



DECISION

Fair Work Act 2009

s.285—Annual wage review

Annual Wage Review 2025

(C2025/1)

JUSTICE HATCHER, PRESIDENT
VICE PRESIDENT ASBURY
DEPUTY PRESIDENT MILLHOUSE
DEPUTY PRESIDENT O'NEILL
MS LABINE-ROMAIN
PROFESSOR BAIRD
MR CULLY

SYDNEY, 3 JUNE 2025

Annual Wage Review 2025.

Contents

Section		Paragraph
1.	Overview of the decision	[1]
2.	Scope and effect of the Review	[13]
3.	National economic and business considerations	[24]
4.	Gender equality	[55]
5.	Workforce participation	[86]
6.	Relative living standards and the needs of the low paid	[91]
7.	Fair minimum wages for junior employees, trainees and employees with a disability	[116]
8.	Other considerations	[121]
9.	Consideration	[131]
10.	Conclusion	[151]
	Appendix 1: List of submissions by parties	
	Appendix 2: <i>Provisional</i> list of the classifications requiring a degree qualification and awards to be the subject of review	

Abbreviations and defined terms

Abbreviation / defined term	Definition
2023 Profile	Kelvin Yuen and Josh Tomlinson, <i>A Profile of Employee Characteristics across Modern Awards</i> (Fair Work Commission Research Report No 1/2023, March 2023)
2025 Profile	Justin Strong, David Rozenbes and Josh Tomlinson, <i>A Profile of Employee Characteristics across Modern Awards – 2023</i> (Fair Work Commission Research Report No 1/2025, February 2025)
AAIS Report	Report on the Strategic Review of the Australian Apprenticeship Incentive System
ABS	Australian Bureau of Statistics
ACC Award	<i>Aircraft Cabin Crew Award 2020</i> [MA000047]
ACC Award Report	<i>Gender pay equity research: Aircraft Cabin Crew Award 2020</i> (Fair Work Commission Research Report No 3/2025, February 2025)
ACTU	Australian Council of Trade Unions
ARCA	Australian Restaurant and Cafe Association Ltd
ATSIHW Award	<i>Aboriginal and Torres Strait Islander Health Workers and Practitioners and Aboriginal Community Controlled Health Services Award 2020</i> [MA000115]
Ai Group	The Australian Industry Group
AWOTE	Average Weekly Ordinary Time Earnings
<i>AWR 2022 decision</i>	<i>Annual Wage Review 2021–22</i> [2022] FWCFB 3500 , 315 IR 367.
<i>AWR 2023 decision</i>	<i>Annual Wage Review 2022–23</i> [2023] FWCFB 3500 , 323 IR 332
<i>AWR 2024 decision</i>	<i>Annual Wage Review 2023–24</i> [2024] FWCFB 3500 , 331 IR 248
Budget	Commonwealth of Australia Budget 2025–26

Abbreviation / defined term	Definition
C10 Metals Framework Alignment Approach	Approach to setting award minimum wage rates described in the <i>Stage 1 Aged Care decision: Aged Care Award 2010; Nurses Award 2020; Social, Community, Home Care and Disability Services Industry Award 2010</i> [2022] FWCFB 200 , 319 IR 127 at [177]–[178]
C1(a) benchmark rate	The benchmark rate identified in paragraph [204] of the <i>Stage 3 Aged Care decision</i> , as adjusted by the <i>AWR 2024 decision</i>
Caring Skills benchmark rate	The benchmark rate identified in paragraphs [170] and [172] of the <i>Stage 3 Aged Care decision</i> , as adjusted by the <i>AWR 2024 decision</i>
CoE	<i>Characteristics of Employment</i> statistics published by the ABS
CPI	Consumer Price Index
CRA	Commonwealth Rent Assistance
CS Award	<i>Children’s Services Award 2010</i> [MA000120]
EEH	<i>Employee Earnings and Hours</i> statistics published by the ABS
EN	Enrolled nurse
FAAA	Flight Attendants’ Association of Australia
Fast Food Award	<i>Fast Food Industry Award 2020</i> [MA000003]
FW Act	<i>Fair Work Act 2009</i> (Cth)
Horticulture Award	<i>Horticulture Award 2020</i> [MA000028]
HPSS Award	<i>Health Professionals and Support Services Award 2020</i> [MA000027]
LCI	Living Cost Index
Manufacturing Award	<i>Manufacturing and Associated Industries and Occupations Award 2020</i> [MA000010]
MIHL	Minimum Income for Healthy Living
Miscellaneous Award	<i>Miscellaneous Award 2020</i> [MA000104]

Abbreviation / defined term	Definition
NMW	National minimum wage
Nurses and Midwives case	Application by the Australian Nursing and Midwifery Federation to vary the wage rates for nurses other than aged care nurses in the Nurses Award (matter AM2024/11)
Nurses Award	<i>Nurses Award 2020</i> [MA000034]
Pastoral Award	<i>Pastoral Award 2020</i> [MA000035]
Pharmacy Award	<i>Pharmacy Industry Award 2020</i> [MA000012]
Priority Awards Review	Gender-based undervaluation – priority awards review commenced pursuant to the Expert Panel’ remarks in the <i>AWR 2024 decision</i> at [111]–[123] (matters AM2024/19, AM2024/20, AM2024/21, AM2024/22 and AM2024/23)
<i>Priority Awards Review decision</i>	<i>Gender-based undervaluation – priority awards review</i> [2025] FWCFB 74
Retail Award	<i>General Retail Industry Award 2020</i> [MA000004]
Review	Annual wage review conducted pursuant to s 285 of the FW Act
RBA	Reserve Bank of Australia
RBA May Statement	RBA Statement on Monetary Policy (May 2025)
RN	Registered nurse
SCHADS Award	<i>Social, Community, Home Care and Disability Services Industry Award 2010</i> [MA000100]
SDA	Shop, Distributive and Allied Employees Association
SJBP Act	<i>Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022</i> (Cth)
Stage 1 Report	Natasha Cortis et al, UNSW Social Policy Research Centre, Gender-based Occupational Segregation: A National Data Profile (Final Report, 6 November 2023)
Stage 2 Report	Fair Work Commission, Stage 2 Report — Gender Pay Equity Research — Annual Wage Review 2023–24 (Report, 4 April 2024)

Abbreviation / defined term	Definition
<i>Stage 3 Aged Care decision</i>	<i>Aged Care Award 2010; Nurses Award 2020; Social, Community, Home Care and Disability Services Industry Award 2010 [2024] FWCFB 150, 331 IR 137</i>
UWU	United Workers' Union
WPI	Wage Price Index

