

## INITIAL SUBMISSIONS OF THE UNITED WORKERS' UNION

### Introduction

1. The United Workers' Union ('UWU') makes these submissions for the *Annual Wage Review 2023-24* ('**2024 AWR**') on behalf of our membership.
2. UWU has a diverse membership, which includes employees in aged care, home care and disability support, contract security and cleaning, childcare and teacher aides, ambulance workers, logistics, farming, manufacturing, food production, hospitality and market research. A significant proportion of UWU members are directly reliant on modern awards.
3. These submissions are intended to address several matters.
  - (a) In **Section 1** we express support for the submission made by the Australian Council of Trade Unions ('ACTU'), that the Fair Work Commission ('FWC') Expert Panel should award an increase of at least 5% to the national minimum wage ('NMW') and modern award minimum wages, based on statutory considerations including the modern awards objective and the minimum wages objective.

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

- (b) In **Section 2** we address matters relating to the Gender Pay Equity Research project, and foreshadow further submissions UWU intends to make after the *Stage 2 Gender Pay Research Report* is delivered. In particular, we submit it is likely that in the 2024 AWR, the Expert Panel should take a particular approach to feminised awards in the care sector, and award additional increases to minimum wages in those awards to address historical gender undervaluation.
    - (c) In **Section 3** we address specifically matters relating to Schedule I of the *Hospitality Industry (General) Award 2020* in respect of loaded rates in that award.

## SECTION 1 – AN APPROPRIATE INCREASE TO MINIMUM WAGE RATES

4. UWU supports the submission of the ACTU<sup>1</sup> and calls on the Expert Panel to award an increase of at least 5% to the national minimum wage and modern award minimum wages, thus delivering cost of living relief to Australia's lowest paid workers.
5. This submission is intended to supplement the submission of the ACTU, and to help the Expert Panel to understand the real-world impacts that their decision will have on UWU members.

### Statutory considerations

6. In conducting the review of the NMW and modern award minimum wages, the FWC must establish and maintain a safety net of fair minimum wages, taking into account the matters listed in the minimum wages objective, including:
  - (a) the performance and competitiveness of the national economy, including productivity, business competitiveness and viability, inflation and employment growth; and
  - (aa) the need to achieve gender equality, including by ensuring equal remuneration for work of equal or comparable value, eliminating gender-based undervaluation of work and addressing gender pay gaps; and
  - (b) promoting social inclusion through increased workforce participation; and
  - (c) relative living standards and the needs of the low paid; and
  - (e) providing a comprehensive range of fair minimum wages to junior employees, employees to whom training arrangements apply and employees with a disability.<sup>2</sup>
6. When varying modern award minimum wages, the FWC must take into account the rate of the NMW that it proposes to set in the review.<sup>3</sup> In other words, the FWC must first decide the proposed NMW so that it can be taken into account in the review of modern award minimum wages.
7. In varying modern award minimum wages, the FWC must also consider the modern awards objective, which requires that modern awards provide a fair and relevant minimum safety net of terms and conditions, taking into account:

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<sup>1</sup> ACTU initial submission dated 28 March 2024.

<sup>2</sup> *Fair Work Act 2009* (Cth) ('FW Act'), s 284(1).

<sup>3</sup> *Ibid*, s 285(3).

- (a) relative living standards and the needs of the low paid; and
- (aa) the need to improve access to secure work across the economy; and
- (ab) the need to achieve gender equality in the workplace by ensuring equal remuneration for work of equal or comparable value, eliminating gender-based undervaluation of work and providing workplace conditions that facilitate women’s full economic participation; and
- (b) the need to encourage collective bargaining; and
- (c) the need to promote social inclusion through increased workforce participation; and
- (d) the need to promote flexible modern work practices and the efficient and productive performance of work; and
- (da) the need to provide additional remuneration for:
  - (i) employees working overtime; or
  - (ii) employees working unsocial, irregular or unpredictable hours; or
  - (iii) employees working on weekends or public holidays; or
  - (iv) employees working shifts; and
- (f) the likely impact of any exercise of modern award powers on business, including on productivity, employment costs and the regulatory burden; and
- (g) the need to ensure a simple, easy to understand, stable and sustainable modern award system for Australia that avoids unnecessary overlap of modern awards; and
- (h) the likely impact of any exercise of modern award powers on employment growth, inflation and the sustainability, performance and competitiveness of the national economy.<sup>4</sup>

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

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

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<sup>4</sup> Ibid, s 134(1).

<sup>5</sup> Ibid, s 578(a).

<sup>6</sup> Ibid, s 3.

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

10. This section touches on the following groups of considerations that the Expert Panel must take into account in its review of the NMW and modern award minimum wages:
- (a) Economic and business considerations;<sup>8</sup>
  - (b) Relative living standards and the needs of the low paid;<sup>9</sup>
  - (c) Gender equality;<sup>10</sup>
  - (d) Job security; and<sup>11</sup>
  - (e) Collective bargaining.<sup>12</sup>

### ***Economic and business considerations***

11. In December 2023, the Federal Government released its 2023-24 Mid-Year Economic and Fiscal Outlook ('**MYEFO**'). It contained the following forecasts, including that of a return to real wage growth from 2023-24 onwards:<sup>13</sup>

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<sup>7</sup> *Annual Wage Review 2022-23* [2023] FWCFB 3500, [22].

<sup>8</sup> FW Act, s 134(1)(c), (d), (f) and (h); s 284(1)(a) and (b).

<sup>9</sup> *Ibid*, s 134(1)(a); s 284(1)(c).

<sup>10</sup> *Ibid*, s 134(1)(ab); s 284(1)(aa).

<sup>11</sup> *Ibid*, s 134(1)(aa).

<sup>12</sup> *Ibid*, s 134(1)(b).

<sup>13</sup> Mid-Year Economic and Fiscal Outlook ('**MYEFO**') 2023–24 (13 December 2023), p. 4, <https://budget.gov.au/content/myefo/download/myefo2023-24.pdf>.

**Table 1.1: Major economic parameters <sup>(a)</sup>**

	Outcome	Forecasts			
	2022-23	2023-24	2024-25	2025-26	2026-27
Real GDP	3.1	1 3/4	2 1/4	2 1/2	2 3/4
Employment	3.2	1 1/2	1	1 1/2	1 3/4
Unemployment rate	3.6	4 1/4	4 1/2	4 1/2	4 1/4
Consumer price index	6.0	3 3/4	2 3/4	2 1/2	2 1/2
Wage price index	3.6	4	3 1/4	3 1/2	3 1/2
Nominal GDP	9.8	4 1/4	2 1/4	4 1/2	5

a) Real GDP and nominal GDP are percentage change on preceding year. Employment, the consumer price index and the wage price index are through-the-year growth to the June quarter. The unemployment rate is the rate for the June quarter.

Source: ABS Australian National Accounts: National Income, Expenditure and Product; Labour Force Survey, Australia; Consumer Price Index, Australia; Wage Price Index, Australia; and Treasury.

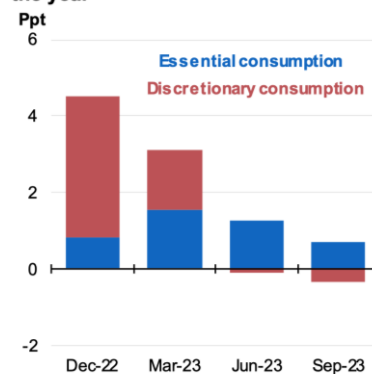
12. MYEFO states that while the Australian economy faces pressures from elevated inflation, higher interest rates and a volatile international environment:

*The economy has shown significant resilience in the face of these challenges with continued labour market strength and a pick-up in wage growth. In 2022–23, economic growth was broad-based at 3.1 per cent, supported by consumption, returning international students and significant investment from both businesses and the public sector. This was broadly in line with Budget expectations of 3 1/4 per cent. Economic growth is expected to moderate to 1 3/4 per cent in 2023–24 before recovering to 2 1/4 per cent in 2024–25.<sup>14</sup>*

13. However MYEFO also calls attention to household consumption having ‘softened in recent quarters, with households prioritising spending on essential items’:

*Household consumption rose 0.1 per cent in the June quarter 2023 and was flat in the September quarter 2023. Recent data indicates that this weakness has continued in recent months and consumption is expected to remain subdued in 2023–24, growing only 1/2 per cent.<sup>15</sup>*

