively.

In January 2022, businesses in Manufacturing and Retail Trade exceeded the percentage of all businesses expecting increased employment, while Construction was only one point lower (10% - cf. Figure 18 above). The only exception to this trend was HSA, which recorded a decline, from 14 percent to 2 percent. However, the percentage of organisations in HSA who expected no change in employment numbers remained the same (86 percent), reflecting relatively stability in intra-sectoral employment.

This data is supported by NSC National Recruitment Insights data which similarly shows a rise in businesses looking to increase employment over the subsequent 3-month period. Notwithstanding seasonal reductions around December 2021, the pattern from mid-2021, in the context of the Delta Wave and extended lockdowns across Sydney, Melbourne and other major population centres, has been for sharp increases in employers anticipating rising labour market demand across each sector. Only Manufacturing is a partial exception to this finding (Figure 29).

Figure 28: Firms Expecting Higher/Lower Employment over Next Month
Select sector, Jan 2021 – Jan 2022. Source: ABS (2022d)

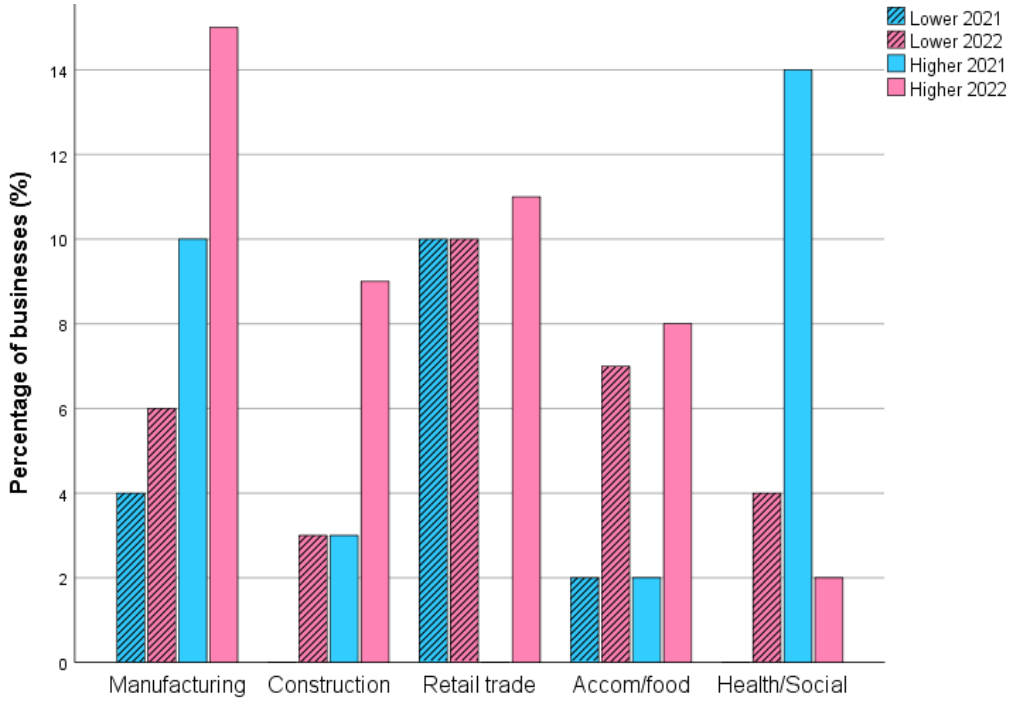
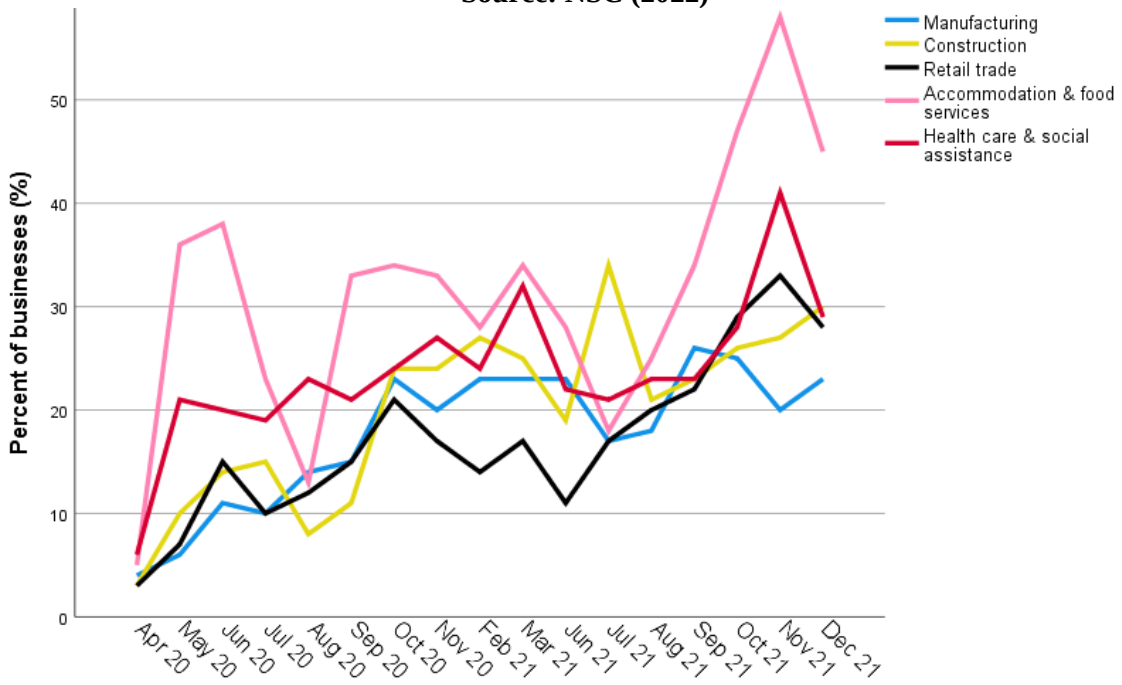
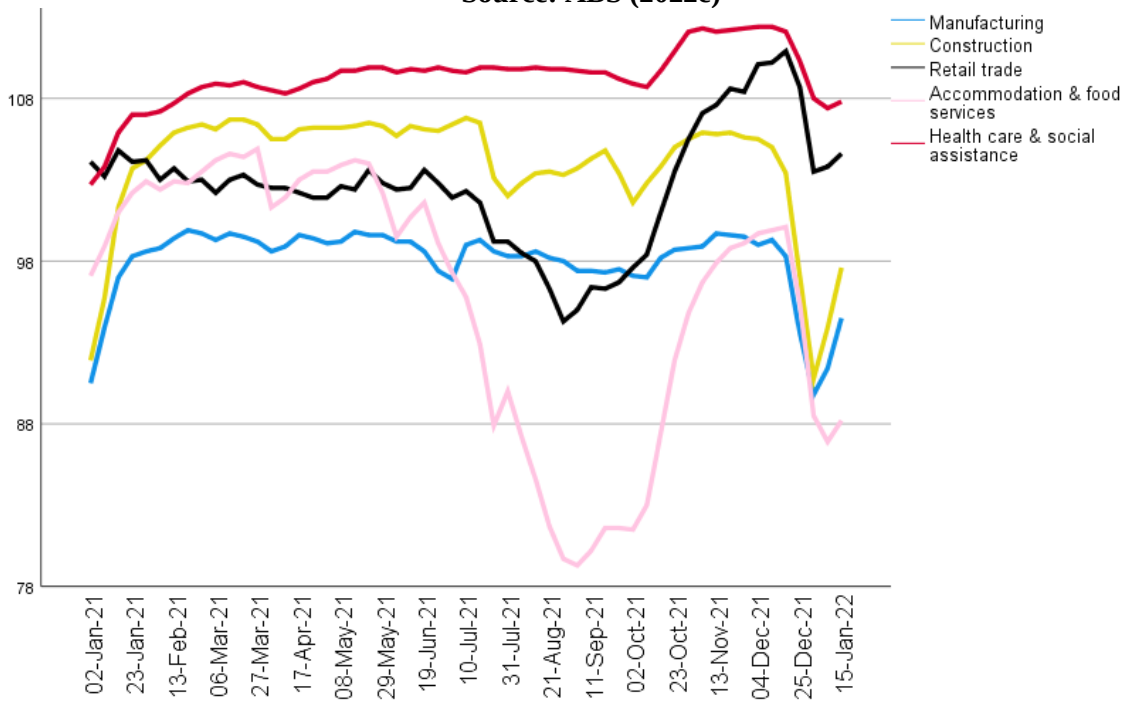


Figure 29: Employers Looking to Increase Jobs over Next 3 Months by Select Sector
Source: NSC (2022)



Finally, rising business expectations about increased employment fit with the seasonal increase in the Weekly Payroll Jobs Index in early 2022 which looks to be repeating the strong rise in labour market demand experienced at the beginning of 2021, albeit in the context of a sharp recovery from the major economic impact of the Delta Wave of June-October 2021 (Figure 30).

Figure 30: Weekly Payroll Jobs Index by Select Sector, Jan 2021 – Jan 2022
Source: ABS (2022c)



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

Thus far, this report has focused on the *technical economic* case for a significantly higher increase in the NMW. It has done so by emphasising the highly positive climate for business, Australia's investment-driven recovery post-2020, very low unemployment, rising profits, rising employment growth, booming business confidence (including for small businesses), and rising business expectations about future staff numbers and hiring. Meanwhile, relatively low wages growth has continued, as reflected in various indicators such as the declining wages share of factor/national income and the declining wages/GVA ratio.

These findings were supplemented in Section 4 by analysis of high-employment sectors with relative wage inelasticity of labour demand caused by factors such as a low labour/capital ratio, a high sales/wage cost ratio or an immigration-dependent labour supply. In the case of labour supply, the expectation is that the opening of international borders over the summer will see a gradual return to pre-pandemic labour market conditions, driving labour force participation and employment growth in immigration dependent sectors such as HSA and AFS.

This section returns to the focus of previous ACCER submissions: the *social* case for a more significant rise in the NMW. The experience of the COVID-19 pandemic demonstrates that significant improvements are feasible for policies that can assist workers in low-paid sectors, occupations and jobs, as well as those at risk of long-term unemployment or those experiencing high levels of social and economic marginalisation. There is now no doubt that the raft of emergency fiscal policies enacted by the Federal Government over the 12 months from March 2020 placed limits on the scale and depth of the economic crisis induced by the COVID-19 pandemic.

Particular attention is drawn to the Coronavirus Supplement to the JobSeeker scheme, a policy enacted alongside other temporary measures including subsidies to businesses, the JobKeeper scheme, and safe harbour provisions under insolvency trading laws. 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).

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).

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 percent of providers reported a positive impact from the CS on clients and communities (Cortis and Blaxland, 2020).

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 percent of welfare recipients, negative financial security consequences for 57 percent

and negative housing consequences for 44 percent (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 percent in the month to September 2020 when the CS was reduced by $100 per week (Homelessness Australia, 2021).

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 higher, in proportional terms, than people with higher incomes.

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. As outlined in Section 2, 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.

NMW determination can play a central role in addressing this problem by significantly boosting the wage income safety net for low-paid workers. Unfortunately, recent determinations have fallen short of what is required. This report reiterates the argument found in previous ACCER submissions, which have emphasised the inadequacy of NMW determinations in relation to the fulfillment of a financial safety net for low-paid workers. Previous submissions have suggested that the role of the NMW as a safety net should move closer to the notion of a decent living standard. This notion is approximated by a relative poverty measure set at 60 percent of Median Equivalised Household Disposable Income (MEHDI).

Figure 31 reports annual changes in NMW decisions over the past decade relative to changes in the Australian Poverty Line (PL) for different types of household: single person households, couples with 2 dependent children, and sole parents/carers with 2 dependent children. Calculations of PL 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 head taken from annual reports of Poverty Lines Australia (Melbourne Institute, 2021).

Full data and calculations are documented in Appendix A which revises data from previous ACCER submissions and provides estimates for the most recent iteration (January 2022). Figure 31 shows that, although the NMW has remained above the PL for single person households, it has consistently trended well below the PL for multi-person households, including couples and sole parents/carers with 2 dependent children.