The Annual Wage Review Decision 2025

1. Overview of the decision

Introduction

[1] The *Fair Work Act 2009* (Cth) (FW Act) requires the Fair Work Commission to conduct an annual wage review (Review).¹ There are two main functions in the Review. The first is to review the current national minimum wage (NMW) order and to make a new NMW order.² The second is to review the minimum wage rates prescribed by modern awards and to consider whether they should be adjusted.³

[2] The NMW applies *only* to persons in the national industrial relations system who are not covered by a modern award or an enterprise agreement. Its practical effect is limited since only a very small proportion of the workforce is actually paid in accordance with the NMW.⁴

[3] Modern awards have wider practical application. Approximately 20.7 per cent of all employees in Australia are paid at the applicable minimum wage rates in the 121 modern industry and occupational awards currently in operation.⁵ Accordingly, such employees, and their employers, are those principally affected in a direct way by this decision. The modern award-reliant workforce has characteristics that are markedly different from the workforce as a whole: it is disproportionately female, more than two-thirds of such employees work part-time hours, more than half are casual employees, and more than a third are low-paid.⁶ Because of the part-time and low-paid characteristics of the modern award-reliant workforce, the wages paid to them constitute only about 10.5 per cent of the national ‘wage bill’.⁷ This means that the direct effect of the Review on wages growth across the whole economy is limited. This modern award-reliant workforce is not spread evenly across the economy but is concentrated in certain sectors of the economy, meaning that the Review has more marked effects in these sectors. Four industry sectors with the highest numbers of modern award-reliant employees, namely Accommodation and food services, Health care and social assistance, Retail trade and Administrative and support services, account for over two-thirds of all modern award-reliant employees. In other sectors such as Mining, and Finance and insurance services, the proportion of modern award-reliant employees is negligible.⁸

[4] The Review is required to be conducted in accordance with the statutory framework of the FW Act.⁹ The minimum wages objective in s 284(1) of the FW Act requires the Commission to establish and maintain a safety net of fair minimum wages taking into account a number of

¹ *Fair Work Act 2009* (Cth) s 285(1) (‘FW Act’).

² FW Act ss 285(2)(a)(ii) and (c).

³ *Ibid* ss 285(2)(a)(i) and (b).

⁴ See the analysis in *Annual Wage Review 2023–24* [2024] FWCFB 3500, 331 IR 248 (‘AWR 2024 decision’) [14]–[28].

⁵ See [16] and Table 1 of this decision.

⁶ *Ibid*.

⁷ See [21] and Table 4 of this decision.

⁸ See Table 3.

⁹ The interpretation and application of the current statutory scheme for the conduct of the Review was the subject of detailed analysis in the *Annual Wage Review 2022–23 decision* [2023] FWCFB 3500, 323 IR 332 [12]–[45] (‘AWR 2023 decision’). That analysis is adopted for the purpose of this decision.

identified matters including the performance and competitiveness of the national economy, the need to achieve gender equality, promoting social inclusion through increased workforce participation, and relative living standards and the needs of the low paid. The modern awards objective in s 134(1) of the FW Act also requires that a number of identified considerations be taken into account. In discharging its functions under the statutory scheme, the Commission must make an evaluative judgment based on a complex balancing of the prescribed and other relevant considerations.

[5] A wide range of parties, including employer and union organisations and federal and State governments, have made written submissions in the Review. In addition, oral submissions were received at a hearing conducted on 21 May 2025 in Sydney.¹⁰ A number of parties' submissions contain specific proposals as to the quantum of the wage adjustments we should order in this Review. All the submissions, including these proposals, have been taken into consideration. However, as has been emphasised in previous decisions, the annual wage review process is not one of adjudication between competing proposals.¹¹ Rather, we are required by the FW Act to make our own assessment as to what constitutes a safety net of fair minimum wages having regard to the considerations which are prescribed by the statute or which are otherwise relevant.

The decision

[6] We have decided to increase the NMW and all modern award minimum wage rates by 3.5 per cent, effective from 1 July 2025. The principal consideration which has guided our decision is the fact that, since July 2021, the real value of modern award wages (at the benchmark C10 rate) has declined by 4.5 percentage points relative to inflation as measured by the Consumer Price Index (CPI). The loss in the real value of the NMW has been less than this, at 0.8 percentage points, as a result of a higher increase awarded to the NMW in the *Annual Wage Review 2022–23* decision¹² (*AWR 2023 decision*). This reduction in real modern award wages and the NMW has been the result of the spike in inflation which commenced in 2021 and peaked in late 2022. The continuation of this inflationary episode has meant that, over the last three annual wage review decisions, the Commission has repeatedly deferred taking any action to reverse this ongoing decline in real wages out of a concern that this might result in the further persistence of higher inflation. The result has been that living standards for employees dependent on modern award wages have been squeezed and the low paid have experienced greater difficulty in meeting their everyday needs.

[7] The Reserve Bank of Australia's (RBA) assessment that inflation has sustainably returned to its target range of 2–3 per cent indicates that this inflationary episode is now over. That provides us with an opportunity to go at least some of the way towards correcting what has happened over the last four years by awarding a real increase to modern award wages and the NMW. We are concerned that if this opportunity is not taken in this Review, the loss in the real value of wages which has occurred will become permanently embedded in the modern award system and the NMW and a reduction in living standards for the lowest paid in the community will thereby be entrenched.

¹⁰ A list of parties that filed submissions is set out in appendix 1 to this decision.

¹¹ *AWR 2023 decision* [2023] FWCFB 3500, 323 IR 332 [7]; *AWR 2024 decision* [2024] FWCFB 3500, 331 IR 248 [7].

¹² [2023] FWCFB 3500, 323 IR 332.

[8] We are satisfied that the level of wage increase we have determined is sustainable. The labour market remains strong overall, with continuing employment growth, low unemployment and historically high rates of participation in the workforce. Reductions in interest rates are likely to lead to higher consumer demand and a higher level of economic growth than we have experienced in recent years. Although business has faced challenging circumstances in recent times, business conditions have remained reasonably healthy, with the level of non-mining profits maintained in real terms and profit margins at approximately their pre-pandemic level.

[9] Australia's continuing poor performance in labour productivity growth has operated as a restraining factor on the size of the increase we have determined. However, that problem is primarily located in the non-market sector, where there has been significant growth in employment in the healthcare and social services sectors in recent years. In the market sector, there has been modest growth in labour productivity over the current multi-year cycle, which indicates some capacity for business to pay for a modest increase in real minimum wages. Certainly, the productivity problem will not be resolved by the indefinite continuation of the reduction in real wages which has occurred over the last four years. We have also taken into account, as moderating factors in our determination, the upcoming increase in the Superannuation Guarantee contribution rate, the less favourable economic outlook arising from uncertainty caused by changing US trade policies, and some indications of weakness in the Accommodation and food services sector in which a significant proportion of modern award-reliant workers are employed.