**Chart 2.3: Contribution to consumption growth, through the year**



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

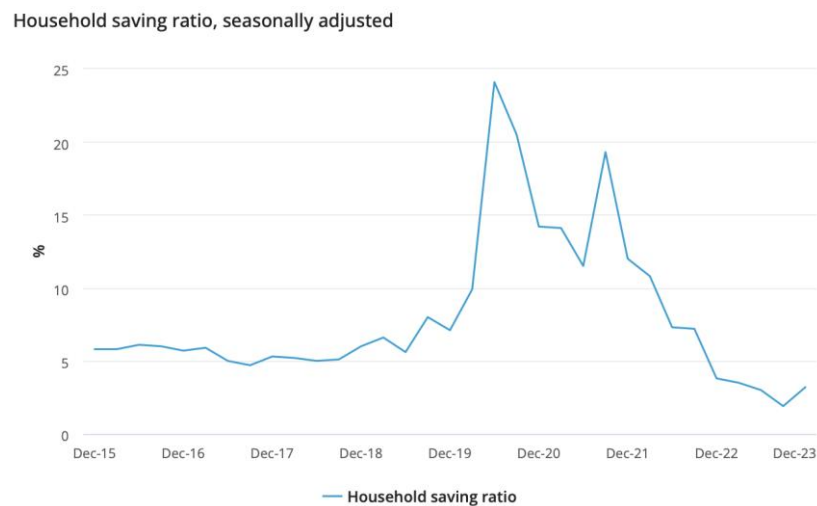
<sup>14</sup> MYEFO, p. 35.

<sup>15</sup> Ibid, p. 38.

14. MYEFO makes the point that:

*While aggregate household savings remain positive, many are saving less of their incomes in response to elevated inflation and higher interest rates. The household saving ratio has fallen in recent quarters and is expected to average 2 per cent in 2023–24, its lowest annual level since 2007–08. It is also likely that some households are needing to draw upon previously accumulated savings to support their consumption and service mortgage costs.<sup>16</sup>*

15. This can also be seen in the national accounts data released by the Australian Bureau of Statistics (**'ABS'**) in December 2023, which showed Australia's household saving to income ratio (net saving as a percentage of net household disposable income) has declined to below pre-pandemic levels:<sup>17</sup>



16. The ABS attributes the more recent small uptick in the household savings ratio to (among other things) a 1.4 per cent increase in Compensation of Employees. MYEFO is also optimistic about the impact of future wages growth, stating that:

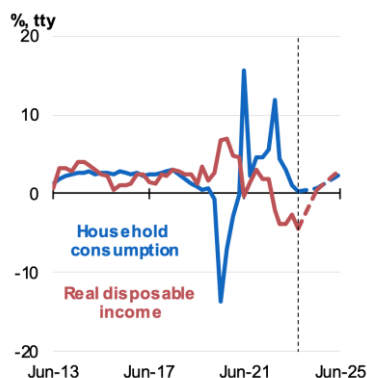
*Households' financial position will improve as inflation subsides and wage growth picks up. This is expected to drive a recovery in household consumption, with 2 per cent growth forecast in 2024–25.<sup>18</sup>*

<sup>16</sup> Ibid.

<sup>17</sup> ABS, Australian National Accounts: National Income, Expenditure and Product. December 2023.

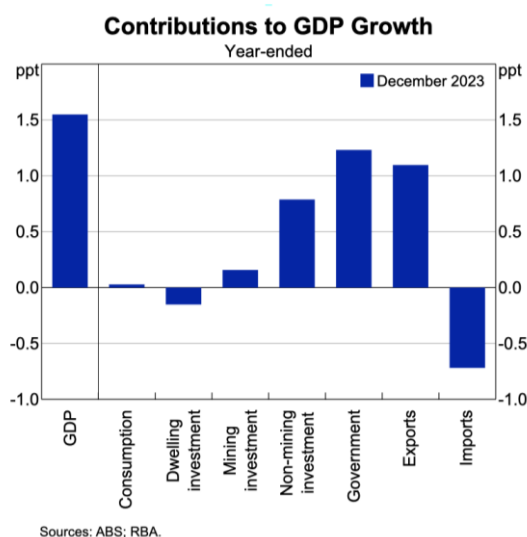
<sup>18</sup> MYEFO, p. 38.

**Chart 2.4: Consumption and real income growth**



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

17. However, there is still a strong need to lift the contribution consumption spending makes to GDP, as this chart from the Reserve Bank of Australia ('RBA') makes clear:<sup>19</sup>

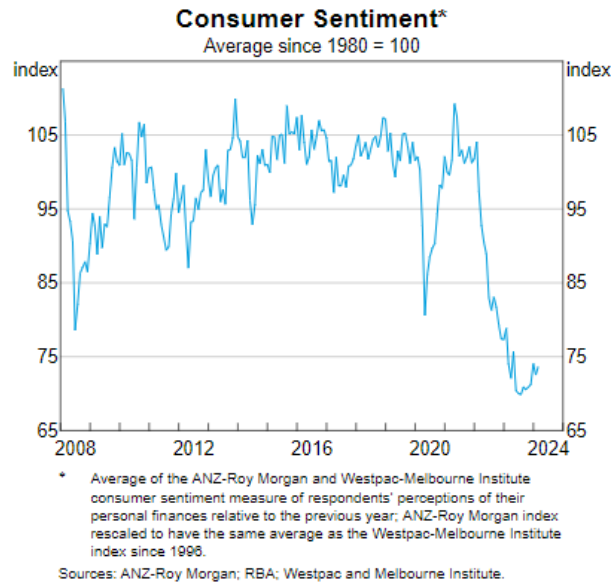


Sources: ABS; RBA.

18. The impact of the pull back in household consumption can be seen in figures on Consumer Sentiment also published by the RBA which find that, despite some recent upticks (likely also due to better wage outcomes), sentiment is still very low compared to the period prior to the COVID-19 pandemic:<sup>20</sup>

<sup>19</sup> RBA Chart Pack, Australian Growth, <https://www.rba.gov.au/chart-pack/au-growth.html>.

<sup>20</sup> RBA Chart Pack, Household Sector, <https://www.rba.gov.au/chart-pack/household-sector.html>.



19. The Federal Government's recognition of the need to lift household consumption in the broader economy reinforces the argument for a strong real increase in the NMW and modern award minimum wages for 2024-25.
20. The Centre for Future Work ('**CFW**') at the Australia Institute recently published a briefing paper on 'The Irrelevance of Minimum Wages to Future Inflation', which argues that '*[t]here has been no significant correlation between rises in the minimum wage and inflation since 1997*', and that:

*Raising wages by 5 to 10 per cent this year would offset recent inflation and restore the pre-pandemic trend in real wages for award-covered workers.<sup>21</sup>*

21. The CFW explains the limited impact on the broader economy that changes in modern award minimum wages have, finding that these workers earn only 13.5% of total national employee wage payments. The authors state:

*The macroeconomic footprint of the national minimum wage decision, therefore, is modest. It lifts the pay of the lowest-paid Australian employees, who start with lower hourly wages and who work fewer hours (and hence account for a doubly-smaller share of total wages). Strong improvements in minimum and award wages are vital to their ability to navigate the current cost of living crisis facing Australian households. But it is inconceivable that even a strong increase in Modern Award wages would have major macroeconomic repercussions (including on inflation).<sup>22</sup>*

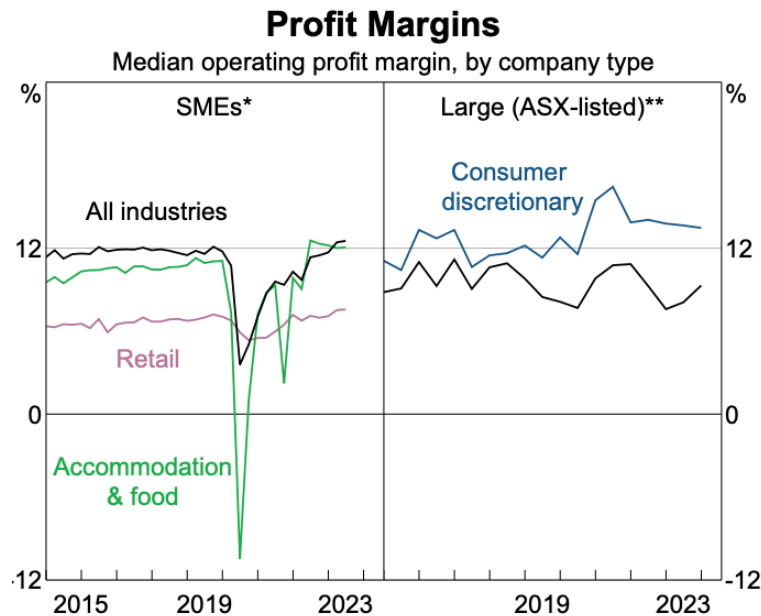
<sup>21</sup> Centre for Future Work, 'The Irrelevance of Minimum Wages to Future Inflation'. <https://futurework.org.au/report/the-irrelevance-of-minimum-wages-to-future-inflation/>.