Figure 31: National Minimum Wage outcomes and Australian Household Poverty Lines 2013-2021. Source: see Appendix A

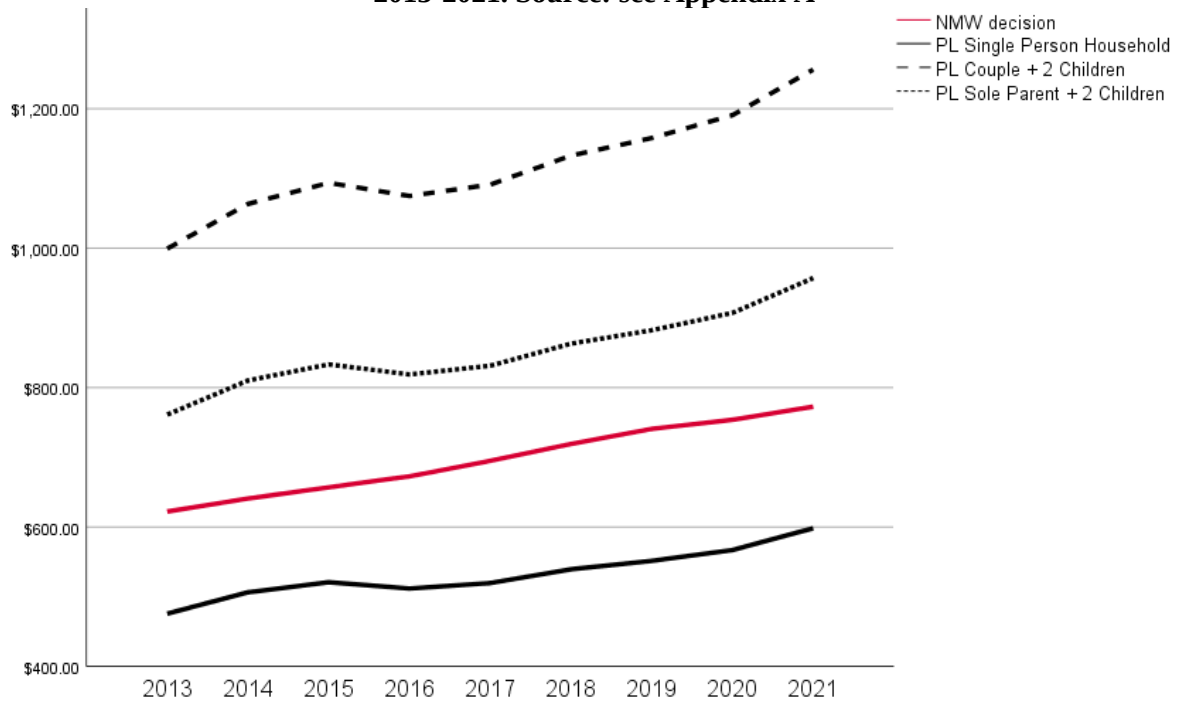


Figure 32 establishes the extent of the gap between the NMW and the PL for multi-person households and families. While the PL for single person households was an average of 30.9 percent above the NMW from 2013-2021, the PL for couples with 2 dependent children and sole parents/carers with 2 dependent children was an average of 62.4 percent and 81.8 percent of the NMW, respectively.

Moreover, the ratio of PLs to the NMW has been in decline over the last 5 years. For single person households between 2017 and 2021, this ratio fell from 133.7 to 129.2 percent; for couples with 2 dependent children, from 63.7 to 61.5 percent, and; for sole parents/carers with 2 dependent children, from 83.6 to 80.7 percent (Figure 32).

In growth terms, the dollar amount required to meet the PL has grown in every year since 2016 except one (2018). In the last two years, PL growth has surpassed annual growth in the NMW. In 2021, annual growth in the PL was more than double NMW growth—5.5 percent against 2.5 percent respectively (Figure 33).

Figure 32: National Minimum Wage as a Percentage (%) of Australian Poverty Line 2013-2021. Source: see Appendix A

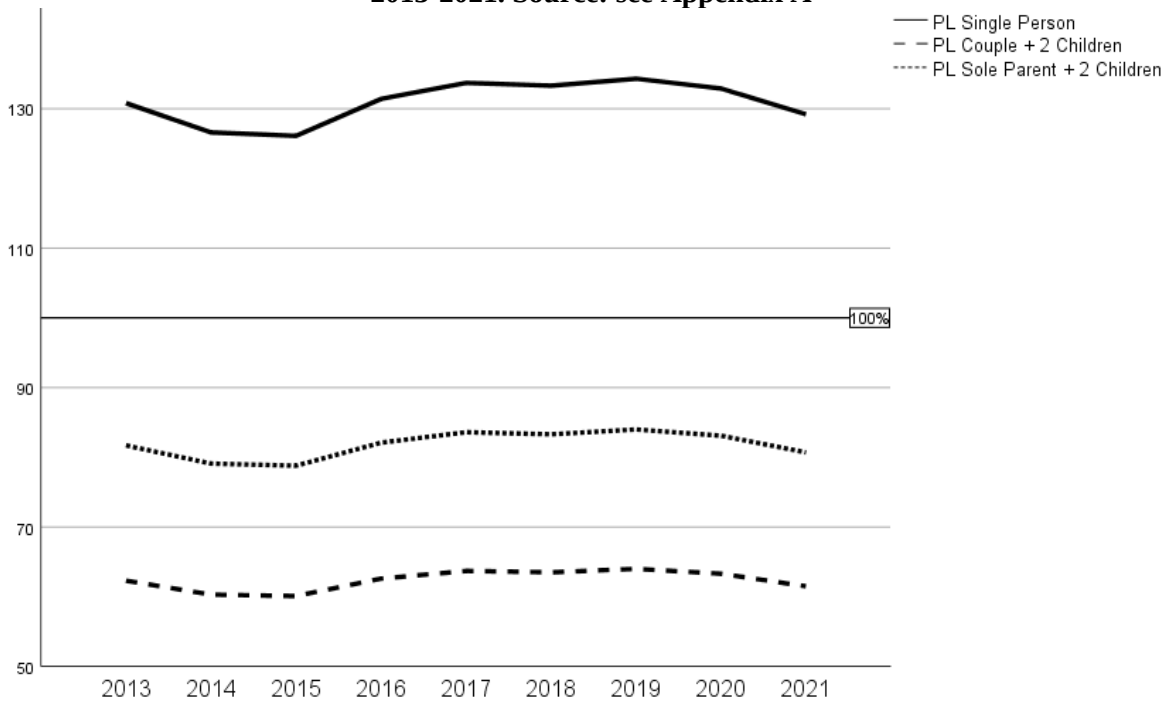
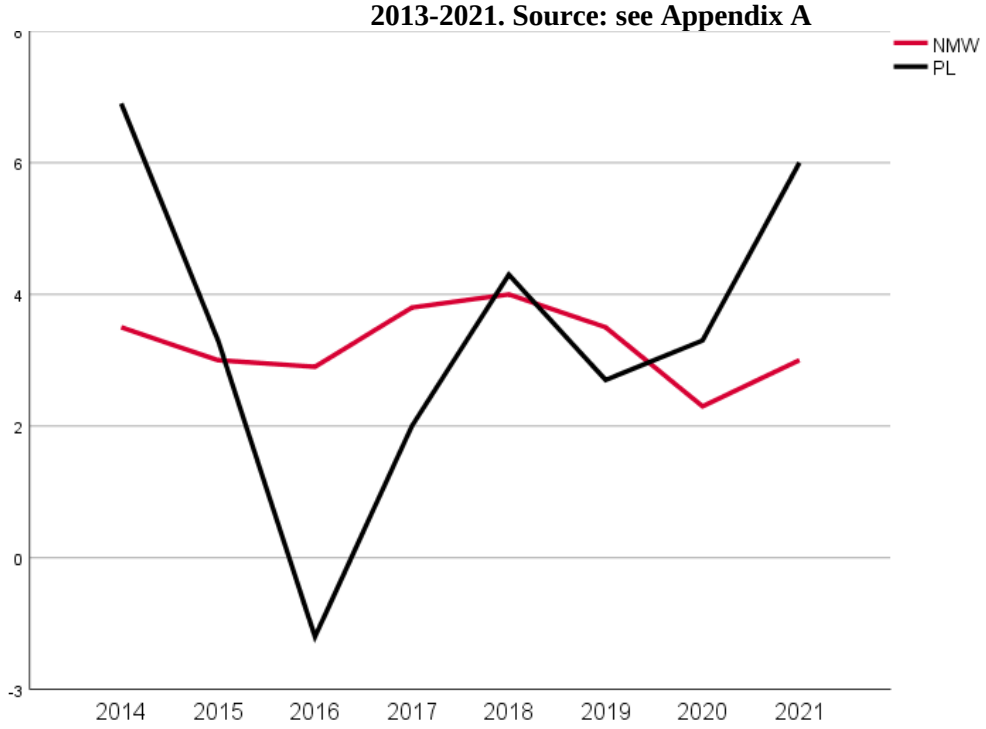


Figure 33: Annual Change (%), National Minimum Wage and Poverty Line 2013-2021. Source: see Appendix A



While ACCER has argued that the lags between the PL figures for multi-person households/families and the NMW, the falling ratio of the former to the latter, and the faster growth of the former relative to the latter were unacceptable before and during the COVID

Recession, this report contends that these lags are even less tenable in the context of an booming economy driven by high business investment, business confidence and profits. This position is argued both on the grounds of providing a reasonable safety-net for low-paid workers and the poor, as well the technical economic grounds of generating a stronger, more stable and prosperous economy as the basis for positive business climates and job creation beyond the near term.

Put simply, recent NMW wage determinations have failed to fulfill the requirement to provide a reasonable safety-net, with negative consequences in both social and economic terms. In the context of a rapidly recovering economy with excellent conditions for business by recent historical standards, there is now an excellent opportunity to address this problem.

As well as documenting changes in the NMW, PLs and related measures, Appendix A provides up-to-date calculations for the PL for different household types as of January 2022. Based on these calculations, the PL for a couple with 2 dependent children stands at $1325.52 per week and, for a sole parents/carer with 2 children, $1009.92. Even to raise the NMW to the latter income level would require a one-off increase of nearly one third (+30.7 percent).

Note that, despite the social and economic benefits of higher income support evidenced by the experience of the CS and the JobKeeper programs in 2020 and 2021, we are not proposing such a sizeable, one-off increase in the interests of social dialogue. Nevertheless, efforts to close the gap between the NMW and the relative PL can and should be made. Current booming business conditions combined with relatively low wages growth have created a generational opportunity to commence this process.

The gap can be closed incrementally within the next 5-10 years. However, this process should begin with a much larger increase in the NMW relative to recent determinations. The proposed increase of 6.5 percent represents a step in this direction. To reiterate, based on the calculations in Appendix A, this would provide for an increase in the NMW of $50.22 per week, bringing the NMW to $822.82 per week.

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Appendix A

Table A1
Median equivalised disposable household income
January 2001 – January 2022
($ per week)

	Median equivalised disposable household income (ABS)	Household Disposable Income per head (Melbourne Institute)	Median equivalised disposable household income (MEDHI)
January 2001	413.00	413.13	413.00
January 2002	-	454.47	454.00
January 2003	449.00	447.95	449.00
January 2004	500.00	475.33	500.00
January 2005	-	508.94	535.00
January 2006	569.00	525.48	569.00
January 2007	-	569.70	617.00
January 2008	688.00	608.86	688.00
January 2009	-	676.04	764.00
January 2010	714.00	675.05	714.00
January 2011	-	720.00	762.00
January 2012	790.00	754.74	790.00
January 2013	-	757.68	793.00
January 2014	844.00	787.17	844.00
January 2015	-	809.57	868.00
January 2016	853.00	807.99	853.00
January 2017	-	819.98	866.00
January 2018	899.00	837.36	899.00
January 2019	-	855.97	919.00
January 2020	-	879.74	945.00
January 2021	-	928.39	997.00
January 2022	-	979.45	1052.00

Household Disposable Income (HDI) per head figures for January 2001 to January 2021 are taken from Poverty Lines Australia published by the Melbourne Institute. The figures for January 2001 to January 2021 are taken from Poverty Lines Australia, September Quarter 2021, 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 2022 is the published figure for September 2021 Poverty Lines Australia, September Quarter 2021. The next in this series, covering the December quarter 2021, is due to be published in April 2022.

The median equivalised disposable household income figures (ABS) are taken from Household Income and Wealth, Australia, 2017-18, cat. no. 6523.0, at Table 1. The financial year figures calculated by the ABS have been used for each January within the survey periods, from January 2001 to January 2018. As the published figures for all of those years are in 2017-18 prices, the earlier years have been re-calculated in accordance with the disclosed price adjustments in Table 1.1 and rounded to the nearest dollar. The next in this series is due to be published in April 2022.