[10] We intend to push forward with our targeted program to review particular award classifications in order to meet the statutory imperative to eliminate gender-based undervaluation of work in modern awards and ensure that female workers receive equal remuneration for work of equal or comparable value. Arising from last year's annual wage review decision, the Commission reviewed a number of priority awards and issued a major decision¹³ on 16 April of this year (*Priority Awards Review decision*) establishing principles for the identification and elimination of gender-based undervaluation. The next priority will be to review all professional classifications in modern awards — that is, all classifications for which a university degree is required as a minimum — that have not yet been the subject of review in accordance with the principles that have been established. The Commission will shortly commence proceedings on its own initiative for this purpose.

Structure of this decision

[11] The reasons for our decision are set out below. The reasons are structured in the following way. Section 2 of the decision contains our updated observations about the size and characteristics of the segment of the workforce directly affected by the Review and the practical effect of the Review upon the labour market. In sections 3–7, we deal with each of the mandatory considerations in the minimum wages objective in s 284(1) of the FW Act, and also with those considerations in the modern awards objective in s 134(1) with which they overlap, as follows:

3. National economic and business considerations: ss 284(1)(a), 134(1)(f) and (h).
4. Gender equality: ss 284(1)(aa), 134(1)(ab).
5. Workforce participation: ss 284(1)(b), 134(1)(c).
6. Relative living standards and the needs of the low paid: ss 284(1)(c), 134(1)(a).

¹³ *Gender-based undervaluation – priority awards review* [2025] FWCFB 74.

7. Fair minimum wages for junior employees, trainees and employees with a disability: s 284(1)(e).

[12] In section 8, we deal with the remaining mandatory considerations in s 134(1), including access to secure work (s 134(1)(aa)) and the encouragement of collective bargaining (s 134(1)(b)). In section 9, we set out how we have weighed the mandatory considerations and other relevant matters to reach the outcome we have determined. In section 10, we set out our conclusion as to the orders and determinations to be made.

2. Scope and effect of the Review

[13] To effectively discharge our statutory functions in the Review, it is necessary to have an accurate understanding of the size and characteristics of that segment of the workforce which is affected by Review decisions. The most directly affected employees are those whose actual rate of pay is set by the NMW (NMW-reliant employees) or by a modern award (modern award-reliant employees).

[14] In relation to NMW-reliant employees, the *Annual Wage Review 2023–24* decision¹⁴ (*AWR 2024 decision*) analysed data concerning the proportion of the workforce which fell into this category with the assistance of a report prepared by the Commission’s research staff. The report examined the characteristics of NMW-reliant employees based on microdata obtained from the May 2021 *Employee Earnings and Hours* (EEH) survey.¹⁵ Based on information provided in that report, the conclusion reached was that the number of NMW-reliant employees was much lower than the Australian Government’s estimate (based on 2023 EEH data) of 32,100 (representing about 0.25 per cent of the entire employee workforce) and was ‘likely to be very small’.¹⁶ The Expert Panel in the *AWR 2024 decision* observed that ‘the NMW has very limited practical effect in the Australian industrial relations landscape notwithstanding its role in the statutory annual wage review scheme’.¹⁷

[15] The *AWR 2024 decision* invited parties to present any evidence or other material ‘which might advance our understanding of the practical scope of the application of the NMW’¹⁸ in this year’s Review. The Australian Council of Trade Unions’ (ACTU) submission advances an analysis which seeks to quantify the number and proportion of all employees who are paid at or below the rate of the NMW. However, this analysis encompassed adult employees whose ordinary time earnings are at or below a rate equal to that of the NMW, and included employees whose pay is set by awards, collective agreements or individual arrangements. That analysis answers a different question, albeit one that is relevant to the needs of the low paid, and we consider it later in this decision in that context. The ACTU agrees that the number of employees whose pay is directly set by the NMW order ‘is likely to be very low’. No other party advanced any material shedding any new light on the practical scope of the application of the NMW or sought to challenge the analysis in the *AWR 2024 decision*, noting that some submissions used inexact terminology in failing to distinguish between the NMW and modern award wage rates of an equal amount. We shall therefore proceed on the basis of the conclusions stated in the

¹⁴ [2024] FWCFB 3500, 331 IR 248.

¹⁵ Josh Tomlinson, *Characteristics of Employees on the National Minimum Wage* (Fair Work Commission Research Report No 1/2024, February 2024).

¹⁶ [2024] FWCFB 3500, 331 IR 248 [28].

¹⁷ Ibid.

¹⁸ Ibid [153].

AWR 2024 decision, namely that the number of NMW-reliant employees is very small and that the NMW has very limited practical effect.

[16] As to modern award-reliant employees, the Commission published a report in February 2025¹⁹ profiling the characteristics of such employees based upon an analysis of microdata obtained from the May 2023 EEH survey (2025 Profile).²⁰ This report updates a previous report published in 2023 (2023 Profile), which was based on the May 2021 EEH survey and was referred to extensively in the *AWR 2023 decision*.²¹ The 2025 Profile shows that 20.7 per cent of all employees were modern award-reliant, up slightly from 20.5 per cent in the 2023 Profile. The number of modern award-reliant employees is about 2.61 million. A number of key characteristics of modern award-reliant employees, comparing the 2023 and 2021 EEH data, are set out in the following table.

Table 1: Characteristics of modern award-reliant employees — 2021 and 2023

	2021			2023		
	Modern award-reliant employees	Employees not modern award-reliant	All employees	Modern award-reliant employees	Employees not modern award-reliant	All employees
Full-time hours (%)	34.8	66.2	59.8	30.4	66.3	58.8
Part-time hours (%)	65.2	33.8	40.2	69.6	33.7	41.2
Casual (%)	49.7	14.5	21.1	52.8	14.6	22.9
Permanent/fixed term (%)	50.3	85.5	78.9	47.2	85.4	77.1
Average age (years)	34.8	41.5	40.1	33.9	41.5	39.9
Junior rates of pay (%)	10.5	2.1	3.8	12.5	2.0	4.2
Employed by small business (1–19 employees) (%)	35.6	23.2	25.7	33.6	22.7	25.0
Female (%)	58.1	48.5	50.4	58.6	49.5	51.4
Low paid (%)	36.1	6.8	12.1	35.6	6.0	11.3

Source: *AWR 2023 decision* [2023] FWCFB 3500, 323 IR 332 [53]; *Statistical Report — Annual Wage Review 2025* (Fair Work Commission, 15 May 2025) Table 7.6; *2025 Profile*; Australian Bureau of Statistics (ABS), *Microdata: Employee Earnings and Hours, Australia, May 2023*; ABS, *Employee Earnings and Hours, Australia, May 2023*.