<sup>22</sup> Ibid, pp. 15-16.



22. In short, any direct impact on inflation as a result of the outcome of the 2024 AWR is likely to be limited.
23. The RBA's recently released *Financial Stability Review* for March 2024 found that while 'some firms are experiencing challenging conditions':<sup>23</sup>

*Most businesses' operating profit margins (which exclude interest expenses) have remained around pre-pandemic levels based on the latest available data.*

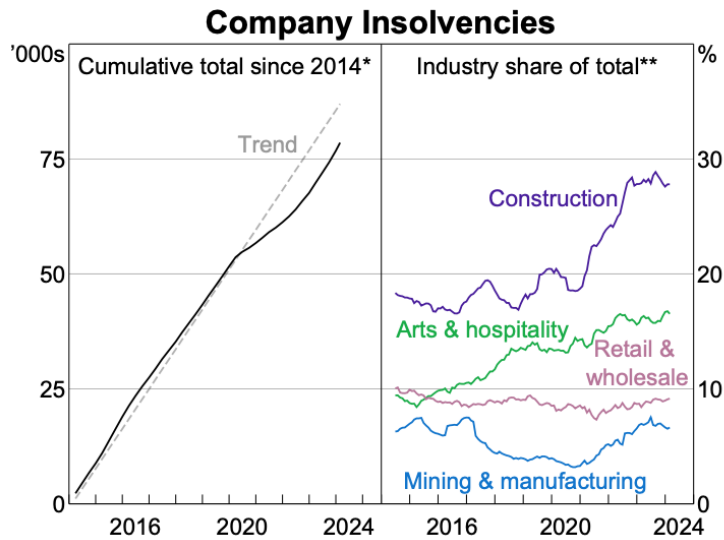


24. Business conditions in sectors that are reliant on discretionary spending have been challenging because 'households have pulled back on consumption, which has led to more significant declines in profitability in the retail and hospitality industries'.<sup>24</sup>
25. While other indicators of financial stress among businesses have picked up recently, they remain below their historic averages. For example, company insolvencies have returned to more normal levels after the removal of pandemic supports. The review also observes that 'sectors more exposed to consumer discretionary spending, such as hospitality, have accounted for an increasing share of insolvencies of late'.<sup>25</sup>

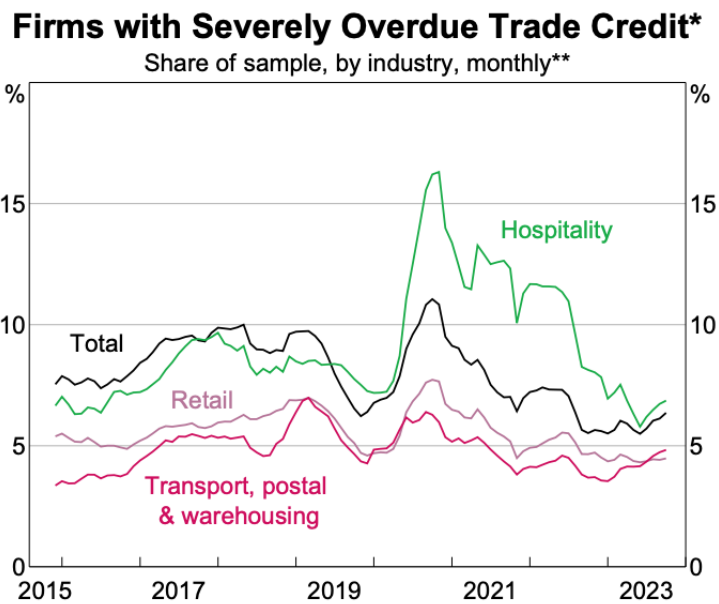
<sup>23</sup> RBA Financial Stability Review (March 2024) pp.18-19.  
<https://www.rba.gov.au/publications/fsr/2024/mar/pdf/financial-stability-review-2024-03.pdf>.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.



26. The situation is similar for the share of businesses with severely overdue trade credit (a situation in which a business can pay a supplier later). Namely, there is some recent increase in sectors exposed to discretionary spending but the rates remain below pre-pandemic averages:<sup>26</sup>



27. In conclusion, the Federal Budget’s forecasts of moderating, but then recovering economic growth include warnings about the ‘softness’ of household consumption’s contribution to that recovery. Households will be unable to improve their consumption spending without significant wage growth. While Budget forecasts *expect* real wage growth, *actual* wage growth must come from decisions such as that of the Expert Panel in this review (which may also have a signalling impact on wage outcomes in the

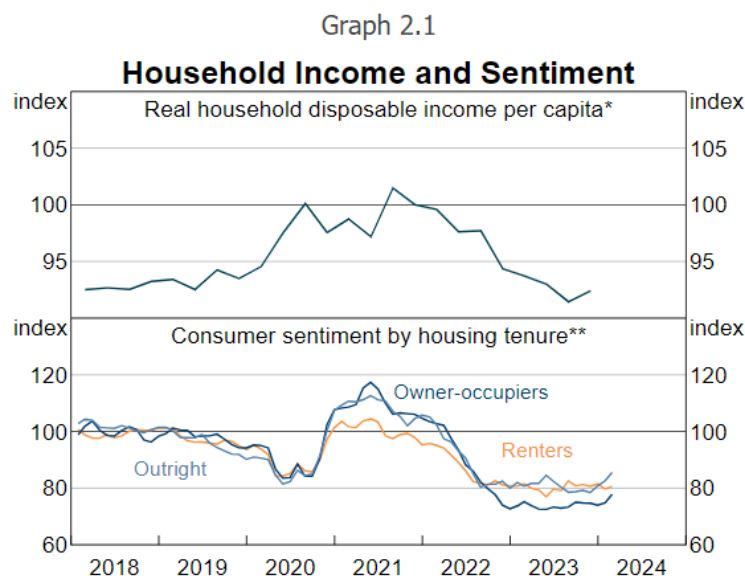
<sup>26</sup> Ibid.

broader labour market). There is no evidence that a decision to provide a real wage increase will have any damaging macroeconomic consequences, but there are indications that businesses in sectors such as hospitality will benefit from an increased capacity for discretionary spending on the part of consumers, particularly from Australia’s lowest-paid workers.

**Relative living standards and the needs of the low paid**

28. In its *Financial Stability Review*, the RBA considered the current economic situation of households. Despite trying to be upbeat about ‘resilience’ and the ability to service debts, the Review nevertheless concedes that:

*Many households continue to experience pressure on their budgets from high inflation and tighter monetary policy. Since the start of 2022, real disposable income (income after tax and interest payments and adjusted for inflation) has declined by around 7 per cent to be near its pre-pandemic level in per capita terms (Graph 2.1). Households with lower incomes, including many renters, have felt these budget pressures acutely. Most mortgagors have experienced an increase in their minimum scheduled payments of 30–60 per cent since the first increase in the cash rate in May 2022. Sharply higher housing costs (for borrowers and renters) and broad-based cost-of-living pressures have weighed heavily on the budgets of many households and contributed to very weak consumer sentiment. Information received through the RBA’s liaison program indicates that more people than usual, and including wage earners and mortgagors, are seeking support from community organisations.<sup>27</sup>*



<sup>27</sup> Ibid, p. 13.

29. The recent *Consumer Sentiment Tracker Study* released by the financial comparison site 'Finder' reports that 'a significant 45 per cent of Australians have less than \$1000 in their bank accounts, translating to approximately 9.4 million individuals.'