The MEHDI figure for periods intervening ABS data releases from January 2002 to January 2021 are calculated by multiplying the most recent ABS calculated figure by the relative change in HDI between the two periods. The MEDHI figure for January 2022 is calculated by applying the HDI increase of 17.0% from December 2017 to September 2021 to the ABS calculated figure of $899.00 per week in 2017-18. 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 2022
($ per week)

	Median equivalised disposable household income (MEDHI)	Disposable income NMW-dependent	Disposable income of NMW as % of MEDHI
January 2001	413.00	346.38	83.9%
January 2002	454.00	354.76	78.1%
January 2003	449.00	366.37	81.6%
January 2004	500.00	377.93	75.6%
January 2005	535.00	396.78	74.2%
January 2006	569.00	412.84	72.6%
January 2007	617.00	449.93	72.9%
January 2008	688.00	467.59	68.0%
January 2009	764.00	494.29	64.7%
January 2010	714.00	497.17	69.6%
January 2011	762.00	521.86	68.5%
January 2012	790.00	537.49	68.0%
January 2013	793.00	556.87	70.2%
January 2014	844.00	569.44	67.5%
January 2015	868.00	581.11	66.9%
January 2016	853.00	593.75	69.6%
January 2017	866.00	606.23	70.0%
January 2018	899.00	623.78	69.4%
January 2019	919.00	647.1	70.4%
January 2020	945.00	662.54	70.1%
January 2021	997.00	681.67	68.4%
January 2022	1052.00	692.07	65.8%

Note: The MEDHI calculations are taken from Table A1. The disposable income is taken from Table A6. The children are aged 8 to 12

Table A3

Relative living standards of

Couple parent families with two children

January 2001 – January 2022

($ per week)

	Median equivalised disposable household income (MEDHI)	Disposable income NMW-dependent	Disposable income of NMW as % of MEDHI
January 2001	867.30	553.80	63.9%
January 2002	953.40	573.16	60.1%
January 2003	942.90	591.41	62.7%
January 2004	1050.00	609.60	58.1%
January 2005	1123.50	663.43	59.1%
January 2006	1194.90	686.40	57.4%
January 2007	1295.70	731.95	56.5%
January 2008	1444.80	758.09	52.5%
January 2009	1604.40	796.03	49.6%
January 2010	1499.40	808.36	53.9%
January 2011	1600.20	840.44	52.5%
January 2012	1659.00	864.41	52.1%
January 2013	1665.30	915.54	55.0%
January 2014	1772.40	938.24	52.9%
January 2015	1822.80	961.70	52.8%
January 2016	1791.30	980.78	54.8%
January 2017	1818.60	973.71	53.5%
January 2018	1887.90	994.61	52.7%
January 2019	1929.90	1013.16	52.5%
January 2020	1984.50	1035.32	52.2%
January 2021	2093.70	1060.72	50.7%
January 2022	2209.20	1077.07	48.8%

Note: The MEDHI calculations are taken from Table A1, multiplied by 2.1. The disposable income is taken from Table A6. The children are aged 8 to 12

Table A4
Relative living standards of
Sole parent with two children families
January 2001 – January 2022
($ per week)

	Median equivalised disposable household income (MEDHI)	Disposable income NMW-dependent	Disposable income of NMW as % of MEDHI
January 2001	660.80	553.80	83.8%
January 2002	726.40	573.16	78.9%
January 2003	718.40	591.41	82.3%
January 2004	800.00	609.60	76.2%
January 2005	856.00	663.43	77.5%
January 2006	910.40	686.40	75.4%
January 2007	987.20	731.95	74.1%
January 2008	1100.80	758.09	68.9%
January 2009	1222.40	796.03	65.1%
January 2010	1142.40	808.36	70.8%
January 2011	1219.20	840.44	68.9%
January 2012	1264.00	864.41	68.4%
January 2013	1268.80	915.54	72.2%
January 2014	1350.40	938.24	69.5%
January 2015	1388.80	961.70	69.2%
January 2016	1364.80	980.78	71.9%
January 2017	1385.60	973.71	70.3%
January 2018	1438.40	994.61	69.1%
January 2019	1470.40	1013.16	68.9%
January 2020	1512.00	1035.32	68.5%
January 2021	1595.20	1060.72	66.5%
January 2022	1683.20	1077.07	64.0%

Note: The MEDHI calculations are taken from Table A1, multiplied by 1.6. The disposable income is taken from Table A6. The children are aged 8 to 12.

Table A5
60% of median poverty lines for workers and families
January 2001 – January 2022
($ 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	413.00	247.80	520.38	396.48
January 2002	454.00	272.40	572.04	435.84
January 2003	449.00	269.40	565.74	431.04
January 2004	500.00	300.00	630.00	480.00
January 2005	535.00	321.00	674.10	513.60
January 2006	569.00	341.40	716.94	546.24
January 2007	617.00	370.20	777.42	592.32
January 2008	688.00	412.80	866.88	660.48
January 2009	764.00	458.40	962.64	733.44
January 2010	714.00	428.40	899.64	685.44
January 2011	762.00	457.20	960.12	731.52
January 2012	790.00	474.00	995.40	758.40
January 2013	793.00	475.80	999.18	761.28
January 2014	844.00	506.40	1063.44	810.24
January 2015	868.00	520.80	1093.68	833.28
January 2016	853.00	511.80	1074.78	818.88
January 2017	866.00	519.60	1091.16	831.36
January 2018	899.00	539.40	1132.74	863.04
January 2019	919.00	551.40	1157.94	882.24
January 2020	945.00	567.00	1190.70	907.20
January 2021	997.00	598.20	1256.22	957.12
January 2022	1052.00	631.20	1325.52	1009.92

Note: Calculated from Tables A1-5.

Table A6
Wages, taxes and family payments for NMW-dependent workers and families
January 2001 – January 2022
($ per week)

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	23.5	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	1013.16
2020	740.80	38,655.00	662.54	14.82	185.56	55.11	29.38	7.13	80.78	1035.32
2021	753.80	39,333.00	681.67	15.08	188.91	56.09	29.94	7.27	81.76	1060.72
2022	772.60	40,314.00	692.07	15.45	191.24	56.77	30.20	7.34	84.00	1077.07

Notes: Data for years 2001 to 2021 are from ACCER's 2021 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. From 2013 to 2016, the FTB A payment included the Schoolkids Bonus. The children are aged 8 to 12.

Appendix B

Measures of Living Standards

List of Tables

Table B1
Median equivalised disposable household income
January 2001 – January 2022
($ per week)

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January 2016	853.00	807.99	853.00
January 2017	—	819.98	866.00
January 2018	899.00	837.36	899.00
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January 2020	—	879.74	945.00
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Household Disposable Income (HDI) per head figures for January 2001 to January 2021 are taken from Poverty Lines Australia published by the Melbourne Institute. The figures for January 2001 to January 2021 are taken from Poverty Lines Australia, September Quarter 2021, 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 2022 is the published figure for September 2021 Poverty Lines Australia, September Quarter 2021. The next in this series, covering the December quarter 2021, is due to be published in April 2022.

The median equivalised disposable household income figures (ABS) are taken from Household Income and Wealth, Australia, 2017-18, cat. no. 6523.0, at Table 1. The financial year figures calculated by the ABS have been used for each January within the survey periods, from January 2001 to January 2018. As the published figures for all of those years are in 2017-18 prices, the earlier years have been re-calculated in accordance with the disclosed price adjustments in Table 1.1 and rounded to the nearest dollar. The next in this series is due to be published in April 2022.

The MEHDI figure for periods intervening ABS data releases from January 2002 to January 2021 are calculated by multiplying the most recent ABS calculated figure by the relative change in HDI between the two periods. The MEDHI figure for January 2022 is calculated by applying the HDI increase of 17.0% from December 2017 to September 2021 to the ABS calculated figure of $899.00 per week in 2017-18. Consistent with the ABS practice, the figures for the years not covered by the ABS surveys have been rounded to the nearest dollar.

Table B2
Relative living standards single workers without children
January 2001 – January 2022
($ per week)

	Median equivalised disposable household Income (MEDHI)	Disposable income (DI) NMW-dependent	DI of NMW as % of MEDHI	Disposable income (DI) C12-dependent	DI of C12 as % of MEDHI	Disposable income (DI) C10-dependent	DI of C10 as % of MEDHI
January 2001	413.00	346.38	83.9%	370.50	89.7%	406.53	98.4%
January 2002	454.00	354.76	78.1%	380.05	83.7%	416.81	91.8%
January 2003	449.00	366.37	81.6%	391.74	87.2%	429.14	95.6%
January 2004	500.00	377.93	75.6%	408.93	81.8%	444.77	89.0%
January 2005	535.00	396.78	74.2%	421.18	78.7%	457.78	85.6%
January 2006	569.00	412.84	72.6%	438.14	77.0%	475.40	83.6%
January 2007	617.00	449.93	72.9%	475.17	77.0%	510.94	82.8%
January 2008	688.00	467.59	68.0%	500.28	72.7%	538.06	78.2%
January 2009	764.00	494.29	64.7%	526.67	68.9%	570.03	74.6%
January 2010	714.00	497.17	69.6%	529.54	74.2%	572.90	80.2%
January 2011	762.00	521.86	68.5%	553.15	72.6%	596.56	78.3%
January 2012	790.00	537.49	68.0%	569.59	72.1%	614.52	77.8%
January 2013	793.00	556.87	70.2%	589.96	74.4%	636.14	80.2%
January 2014	844.00	569.44	67.5%	603.31	71.5%	648.47	76.8%
January 2015	868.00	581.11	66.9%	615.71	70.9%	658.72	75.9%
January 2016	853.00	593.75	69.6%	629.22	73.8%	670.69	78.6%
January 2017	866.00	606.23	70.0%	641.07	74.0%	682.48	78.8%
January 2018	899.00	623.78	69.4%	656.23	73.0%	698.99	77.8%
January 2019	919.00	647.1	70.4%	682.20	74.2%	731.61	79.6%
January 2020	945.00	662.54	70.1%	698.65	73.9%	749.55	79.3%
January 2021	997.00	681.67	68.4%	723.48	72.6%	781.05	78.3%
January 2022	1052.00	692.07	65.8%	734.68	69.8%	789.86	75.1%

Note: The MEDHI calculations are taken from Table B1. The disposable incomes in the three columns are taken from the net minimum wage rates in Tables B6 to B8, below.

Table B3
Relative living standards of
Couple parent families with two children
January 2001 – January 2022
($ per week)

	Median equivalised disposable household Income (MEDHI)	Disposable income (DI) NMW-dependent	DI of NMW as % of MEDHI	Disposable income (DI) C12-dependent	DI of C12 as % of MEDHI	Disposable income (DI) C10-dependent	DI of C10 as % of MEDHI
January 2001	867.30	553.80	63.9%	578.51	66.7%	615.33	70.9%
January 2002	953.40	573.16	60.1%	599.04	62.8%	636.62	66.8%
January 2003	942.90	591.41	62.7%	617.37	65.5%	655.59	69.5%
January 2004	1,050.00	609.60	58.1%	641.18	61.1%	677.84	64.6%
January 2005	1,123.50	663.43	59.1%	685.48	61.0%	722.90	64.3%
January 2006	1,194.90	686.40	57.4%	714.28	59.8%	752.36	63.0%
January 2007	1,295.70	731.95	56.5%	757.77	58.5%	794.36	61.3%
January 2008	1,444.80	758.09	52.5%	793.37	54.9%	831.97	57.6%
January 2009	1,604.40	796.03	49.6%	828.89	51.7%	873.07	54.4%
January 2010	1,499.40	808.36	53.9%	841.31	56.1%	885.49	59.1%
January 2011	1,600.20	840.44	52.5%	872.32	54.5%	916.54	57.3%
January 2012	1,659.00	864.41	52.1%	897.12	54.1%	942.89	56.8%
January 2013	1,665.30	915.54	55.0%	949.25	57.0%	996.30	59.8%
January 2014	1,772.40	938.24	52.9%	973.05	54.9%	1,019.11	57.5%
January 2015	1,822.80	961.70	52.8%	997.17	54.7%	1,041.41	57.1%
January 2016	1,791.30	980.78	54.8%	1,017.15	56.8%	1,059.88	59.2%
January 2017	1,818.60	973.71	53.5%	1,009.62	55.5%	1,052.18	57.9%
January 2018	1,887.90	994.61	52.7%	1,026.31	54.4%	1,070.40	56.7%
January 2019	1,929.90	1,013.16	52.5%	1,049.25	54.4%	1,100.04	57.0%
January 2020	1,984.50	1,035.32	52.2%	1,072.44	54.0%	1,124.76	56.7%
January 2021	2,093.70	1,060.72	50.7%	1,103.54	52.7%	1,162.56	55.5%
January 2022	2,209.20	1,077.07	48.8%	1,120.73	50.7%	1,177.40	53.3%

Note: The MEDHI calculations are taken from Table B1, multiplied by 2.1. The disposable incomes in the three columns are taken from the Disposable Income rates in Tables B6 to B8, below.