[17] The characteristics of the modern award-reliant workforce which we consider most relevant to our consideration in this Review which may be identified from the data are as follows:

- (1) It is predominantly made up of employees working part-time hours (less than 35 hours per week), with the proportion of such employees having notably increased from 65.2 per cent to 69.6 per cent from 2021 to 2023. This represents a

¹⁹ Justin Strong, David Rozenbes and Josh Tomlinson, *A Profile of Employee Characteristics across Modern Awards – 2023* (Fair Work Commission Research Report No 1/2025, February 2025) ('2025 Profile').

²⁰ The 2023 EEH survey is the latest available. It is not expected that the results of the May 2025 EEH survey will be published before 2026.

²¹ Kelvin Yuen and Josh Tomlinson, *A Profile of Employee Characteristics across Modern Awards* (Fair Work Commission Research Report No 1/2023, March 2023).

continuation, and perhaps an acceleration, of a trend over the last decade of an increasing proportion of award-reliant employees working part-time hours.²² The average number of total paid hours per week for the modern award-reliant workforce is 24.5.²³

- (2) A majority of modern award-reliant employees is now casual (52.8 per cent), up from 49.7 per cent in 2021. Half of all casual employees are modern award-reliant.
- (3) It is predominantly female (58.6 per cent), and significantly more female than the workforce as a whole (51.4 per cent). Almost a quarter of female employees are modern award-reliant (23.6 per cent).²⁴
- (4) The modern award-reliant workforce is, on average, younger than the workforce as a whole (33.9 years compared to 39.9). An important aspect of this is that 37.3 per cent of modern award-reliant employees are 24 years of age or younger, and close to half (46.5 per cent) of all employees in this age group are modern award-reliant.²⁵ Relatedly, 12.5 per cent of modern award-reliant employees are paid junior rates of pay. They constitute 61.5 per cent of all employees who are paid junior rates.
- (5) Modern award-reliant employees are more likely to be employed in a small business (33.6 per cent) than the workforce as a whole (25.0 per cent).
- (6) Over one third (35.6 per cent) of modern award-reliant employees are low-paid,²⁶ and 56.9 per cent of all low-paid employees are modern award-reliant.

[18] Just over two-thirds of modern award-reliant employees (67.1 per cent) are paid the minimum wage rates prescribed in 10 modern awards.²⁷ Data concerning the characteristics of modern award-reliant employees paid in accordance with those 10 awards is set out in the following table.

Table 2: 10 modern awards applying to the most modern award-reliant employees and their related characteristics

Modern award	Share of modern award-reliant employees (%)	Part-time employees (%)	Average weekly paid hours	Casual employees (%)	Female employees (%)	Low-paid employees (%)
<i>General Retail Industry Award 2020</i>	13.5	78.5	21.0	61.4	67.6	34.5
<i>Social, Community, Home Care and Disability Services Industry Award 2010</i>	11.0	76.8	25.2	51.9	68.4	4.0

²² [Statistical Report — Annual Wage Review 2025](#) (Fair Work Commission, 15 May 2025) Table 7.4.

²³ [2025 Profile](#) 83, Table A6.

²⁴ [Statistical Report — Annual Wage Review 2025](#) (Fair Work Commission, 15 May 2025) Table 7.6.

²⁵ *Ibid.*

²⁶ The method of identifying ‘the low paid’ used in the 2025 Profile is explained at [95] below.

²⁷ [2025 Profile](#) 24, Chart 5.

Modern award	Share of modern award-reliant employees (%)	Part-time employees (%)	Average weekly paid hours	Casual employees (%)	Female employees (%)	Low-paid employees (%)
<i>Hospitality Industry (General) Award 2020</i>	8.9	82.0	20.6	72.3	61.1	47.3
<i>Fast Food Industry Award 2020</i>	8.1	93.0	16.4	66.6	65.1	23.6
<i>Restaurant Industry Award 2020</i>	6.4	83.3	19.2	74.2	59.9	43.0
<i>Children's Services Award 2010</i>	4.8	76.8	25.3	29.9	93.8	28.5
<i>Health Professionals and Support Services Award 2020</i>	4.0	79.7	22.3	38.9	86.6	26.7
<i>Building and Construction General On-site Award 2020</i>	3.5	27.4	36.7	33.6	9.2	5.2
<i>Cleaning Services Award 2020</i>	3.4	82.5	21.9	47.2	52.0	35.2
<i>Clerks—Private Sector Award 2020</i>	3.3	59.5	26.7	34.9	81.2	23.8

[19] The remaining 32.9 per cent of modern award-reliant employees are covered by the other 111 modern awards in force.

[20] The concentration of modern award-reliant employees in the coverage of a small number of modern awards is reflected in the data on modern award reliance by industry division and selected subdivisions. The following table shows that four industry divisions account for over two-thirds (67.7 per cent) of all modern award-reliant employees.

Table 3: Modern award reliance by industry division and selected subdivisions

Industry division Subdivision	Industry share of modern award employees (%)	Modern award reliance within industry (%)
Accommodation and food services	21.7	59.5
Food and beverage services	19.4	60.0
Retail trade	16.8	33.9
Other store-based retailing	9.4	37.4
Food retailing	5.6	30.7
Health care and social assistance	18.3	23.7
Social assistance services	12.1	54.5
Administrative and support services	10.9	38.1
Administrative services	7.4	33.1
Manufacturing	5.1	17.1
Construction	4.9	13.8
Other services	4.4	26.1
Professional, scientific and technical services	3.4	8.1
Education and training	2.9	6.4
Transport, postal and warehousing	2.4	12.8
Wholesale trade	2.4	12.6
Arts and recreation services	2.2	28.8
Rental, hiring and real estate services	1.6	16.9

Industry division Subdivision	Industry share of modern award employees (%)	Modern award reliance within industry (%)
Public administration and safety	1.5	5.0
Information, media and telecommunications	0.6	8.7
Finance and insurance services	0.5	2.6
Mining	0.2	2.4
Electricity, gas, water and waste services	0.2	4.6

Source: 2025 Profile 73, Table A.

[21] The proportion of the national ‘wage bill’ for modern award-reliant employees is considerably smaller, at 10.5 per cent, than their share of the total employee workforce.²⁸ This reflects the fact that, on average, modern award-reliant employees work less hours and are lower paid than the employee workforce as a whole.

Table 4: Award-dependent wages in the total economy, modern award-reliant employees, 2023

	Number	Share total (%)
Workers reliant on modern award wages (millions, 2023)	2.61	20.7
Average weekly wage (\$), modern award-reliant employees	751.6	50.4
Wage bill of modern award-reliant employees (\$billion per year, 2023)	102.1	10.5

Note: Data for 2023 is the most recent available data for modern award-reliant employees.