*Graham Cooke, head of consumer research at Finder, expressed grave concern over the precarious financial situation faced by many households.*

*"Cost of living pressure in Australia is at a record high, which is why so many Aussies having no savings buffer is a huge concern," he said.*

*He emphasised the potential repercussions of even minor financial setbacks for individuals living paycheck to paycheck, stating: "Even something as trivial as a flat tyre would be too much for many households right now."<sup>28</sup>*

30. These findings corroborate the feedback UWU has been receiving from its members on the impacts of low wages and the current cost of living. An education worker in Western Australia told us that:

*"I have had to think about my priorities, fuel, air-conditioning, work shoes, sunscreen, food, mortgage, water, phone, internet, health fund, social occasions, borrowing money from my children."*

A disability worker from South Australia also told us:

*"Every day expenses have increased, bills, groceries, so I have to compromise to buy whatever my kids want to eat, can't take them outing [sic] it's so costing [sic] for tickets."*

### **Case Study – Nasima**

Nasima used to work full-time in the early education and care sector. However, she was forced to switch to casual work in order to increase her hourly rate by receiving the casual loading. She is paid under the *Children's Services Award 2010* and earned between \$26-\$28 per hour when working full-time. She states:

***"The impact of low wages on me and my family has been profound and challenging. As a single parent working in the childcare industry for over 15 years, my pay rate of only \$26-28 dollars per hour is simply not enough to make ends meet. This situation has forced me to leave my full-time position and rely on casual work, which often does not provide enough shifts to cover our expenses."***

<sup>28</sup> "More than 9 million Aussies have less than \$1000 in the bank: 'A flat tyre would be too much'" News.com.au (22 March 2024). <https://www.news.com.au/finance/economy/australian-economy/more-than-9-million-aussies-have-less-than-1000-in-the-bank-a-flat-tyre-would-be-too-much/news-story/f760fa83ce9191d041c24a4f29f13e4d>.

***The struggle to pay the mortgage and my son's school fees while barely affording food has been incredibly stressful. We have had to make significant sacrifices, such as cutting back on any form of entertainment or outings as a family. This has led to a feeling of living hand-to-mouth, constantly worrying about financial stability and the future.***

*The pressure of trying to make ends meet with such low wages has taken a toll on my mental well-being. There is a constant sense of exhaustion and anxiety, exacerbated by the lack of support from employers who seem indifferent to our financial struggles.*

*A \$50 per week increase in Award wages would make a significant difference in my life and the lives of many others facing similar challenges due to low wages. This increase would provide some relief from the constant financial strain and help cover essential expenses more comfortably.”*

#### **Case Study – Najib**

Najib works full-time as a security guard in Victoria. Najib is paid \$25-\$29 per hour under the *Security Services Industry Award 2020* and states:

*“I have to ask for assistance through a personal loan and charity assistance. I have no savings. This is not good for my children’s future which will lead to a bad living standard and poverty.”*

31. In November 2023 the Commonwealth Bank released its *CommBank iQ Cost of Living Insights Report*, which found that ‘quarterly spending by Australians on essential goods and services rose, but well below inflation, while overall discretionary spending was flat’.

*Australians are increasing their expenditure on essentials such as insurance, medical costs and pharmacies, leaving less room to spend on discretionary categories like household goods and clothing.<sup>29</sup>*

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<sup>29</sup> CommBank iQ Cost of Living Insights Report (November 2023)  
<https://www.commbank.com.au/articles/newsroom/2023/11/cost-of-living-november23.html>.

32. A notable feature of this report was that *‘25-29 year olds have been the hardest hit with a 5.1 per cent decline in their total spending – the only age group to decrease both discretionary and essential spending’*.<sup>30</sup>
33. This accords with research recently published by the FWC, which finds that employees in the age group 21-30 comprise the largest proportion of those paid at or around the NMW.<sup>31</sup>
34. Younger members of UWU have also highlighted to us the difficulties associated with low wages in the current economic environment. An Early Childhood worker from Victoria told us that:

*“I’m 30 years old, and despite working in Early Childhood Education and Care I don’t have any children of my own because I just can’t afford it. I desperately want to be a parent but I know my wages cannot cover the expense of raising a child. It’s so depressing that it’s taking a mental and emotional toll on my health. I spend my time educating other people’s children but I can’t have my own. I’m lucky because I can afford to save a little money each week, but with rent going up faster than wages it’s never enough to save for a house deposit.”*

A Logistics worker from Queensland also told us:

*“Luckily I’m still living at home with my parents, and my fiancé lives with us. No dependants but had to learn to cut costs on things we weren’t using as much. Couldn’t afford a portable aircon after it broke at the start of summer so spent most nights sweltering, struggling to recharge for work the next day...”*

35. These difficulties are also borne out in the ABS Selected Living Cost Indexes, which shows that the Employee Living Cost Index has declined from a peak of 9.6% annual change (in June 2023) to a still very high 6.9% in December 2023.<sup>32</sup> This is well above the increase in the consumer price index (4.1% in the December 2023 quarter).<sup>33</sup>

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<sup>30</sup> Ibid.

<sup>31</sup> FWC, ‘Characteristics of employees on the National Minimum Wage’, p. 36.  
<https://www.fwc.gov.au/documents/wage-reviews/2023-24/characteristics-of-employees-on-national-minimum-wage-2024-02-29.pdf>.

<sup>32</sup> ABS, Selected Living Cost Indexes, Australia. December 2023.

<sup>33</sup> ABS, Consumer Price Index, Australia. December 2023.

### Case Study - Carolyn

Carolyn works in aged care in Western Australia. She has less than \$50 left over per week after paying for essentials. She states:

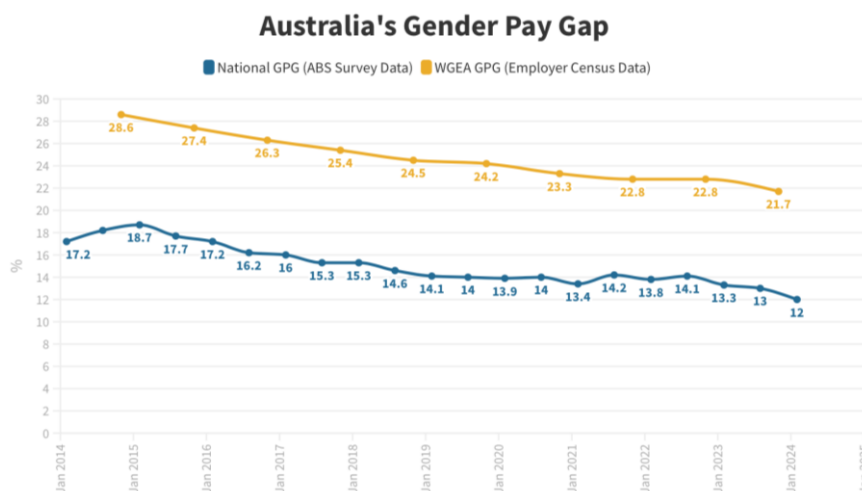
*“I’m the breadwinner in my family and I care for my husband who has health issues. I work 10 hour shifts, 7 Night Shifts then 7 days off... **without penalty rates we would not make ends meet.***

***We don’t live in the metro area anymore. We moved to save money. When I need to buy prescription medications and fuel in the same week it hits me hard and I have to skimp on my groceries. Mortgage repayments have increased with rate increases, this also puts a strain on an already tight budget. I pay one certain bills each week, by instalments. I haven’t paid my rates yet and am trying to find those funds. This causes anxiety and depression.”***

36. It is clear that the living standards of the lowest paid workers in Australia are being hit hard by the increased cost of living. This is a matter that weighs strongly in favour of a strong increase to the NMW and modern award minimum wages.

### Gender equality

37. The Workplace Gender Equality Agency (**WGEA**) found in January 2024 that Australia’s ‘total remuneration average gender pay gap’ (including base salary, overtime, bonuses, and additional payments) was 21.7% based on employer census data, significantly above gender pay gap data reported by the ABS.<sup>34</sup>