Table B4
Relative living standards of
Sole parent with two children families
January 2001 – January 2022
($ per week)

	Median equivalised disposable household Income (MEDHI)	Disposable income (DI) NMW-dependent	DI of NMW as % of MEDHI	Disposable income (DI) C12-dependent	DI of C12 as % of MEDHI	Disposable income (DI) C10-dependent	DI of C10 as % of MEDHI
January 2001	660.80	553.80	83.8%	578.51	87.5%	615.33	93.1%
January 2002	726.40	573.16	78.9%	599.04	82.5%	636.62	87.6%
January 2003	718.40	591.41	82.3%	617.37	85.9%	655.59	91.3%
January 2004	800.00	609.60	76.2%	641.18	80.1%	677.84	84.7%
January 2005	856.00	663.43	77.5%	685.48	80.1%	722.90	84.5%
January 2006	910.40	686.40	75.4%	714.28	78.5%	752.36	82.6%
January 2007	987.20	731.95	74.1%	757.77	76.8%	794.36	80.5%
January 2008	1,100.80	758.09	68.9%	793.37	72.1%	831.97	75.6%
January 2009	1,222.40	796.03	65.1%	828.89	67.8%	873.07	71.4%
January 2010	1,142.40	808.36	70.8%	841.31	73.6%	885.49	77.5%
January 2011	1,219.20	840.44	68.9%	872.32	71.5%	916.54	75.2%
January 2012	1,264.00	864.41	68.4%	897.12	71.0%	942.89	74.6%
January 2013	1,268.80	915.54	72.2%	949.25	74.8%	996.30	78.5%
January 2014	1,350.40	938.24	69.5%	973.05	72.1%	1,019.11	75.5%
January 2015	1,388.80	961.70	69.2%	997.17	71.8%	1,041.41	75.0%
January 2016	1,364.80	980.78	71.9%	1,017.15	74.5%	1,059.88	77.7%
January 2017	1,385.60	973.71	70.3%	1,009.62	72.9%	1,052.18	75.9%
January 2018	1,438.40	994.61	69.1%	1,026.31	71.4%	1,070.40	74.4%
January 2019	1,470.40	1,013.16	68.9%	1,049.25	71.4%	1,100.04	74.8%
January 2020	1,512.00	1,035.32	68.5%	1,072.44	70.9%	1,124.76	74.4%
January 2021	1,595.20	1,060.72	66.5%	1,103.54	69.2%	1,162.56	72.9%
January 2022	1,683.20	1,077.07	64.0%	1,120.73	66.6%	1,177.40	69.9%

Note: The MEDHI calculations are taken from Table B1, multiplied by 1.6. The disposable incomes in the three columns are taken from the Disposable Income rates in Tables B6 to B8, below. The children are aged 8 to 12

Table B5
60% of median poverty lines for workers and families
January 2001 – January 2022
($ 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	413.00	247.80	520.38	396.48
January 2002	454.00	272.40	572.04	435.84
January 2003	449.00	269.40	565.74	431.04
January 2004	500.00	300.00	630.00	480.00
January 2005	535.00	321.00	674.10	513.60
January 2006	569.00	341.40	716.94	546.24
January 2007	617.00	370.20	777.42	592.32
January 2008	688.00	412.80	866.88	660.48
January 2009	764.00	458.40	962.64	733.44
January 2010	714.00	428.40	899.64	685.44
January 2011	762.00	457.20	960.12	731.52
January 2012	790.00	474.00	995.40	758.40
January 2013	793.00	475.80	999.18	761.28
January 2014	844.00	506.40	1063.44	810.24
January 2015	868.00	520.80	1093.68	833.28
January 2016	853.00	511.80	1074.78	818.88
January 2017	866.00	519.60	1091.16	831.36
January 2018	899.00	539.40	1132.74	863.04
January 2019	919.00	551.40	1157.94	882.24
January 2020	945.00	567.00	1190.70	907.20
January 2021	997.00	598.20	1256.22	957.12
January 2022	1052.00	631.20	1325.52	1009.92

Table B6
Wages, taxes and family payments for NMW-dependent workers and families
January 2001 – January 2022
($ per week)

Year	NMW	NMW per year	NMW net	Medicare exemption	FTB A	FTB B	FTB A Supp.	FTB B Supp.	Rental assist. max.	Disposable income
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	23.5	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

Notes: Data for years to 2018 are from ACCER submission, March 2018, Table B6. 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 B7
Wages, taxes and family payments for C12-dependent workers and families
January 2001 – January 2022
($ per week)

Year	C12	C12 per year	C12 net	Medicare exemption	FTB A	FTB B	FTB A Supp.	FTB B Supp.	Rental assist. max.	Disposable income
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

Notes: Data for years to 2018 are from ACCER submission, March 2018, Table B7. Payments are calculated on the basis of the year being 52.18 weeks. The children are aged 8 to 12

Table B8
Wages, taxes and family payments for C10-dependent workers and families
January 2001 – January 2022
($ per week)

Year	C10	C10 per year	C10 net	Medicare exemption	FTB A	FTB B	FTB A Supp.	FTB B Supp.	Rental assist. max.	Disposable income
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

Notes: Data for years to 2018 are from ACCER submission, March 2018, Table B8. Payments are calculated on the basis of the year being 52.18 weeks. The children are aged 8 to 12

Table B9
Selected minimum wage rates as ratios of median earnings in main job
August 1997 - August 2021
($ per week, unless otherwise indicated)

Year August	Median Earnings	NMW	NMW as % of Median earnings	C12	C12 as % of Median Earnings	C10	C10 as % 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%

Notes: Over the period 1997 to 2020 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 2010 to 2021 are from the Commission's *Statistical Report* of 31 March 2022. Median earnings for the years 1999 to 2009 are taken from the Commission's *Statistical Report* of 16 June 2011. 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.

Table B10
Safety net rates compared to Average Weekly Earnings
November 2001-November 2021
($ per week, unless otherwise indicated)

Year November	Average Weekly Ordinary Time Earnings (AWOTE)	National/ Federal Minimum Wage	NMW/FMW as % of AWOTE)	C12 wage rate	C12 as % of AWOTE	C10 wage rate	C10 as % 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%

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 2019: see *Average Weekly Earnings, Australia, November 2019, cat. no. 6302.0*, Table 1 Average Weekly Earnings, Australia (Dollars) – Trend A84990044V

For November 2021: see *Average Weekly Earnings, Australia, November 2021, cat. no. 6302.0*.

Table B11
Disposable incomes of safety net families and national Household Disposable Income
(Couple parent and sole parent families with two children)
January 2001–January 2022
($ per week, unless stated)

Year	HDI	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	413.13	553.80	134.0%	578.51	140.0%	615.33	148.9%
2002	454.47	573.16	126.1%	599.04	131.8%	636.62	140.1%
2003	447.95	591.41	132.0%	617.37	137.8%	655.59	146.4%
2004	475.33	609.60	128.2%	641.18	134.9%	677.84	142.6%
2005	508.94	663.43	130.4%	685.48	134.7%	722.90	142.0%
2006	525.48	686.40	130.6%	714.28	135.9%	752.36	143.2%
2007	569.70	731.95	128.5%	757.77	133.0%	794.36	139.4%
2008	608.86	758.09	124.5%	793.37	130.3%	831.97	136.6%
2009	676.04	796.03	117.7%	828.89	122.6%	873.07	129.1%
2010	675.05	808.36	119.7%	841.31	124.6%	885.49	131.2%
2011	720.00	840.44	116.7%	872.32	121.2%	916.54	127.3%
2012	754.74	864.41	114.5%	897.12	118.9%	942.89	124.9%
2013	757.68	915.54	120.8%	949.25	125.3%	996.30	131.5%
2014	787.17	938.24	119.2%	973.05	123.6%	1,019.11	129.5%
2015	809.57	961.70	118.8%	997.17	123.2%	1,041.41	128.6%
2016	807.99	980.78	121.4%	1,017.15	125.9%	1,059.88	131.2%
2017	819.98	973.71	118.7%	1,009.62	123.1%	1,052.18	128.3%
2018	837.36	994.61	118.8%	1,026.31	122.6%	1,070.40	127.8%
2019	855.97	1,013.16	118.4%	1,049.25	122.6%	1,100.04	128.5%
2020	879.74	1,035.32	117.7%	1,072.44	121.9%	1,124.76	127.9%
2021	928.39	1,060.72	114.3%	1,103.54	118.9%	1,162.56	125.2%
2022	979.45	1,077.07	110.0%	1,120.73	114.4%	1,177.40	120.2%

Notes: Household Disposable Income (HDI) figures have been calculated by the Melbourne Institute; see Table B1. The disposable incomes for families dependent on the NMW, C12 and C10 wage rates are taken from Tables B6, B7 and B8, respectively.

Note the disposable incomes for both families are the same because they receive the same amount of family payments

Table B12
Safety Net Wages and Household Disposable Income – Single worker
April 1997–January 2022
($ per week, unless stated)

Year	HDI	NMW gross	NMW net	NMW net as % of HDI	C10	C10 net	C10 net as % of HDI
1997	354.04	359.40	305.70	86.3%	451.20	367.96	103.9%
1998	363.76	359.40	305.70	84.0%	451.20	367.96	101.2%
1999	366.25	373.40	316.69	86.5%	465.20	376.43	102.8%
2000	391.57	385.40	326.11	83.3%	477.20	384.03	98.1%
2001	413.13	400.40	346.38	83.8%	492.20	406.53	98.4%
2002	454.47	413.40	354.76	78.1%	507.20	416.81	91.7%
2003	447.95	431.40	366.37	81.8%	525.20	429.14	95.8%
2004	475.33	448.40	377.93	79.5%	542.20	444.77	93.6%
2005	508.94	467.40	396.78	78.0%	561.20	457.78	89.9%
2006	525.48	484.40	412.84	78.6%	578.20	475.40	90.5%
2007	569.70	511.86	449.93	79.0%	605.56	510.94	89.7%
2008	608.86	522.12	467.59	76.8%	615.82	538.06	88.4%
2009	676.04	543.78	494.29	73.1%	637.48	570.03	84.3%
2010	675.05	543.78	497.17	73.6%	637.48	572.90	84.9%
2011	720.00	569.90	521.86	72.5%	663.60	596.56	82.9%
2012	754.74	589.30	537.49	71.2%	686.20	614.52	81.4%
2013	757.68	606.40	556.87	73.5%	706.10	636.14	84.0%
2014	787.17	622.20	569.44	72.3%	724.50	648.47	82.4%
2015	809.57	640.90	581.11	71.8%	746.20	658.72	81.4%
2016	807.99	656.90	573.79	71.0%	764.90	670.70	83.0%
2017	819.98	672.70	606.23	73.9%	783.30	682.48	83.2%
2018	837.36	694.90	623.78	74.5%	809.10	698.99	83.5%
2019	855.97	719.20	647.10	75.6%	837.40	731.61	85.5%
2020	879.74	740.80	662.54	75.3%	862.50	749.55	85.2%
2021	928.39	753.80	681.67	73.4%	877.60	781.05	84.1%
2022	979.45	772.60	692.07	70.7%	899.50	789.86	80.6%

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 2020 are taken from Table B1 and are

at January each year. The HDI for 1997 to 2000 are taken from *Poverty Lines Australia: September Quarter 2019*. The NMW column includes the FMW before 2010.

Table B13
Ratio of disposable income of selected households to their 60 per cent of median income poverty lines
September 2021

Adapted from Table 8.6 of the *Statistical Report* of 31 March 2022

	Household	60% median income ($ pw)	Disposable income NMW-dependent ($ pw)	Ratio disposable income to 60% of median poverty line NMW-dependent	Disposable income C10-dependent ($ pw) (estimate)	Ratio disposable income to 60% of median poverty line C10-dependent
1	Single adult	630.93	697.23	1.11	795.00	1.26
2	Single parent working full time, 1 child	820.21	970.35	1.18	1,066.00	1.30
3	Single parent working part time, 1 child	820.21	643.97	0.79	705.00	0.86
4	Single parent working full time, 2 children	1,009.49	1,081.09	1.07	1,181.00	1.17
5	Single parent working part time, 2 children	1,009.49	754.71	0.75	818.00	0.81
6	Single-earner couple, one with Newstart,	946.39	924.92	0.98	956.00	1.01
7	Single-earner couple,	946.39	710.74	0.75	804.00	0.85
8	Single-earner couple, one with Newstart, 1 child	1,135.67	1,114.33	0.98	1,147.00	1.01
9	Single-earner couple, 1 child	1,135.67	970.35	0.85	1,068.00	0.94
10	Single-earner couple, one with Newstart 2 children	1,324.95	1,231.98	0.93	1,272.00	0.96
11	Single-earner couple, 2 children	1,324.95	1,081.09	0.82	1,179.00	0.89
12	Dual-earner couple	946.39	1,083.53	1.14	1,249.00	1.32
13	Dual-earner couple, 1 child	1,135.67	1,270.72	1.12	1,386.00	1.22
14	Dual-earner couple, 2 children	1,324.95	1,381.46	1.04	1,497.00	1.13

The disposable incomes of NMW-dependent households are taken from Table 8.4 of the Statistical Report. The report does not include the disposable incomes of C10-dependent households. 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.