Source: *Statistical Report — Annual Wage Review 2025* (Fair Work Commission, 15 May 2025) Table 7.5.

[22] The relatively small contribution to the national ‘wage bill’ made by the wages of modern award-reliant employees means that the effect of Review decisions on annual Wage Price Index (WPI) outcomes is limited. In the *AWR 2024 decision*, the Expert Panel estimated that the 3.75 per cent increase which it awarded would contribute approximately 0.4 of a percentage point to the WPI for the 12 months to March 2025.²⁹ The actual contribution to the WPI for the 12 months to March 2025, which is reflected in the award component for the September quarter 2024, was slightly less than this at 0.36 of a percentage point.³⁰ This represents 10.8 per cent of the total increase (original) to the WPI over the 12 months to March 2025.

²⁸ *Statistical Report — Annual Wage Review 2025* (Fair Work Commission, 15 May 2025) Table 7.5.

²⁹ [2024] FWCFB 3500, 331 IR 248 [161].

³⁰ The award component of the WPI encompasses adjustments to State awards as well as to federal modern awards, so the effect of the *AWR 2024 decision* may have been slightly less than the 0.36 per cent award contribution for the September quarter 2024.

Table 5: Contributions to the WPI, by method of wage setting

Quarter	Enterprise agreement (%)	Individual arrangement (%)	Award (%)	Total increase (original) (%)	Total increase (seasonally adjusted) (%)
June 2024	0.23	0.32	0.01	0.6	0.9
September 2024	0.46	0.59	0.36	1.4	0.9
December 2024	0.26	0.33	0.02	0.6	0.7
March 2025	0.41	0.28	0.07	0.8	0.9
Sum over year	1.36	1.52	0.46	3.3	3.4

Source: *Statistical Report — Annual Wage Review 2025* (Fair Work Commission, 15 May 2025) Table 5.3; ABS, *Wage Price Index, Australia*, March 2025.

[23] As was explained in the *AWR 2023 decision*,³¹ the outcomes of Review decisions also have indirect effects, including via enterprise agreements which prescribe wage increases in line with Review decisions. As at the December quarter 2024, almost 300,000 employees constituting about 2.3 per cent of the employee workforce were covered by in-term enterprise agreements of this nature.³² This number increased significantly in 2024 due to the approval of new agreements for the Coles³³ and Woolworths³⁴ retail businesses, which are linked to Review outcomes and between them apply to over 200,000 employees. Review outcomes are ‘flowed-on’ to some State awards by State industrial tribunals, but the number of employees covered by such awards is small. Review outcomes can also influence the wages for non-award-reliant employees by affecting wage expectations, especially if the outcome is above (or below) what was expected. This ‘spillover’ or ‘signalling’ effect is not directly observable. The RBA assumes, on the basis of an analysis of WPI microdata, that Review outcomes will spill over to around 10 per cent of individual arrangements and 15 per cent of enterprise agreements, but acknowledges that these estimates are sensitive to assumptions.³⁵

3. National economic and business considerations

[24] Sections 284(1)(a) and 134(1)(f) and (h) express the economic considerations to be taken into account in different ways. Section 284(1)(a) expresses the overriding consideration to be the ‘performance and competitiveness of the national economy’, with ‘productivity, business competitiveness and viability, inflation and employment growth’ being a non-exhaustive list of elements of this consideration. Sections 134(1)(f) and (h) are concerned with ‘the likely impact of any exercise of modern award powers’ on the identified economic and business considerations. ‘Modern award powers’ include the variation of modern award minimum wage rates as part of the Review process: s 134(2)(b). In the context of this Review therefore, ss 134(1)(f) and (h) require us to engage in consideration of a predictive or speculative nature of the effects which might reasonably be expected to follow if a given outcome were determined. Section 134(1)(f) is concerned with the potential impact on ‘business’, with the productivity, employment costs and the regulatory burden of business being

³¹ [2023] FWCFB 3500, 323 IR 332 [56]–[57].

³² Department of Employment and Workplace Relations, *Workplace Agreements Database* (December quarter 2024); Australian Bureau of Statistics (ABS), *Labour Force, Australia, Detailed* (March 2025).

³³ [2024] FWCFB 250; AE524516.

³⁴ [2024] FWCFB 314; AE525523.

³⁵ Martin McCarthy et al, *Developments in Wages Growth Across Pay-setting Methods* (Reserve Bank of Australia (RBA) Bulletin, 17 October 2024); *AWR 2023 decision* [2023] FWCFB 3500, 323 IR 332 [57].

elements of this consideration. ‘Business’ connotes enterprises engaged in commercial or trading activity and is not apt to describe governmental functions. Section 134(1)(h) is concerned with the potential impact on ‘employment growth, inflation and the sustainability, performance and competitiveness of the national economy’. Unlike s 134(1)(f), the provision focuses on the aggregate, as opposed to sectoral, impact of an exercise of modern award powers.³⁶

[25] We structure our consideration of ss 284(1) and 134(1)(f) and (h) in the following way. First, we will outline the current and expected future performance and competitiveness of the national economy, with a focus on the specific matters identified in s 284(1)(a) and s 134(1)(h). Second, we will consider how, if at all, the outcome of this Review might affect national economic performance. Third, we will consider the likely impact of the Review on business. Because, as earlier discussed, the modern award-reliant workforce is substantially concentrated in a few industry sectors, our consideration of the potential effects on business will necessarily have a primary focus on those sectors.

The performance and competitiveness of the national economy

[26] The key indicators of current national economic performance are set out in the following table.

Table 6: Key indicators of national economic performance

Indicator	Measure	Latest	Previous year	5-year average
		December quarter 2024	December quarter 2023	December quarter 2024
Gross domestic product (GDP)	Annual % change	1.3	1.5	2.1
GDP per capita	Annual % change	-0.7	-0.9	0.6
Real net national disposable income (RNNDI)	Annual % change	0.0	1.1	2.5
RNNDI per capita	Annual % change	-2.0	-1.3	1.0
Hours worked (Labour Account)	Annual % change	2.5	1.5	2.2
Real unit labour costs	Annual % change	2.3	3.6	0.0
Household consumption	Annual % change	0.7	0.9	1.8
Labour productivity	Annual % change	-1.2	0.0	-0.1
Labour productivity — market sector	Annual % change	-0.4	1.7	0.5
Labour productivity — non-mining market sector	Annual % change	0.3	2.4	1.5
Non-mining business investment	Annual % change	1.8	9.2	4.8
Profits	Annual % change	-6.2	-5.8	6.0
Non-mining profits	Annual % change	3.3	3.9	6.4
Average weekly ordinary-time earnings (AWOTE)	Annual % change	4.6	4.5	3.6

³⁶ *Penalty Rates decision* [2017] FWCFB 1001, 256 IR 1 [229].