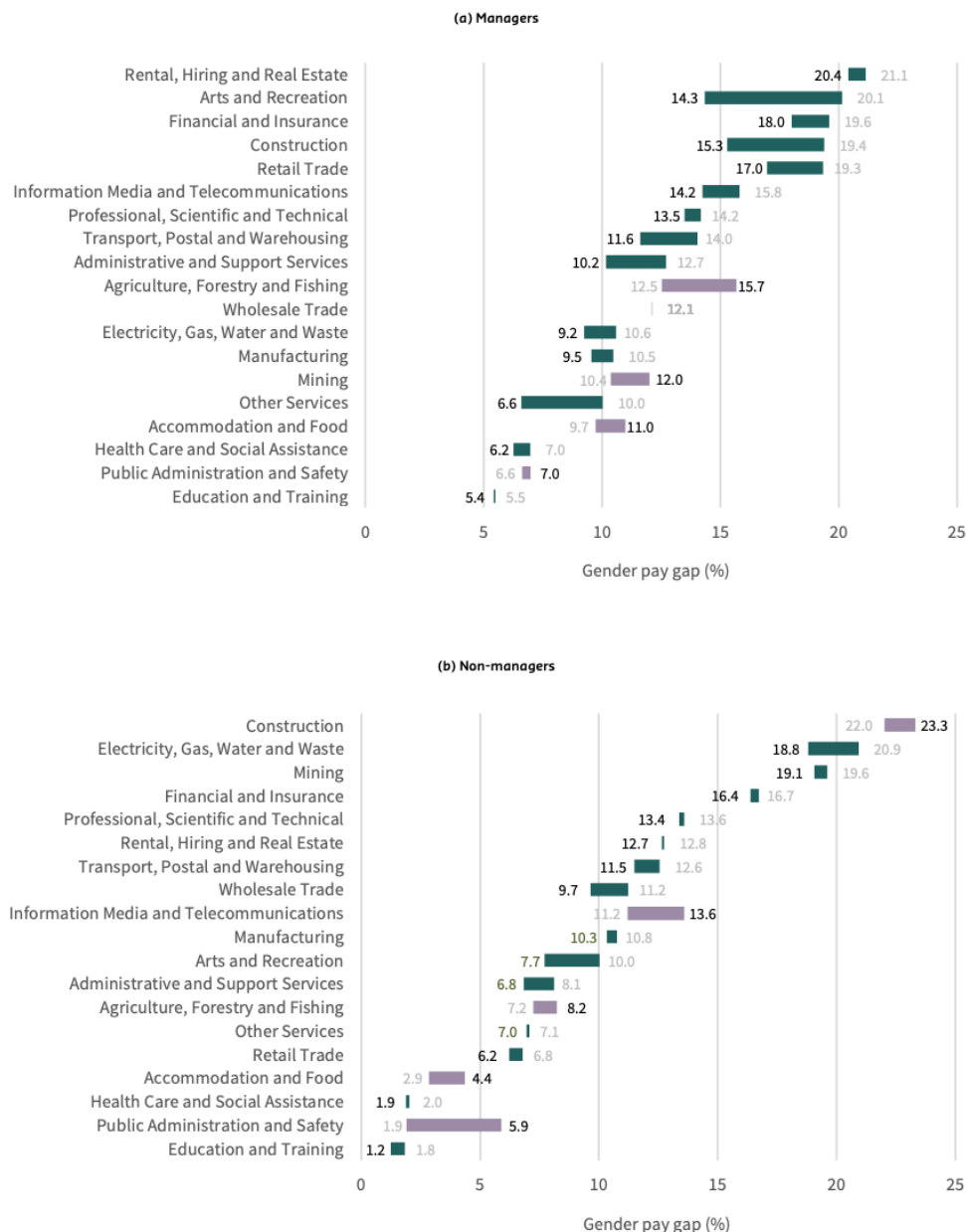


<sup>34</sup> WGEA, Gender pay gap data. January 2024. <https://www.wgea.gov.au/pay-and-gender/gender-pay-gap-data>.

38. WGEA works with the Bankwest Curtin Economics Centre to produce a series of 'Gender Equity Insights' Reports. Its 2023 report found that, while the gender pay gap generally has been falling over the past decade, 'overall trends conceal some divergent patterns in gender pay gaps for different occupations and across different industry sectors.'<sup>35</sup>

**FIGURE 5**

Change in the average gender pay gaps of businesses by industry sector: 2019 to 2022



Notes: Calculations are based on the average gender pay gap in total (FTE) remuneration for businesses that reported to WGEA in both 2018-19 and 2021-22. Data are ordered by the average gender pay gaps in 2018-19 across businesses in each industry sector.

Source: Bankwest Curtin Economics Centre | Authors' calculations from WGEA Gender Equality data 2018-19 and 2021-22.

<sup>35</sup> WGEA 'Gender Equity Insight 2023 - Accelerating the Pace of Change', p. 22.  
<https://bcec.edu.au/assets/2023/10/BCEC-WGEA-Gender-Equity-Insights-Report-2023-WEB.pdf>.



39. Research commissioned by the FWC has established that employees earning the NMW are more often female than male.<sup>36</sup>

**Table 3: Characteristics of employees earning the NMW, by method of setting pay**

	Individual arrangement (NMW-reliant) (1)	Modern award-reliant (2)	Miscellaneous Award (3)	Above NMW (individual arrangement earning up to 10 per cent above the NMW) (4)
	NMW, adult rate of pay	C14, adult rate of pay	All employees	Adult rate of pay
<b>Sex (%)</b>				
Male	47.1	43.3	50.0	54.8
Female	52.9	56.7	50.0	45.2
<b>Average age (years)</b>	<b>36.7</b>	<b>34.6</b>	<b>31.3</b>	<b>37.7</b>
<b>Age group (%)</b>				
Less than 21	9.7*	18.4	36.2**	10.8

40. In the 2023 AWR, the FWC found that because of the disproportionality of women in the modern-award reliant workforce, an increase in modern award minimum wages at a level greater than the rates present in the labour market would be likely to reduce the gender pay gap to some degree.<sup>37</sup> Uwu agrees with that finding, noting that other aspects of fair wage-setting and work value, particularly in female-dominated industries, also need to be reconsidered (we discuss this matter further in Section 2).
41. This is a matter that weighs in favour of a real increase to the NMW and modern award minimum wages.

#### **Case studies – Women workers and the cost of living – Alana, Beatrice, and Jenny**

Alana works part-time in the early education and care sector in Queensland. She is covered by the *Children’s Services Award 2010*. After paying for essentials, Alana has less than \$50 left over per week. She states:

***“I’m a single parent, I’m struggling financially to make ends meet and living pay check to pay check weekly. I have no savings for a rainy day and have no extra money to even begin to save for that.***

*I’ve had to cut out food budget right down to 150 a week and that barely covers the essentials at times, we have had to cut back on meat intake and dairy just to ensure we can*

<sup>36</sup> FWC, ‘Characteristics of employees on the National Minimum Wage’, pp. 26, 28.

<https://www.fwc.gov.au/documents/wage-reviews/2023-24/characteristics-of-employees-on-national-minimum-wage-2024-02-29.pdf>

<sup>37</sup> *Annual Wage Review 2022-23* [2023] FWCFB 3500, [117].

eat 3 main meals still plus the school snacks which we have to make at home as its too expensive to buy.

The prices of everything has gone up so much that even fuel, I only fill to 1/4 of a tank, to half if I'm lucky on a good week. **There really isn't any spare money for weekend fun with my child, let alone trying to afford to buy basic necessities such as new school shoes, clothing etc.** Things have been so tough financially and I'm even considering trying to get a second job that I can do from home as I have to work within school care and school hours but we desperately need to increase our funds to survive. **Never have I ever felt so stressed about what bill to pay or how to put food on the table."**

Beatrice works as a security guard in Tasmania. She is paid \$25-30 per hour under the Security Services Industry Award 2020. She states:

*"I am employed on a part time contract, but we are understaffed and so I currently work 100 -120 hours per fortnight. That basically means not having a life anymore: getting up to go to work, getting home, having dinner and going to bed.*

*I work on a nearly 24 hrs roster, 7 on 7 days off, including public holidays of all sorts. The overtime is taxed so much, **with my wage I cover all basic needs and there's nothing left.** My husband works full time as well, and in Tasmania we have the lowest wages in Australia, despite rent being no cheaper than anywhere else, and fuel and groceries being more expensive due to the extra transportation costs. If we have to pay for dentist, car repairs and similar, this puts a real strain on our finances, as one appointment with the dentist or one service usually equals a whole week pay. **This proves how wages are very far from keeping up with the cost of living."***

Jenny lives in NSW and works part-time in hospitality, earning between \$21-25 per hour. She states:

*"As a family our combined income is \$1600 per week, half of that is for rent alone, then we divide amounts between weekly payments to allow any extra to go towards groceries, petrol and electricity. On my current pay rate at times I make many personal sacrifices to take our children to special events like the Easter shows, camping or just a day in the city. **It's very hard to save for car insurance, registrations and a home deposit when you are living from week to week."***

## **Job security**

42. The Expert Panel must consider any impact that varying modern award minimum wages may have on “the need to improve access to secure work across the economy”.<sup>38</sup>
43. As of November 2023, employees in casual employment comprised around 22.5% of the total workforce, up from 22.1% in February 2023, but still at relatively low levels compared to the past decade.<sup>39</sup>
44. Unemployment remains at an historically low level (in seasonally adjusted terms) of 3.7%, and the participation rate remains high.<sup>40</sup> These are both indicators that employees continue to be able to gain employment.
45. There does not appear to be any compelling link between accessibility to secure work and an increase in modern award minimum wages (particularly in light of last year’s historically high increase of 5.75%).
46. However, there is a relationship between insecure work and low pay.