The Commission's notes to Table 8.6 are:

> Note: Poverty lines are based on estimates of median equivalised household disposable income in 2015–16 for September 2016 and 2017–18 for September 2020 and September 2021, and adjusted for movements in household disposable income per head as calculated by the Melbourne Institute of Applied Economic and Social Research, and adjusted for household composition using the modified OECD equivalence scale. The C14, C10 and C4 are minimum award rates set under the Manufacturing and Associated Industries and Occupations Award 2010. AWOTE data are expressed in original terms.
>
> Assumptions: Tax-transfer parameters as at September 2016, September 2020 and July 2021. Wage rates for 2016: C14 = $672.70 pw, C10 = $783.30 pw, C4 = $940.90 and AWOTE of fulltime adult employees = $1533.40 pw. Wage rates for 2020: C14 = $740.80 pw, C10 = $862.50 pw, C4 = $1036.10 pw, AWOTE of full-time adult employees = $1711.60. 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. In the Annual Wage Review 2019–20 the variation to C14, C10 and C4 operated from 1 November 2020. Other assumptions as per Table 8.4.
>
> Source: ABS, Average Weekly Earnings, Australia, November 2021; ABS, Household Income and Wealth, Australia, 2015–16 financial year; ABS, Household Income and Wealth, Australia, 2017–18 financial year; Fair Work Commission modelling; Manufacturing and Associated Industries and Occupations Award 2010; Melbourne Institute of Applied Economic and Social Research, Poverty Lines: Australia, September quarter 2021

Appendix C

The 2016 Census and low paid working families

List of Tables in Appendix C

Introduction

The purpose of this Annexrure is to draw on data from the national Census of 9 August 2016 to address two matters: the work patterns of low paid working families and the number of low paid working families in or at risk of poverty and without a decent standard of living.

Our inquiry of the Census data is child-centred. It looks at the families in which dependent children live, the incomes of those families and the working patterns of the parents in those families, so as to better understand the needs of low paid workers with family responsibilities.

A focus on low paid workers and their families is consistent with the object of the FW Act to promote social inclusion (section 3) and is necessary for the Commission to carry out its obligation to establish and maintain a safety net of fair minimum wages, taking into account, among other matters, "relative living standards and the needs of the low paid" (section 284(1)).

The 2016 Census found that there were 2,234,389 couple parent families with dependent children and 617,431 sole parent families with dependent children; and that there were 481,862 couples with non-dependent children and 342,137 sole parent families with non-dependent children; see Tables C7 and C8. The term "dependent children" covers children younger than 15 years and dependent students aged 15 to 24 years. This Census data regarding families with dependent children can be broken down by the number of dependent children (with the largest category being six and more children), the incomes of the families and the labour force status of the couples and sole parents.

This chapter provides an insight into the lives of 286,563 couple parent families and 294,608 sole parent families by reference to their incomes and labour force status. It provides data on the way in which parents exercise their family responsibilities. The couple parent families identified in this chapter as low paid comprise 12.8% of the total number of couple parent families with dependent children. The sole parent families identified as low paid comprise 47.8%, of the sole parent families with dependent children.

The basis upon which these low income families are identified is by the use of an estimate of the 60% relative poverty line for each type of family. The 60% relative poverty line is not a precise measure of poverty, but it is, at least, a risk of poverty line and, it is a conservative measure of the standard of living needed to secure a decent standard of living in contemporary Australia.

The Census data does not permit the 60% of median poverty line to be fixed with precision. The categorisation that we have used is the best fit available in the Census data. It should be noted that the use of the 60% of median benchmark is not intended to capture all low paid workers with family responsibilities: the Commission has accepted that the term "low paid" in section 284(1) of the FW Act should be taken to include those workers earning up to two-thirds of median wages, with that figure, according to the then most recent data, being $833.33 or $917.33 per week, depending on the source being used; see the June 2017 decision at paragraphs 369-70.

It should also be noted that the categorisation used here does not turn on the basis upon which workers are paid: the Census data covers low paid workers without any distinction being made between whether they are award reliant (i.e. only being paid the minimum award rate and not a dollar more) or they are paid a higher wage rate that still leaves them low paid and in or at risk of poverty.

The published poverty reports do not estimate how many children are living in poverty in wage-dependent households where there is a person in full time work. The Census provides data that shed considerable light on this important aspect. The Census data provide information about the labour force status, or the absence from the labour force, of the couple parents and of the sole parents in low income families.

The basic data from the Census is in Tables C7 to C14. The summaries in Tables C15 to C21 extract relevant data on low income families, that is families who fall, as best we can calculate them, below

their 60% relative poverty lines. These tables cover couple and sole parent families, with each data set identifying the income levels of those families by reference to the number of dependent children in those families. The data in respect of families with dependent children are set out in C15 to C17, in respect of couple parent families, and Tables C18 to C20, in respect of sole parent families. These tables are compiled on the basis of the number of children in the families: one, two and three or more children. Tables C4 and C6 provide further information on the families with three or more children.

Respondents to the Census were required to state the incomes of all members of their households from among a number of income ranges. Included in the Census income columns were the weekly amounts of $650.00 to $799.00 per week, $800.00 to $999.00 per week and $1,000.00 to $1,249.00 per week. The Census question in respect of each person in the household was "What is the total of all income the person usually receives?". It stated that tax and various other payments were not to be deducted from this amount. Because the information sought pre-tax income, the disposable incomes of many low income individuals and households was substantially less than the recorded gross income in the Census. At the time of the Census the taxation payable on the NMW, then $672.70 per week, was $66.21 and at the C10 base trade-qualified wage rate, then $783.30 per week, income tax was $99.30; see the Commission's *Statistical Report*, 5 May 2017, Table 8.6. These figures should be taken into account when assessing the degree to which the cut-off points that we have used reflect the 60% of median poverty line.

The comparison between the Census data and the estimated poverty lines, therefore, needs to take into account the fact that the Census required income data by reference to income ranges and that the Census recorded pre-tax, not disposable, incomes.

The poverty lines are based on the median equivalised disposable household income reported in the ABS publication *Household Income and Wealth, Australia, 2015-16,* cat. no. 6523.0. At December 2015 the median equivalised disposable household income for a single person was $853.00 per week, with the 60% relative poverty line being $511.80 (see Table B11 in Appendix B). Using the Commission's adjustment method, based on changes in Household Disposable Income published in the *Poverty Lines: Australia* newsletter, this figure should be increased by 1.3%; see *Poverty Lines Australia June*

Quarter 2017, Table 2. The estimated figure for June 2016 is $518.45. For present purposes, the figure for August 2016 can be rounded to $520.00 per week. Applying the equivalence scales used by the ABS, the 60% of median relative poverty line can be calculated for various kinds of households.

Table C1 sets out the estimated 60% of median poverty lines at the time of the Census, rounded to the nearest $10.00, for the six family groups covered in the following calculations. Also included in the table is the highest income column in the Census returns that has been used in each calculation.

Table C1
Census Income Levels and Estimated Poverty Lines August 2016
($ per week)

Family	60% Relative Poverty Line	Maximum income range in Census
Couple and one child	936.00	800.00 - 999.00
Couple and two children	1,092.00	1,000.00 - 1,249.00
Couple and three or more children	1,248.00	1,000.00 - 1,249.00
Sole parent and one child	676.00	650.00 - 799.00
Sole parent and two children	832.00	800.00 - 999.00
Sole parent and three or more children	988.00	800.00 - 999.00

The poverty lines for the families with three or more children are calculated on the basis of three children only.

The work profiles of low income families

The Census records the labour force status of couples with dependent children. Tables C9 to C11 identify low income couple families by reference to income, labour force status and the number of dependent children. (Table C9 covers couples with one child, Table C10 covers couples with two children and Table C11 covers couples with three or more children.) These and similar tables regarding sole parent families exclude the Census returns where there was a nil or negative income recorded (0.5% in couple families and 2.0% in sole parent families) and where no or only partial income was stated (13.0% in couple families and 11.2% in sole parent families).

Table BC2 collates the data in respect of the labour force status of parents in low income couple parent families by reference to the number of dependent children.

Table C2 Census 2016
Working patterns of low income couple parent families

	One child		Two children		Three or more children		All low income families	
	N	%	N	%	N	%	N	%
1. One full time and other not in labour force	17,793	22.4	35,256	27.5	20,470	26.0	7,3519	25.7
2. One part time and other not in labour force	13,831	17.4	17,767	13.8	11,732	14.9	43,330	15.1
3. One away from work and other not in labour	1,806	2.3	2,763	2.2	2,032	2.6	6,601	2.3
4. One unemployed and other not in labour	5,345	6.7	5,793	4.5	5,462	6.9	16,600	5.8
5. Both not in labour force	15,807	19.9	15,137	11.8	14,742	18.7	45,686	15.9
6. Both full time	2,205	2.8	5,166	4.0	2,544	3.2	9,915	3.5
7. One full time and other part time	5,426	6.8	19,392	15.1	9,110	11.6	33,928	11.8
8. Both part time	5,105	6.4	9,116	7.1	3,894	5.0	18,115	6.3
9. Both (employed and) away from work	340	0.4	683	0.5	349	0.4	1,372	0.5
10. One away from work and other unemployed	442	0.6	508	0.4	277	0.4	1,227	0.4
11. One part time and other away from work	708	0.9	1342	1.1	679	0.9	2,729	1.0
12. One full time and other away from work	609	0.8	1501	1.2	711	0.9	2,821	1.0
13. One full time and other unemployed	3,698	4.7	6455	5.0	2427	3.1	12,580	4.4
14. One part time and other unemployed	3,869	4.9	4678	3.6	2343	3.0	10,890	3.8
15. Both unemployed	1,988	2.5	2186	1.7	1436	1.8	5,610	2.0
16. Status of one or both not stated	531	0.7	607	0.5	502	0.6	1,640	0.6
Totals	79,503	100.0	12,8350	100.0	7,8710	100.0	28,6563	100.0

Table C3 presents the data on labour force participation, or non-participation in the labour force, in a different format. We use the term "labour force" by convention, but it has to be remembered that a lot of the economic and social wealth of the nation is produced in households.

Table C3 Census 2016
Employment status of adults in low income couple parent families

	Households	Full time	Part time	NILF	AFW	UN	Not stated
1. One full time and other not in labour force	73,519	73,519		73,519			
2. One part time and other not in labour force	43,330		43,330	43,330			
3. One away from work and other not in labour force	6,601			6,601	6,601		
4. One unemployed and other not in labour force	16,600			16,600	16,600		
5. Both not in labour force	45,686			91,372			
6. Both full time	9,915	19,830					
7. One full time and other part time	33,928	33,928	33,928				
8. Both part time	18115	36230					
9. Both (employed and) away from work	1,372				2,744		
10. One away from work and other unemployed	1,227				1,227	1,227	
11. One part time and other away from work	2,729		2,729		2,729		
12. One full time and other away from work	2,821	2,821			2,821		
13. One full time and other unemployed	12,580	12,580				12,580	
14. One part time and other unemployed	10,890		10,890			10,890	
15. Both unemployed	5,610					11,220	
16. Status of one or both not stated	1,640						3,280
Totals	286,563	178,908	90,877	231,422	32,722	35,917	3,280

NILF: not in labour force; AFW: away from work; UN: unemployed

Tables C2 and C3 show that the great majority of these low income couple parent families were engaged in some kind of employment. In the following figures we record the average across all three categories, with the figure for the families with two children recorded in brackets. Only in 15.9% (11.8%) of these households were both parents out of the labour force. As for the rest of the households:

- 25.7% (27.5%) had one parent employed full time and the other parent not in the labour force;
- 15.1% (13.8%) had one parent employed part time and the other parent not in the labour force;
- 8.1% (6.7%) had one parent unemployed or temporarily away from work and the other parent not in the labour force;
- 3.5% (4.0%) had both parents employed full time;
- 11.8% (15.1%) had one parent employed full time and the other employed part time;
- 6.3% ((7.1%) had both parents employed part time; and
- 8.2% (8.6%) had one parent employed full time or part time with the second parent unemployed.

The figures demonstrate that the single-earner family with a full time working parent and a "stay at home" parent is more common than other arrangements. It is the predominant group by a large margin among low income families. Single-earner families (where the parent is working full time or part time) are substantially more common than dual-earner family: 42.8% (and 41.3% in families with two children) compared to 21.6% (26.2% in families with two children); see Table C2, rows 1 and 2 rows 6 to 8). Of these two categories, 66.5% are single-earner families. A comparison between families where only one works full time and the other parent is out of the labour force (ie comparing rows 1 and 7) is mentioned in the previous paragraph: 25.7% (and 27.5% in two child families) have the second parent out of the labour force and 11.8% (and 15.1% in two child families) have the second parent in part time employment. If we exclude those families where both parents are out of the labour force, these figures are relatively higher.

The figures demonstrate single-earner families are by far the major category in the labour force profile of low income couple parent families, despite the inevitable economic pressure on the parents for both of them to be in employment. However, even with the extra income from the second parent working many families still find themselves living in or at the risk of poverty.

Children in or at risk of poverty: couple parent families

Table C4 is based on the data in Table C3, with some further details being supplied in respect of the couple parent families with three or more children from Table C7.

All of the families covered by Table C4 are low income families, who are described as being "in or at risk of poverty".

Table C4 Census 2016
Total number of children and adults in low income couple parent families in or near poverty

	No. of families	Number of children	Total in or at risk of poverty
Couple and one child	79,503	79,503	238,509
Couple and two children	128,350	256,700	513,400
Couple and three children	53,530	160,590	267,650
Couple and four children	18,237	72,948	109,422
Couple and five children	4,614	23,070	32,298
Couple and six or more children	2,527	15,162	20,216
Total	286,761	557,973	1,181,495

The numbers of families with three or more children are from Table B1 in Appendix B. The number of children in the couple plus six or more children, is calculated on the basis that there are only six children in the family. From Table B1 we find that at the time of the 2016 Census there were 4,271,077 dependent children in couple parent families, assuming again that the maximum number is six per family.