Indicator	Measure	Latest	Previous year	5-year average
		<i>December quarter 2024</i>	<i>December quarter 2023</i>	<i>December quarter 2024</i>
Real household disposable income	Annual % change	1.8	0.4	1.5
		<i>March quarter 2025</i>	<i>March quarter 2024</i>	<i>March quarter 2025</i>
CPI	Annual % change	2.4	3.6	3.8
Trimmed mean	Annual % change	2.9	4.0	3.7
Employee Living Cost Index (LCI)	Annual % change	3.4	6.5	4.6
WPI	Annual % change	3.4	4.0	3.0
		<i>April 2025</i>	<i>April 2024</i>	<i>April 2025</i>
Employment	Annual % change	2.7	2.4	3.5
Unemployment	%	4.1	4.1	4.5

Source: *Statistical Report — Annual Wage Review 2025* (Fair Work Commission, 15 May 2025) Overview Table; ABS, *Australian National Accounts: National Income, Expenditure and Product*, December 2024; ABS, *Average Weekly Earnings, Australia*, November 2024; ABS, *Business Indicators, Australia*, December 2024; ABS, *Consumer Price Index, Australia*, March 2025; ABS, *Labour Force, Australia*, March 2025; ABS, *Selected Living Cost Indexes, Australia*, March 2025; ABS, *Wage Price Index, Australia*, March 2025; ABS, *Wage Price Index, Australia*, March 2025.

[27] The latest economic forecasts in the RBA's May 2025 Statement on Monetary Policy³⁷ (RBA May Statement) and the Commonwealth Budget 2025–26 (Budget) for economic growth, inflation, employment, productivity, wages and investment are set out in the following table.

Table 7: RBA and Budget forecasts, growth rates (%)

		June 2025	Dec 2025	June 2026	Dec 2026	June 2027
Gross domestic product	RBA	1.8	2.1	2.2	2.2	2.2
	Budget	1½		2¼		2½
Household consumption	RBA	1.4	1.9	2.2	2.6	2.4
	Budget	¾		2¼		2¼
CPI	RBA	2.1	3.0	3.1	2.9	2.6
	Budget	2½		3		2½
Trimmed mean	RBA	2.6	2.6	2.6	2.6	2.6
Employment growth	RBA	2.1	1.4	1.3	1.4	1.4
	Budget	2¾		1		1¼
Unemployment	RBA	4.2	4.3	4.3	4.3	4.3
	Budget	4¼		4¼		4¼
WPI	RBA	3.3	3.3	3.1	3.0	3.0
	Budget	3		3¼		3¼
Labour productivity	RBA	-0.6	0.9	1.1	1.0	1.0
Real household disposable income	RBA	3.3	2.6	2.0	2.0	2.4

Source: Commonwealth of Australia, *Budget 2025–26: Budget Strategy and Outlook* (Budget Paper No 1, 25 March 2025) 43; RBA May Statement Table 4.2.

³⁷ RBA, *Statement on Monetary Policy* (May 2025) ('RBA May Statement').

[28] The overall picture which emerges from the data and forecasts above is mixed. In the previous three annual wage review decisions, there was a necessary focus on the elevated rate of inflation and the RBA's tightening of monetary policy in response. However, since the *AWR 2024 decision*, the rate of inflation has moderated to the point where this has become a matter of significantly less concern. The 'headline' CPI rate has fallen within the RBA's inflation target range of 2–3 per cent, aided by Budget measures in place during 2024–25 including energy rebates and increases to Commonwealth Rent Assistance (CRA) (which we discuss further below). The CPI is projected to rise slightly over 2025–26 because of the winding back of the Australian Government's energy rebates, which will expire at the end of 2025. The RBA's preferred measure of underlying inflation, the trimmed mean, has also fallen within the RBA's target range and is projected to stay there. The RBA's assessment is that the slowdown in underlying inflation has been broadly-based and that inflation is expected to settle at 'a low and stable rate' around the middle of the RBA's target range.³⁸

[29] The trajectory of tightening monetary policy, with 13 consecutive increases to the official cash rate from May 2022 through to November 2023, has now been reversed with the RBA cutting interest rates in February and May 2025. This is partially reflected in the employee LCI, which takes into account mortgage interest costs. For the 12 months to the March quarter 2025, this has fallen to 3.4 per cent, reflecting in part the February 2025 reduction in interest rates. This is to be compared to 6.5 per cent for the preceding year and 9.6 per cent for the year before that. It is to be expected that the LCI rate will fall further in the coming year as a result of the May 2025 interest rate reduction and possible future interest rate reductions.

[30] Substantially as a result of the past three years of tightened monetary policy, economic growth in the 12 months to the December quarter 2024 has been weak, and somewhat lower than projected at the time of the *AWR 2024 decision*. The economy can at least be said to have achieved a 'soft landing' in that the moderation to inflation achieved by increased interest rates has not resulted in a recession in the officially-defined sense (two consecutive quarters of negative GDP growth), although there has been an extended 'per capita recession' with GDP per capita falling for seven successive quarters from March 2023 to September 2024. The RBA May Statement's assessment of the current position is that a modest recovery in domestic demand is underway, with public demand accounting for about half of the growth rate. Household consumption, supported by an increase in real incomes, was somewhat stronger in the December quarter 2024, but this may have moderated in the March quarter 2025.³⁹

[31] Somewhat paradoxically, the labour market has remained strong, with solid employment growth and a level of unemployment which has barely changed since the time of the *AWR 2024 decision* and may be characterised as constituting 'full employment'. However, the aggregate figures mask some indications of weakness in the market sector. Around 80 per cent of employment growth in 2024 was in the non-market sector (direct public sector employment plus private businesses providing public services), which grew by 8.2 per cent while growth in employment in the market sector was just 0.9 per cent. This implies that government spending has been supporting the labour market and that, absent that support, unemployment would be higher. The RBA May Statement characterises market sector employment growth over the last year as 'soft', but overall assesses the labour market as

³⁸ RBA, [In Brief: Statement on Monetary Policy](#) (May 2025).

³⁹ RBA May Statement 28.

remaining relatively tight with indicators of spare capacity stabilising at somewhat elevated levels.⁴⁰ Wages growth has moderated broadly in line with the RBA's expectations.

[32] The combination of weak economic growth and strong overall employment and hours growth has meant a reduction in labour productivity in 2024, contrary to the RBA forecast and Budget expectations at the time of the *AWR 2024 decision*.⁴¹ In previous annual wage review decisions, it has been emphasised that productivity is best assessed over multi-year cycles, typically a period of four to eight years. The current cycle (starting 2021–22) is incomplete but, considered together with the previous cycle (2017–18 to 2021–22), it is clear that labour productivity growth is considerably below its long-run trend, with the level of productivity being no higher than it was pre-pandemic.