### **Case Study - Sefika**

Sefika works as a cleaner in Victoria and is paid an hourly rate of between \$21-\$25 per hour. Sefika states:

***“Low wages impacted me to the point that I had to sell my house before the fixed rate ended. With the wages we earn, I would have to sacrifice majority of my wages to pay it. I hardly had anything left after payments for food and bills.”***

47. As part of the Modern Awards Review, the FWC recently released a discussion paper for stakeholders about the amendments to the objects of the FW Act and modern awards objectives, to include considerations of job security and secure work. The paper describes job security as a multi-faceted concept with no single definition:

*In summary, some of the commonly understood indicators of insecure work include:*

- *low, unpredictable or irregular income;*
- *irregular, fragmented and/or unpredictable hours;*

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<sup>38</sup> FW Act, s 134(1)(aa).

<sup>39</sup> ABS, Labour Force, Australia, Detailed. Table 13. January 2024.

<sup>40</sup> ABS, Labour Force, Australia. February 2024.

- *limited access or lack of access to paid leave, redundancy and other entitlements;*
- *poor and/or limited security of tenure;*
- *uncertainty around hours or duration of employment;*
- *social and/or physical isolation; and*
- *low worker control.*<sup>41</sup>

48. The paper goes on to state that:

*There is a strong interrelationship between insecure employment and lower pay. ABS data suggests a correlation between low pay and lack of leave entitlements. For the lowest 25 per cent of earners, just 44 per cent had paid sick or holiday leave entitlements. In the lowest 10 per cent of earners, just 23 per cent were entitled to paid leave.*

...

*Low pay and unpredictable hours hinder workers' ability to budget, plan ahead (including for retirement) and meet basic living costs like bills, family commitments, rent and/or mortgages.*

...

*Low pay can incentivise people taking up additional work, when available, even in circumstances where this is unsafe. In addition to locking people into a cycle of precarious earnings and financial insecurity, low pay itself has been found to contribute to workplace stress and mental ill health.*

49. This negative feedback between job security and low pay is experienced by many UWU members, particularly those in the care sector. An Aged Care worker from Victoria stated to us:

*"I'm single person paying a mortgage by myself and all the bills it's very hard, I find some people don't get paid properly. I work in a nursing home work in two different departments one as a cleaner and one as a FSA in the kitchen some days I can work a 12 hours a day 7.5 hours as a cleaner and 4.5 hours as a FSA in kitchen don't get overtime for the kitchen shift because it's two different department they say to me we*

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<sup>41</sup> Modern Awards Review 2023–24, Discussion Paper - Job Security, pp. 35-36.  
<https://www.fwc.gov.au/documents/sites/award-review-2023-24/am202321-discussion-paper-job-security-181223.pdf>.

*only will pay you overtime if you work kitchen to kitchen it's not fair but I think of the residents not fair for them to get their meals not on time."*

50. The above example also demonstrates how the combination of low pay and insecure work in the care sector make it morally difficult for workers to act when they are being underpaid if action would result in detriment to the vulnerable people they care for.
51. In summary, an increase to modern award minimum wages does not appear to reduce accessibility to secure work in the economy. However, those in insecure work also often have low rates of pay, and an increase to modern award minimum wages will have a positive effect on them.

### **Case Study - Afshin**

Afshin works full-time as a security guard and earns between \$21-\$25 per hour under the *Security Services Industry Award 2020*. He states:

***"Because of my low wages I cannot afford to provide many things to my family which I know are basic needs. I always have to try to find the cheapest petrol station, I always have to look for the cheapest goods, only because if we save even a few dollars, it can help me to provide other important things for the family. There is no money for traveling or buying nice clothes etc. For example, we recently received a bit of pay rise last year but unfortunately my landlord increased my rent by an extra \$300 per month. For us life is not about the quality anymore it is only about affordability."***

### **Collective bargaining**

52. In deciding whether to vary modern award minimum wages, the Expert Panel must take into account "the need to encourage collective bargaining".<sup>42</sup> This requires the Expert Panel to consider the relationship between wage setting in the Annual Wage Review and any effect it may have on collective bargaining.
53. The latest data on enterprise agreements from the FWC shows that the number of agreements lodged with the FWC in the past 12 months has been running ahead of the 5-year average, indicating that more enterprise-level bargaining is occurring.<sup>43</sup> However the long-term trend of a decline in collective bargaining has continued, with

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<sup>42</sup> FW Act, s 134(1)(b).

<sup>43</sup> Statistical report – Enterprise agreements & other bargaining data 27 January – 9 February 2024, published 12 March 2024, p. 11.

collective agreements as a method of setting pay falling from 35.1% in 2021 to 34.0% in 2023.<sup>44</sup>

54. In the last 12 months, there has been significant legislative changes to collective bargaining laws which may have affected both rates of collective bargaining and collective agreement coverage. Of these changes, those most likely to have influenced these matters include:
- (a) changes to multi-enterprise bargaining (which may have had a consequent effect on levels of single-enterprise bargaining by employers who do not wish to participate in multi-enterprise bargaining);
  - (b) the sunsetting of “zombie” agreements from 7 December 2023 (with consequent effects on coverage of employees by collective agreements, but also encouraging those affected employers to bargain for new agreements); and
  - (c) changes to the better off overall test and genuine agreement requirements, designed to make it easier to bargain for agreements.
55. The FWC has previously observed that it could not identify any casual link between changes in modern award minimum wages or the NMW (including any link between the particular level of increase awarded) with the decline in rates of collective agreement coverage.<sup>45</sup>
56. In summary, UWU submits that rates of collective bargaining at the time of this review are more likely to be affected by the legislative changes discussed above than any variation to modern award minimum wages. In those circumstances, this factor should be a neutral consideration.

## Conclusion

57. The Expert Panel should award an increase of **at least 5%** to the NMW and modern award minimum wages, to help Australia’s lowest paid workers deal with the crisis in the cost of living. The factors relevant to the Expert Panel’s decision, particularly the decline in relative living standards and the needs of the low paid, weigh in favour of a grant of a significant increase.

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<sup>44</sup> Statistical report – Annual Wage Review 2023-24, p. 69.

<sup>45</sup> *Annual Wage Review 2022-23 [2023]* FWCFB 3500, [152].

## SECTION 2 – MATTERS RELATING TO GENDER EQUALITY IN FEMINISED CARE SECTOR AWARDS

58. In the 2023 AWR,<sup>46</sup> the FWC noted that as a result of amendments to the objects of the FW Act, the minimum wages objective and the modern awards objective, it is now “*commanded to take into account ‘eliminating gender-based undervaluation of work’ as part of our consideration concerning ‘the need to achieve gender equality in applying the minimum wages objective in the conduct and determination of the Review’*”. The FWC considered this to add an “*important new dimension to the Review*”.<sup>47</sup> It also identified there are “*significant issues concerning the potential undervaluation of work in modern award minimum wage rates applying to female-dominated industries and occupations*”.<sup>48</sup> These problems were found to be “*too broad and complex to be resolved with the limited timeframe of the 2023-24 MW Review*”,<sup>49</sup> where the amendments to ss 3, 184(1) and 284(1) had only been proclaimed on 6 December 2022.<sup>50</sup>
59. In the 2024 AWR, the Expert Panel will be assisted by three items not available to it in the 2023 AWR. One is a research report on gender-based occupational segregation, which was published on 6 November 2023.<sup>51</sup> The second is a research report relating to Stage 2 of the FWC’s Gender Pay Equity Research project, which will examine the extent to which a group of 13 modern awards operating in highly feminised industries may have indicia that suggest they may be subject to gender undervaluation (**the Stage 2 report**).<sup>52</sup> The other item that is now available is the Stage 3 decision in relation to the *Aged Care Award 2010* (**the Aged Care Stage 3 Decision**).<sup>53</sup>
60. UWU makes these submissions in anticipation of the Stage 2 report, and to foreshadow the possibility that the Expert Panel should take a particular approach to certain feminised awards in its approach to the 2024 AWR to ensure the objects of the Act, the modern awards objective and the minimum wages objective are met. This approach may extend to awarding additional increases to minimum wage rates in some feminised awards to bring those rates up to appropriate benchmark levels reflecting historical gender-based undervaluation.

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<sup>46</sup> Ibid.

<sup>47</sup> Ibid, [40].

<sup>48</sup> Ibid, [11].

<sup>49</sup> Ibid, [137].

<sup>50</sup> Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022.

<sup>51</sup> Gender-based Occupational Segregation: A National Data Profile, Cortis et al. 6 November 2023.