Taking into account the inclusion of income tax in the Census figures we can reasonably conclude that the 79,503 couple parent families with one child are living below the 60% poverty line. In regard to couple parent families with two children, the best fit from the census data has gross income at $157.00 per week above that poverty line. Taking into account income tax, which would be considerable for a family with that income, it is likely that a small proportion of the 128,350 families are not under the 60% of median poverty line.

The Census has identified 78,710 couple parent families with three or more children. Couple parents with three or more children is a diverse cohort. The poverty line for the couple parent family with three children is $1,248.00 per week (see Table C1), with an extra $156.00 per week for each extra child. The maximum weekly Census figure that we have used is $1,249.00 per week. After taking income taxation into account, we can conclude that all of these families would be below the 60% relative poverty line, with the poverty gap increasing with each additional child.

Having regard to these matters, it is reasonable to conclude that any overestimate of poverty among couple parent families with two children is more than offset by the underestimate of families living below the poverty line with three or more children.

Table C4 identifies 1,181,495 people, including 557,973 dependent children, in couple parent families living in or at risk of poverty. After taking into account the families in which both parents are not in the labour force, we can identify just under a million people (993,637) who live in working families that are in or at risk of poverty. The working parents in these families are a large part of Australia's working poor. By contemporary standards, these workers and their families are deprived of a decent standard of living.

This material demonstrates that, for many low paid workers and their families, full time employment; and even full time employment supplemented by part time employment, is not a pathway out of poverty and into a decent standard of living.

Sole parent families: work patterns and poverty

Table C5 presents data from the 2016 Census regarding the employment status of parents in sole parent low income families. The figures are drawn from Tables C12, C13 and C14. The basis of the selection of the numbers of low paid sole parent families is set out in Table C2.

It can be seen from Table C5 that, after taking into account income tax, the cut-off points available from the Census may capture a significant number of sole parent families with one child or two children who have a disposable income in excess of the 60% of median poverty line. In regard to sole parents with three or more children the contrary appears: a significant number of those under the 60% of median line may not be counted with the cut-off point used. With these qualifications, Table C5 shows a general estimation of the number of dependent children and adults in low income sole parent families in or at risk of poverty by reference to family size. As we note later, there is some reason to doubt that the figures overestimate the number living in or at the risk of poverty.

Table C5
Working patterns of low income sole parent families

	One child		Two children		Three or more children		All families	
	N	%	N	%	N	%	N	%
1. Employed, full time	12,438	9.6	13,326	12.3	4,011	7.1	29,775	10.1
2. Employed, part time	40,180	30.9	37,045	34.3	13,422	23.7	90,647	30.8
3. Employed, away from work	3,341	2.6	2,640	2.4	1,124	2.0	7,105	2.4
4. Unemployed	15,926	12.3	10,912	10.1	5,690	10.0	32,528	11.0
5. Not in labour force	57,538	44.3	43,805	40.5	32,265	56.9	133,608	45.4
6. Labour force status not stated	457	0.4	321	0.3	167	0.3	945	0.3
Totals	129,880	100.0	108,049	100.0	56,679	100.0	294,608	100.0

In the following figures we record the average across all three categories of sole parent families, with the figure for sole parents with two children recorded in brackets. Table C5 shows that in low income sole parent families:

- 10.1% (12.3%) of the parents were employed full time;
- 30.8% (34.3%) were employed part time;
- 2.4% (2.4%) were employed, but away from work;
- 45.4% (40.5%) were not in the labour market; and
- 11.0% (10.1%) were unemployed.

Although the major cause of poverty in sole parent families was the lack of employment, reflected in the number not in the labour force and the number unemployed, 40.9% of sole parent families with dependent children, and 46.6% of sole parent families with two dependent children, were in employment. These parents are another large component of Australia's working poor.

The number of sole parent households in Table C5, 294,608, comprise 47.8% of all sole parent households recorded in Table C8, save for those where the family income is not sufficiently recorded or where there is a nil or negative income recorded. Table C8 also includes the number of sole parent families with various numbers of children, up to families with six or more children. The total number of dependent children in sole parent families (counting all those with six or more children as families with six children) totalled 1,053,993 across all income groups.

Table C6 records the number of children living in or at risk of poverty.

Table C6
Total number of children and adults in low income sole parent families in or near poverty

	Number of families	Number of children	Total in or at risk of poverty
Parent and one child	129,880	129,880	259,760
Parent and two children	108,049	216,098	324,147
Parent and three children	40,029	120,087	160,116
Parent and four children	12,333	49,332	61,665
Parent and five children	3,330	16,650	19,980
Parent and six or more children	978	5,868	6,846
Total	294,599	537,915	832,514

The number of children in the couple plus six or more children, is calculated on the basis that there are only six children in the family. The numbers of families with three or more children are from Table B2 in Appendix B. The number of children in the couple plus six or more children, is calculated on the basis that there are only six children in the family. The numbers of families with three or more children are from Table B2 in Appendix B

Table C6 covers 51.0% of children in sole parent families: the bottom half of the income distribution of these families Table C6 shows that there were 537,915 children and 294,559 sole parents living in homes in or at risk of poverty.

These figures are very troubling. While they raise important issues beyond the scope of the Commission's responsibilities, they provide important information about the workers and their families which should be of very great concern to the Commission when it sets safety net wage rates for low paid work classifications.

For these low paid sole parent families who rely on full time or part time work, the minimum wage decisions of the Commission are vitally important; and increasingly more important because of the cuts to, and freezing of, various family payments. The Commission should, we submit, accept that their poverty will not be alleviated unless it decides to substantially increase the wage rates for low paid workers.

Table C7
Count of Dependent Children in Couple Parent Families by Total Family Income (weekly), 2016

	Negative and Nil income	$1-$149 ($1-$7,799)	$150-$299 ($7,800-$15,599)	$300-$399 ($15,600-$20,799)	$400-$499 ($20,800-$25,999)	$500-$649 ($26,000-$33,799)	$650-$799 ($33,800-$41,599)	$800-$999 ($41,600-$51,999)	$1,000-$1,249 ($52,000-$64,999)	$1,250-$1,499 ($65,000-$77,999)	$1,500-$1,749 ($78,000-$90,999)	$1,750-$1,999 ($91,000-$103,999)	$2,000 or more ($104,000 or more)	Partial income stated and All incomes not stated	Total
Couple family with: No dependent children	1,824	592	1,327	940	1,730	3,383	7,803	12,984	25,976	27,646	27,919	27,505	243,494	98,739	**481,862**
Couple family with: One dependent child	4,521	1,962	3,338	2,272	8,479	11,634	20,571	31,220	49,008	57,197	55,237	56,656	404,189	97,479	**803,763**
Couple family with: Two dependent children	4,277	1,790	2,788	1,737	7,501	10,434	18,523	32,056	53,545	66,507	67,927	72,043	530,399	100,983	**970,510**
Couple family with: Three dependent children	1,659	662	1,124	700	3,546	4,629	7,744	13,164	21,781	25,847	25,551	26,292	175,875	39,710	**348,284**
Couple family with: Four dependent children	635	263	461	239	1,465	1,888	2,772	4,625	6,524	7,674	6,974	6,965	34,030	11,530	**86,045**
Couple family with: Five dependent children	169	62	96	89	395	526	716	1,160	1,570	1,752	1,469	1,341	5,465	2,650	**17,460**
Couple family with: Six or more dependent children	132	42	93	46	231	294	431	631	759	847	717	635	2,157	1,312	**8,327**
Total	**13,217**	**5,373**	**9,227**	**6,023**	**23,347**	**32,788**	**58,560**	**95,840**	**159,163**	**187,470**	**185,794**	**191,437**	**1,395,609**	**352,403**	**2,716,251**

Table C8
Count of Dependent Children in Sole Parent Families by Total Family Income (weekly), 2016

	Negative and Nil income	$1-$149 ($1-$7,799)	$150-$299 ($7,800-$15,599)	$300-$399 ($15,600-$20,799)	$400-$499 ($20,800-$25,999)	$500-$649 ($26,000-$33,799)	$650-$799 ($33,800-$41,599)	$800-$999 ($41,600-$51,999)	$1,000-$1,249 ($52,000-$64,999)	$1,250-$1,499 ($65,000-$77,999)	$1,500-$1,749 ($78,000-$90,999)	$1,750-$1,999 ($91,000-$103,999)	$2,000 or more ($104,000 or more)	Partial income stated and All incomes not stated	Total
One parent family with: No dependent children	2,927	1,695	4,049	2,173	9,609	11,697	27,727	36,947	41,841	34,984	25,802	21,844	70,582	50,260	**342,137**
One parent family with: One dependent child	8,836	4,072	13,553	17,258	26,105	38,894	29,972	31,177	32,521	23,029	18,006	13,212	32,021	27,530	**316,186**
One parent family with: Two dependent children	5,209	2,115	7,027	10,292	14,425	28,953	24,043	21,199	21,028	14,441	10,987	7,888	17,896	18,493	**203,996**
One parent family with: Three dependent children	1,685	699	2,122	3,580	4,547	9,878	11,391	7,812	6,665	4,182	2,958	1,991	4,456	7,218	**69,184**
One parent family with: Four dependent children	525	193	599	967	1,340	2,635	3,594	3,005	1,930	1,037	684	368	935	2,420	**20,232**
One parent family with: Five dependent children	170	54	169	284	339	671	886	927	580	255	180	116	210	822	**5,663**
One parent family with: Six or more dependent children	72	21	75	73	101	177	246	285	320	137	103	61	117	382	**2,170**
Total	**19,424**	**8,849**	**27,594**	**34,627**	**56,466**	**92,905**	**97,859**	**101,352**	**104,885**	**78,065**	**58,720**	**45,480**	**126,217**	**107,125**	**959,568**

Table C9
Labour Force Status of Parents in Couple Parent Families by Total Family Income (weekly), One Dependent Child in Family, 2016

	Negative and Nil income	$1-$149 ($1-$7,799)	$150-$299 ($7,800-$15,599)	$300-$399 ($15,600-$20,799)	$400-$499 ($20,800-$25,999)	$500-$649 ($26,000-$33,799)	$650-$799 ($33,800-$41,599)	$800-$999 ($41,600-$51,999)	$1,000-$1,249 ($52,000-$64,999)	$1,250-$1,499 ($65,000-$77,999)	$1,500-$1,749 ($78,000-$90,999)	$2,000 or more ($104,000 or more)	Partial income stated and All incomes not stated	Total
Couple family: Both employed, worked full-time	305	122	95	39	190	216	585	958	2,443	5,878	7,201	11,165	146,152	**13,934**
Couple family: One employed full-time, other part-time	155	98	126	51	243	503	1,175	3,230	10,121	17,960	19,693	20,603	133,245	**13,500**
Couple family: One employed full-time, other away from work	29	7	8	4	13	61	139	377	898	1,829	1,993	2,435	28,219	**1,720**
Couple family: One employed full-time,other unemployed	42	27	36	43	110	417	962	2,103	3,148	2,850	2,780	2,346	8,914	**1,148**
Couple family: One employed full-time, other not in the labour force	221	128	213	225	590	1,885	4,493	10,259	16,249	14,762	13,442	11,654	49,744	**6,430**
Couple family: One employed full-time, other labour force status not stated	3	0	4	3	7	9	29	50	54	57	62	55	277	**19,554**
Couple family: Both employed, worked part-	58	62	118	35	331	609	1,511	2,439	4,135	4,336	2,976	2,676	11,515	**2,150**

	Negative and Nil income	$1-$149 ($1-$7,799)	$150-$299 ($7,800-$15,599)	$300-$399 ($15,600-$20,799)	$400-$499 ($20,800-$25,999)	$500-$649 ($26,000-$33,799)	$650-$799 ($33,800-$41,599)	$800-$999 ($41,600-$51,999)	$1,000-$1,249 ($52,000-$64,999)	$1,250-$1,499 ($65,000-$77,999)	$1,500-$1,749 ($78,000-$90,999)	$2,000 or more ($104,000 or more)	Partial income stated and All incomes not stated	Total
time														
Couple family: One employed part-time, other away from work	19	11	17	7	35	106	172	360	661	839	782	714	4,829	**818**
Couple family: One employed part-time, other unemployed	37	61	191	201	492	797	900	1,227	1,115	818	585	407	1,609	**476**
Couple family: One employed part-time, other not in the labour force	153	218	600	610	1,418	2,630	3,744	4,611	4,296	3,098	2,205	1,669	5,826	**2,176**
Couple family: One employed part-time, other labour force status not stated	3	3	0	3	14	14	28	27	30	16	20	12	77	**12,988**
Couple family: Both employed, away from work	50	22	10	5	35	39	81	148	303	497	450	555	4,744	**1,345**
Couple family: One away from work, other unemployed	10	9	19	20	54	73	118	149	171	174	115	122	496	**154**
Couple family: One away from work, other not in the labour force	81	42	77	54	168	304	460	701	922	745	644	548	2,428	**1,127**
Couple family: One	13	9	3	0	0	10	17	23	32	23	32	35	87	**2,731**