[33] However, as with employment growth, it is necessary to differentiate between productivity growth in the market and non-market sectors. It is also necessary to separate out the mining sector, for which measured productivity is not always an accurate representation of productive efficiency because resources that are easier to mine are depleted first, with higher commodity prices leading mining companies to pursue harder-to-mine resources.⁴² Annualised productivity growth (gross value added (GVA) per hour worked) in the non-mining market sector from the December quarter 2019 to the December quarter 2024 was a reasonably healthy 1.5 per cent. This is reduced to 0.5 per cent in the market sector once mining is included, and across the whole economy, including the non-market sector, GDP per hour worked was -0.1 per cent annualised, or -0.7 per cent over the whole period.

[34] Therefore, leaving aside the mining sector, it appears that the national economy's 'productivity problem' is largely a consequence of the non-market sector's disproportionate growth in its share of GVA and hours worked. This flows from governmental policy decisions to improve the availability and quality of services in areas such as healthcare and social services. The measurement of productivity in the non-market sector is problematic since it is not possible to measure output by reference to the market prices paid for goods and services, as in the market sector. The Australian Bureau of Statistics (ABS) generally uses production costs as a proxy for output prices, meaning that when rapid employment growth occurs in the non-market sector, particularly in lower-paid employment, this has the consequence of increasing measured output by less than the increase in hours worked, thus lowering measured productivity. This is not a measure that operates by reference to the improved quality of outcomes that might be achieved by greater investment in the non-market sector, and it likely underestimates 'true' productivity improvements in the sector. For example, a 2024 Productivity Commission analysis of health sector outcomes in the treatment of cancers, cardiovascular diseases, blood and metabolic disorders, endocrine disorders and kidney and urinary diseases measured 'quality adjusted multifactor productivity' as having increased by about 3 per cent per year between 2011–12 and 2017–18.⁴³

[35] More generally, there may be other post-pandemic abnormalities operating to depress productivity growth. The recent rapid expansion in employment may have seen persons who have been long-term unemployed or are new immigrants, and/or who have below-average skills, education and experience enter employment and be less productive in their jobs, at least

⁴⁰ Ibid 33, 36.

⁴¹ [2024] FWCFB 3500, 331 IR 248 [71].

⁴² Productivity Commission, *Annual Productivity Bulletin 2025* (26 February 2025).

⁴³ Productivity Commission, *Advances in Measuring Healthcare Productivity* (April 2024).

initially. In addition, the normally-stable ratio of capital inputs to labour inputs has fallen as business investment has not kept pace with the rapid growth in employment, growing by 1.8 per cent during 2024 compared with a 3.1 per cent increase in employment in the same period. The RBA May Statement describes the necessary recovery in the capital-to-labour ratio as having stalled in recent quarters. Notwithstanding this, the RBA has forecast growth in (non-farm) labour productivity of 1.1 per cent for the upcoming financial year, and the Budget also assumes a return to productivity growth. These are based on forecasts of output growth outpacing lower employment and hours growth. We note that forecasts of an easing labour market in recent years have repeatedly proven to be misplaced, with the latest labour force data again showing surprising strength in employment growth.

[36] Of concern in respect of business competitiveness may be that real unit labour costs increased by 2.3 per cent in the 12 months to the December quarter 2024. However, this includes the non-market sector in which measured productivity has fallen, as earlier discussed. From a longer-term perspective, real unit labour costs have not increased compared to five years ago, and are lower than what they were a decade ago.⁴⁴

[37] After a precipitous drop in household living standards due to inflation outpacing wages and mortgage interest rate increases in 2022 and 2023, there has been some recovery in real household disposable income in 2024 both as a result of wages beginning to run ahead of inflation, and because of the Stage 3 income tax cuts. AWOTE increased by 4.6 per cent in 2024, well ahead of both the CPI and the WPI. Real household disposable income is expected to continue to increase over the course of 2025 and beyond as a result of further increases in real wages and reductions in mortgage interest rates.⁴⁵

[38] Lower interest rates are likely to support improved economic conditions over the next year, with higher economic growth and household consumption. The Budget forecasts that real household disposable income for 2026–27 will be around 8.75 per cent higher than in 2023–24.⁴⁶ However, the assessment in the RBA May Statement is that growth will be somewhat weaker than previously expected as a result of uncertainty arising from international trade tensions, although the RBA considers there is little sign that this has yet affected consumer or business sentiment.⁴⁷ The International Monetary Fund cut its growth projections for global growth and for most countries, including Australia, in its April 2025 World Economic Outlook Report as a result of a more pessimistic assessment of the effects of US trade policies. While the degree of uncertainty is yet to manifest in any discernible change in economic conditions, the economic forecasts in the Budget and by the RBA have a higher margin of error than normal.

Likely impact of the exercise of modern award powers on the national economy

[39] The proposals advanced by parties participating in this Review concerning what level of increase to the NMW and modern award minimum wage rates should be awarded range (with one exception) from 2 per cent at the bottom end to 4.5 per cent at the top end. Our task is not, as earlier stated, to adjudicate which proposal should succeed, nor are we bound by the ambit of the proposals advanced. Nonetheless, the ambit of parties' proposals serves as an acceptable proxy for the range of outcomes which might reasonably flow from this Review for the purpose

⁴⁴ [Statistical Report — Annual Wage Review 2025](#) (Fair Work Commission, 15 May 2025) Chart 2.3.

⁴⁵ Commonwealth of Australia, [Budget 2025–26: Budget Strategy and Outlook](#) (Budget Paper No 1, 25 March 2025)

^{44.} ⁴⁶ Ibid.

⁴⁷ RBA May Statement 30, 60.

of our consideration of the likely impact of the exercise of modern award powers on the national economy.

[40] Table 5 above shows that the increase of 3.75 per cent to the NMW and modern award minimum wages in last year's Review contributed only 0.36 percentage points to, or 10.8 per cent of, a total WPI of 3.3 per cent (original) over the year ending March 2025. This is a consequence of the size and characteristics of the modern award-reliant workforce as we have earlier described them. The RBA and Budget WPI forecasts for 2025–26 are for growth to remain broadly the same (3.1 and 3.25 per cent respectively). It is not known to us what assumption about the outcome of this year's Review was used to arrive at these forecasts although, presumably, it was within the range of the ambit identified above. An outcome within the identified range would contribute around 0.20–0.45 percentage points to the WPI in 2025–26. Even taking into account that the Review outcome may have broader 'spillover' or 'signalling' effects, it is difficult to see therefore that a Review outcome within the range could make any difference of significance to inflation (by reason of an effect on wages growth).