<sup>52</sup> President’s Statement – Gender pay equity research – Stage 1 report published, 15 November 2023, [10].

<sup>53</sup> [2024] FWCFB 150.

## The problems with the historical approach to fixing minimum wage rates

61. In the 2023 AWR, the FWC encapsulated the manner in which minimum award rates had been fixed by reference to the approach outlined in the *ACT Child Care Decision*:<sup>54</sup>
1. *The key classification in the relevant award is to be fixed by reference to appropriate key classifications in awards which have been adjusted in accordance with the MRA process with particular reference to the current rates for the relevant classifications in the Metal Industry Award. In this regard the relationship between the key classification and the Engineering Tradesperson Level 1 (the C10 level) is the starting point.*
  2. *Once the key classification rate has been properly fixed, the other rates in the award are set by applying the internal award relativities which have been established, agreed or maintained.*
  3. *If the existing rates are too low they should be increased so that they are properly fixed minima.*
62. In the 2023 AWR, the FWC identified at least two potential gender-related difficulties with this approach.
63. The first problem arises from the operation of the *National Wage Case April 1991*,<sup>55</sup> which prevented retrospective reconsideration of work value in any federal award, meaning awards inherited antiquated gender-based assumptions about work value that existed before 1990 (the **historical gender problem**).
64. The second problem was that the Minimum Rates Adjustment principle, upon which the *ACT Child Care Decision* formulation was based, meant benchmarks for setting work value were derived solely from male-dominated occupations and industries through an approach which aligned minimum award rates to the C10 Metals Framework. The FWC found the application of this approach to female dominated awards may have involved gender-based assumptions about relative work value (the **gender bias in benchmarking problem**).

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<sup>54</sup> Australian Liquor, Hospitality and Miscellaneous Workers Union re Child Care Industry (Australian Capital Territory) Award 1998 and Childrens Services (Victoria) Award 1998 – re Wages rates (**ACT Child Care Decision**) [PR954938] (13 January 2005).

<sup>55</sup> Print J700 (16 April 1991).



## The gender problems in fixing minimum wages carried forward into modern awards

65. In the 2023 AWR the FWC noted that modern awards carried forward these gender based difficulties, to the extent that they existed, because the award modernisation process generally continued the rates of pay contained in the pre-existing awards of the Australian Industrial Relations Commission.<sup>56</sup> This phenomenon – the carrying forward of gender based inequity into modern awards as a result of the adoption of prior rates of pay - occurred in relation to a number of feminised awards including the *Aged Care Award 2010 (Aged Care Award)* and the *Childrens Services Award 2010 (CS Award)* which was derived from the *Children’s Services (Australian Capital Territory) Award 2005* and the *Children’s Services (Victoria) Award 2005*.<sup>57</sup>
66. The *Aged Care Stage 3 Decision* further articulated the two problems identified in the 2023 AWR.
67. Firstly, in respect to the historical gender problem, the FWC undertook an extensive assessment of gender assumptions which have “pervaded the federal industrial relations system since its inception in the early 20<sup>th</sup> century”.<sup>58</sup> The assessment was not limited to the aged care context. The analysis is applicable beyond the aged care sector, to all types of work performed by women.
68. Secondly, in relation to the gender bias in benchmarking problem, the FWC reiterated findings made in the *Aged Care Stage 1 Decision*<sup>59</sup> that the C10 Metals alignment approach to the fixation of minimum award wages contained an inherent masculine bias, and has operated to inhibit the proper valuation of women’s work.<sup>60</sup>
69. The FWC found:

*“The pay rate alignment at the Certificate III level in the Aged Care Award, the SCHADS Award and the Nurses Award with the C10 classification in the Metal Industry Award structure has meant that the award rates of pay for PCWs, HCWs and AINs have never properly comprehended the exercise of the ‘invisible’ skills involved in aged care work identified in the expert report of Associate Professor Anne Junor (Junor Report), the conclusions of which were discussed, and ultimately accepted, at paragraphs [759]–[857] and [893]–[896] of the Stage 1 decision.*

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<sup>56</sup> [2023] FWCFB 3500, [125].

<sup>57</sup> Award Modernisation Statement [2009] AIRCFB 865, [93].

<sup>58</sup> *Aged Care Stage 3 Decision*, [25] – [95].

<sup>59</sup> [2022] FWCFB 200.

<sup>60</sup> *Aged Care Stage 3 Decision*, [92].

*These skills of interpersonal and contextual awareness, verbal and non-verbal communication, emotion management and dynamic workflow coordination were effectively disregarded by the simplistic use of the masculinised C10 benchmark as the basis for the award pay structures for PCWs, HCWs and AINs. This represents a continuation of the history we have earlier outlined of treating the skills exercised in female-dominated industries and occupations as merely feminine traits and not representative of work value in the traditional, narrowly-defined sense. This mischaracterisation and disregard of 'invisible' skills lies, as was stated in the Stage 1 decision, 'at the heart of the gendered undervaluation of work.'*

*The result is that, even leaving aside the issue of changes in work value, the starting point award rates for direct care employees were not properly set in the first place.<sup>61</sup>*

70. "Invisible skills", including matters such as the ability to piece together information to better understand present behaviour, the development of a fine-tuned knowledge of idiosyncrasies and preferences in respect to the subjects of caring work, being alert to co-workers' emotional pressures, strengths and needs, quickly picking up early warning signs of impending disturbances or an approach that is not working, being adaptive in relation to matters such as voice, tone, body language, dealing increasingly with people from different language groups and facilitating interaction between people from the same or different language groups and smoothly switching back and forth between work that is individualised to work within a team,<sup>62</sup> "*[lie] at the heart of the gendered undervaluation of work*".<sup>63</sup>
71. In the *Aged Care Stage 3 Decision*, the FWC decided to resolve these problems by establishing a new benchmark rate, aligned to the C10 rate plus the additional amount required to be paid pursuant to the Equal Remuneration Order made in respect of the *Social, Community, Home Care and Disability Services Industry Award 2010*.<sup>64</sup>
72. The FWC further stated in that decision:

*We anticipate, having regard to what was said concerning gender undervaluation in paragraphs [124]–[139] of the Annual Wage Review 2022–23 decision and in the Stage 1 decision, and our analysis and conclusions in this decision, that there is likely to be further consideration of the question of whether female-dominated 'caring' work covered by other modern awards has been the subject of gender undervaluation. In that context, our identification of a benchmark rate for Certificate III-level PCWs, AINs*

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<sup>61</sup> Ibid, [156].

<sup>62</sup> *Aged Care Stage 1 Decision*, [844].

<sup>63</sup> Ibid, [848]; *Aged Care Stage 3 Decision*, [156]

<sup>64</sup> Ibid, [170]. See further the *Equal Remuneration Case* [2011] FWAFB 2700.

*and HCWs in aged care which aligns with the Certificate III level starting rate in the ERO applying to social and community services employees provides appropriate guidance as to the rectification of historic gender undervaluation in respect of female-dominated 'caring' work. The adoption of such a benchmark rate for work of this nature, in replacement of the C10 rate, would provide a stable anchor point for a modern award system which ensures gender equality in the valuation of work.*<sup>65</sup>

### **Similarities in characteristics of the foundation of the Aged Care Award with other modern awards such as the Children's Services Award**

73. In the *Aged Care Stage 3 Decision*, the FWC noted that “*much of our earlier analysis as to how historic gender assumptions have vitiated the proper fixation of award rates based on work value for the aged care sector is also likely to equally apply to award rates for other types of female-dominated 'caring' work.*”<sup>66</sup>
74. UWU considers it likely that upon delivery of the Stage 2 report, at least with respect to some awards, the Expert Panel will have before it several situations very similar to that which existed in relation to the *Aged Care Award*, which resulted in the adoption in that award of a new benchmark. For example, in respect of the *CS Award*:
- (a) The *CS Award* is the subject of the same phenomenon as exists in relation to the *Aged Care Award*, where the historical gender-based assumptions inherent in the Australian industrial relations system were carried forward into the award through award modernisation.
  - (b) The award's rates were aligned to the C5 and C10 Metals Framework, as set out in Attachment A.<sup>67</sup>
  - (c) Undoubtedly, the skills associated with the work in early childhood education and care (**ECEC**) include a significant exercise of “invisible skills”, including interpersonal and contextual awareness, verbal and non-verbal communication, emotion management and dynamic workflow coordination:<sup>68</sup>

*The ECEC sector represents only one occupational space in a larger feminized care economy; its devaluation is inseparable from the gendered social construction of skill*

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<sup>65</sup> *Aged Care Stage 3 Decision*, [173].