	Negative and Nil income	$1-$149 ($1-$7,799)	$150-$299 ($7,800-$15,599)	$300-$399 ($15,600-$20,799)	$400-$499 ($20,800-$25,999)	$500-$649 ($26,000-$33,799)	$650-$799 ($33,800-$41,599)	$800-$999 ($41,600-$51,999)	$1,000-$1,249 ($52,000-$64,999)	$1,250-$1,499 ($65,000-$77,999)	$1,500-$1,749 ($78,000-$90,999)	$2,000 or more ($104,000 or more)	Partial income stated and All incomes not stated	Total
away from work, other labour force status not stated														
Couple family: Both unemployed	452	161	224	72	550	341	359	281	238	163	127	92	357	**233**
Couple family: One unemployed, other not in the labour force	728	263	514	269	1,171	1,070	1,120	938	770	517	306	244	1,056	**502**
Couple family: One unemployed, other labour force status not stated	0	4	0	0	7	9	6	3	4	6	0	4	12	**1,804**
Couple family: Both not in the labour force	2,138	709	1,065	615	3,012	2,520	4,620	3,266	3,345	2,546	1,795	1,285	4,421	**3,407**
Couple family: One not in the labour force, other labour force status not stated	14	8	13	12	20	26	35	39	35	22	22	8	35	**9,560**
Couple family: Both labour force status not stated	13	0	5	3	13	10	34	31	34	40	29	23	120	**1,728**
Total	**4,524**	**1,964**	**3,338**	**2,271**	**8,473**	**11,649**	**20,588**	**31,220**	**49,004**	**57,176**	**55,259**	**56,652**	**404,163**	**97,485**

Table C10
Labour Force Status of Parents in Couple Parent Families by Total Family Income (weekly), Two Dependent Children in Family, 2016

	Negative and Nil income	$1-$149 ($1-$7,799)	$150-$299 ($7,800-$15,599)	$300-$399 ($15,600-$20,799)	$400-$499 ($20,800-$25,999)	$500-$649 ($26,000-$33,799)	$650-$799 ($33,800-$41,599)	$800-$999 ($41,600-$51,999)	$1,000-$1,249 ($52,000-$64,999)	$1,250-$1,499 ($65,000-$77,999)	$1,500-$1,749 ($78,000-$90,999)	$1,750-$1,999 ($91,000-$103,999)	$2,000 or more ($104,000 or more)	Partial income stated and All incomes not stated	Total
Couple family: Both employed, worked full-time	376	133	86	31	212	241	628	1,128	2,707	6,090	7,497	11,612	173,506	12,616	**216,863**
Couple family: One employed full-time, other part-time	292	138	220	42	340	692	1,507	4,126	12,327	23,246	27,357	30,704	219,446	14,369	**334,806**
Couple family: One employed full-time, other away from work	32	9	17	8	28	61	130	337	911	1,715	1,995	2,410	23,216	1,598	**32,467**
Couple family: One employed full-time, other unemployed	45	21	48	34	92	315	757	1,834	3,354	3,208	3,126	2,939	11,541	1,142	**28,456**
Couple family: One employed full-time, other not in the labour force	300	155	234	191	570	1,739	4,158	10,139	18,070	18,536	17,831	15,682	64,405	6,463	**158,473**
Couple family: One employed full-time, other labour force status not stated	3	0	0	0	4	3	25	51	56	82	68	72	327	19,272	**19,963**
Couple family: Both employed, worked part-time	56	67	116	37	301	570	1,357	2,364	4,304	4,675	3,455	3,188	14,009	1,808	**36,307**
Couple family: One employed part-time, other away from work	20	16	17	4	50	80	174	316	685	847	851	839	5,462	817	**10,178**
Couple family: One employed part-time, other unemployed	41	69	167	157	358	730	837	1,220	1,140	792	599	430	2,043	436	**9,019**
Couple family: One employed part-time, other not in the labour force	152	206	503	514	1,238	2,346	3,370	4,745	4,845	3,161	2,121	1,584	5,252	1,662	**31,699**
Couple family: One employed part-time, other labour force status not stated	0	0	7	5	7	7	15	20	23	33	19	14	81	17,875	**18,106**

	Negative and Nil income	$1-$149 ($1-$7,799)	$150-$299 ($7,800-$15,599)	$300-$399 ($15,600-$20,799)	$400-$499 ($20,800-$25,999)	$500-$649 ($26,000-$33,799)	$650-$799 ($33,800-$41,599)	$800-$999 ($41,600-$51,999)	$1,000-$1,249 ($52,000-$64,999)	$1,250-$1,499 ($65,000-$77,999)	$1,500-$1,749 ($78,000-$90,999)	$1,750-$1,999 ($91,000-$103,999)	$2,000 or more ($104,000 or more)	Partial income stated and All incomes not stated	Total
Couple family: Both employed, away from work	64	17	13	6	31	38	100	145	333	500	520	538	4,032	1,403	**7,740**
Couple family: One away from work, other unemployed	7	14	18	8	33	69	76	135	155	151	124	90	454	153	**1,487**
Couple family: One away from work, other not in the labour force	90	44	69	46	157	293	404	768	982	927	754	699	2,564	1,034	**8,831**
Couple family: One away from work, other labour force status not stated	11	0	3	0	0	5	12	15	31	28	19	20	98	2,551	**2,793**
Couple family: Both unemployed	398	139	177	90	473	321	352	390	244	179	104	110	350	185	**3,512**
Couple family: One unemployed, other not in the labour force	635	238	363	187	1,039	901	1,172	1,180	713	507	360	283	938	478	**8,994**
Couple family: One unemployed, other labour force status not stated	0	5	0	0	4	3	0	5	10	0	7	3	8	2,068	**2,113**
Couple family: Both not in the labour force	1,722	512	707	367	2,536	1,975	3,396	3,075	2,569	1,752	1,080	791	2,519	2,136	**25,137**
Couple family: One not in the labour force, other labour force status not stated	18	16	14	5	12	22	31	32	40	34	20	17	37	11,396	**11,694**
Couple family: Both labour force status not stated	12	0	3	3	15	18	21	22	37	42	23	30	115	1,518	**1,859**
Total	**4,274**	**1,799**	**2,782**	**1,735**	**7,500**	**10,429**	**18,522**	**32,047**	**53,536**	**66,505**	**67,930**	**72,055**	**530,403**	**100,980**	**970,497**

Table C11
Labour Force Status of Parents in Couple Parent Families by Total Family Income (weekly), Three or more Dependent Children in Family, 2016

5	Negative and Nil income	$1-$149 ($1-$7,799)	$150-$299 ($7,800-$15,599)	$300-$399 ($15,600-$20,799)	$400-$499 ($20,800-$25,999)	$500-$649 ($26,000-$33,799)	$650-$799 ($33,800-$41,599)	$800-$999 ($41,600-$51,999)	$1,000-$1,249 ($52,000-$64,999)	$1,250-$1,499 ($65,000-$77,999)	$1,500-$1,749 ($78,000-$90,999)	$1,750-$1,999 ($91,000-$103,999)	$2,000 or more ($104,000 or more)	Partial income stated and All incomes not stated	Total
Couple family: Both employed, worked full-time	173	46	53	20	122	122	335	581	1,265	2,334	2,636	4,152	56,365	6,307	**74,511**
Couple family: One employed full-time, other part-time	121	79	104	41	178	371	822	2,017	5,498	9,745	11,414	13,103	92,169	8,367	**144,029**
Couple family: One employed full-time, other away from work	13	6	14	3	13	29	60	157	429	763	877	1,070	8,202	854	**12,490**
Couple family: One employed full-time, other unemployed	19	16	18	23	54	138	314	646	1,218	1,484	1,319	1,277	4,578	681	**11,785**
Couple family: One employed full-time, other not in the labour force	198	90	131	121	391	1,150	2,524	5,386	10,677	12,762	12,289	10,760	38,986	5,294	**100,759**
Couple family: One employed full-time, other labour force status not stated	0	0	0	0	4	5	13	26	43	45	41	42	167	6,410	**6,796**
Couple family: Both employed, worked part-time	22	24	49	9	146	261	553	1,049	1,803	1,985	1,506	1,304	5,534	1,185	**15,430**
Couple family: One employed part-time, other away from work	10	10	9	5	34	43	102	155	321	410	374	400	2,154	460	**4,487**
Couple family: One employed part-time, other unemployed	16	32	81	61	193	326	431	598	621	447	302	206	759	336	**4,409**
Couple family: One employed part-time, other not in the labour force	108	102	320	285	768	1,520	2,040	2,975	3,722	2,626	1,601	1,078	2,800	1,557	**21,502**
Couple family: One	0	0	3	5	4	18	21	18	18	16	20	14	27	7,632	**7,796**

5	Negative and Nil income	$1-$149 ($1-$7,799)	$150-$299 ($7,800-$15,599)	$300-$399 ($15,600-$20,799)	$400-$499 ($20,800-$25,999)	$500-$649 ($26,000-$33,799)	$650-$799 ($33,800-$41,599)	$800-$999 ($41,600-$51,999)	$1,000-$1,249 ($52,000-$64,999)	$1,250-$1,499 ($65,000-$77,999)	$1,500-$1,749 ($78,000-$90,999)	$1,750-$1,999 ($91,000-$103,999)	$2,000 or more ($104,000 or more)	Partial income stated and All incomes not stated	Total
employed part-time, other labour force status not stated															
Couple family: Both employed, away from work	23	7	7	9	8	26	50	84	158	234	225	218	1,403	735	**3,187**
Couple family: One away from work, other unemployed	6	9	10	6	18	27	53	68	86	81	81	63	186	126	**820**
Couple family: One away from work, other not in the labour force	75	29	62	45	108	192	294	575	727	715	600	471	1,560	1,073	**6,526**
Couple family: One away from work, other labour force status not stated	0	3	0	0	0	7	12	0	9	13	12	8	44	1,124	**1,232**
Couple family: Both unemployed	182	66	76	32	278	221	248	315	200	122	66	70	135	216	**2,227**
Couple family: One unemployed, other not in the labour force	421	138	279	141	921	759	917	1,418	889	542	307	235	602	596	**8,165**
Couple family: One unemployed, other labour force status not stated	0	0	3	0	0	4	0	8	3	0	6	0	4	967	**995**
Couple family: Both not in the labour force	1,184	357	547	267	2,362	2,084	2,815	3,446	2,864	1,746	1,003	741	1,757	2,484	**23,657**
Couple family: One not in the labour force, other labour force status not stated	17	8	5	4	24	17	26	30	53	24	16	12	37	7,686	**7,959**
Couple family: Both labour force status not stated	12	0	7	3	8	16	14	23	37	30	16	10	56	1,113	**1,345**
Total	**2,600**	**1,022**	**1,778**	**1,080**	**5,634**	**7,336**	**11,644**	**19,575**	**30,641**	**36,124**	**34,711**	**35,234**	**217,525**	**55,203**	**460,107**

Table C12
Labour Force Status of Parents in Sole Parent Families by Total Family Income (weekly), One Dependent Child in Family, 2016

	Negative and Nil income	$1-$149 ($1-$7,799)	$150-$299 ($7,800-$15,599)	$300-$399 ($15,600-$20,799)	$400-$499 ($20,800-$25,999)	$500-$649 ($26,000-$33,799)	$650-$799 ($33,800-$41,599)	$800-$999 ($41,600-$51,999)	$1,000-$1,249 ($52,000-$64,999)	$1,250-$1,499 ($65,000-$77,999)	$1,500-$1,749 ($78,000-$90,999)	$1,750-$1,999 ($91,000-$103,999)	$2,000 or more ($104,000 or more)	Partial income stated and All incomes not stated	Total
One parent family: Employed, worked full-time	251	174	365	490	944	3,137	7,328	12,565	16,515	13,420	11,871	9,201	23,204	9,627	**109,092**
One parent family: Employed, worked part-time	253	751	2,397	3,703	6,523	14,034	12,772	11,114	8,868	5,409	3,607	2,215	4,415	5,744	**81,805**
One parent family: Employed, away from work	103	115	275	355	594	1,038	964	958	980	710	563	427	1,050	1,364	**9,496**
One parent family: Unemployed	1,402	738	2,943	2,902	3,915	3,919	1,509	1,190	1,029	622	376	253	611	1,485	**22,894**
One parent family: Not in the labour force	6,783	2,261	7,495	9,743	14,043	16,676	7,320	5,286	5,076	2,847	1,567	1,094	2,698	7,332	**90,221**
One parent family: Labour force status not stated	47	31	85	72	90	94	85	60	60	34	21	27	48	1,982	**2,736**
Total	**8,839**	**4,070**	**13,560**	**17,265**	**26,109**	**38,898**	**29,978**	**31,173**	**32,528**	**23,042**	**18,005**	**13,217**	**32,026**	**27,534**	**316,244**