<sup>66</sup> *Ibid*, [160].

<sup>67</sup> *ACT Child Care Decision* at [367]; *Aged Care Stage 3 Decision*, [90] – [91].

<sup>68</sup> In the *Aged Care Stage 3 Decision* the FWC said “*The Full Bench in the ACT Child Care decision made it tolerably clear, in our view, that unconstrained by the C10 Metals Framework Alignment Approach it would have assessed the key classifications in the early childhood education and care awards under consideration as having higher work value than the identified equivalents in the Metal Industry Award*”, [92].

(England, 2005; England et al., 2002; Nixon, 2009; Tuominen, 2003). Presumed 'natural' characteristics of empathy and patience perpetuate misplaced perceptions about paid ECEC work as "unskilled", manifesting in its' inadequate recognition (Duffy et al., 2015). These notions also drive the invisibility of emotional labor, a central feature of caring and feminized professions (Fairchild & Mikuska, 2021; Gray 2010; Henderson, 2001; Mikuska & Fairchild, 2020; Hoschild, 1983). The skills and emotional labor in this work typically go unrecognized, thereby driving gender segregation and market-based inequalities (Fairchild & Mikuska, 2021; Hochschild, 1983; Mikuska & Fairchild, 2020).

Although jobs performed by women and men are equally complex, employment evaluations ignore or assign negative values to emotional and interpersonal aspects of caring or 'nurturant' skills, conversely assigning positive values to 'masculine-identified skills'. While 'soft skills'-like self-management, interpersonal and service orientation skills-are increasingly recognized as critical in hiring and advancement, they are viewed as personality-based, not experiential (Bolton, 2004; Hurrell et al., 2013; Leidner, 1993; Payne, 2009). Critiques of conventional skill measures highlight the hyper-masculinized construction of skill; there is unpredictability even in routinized work requiring workers to use discretion and 'know-how' even in 'unskilled' workplaces (Juravich, 2009; Leidner, 1993).<sup>69</sup>

77. In the event FWC, upon receipt of the April report, finds itself in a similar position in ECEC as it did with Aged Care, it will hardly be surprising for many ECEC industry stakeholders. Indeed, in its recent draft report the Productivity Commission stated:

*"The ECEC workforce is low paid*

*Many inquiry participants cited prevailing pay and conditions as one of the most significant factors (and for some, the most significant factor) contributing to the workforce constraints faced by the sector. Many commented that rates of pay are not in line with the professional nature of the work undertaken by the workforce, nor the central role that ECEC workers play in educating children ...*

*Comparing actual total weekly cash earnings (which captures pay for actual hours worked, even if part-time) across all occupations shows that both educators and ECTs are situated towards the lower end of the earnings distribution. In May 2021, the average weekly total cash earnings of educators were just above the lowest decile*

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<sup>69</sup> Malhotra, R. S. (2022). "Not everyone can do this": Childcare context and the practice of skill in emotional labor. *International Journal of Child Care and Education Policy*, 16(1), NA. [https://link-gale-com.ezproxy.sl.nsw.gov.au/apps/doc/A712957624/GRCS?u=slnsw\\_public&sid=bookmark-GRCS&xid=50faf08f](https://link-gale-com.ezproxy.sl.nsw.gov.au/apps/doc/A712957624/GRCS?u=slnsw_public&sid=bookmark-GRCS&xid=50faf08f).

*when ranked against all other occupations for which there is data. The earnings of ECTs were higher, but still below the median earnings of all occupations ...*<sup>70</sup>

78. UWU intends to make further submissions on these matters once we are in receipt of the Stage 2 report. In our submission, upon receipt of the Stage 2 report, the FWC will be equipped with the information necessary to address these issues of gender inequality in modern awards, and should exercise its powers to do so.

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

#### **Re-calibration of loaded rates in the *Hospitality Industry (General) Award 2020***

79. In UWU's initial submission to the 2023 AWR, we drew attention to the 2021 inclusion of "loaded rates" of pay in the *Hospitality Industry (General) Award 2020 (HIGA)*, and that consequent upon the inclusion of those loaded rates in the HIGA, that it may be necessary to review those rates to ensure that employees were not worse off following the Annual Wage Review decision.<sup>71</sup>
80. We would respectfully submit that the Expert Panel should adopt the approach we suggested in our 2023 submission, namely that:
- (a) FWC staff are engaged to analyse the loaded rates percentages using the same methodology as was applied in 2022; and
  - (b) a report is issued and parties' views are sought; and
  - (c) if necessary, loaded rates percentages in Schedule I of the HIGA are re-calibrated in line with the timing of any increase to minimum rates in the HIGA.

**Filed on behalf of the  
United Workers' Union  
28 March 2024**

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<sup>70</sup> *A Path to Universal Early Childhood Education and Care*, Draft Report, Australian Government, Productivity Commission, November 2023 pp. 198 – 199; 202.

<sup>71</sup> [United Workers' Union initial submission to the Annual Wage Review 2022-23](#) dated 31 March 2023, [41] to [46].

**Attachment A**

<b>Manufacturing Award classification</b>	<b>Current relativity to C5 (%)</b>	<b>Current Wage Rate (\$)</b>	<b>Children's Services Award classification</b>	<b>Original relativity to C5 (%)</b>	<b>Current relativity to C5 (%)</b>	<b>Current Wage Rate (\$)</b>
C1	-	-	Director Level 6.9	148.4	136.4	1588.20
			Director Level 6.8	146.4	134.9	1570.50
			Director Level 6.7	144.4	133.4	1552.80
			Director Level 6.6	142.3	131.8	1534.50
			Director Level 6.5	140.3	130.3	1516.30
			Director Level 6.4	138.7	129.1	1502.60
			Director Level 6.3/6A.3	132.6	124.4	1448.50
			Director Level 6.2/6A.2	130.6	122.9	1430.90
Director Level 6.1/6A.1	128.6	121.4	1413.30			
C2(b)	115.6	1345.70				
C2(a)	110.8	1289.30				
C3	108.1	1257.90	CSE Level 5.4 (adv. diploma)	100.0*	100.6*	1265.50
			CSE Level 5.3/5A.3	110.1	108.3	1261.00
			CSE Level 5.2/5A.2	108.1	106.8	1243.40
			CSE Level 5.1/5A.1	106.1	105.3	1225.60
C4	102.7	1195.30				
C5	100.0	1164.10	CSE Level 4.3	104.0	103.7	1207.70
			CSE Level 4.2	102.0	102.2	1190.00
			CSE Level 4.1	100.0	100.7	1172.00

<b>Manufacturing Award classification</b>	<b>Current relativity to C5 (%)</b>	<b>Current Wage Rate (\$)</b>	<b>Children's Services Award classification</b>	<b>Original relativity to C5 (%)</b>	<b>Current relativity to C5 (%)</b>	<b>Current Wage Rate (\$)</b>
C6	98.0	1140.70	CSE Level 3.4 (diploma)	**	N/A	1120.40
C7	93.3	1085.60	CSE Level 4A.5	N/A	96.3	1121.30
			CSE Level 4A.4	N/A	95.1	1106.50
			CSE Level 4A.3	N/A	93.7	1091.20
			CSE Level 4A.2	N/A	92.5	1076.50
			CSE Level 4A.1	N/A	91.2	1061.70
C8	90.8	1057.40				
C9	88.2	1026.20				
<b>Manufacturing Award classification</b>	<b>Current relativity to C10 (%)</b>	<b>Current Wage Rate (\$)</b>	<b>Children's Services Award classification</b>	<b>Original relativity to C10 (%)</b>	<b>Current relativity to C10 (%)</b>	<b>Current Wage Rate (\$)</b>
C10	100.0	995.00	CSE Level 3.3	110.0	106.7	1061.70
			CSE Level 3.2	105.0	103.4	1029.30
			CSE Level 3.1/SW Level 3.1	100.0	100	995.00
C11	95.0	945.00				
C12	91.9	914.90	CSE Level 2.2/SW Level 2.2	92.4	94.5	939.80
			CSE Level 2.1/SW Level 2.1	87.9	91.4	909.90
C13	88.7	882.80	CSE Level 1.1/SW Level 1.1	83.1	88.2	878.00
C14	86.4	859.30				

\*CSE Level 5.4 (adv. diploma) tied to Metals C3 rate originally. Relativity is to the current Metals C3 rate.

\*\*CSE Level 3.4 (diploma) was fixed at the midpoint between CSE Level 3.3 and CSE Level 4.1.