Source of data: Australian Bureau of Statistics - Census of Population and Housing 2016 (TableBuilder LFSF by CDCF by FINF)

Table C13
Labour Force Status of Parents in Sole Parent Families by Total Family Income (weekly), Two Dependent Children in Family, 2016

	Negative and Nil income	$1-$149 ($1-$7,799)	$150-$299 ($7,800-$15,599)	$300-$399 ($15,600-$20,799)	$400-$499 ($20,800-$25,999)	$500-$649 ($26,000-$33,799)	$650-$799 ($33,800-$41,599)	$800-$999 ($41,600-$51,999)	$1,000-$1,249 ($52,000-$64,999)	$1,250-$1,499 ($65,000-$77,999)	$1,500-$1,749 ($78,000-$90,999)	$1,750-$1,999 ($91,000-$103,999)	$2,000 or more ($104,000 or more)	Partial income stated and all incomes not stated	Total
One parent family: Employed, worked full-time	136	91	160	310	545	1,720	3,821	6,679	9,452	7,887	7,012	5,553	13,046	6,427	**62,839**
One parent family: Employed, worked part-time	170	436	1,545	2,425	4,067	9,455	9,859	9,258	7,323	4,005	2,501	1,413	2,536	4,426	**59,419**
One parent family: Employed, away from work	79	64	133	184	307	739	645	568	521	366	280	200	503	798	**5,387**
One parent family: Unemployed	896	327	1,303	1,488	1,939	3,438	1,606	811	629	382	201	117	338	1,081	**14,556**
One parent family: Not in the labour force	3,902	1,190	3,850	5,844	7,507	13,523	8,040	3,851	3,066	1,784	984	596	1,456	4,701	**60,294**
One parent family: Labour force status not stated	30	8	33	47	60	66	72	35	40	17	12	8	16	1,070	**1,514**
Total	**5,213**	**2,116**	**7,024**	**10,298**	**14,425**	**28,941**	**24,043**	**21,202**	**21,031**	**14,441**	**10,990**	**7,887**	**17,895**	**18,503**	**204,009**

Source of data: Australian Bureau of Statistics - Census of Population and Housing 2016 (TableBuilder LFSF by CDCF by FINF)

Table C14
Labour Force Status of Parents in Sole Parent Families by Total Family Income (weekly), Three Dependent Children in Family, 2016

	Negative and Nil income	$1-$149 ($1-$7,799)	$150-$299 ($7,800-$15,599)	$300-$399 ($15,600-$20,799)	$400-$499 ($20,800-$25,999)	$500-$649 ($26,000-$33,799)	$650-$799 ($33,800-$41,599)	$800-$999 ($41,600-$51,999)	$1,000-$1,249 ($52,000-$64,999)	$1,250-$1,499 ($65,000-$77,999)	$1,500-$1,749 ($78,000-$90,999)	$1,750-$1,999 ($91,000-$103,999)	$2,000 or more ($104,000 or more)	Partial income stated and All incomes not stated	Total
One parent family: Employed, worked full-time	61	24	66	97	165	535	1,215	1,909	2,650	2,163	1,926	1,425	3,459	2,258	**17,953**
One parent family: Employed, worked part-time	63	166	588	774	1,365	3,123	3,730	3,676	3,247	1,702	977	511	928	2,231	**23,081**
One parent family: Employed, away from work	32	26	55	83	117	280	296	267	233	148	107	75	134	386	**2,239**
One parent family: Unemployed	304	148	421	574	669	1,543	1,526	809	433	259	112	78	159	805	**7,840**
One parent family: Not in the labour force	1,982	587	1,821	3,368	3,982	7,843	9,316	5,348	2,925	1,328	797	437	1,012	4,352	**45,098**
One parent family: Labour force status not stated	11	15	12	11	29	40	41	19	20	9	6	11	20	804	**1,048**
Total	**2,453**	**966**	**2,963**	**4,907**	**6,327**	**13,364**	**16,124**	**12,028**	**9,508**	**5,609**	**3,925**	**2,537**	**5,712**	**10,836**	**97,259**

Source of data: Australian Bureau of Statistics - Census of Population and Housing 2016 (TableBuilder LFSF by CDCF by FINF)

Note: the following tables do not include the numbers of families recording nil or negative income, nor do they include Partial income stated and all incomes not stated.

Table C15
Working patterns of couple parent families with one child August 2016

	Total income less than $1,000 per week		Total income $1,000 per week or more		Total families	
	N	%	N	%	N	%
1. One full time and other not in labour force	17,793	22.4	105,851	17.0	123,644	17.6
2. One part time and other not in labour force	13,831	17.4	17,094	2.7	30,925	4.4
3. One away from work and other not in labour force	1,806	2.3	5,287	0.8	7,093	1.0
4. One unemployed and other not in labour force	5,345	6.7	2,893	0.5	8,238	1.2
5. Both not in labour force	15,807	19.9	13,392	2.2	29,199	4.2
6. Both full time	2,205	2.8	172,839	27.8	17,5044	24.9
7. One full time and other part time	5,426	6.8	201,622	32.4	20,7048	29.5
8. Both part time	5,105	6.4	25,638	4.1	3,0743	4.4
9. Both (employed and) away from work	340	0.4	6,549	1.1	6,889	1.0
10. One away from work and other unemployed	442	0.6	1,078	0.2	1,520	0.2
11. One part time and other away from work	708	0.9	7,825	1.3	8,533	1.2
12. One full time and other away from work	609	0.8	35,374	5.7	35,983	5.1
13. One full time and other unemployed	3,698	4.7	20,038	3.2	23,736	3.4
14. One part time and other unemployed	3,869	4.9	4,534	0.7	8,403	1.2
15. Both unemployed	1,988	2.5	977	0.2	2,965	0.4
16. Status of one or both not stated	531	0.7	1263	0.2	1,794	0.3
Totals	**79,503**	**100.0**	**622,254**	**100.0**	**701,757**	**100.0**

Table C16
Working patterns of couple parent families with two children August 2016

	Total income less than $1,250 per week		Total income $1,250 per week or more		Total families	
	N	%	N	%	N	%
1. One full time and other not in labour force	35,256	27.5	116,454	15.8	151,710	17.5
2. One part time and other not in labour force	17,767	13.8	12,118	1.6	29,885	3.5
3. One away from work and other not in labour force	2,763	2.2	4,944	0.7	7,707	0.9
4. One unemployed and other not in labour force	5,793	4.5	2,088	0.3	7,881	0.9
5. Both not in labour force	15,137	11.8	6,142	0.8	21,279	2.5
6. Both full time	5,166	4.0	198,705	27.0	203,871	23.6
7. One full time and other part time	19,392	15.1	300,753	40.8	320,145	37.0
8. Both part time	9,116	7.1	25,327	3.4	34,443	4.0
9. Both (employed and) away from work	683	0.5	5,590	0.8	6,273	0.7
10. One away from work and other unemployed	508	0.4	819	0.1	1,327	0.2
11. One part time and other away from work	1,342	1.0	7,999	1.1	9,341	1.1
12. One full time and other away from work	1,501	1.2	29,336	4.0	30,837	3.6
13. One full time and other unemployed	6,455	5.0	20,814	2.8	27,269	3.2
14. One part time and other unemployed	4,678	3.6	3,864	0.5	8,542	1.0
15. Both unemployed	2,186	1.7	743	0.1	2,929	0.3
16. Status of one or both not stated	607	0.5	1,197	0.2	1,804	0.2
Totals	**128,350**	**100.0**	**736,893**	**100.0**	**865,243**	**100.0**

Table C17
Working patterns of couple parent families with three or more children August 2016

	Total income less than $1,250 per week		Total income $1,250 per week or more		Total families	
	N	%	N	%	N	%
1. One full time and other not in labour force	20,470	26.0	74,797	23.1	95,267	23.7
2. One part time and other not in labour force	11,732	14.9	8,105	2.5	19,837	4.9
3. One away from work and other not in labour force	2,032	2.6	3,346	1.0	5,378	1.3
4. One unemployed and other not in labour force	5,462	6.9	1,686	0.5	7,148	1.8
5. Both not in labour force	14,742	18.7	5,247	1.6	19,989	5.0
6. Both full time	2,544	3.2	65,487	20.2	68,031	16.9
7. One full time and other part time	9,110	11.6	126,431	39.1	135,541	33.7
8. Both part time	3,894	4.9	10,329	3.2	14,223	3.5
9. Both (employed and) away from work	349	0.4	2,080	0.6	2,429	0.6
10. One away from work and other unemployed	277	0.4	411	0.1	688	0.2
11. One part time and other away from work	679	0.9	3,338	1.0	4,017	1.0
12. One full time and other away from work	711	0.9	10,912	3.4	11,623	2.9
13. One full time and other unemployed	2,427	3.1	8,658	2.7	11,085	2.8
14. One part time and other unemployed	2,343	3.0	1,714	0.5	4,057	1.0
15. Both unemployed	1,436	1.8	393	0.1	1,829	0.5
16. Status of one or both not stated	502	0.6	660	0.2	1,162	0.3
Totals	**78,710**	**100.0**	**323,594**	**100.0**	**402,304**	**100.0**

Table C18
Working patterns of sole parent families with one child August 2016

	Total income less than $800 per week		Total income $800 per week or more		Total families	
	N	%	N	%	N	%
1. Employed, full time	12,438	9.6	86,776	57.9	99,214	35.4
2. Employed, part time	40,180	30.9	35,628	23.8	75,808	27.1
3. Employed, away from work	3,341	2.6	4,688	3.1	8,029	2.9
4. Unemployed	15,926	12.3	4,081	2.7	20,007	7.1
5. Not in labour force	57,538	44.3	18,568	12.4	76,106	27.2
6. Labour force status not stated	457	0.4	250	0.2	707	0.3
Totals	**129,880**	**100.0**	**149,991**	**100.0**	**279,871**	**100.0**

Table C19
Working patterns of sole parent families with two children August 2016

	Total income less than $1,000 per week		Total income $1,000 per week or more		Total families	
	N	%	N	%	N	%
1. Employed, full time	13326	12.3	42950	59.5	56276	31.2
2. Employed, part time	37045	34.3	17778	24.6	54823	30.4
3. Employed, away from work	2640	2.4	1870	2.6	4510	2.5
4. Unemployed	10912	10.1	1667	2.3	12579	7.0
5. Not in labour force	43805	40.5	7886	10.9	51691	28.7
6. Labour force status not stated	321	0.3	93	0.1	414	0.2
Totals	**108,049**	**100.0**	**72,244**	**100.0**	**180,293**	**100.0**

Table C20
Working patterns of sole parent families with three or more children August 2016

	Total income less than $1,000 per week		Total income $1,000 per week or more		Total families	
	N	%	N	%	N	%
1. Employed, full time	4,011	7.1	11,623	42.6	15,634	18.6
2. Employed, part time	13,422	23.7	7,365	27.0	20,787	24.8
3. Employed, away from work	1,124	2.0	697	2.6	1,821	2.2
4. Unemployed	5,690	10.0	1,041	3.8	6,731	8.0
5. Not in labour force	32,265	56.9	6,499	23.8	38,764	46.2
6. Labour force status not stated	167	0.3	66	0.2	233	0.3
Totals	**56,679**	**100.0**	**27,291**	**100.0**	**83,970**	**100.0**

Table C21 2016 Census
Labour Force Status of 15-19 year olds

LFSP Labour Force Status	Employed, worked full-time	Employed, worked part-time	Employed, away from work	Unemployed, looking for full-time work	Unemployed, looking for part-time work	Not in the labour force	Not stated	Total
TYPP Type of Educational Institution Attending								
Preschool	0	0	0	0	0	0	0	0
Infants/Primary - Government	0	0	0	0	0	0	0	0
Infants/Primary - Catholic	0	0	0	0	0	0	0	0
Infants/Primary - Other Non Government	0	0	0	0	0	0	0	0
Secondary - Government	565	109,401	8,250	1,458	31,372	286,874	556	438,476
Secondary - Catholic	173	54,982	4,473	258	11,829	106,088	106	177,917
Secondary - Other Non Government	181	32,415	2,753	202	8,121	106,260	93	150,029
Technical or Further Educational Institution (including TAFE Colleges)	23,747	20,115	2,230	2,675	7,225	23,481	317	79,785
University or other Tertiary Institution	3,803	96,558	6,690	978	24,775	73,860	128	206,800
Other	1,557	3,954	357	758	1,440	9,843	89	17,999
Not stated	1,081	5,529	1,026	596	1,499	26,010	66,475	102,226
Not applicable	74,689	72,107	8,304	31,336	9,682	49,213	3,034	248,366
Total	**105,797**	**395,068**	**34,089**	**38,260**	**95,954**	**681,633**	**70,797**	**1,421,597**

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