[41] For similar reasons, detrimental effects on national economic and business competitiveness are unlikely. Nor, in the context of a labour market which remains strong overall, is it likely that there would be any aggregate disemployment effects. The last three annual wage reviews have seen nominal increases in the NMW and modern award minimum wage rates that have, because of the rate of inflation, been significantly higher than for the preceding decade, but there has not been any discernible adverse consequence for employment growth or the rate of unemployment. Some positive national economic effect is likely, in that modern award minimum wage rate increases will support household consumption and consumer sentiment.

[42] No causal relationship is identifiable between the outcome of this Review and the future productivity performance of the national economy. While large minimum wage increases may result in improved productivity by incentivising employers to substitute capital for labour, it is doubtful that any increase of the order we have discussed would be sufficient to have that effect.

Likely impact of the exercise of modern award powers on business

[43] In broad overview, business conditions are moderately healthy despite the challenging circumstances that business has faced due to the cumulative effect of high interest rates in suppressing consumption. Non-mining business profits increased by a nominal 3.3 per cent in the 12 months to the December quarter 2024, which was a lower rate of growth than in recent years but still amounts to some growth in real terms. The RBA May Statement assesses that profit margins for most businesses have remained around pre-pandemic levels.⁴⁸ Business entries exceeded exits in 2023–24, with a 2.9 per cent increase in the number of employing businesses over that period.⁴⁹ The ABS' quarterly experimental counts of businesses showed a further net increase in business numbers of 1.2 per cent over the three quarters since the end of that period.⁵⁰

⁴⁸ Ibid 25.

⁴⁹ [Statistical Report—Annual Wage Review 2025](#) (Fair Work Commission, 15 May 2025) Table 3.6.

⁵⁰ ABS, *Counts of Australian Businesses, including Entries and Exits* (27 August 2024, updated 8 May 2025).

[44] The total number of insolvencies for 2024–25 will likely be higher than for 2023–24 or for any of the four years preceding this.⁵¹ In its April 2025 Financial Stability Review⁵² (April FSR), the RBA said that the number of insolvencies is at the top of the range observed in the 2010s but, on a cumulative basis over the last few years, remains below the pre-pandemic trend. The RBA attributes this recent rise to challenging trading conditions, and also to a catch-up effect from the exceptionally low level of insolvencies during the pandemic as a result of temporary government measures, since withdrawn, to support business cash flows and employment. The April FSR also points to the introduction of reforms to the insolvency framework to facilitate small business restructuring which were introduced in 2021 as having slightly affected aggregate insolvencies. The April FSR discloses that about 20 per cent of insolvencies are small business restructures, of which more than 90 per cent re-register and resume trade within three months.

[45] Surveys of business are, as usual, mixed. The National Australia Bank (NAB) Quarterly Business Survey for the March quarter 2025, published in April 2025,⁵³ shows an increase in business confidence compared to the December and September quarters 2024, with a particular lift in confidence in the Retail sector, but overall remains in negative territory. Business conditions are assessed as having ‘eased’, with the largest drop being in the profitability subcomponent, and are now below average but remain at positive levels. Expectations for business conditions in three months and 12 months remain positive, but there has been a fall in expectations for trading, profitability, employment, forward orders and capital expenditure. Although wages costs remains the top issue affecting business confidence, the proportion of businesses reporting this or the availability of labour as an issue has declined, and pressures on margins and demand have been reported as an issue by a higher proportion of businesses. The rate of labour cost growth over the quarter (0.9 per cent) was lower than the preceding quarter (1.0 per cent) and for 12 months ago (1.2 per cent).⁵⁴ Purchase costs grew from 0.8 per cent in the previous quarter to 0.9 per cent, but are lower than 12 months ago (1.1 per cent). The NAB also published its Monthly Business Survey for April 2025 in May 2025.⁵⁵ This survey, which was undertaken after the US ‘Liberation Day’ tariff announcement, showed some further improvement in business confidence, albeit remaining in negative territory, and a further slight ‘easing’ in business conditions driven by weaker profitability.

[46] The ACCI–Westpac Survey of Industrial Trends conducted from 12 February to 4 March 2025,⁵⁶ which is focused on manufacturing, shows an improvement in business conditions, with increases in new orders and output, compared to December 2024. Expectations as to the general business outlook remain cautiously optimistic but are tempered by trepidation concerning tariffs and international trade, and concerns about cost pressures and the capacity to recruit skilled labour:

On balance, the fiscal boost, an improving inflation situation, and lower interest rates, should support firmer demand over the coming year. Still, the recovery in demand is likely to be

⁵¹ There have been 10,880 insolvencies to the end of March for 2024–25, compared to 11,053 insolvencies for all of 2023–24: Australian Securities & Investments Commission, *Australian insolvency statistics*, 12 May 2025.

⁵² RBA, *Financial Stability Review* (April 2025).

⁵³ National Australia Bank, *NAB Quarterly Business Survey Q1 2025* (17 April 2025).

⁵⁴ [2024] FWCFB 3500, 331 IR 248 [66].

⁵⁵ National Australia Bank, *NAB Monthly Business Survey April 2025* (13 May 2025).

⁵⁶ Australian Chamber of Commerce and Industry and Westpac Banking Corporation, *ACCI–Westpac Survey of Industrial Trends* (Report No 254, March 2025).

relatively modest and uneven and risks remain. Notably, trade tensions and policy uncertainty have risen. The direct effect on Australia from US trade tariff hikes, announced thus far, is expected to be limited, given the minor share of exports to the US and the ability for the majority of these to be redirected. Nonetheless, manufacturers could still be impacted indirectly if trade tensions lead to a sharp slowdown in global growth and/or a weaker Australian dollar and higher import prices.

...

The manufacturing sector also continues to face several headwinds from high, albeit easing, cost pressures and evidence of a somewhat worsening in labour shortages. A net 26% of respondents indicated that labour was more difficult, the highest in more than a year, signalling that supply factors remain a larger constraint on production than before the pandemic.

[47] It is unlikely that, within a reasonable range of potential outcomes, this Review would be capable of affecting business conditions in the aggregate. However, as earlier noted, over two-thirds of modern award-reliant employees are located in four industry divisions. If industry divisions which are in the non-market sector are excluded, three industry divisions — Retail trade, Accommodation and food services and Administrative and support services — account for about 64 per cent of modern award-reliant employees located in the market sector. Any impact of this Review upon business will be most felt in these three sectors. The non-market sector includes private businesses, such as National Disability Insurance Scheme (NDIS) service providers and early childhood education and care centres, but these generally have their income or wages costs supported by government subsidies. NDIS service providers, for example, operate under a government-funded cost model which prices labour in accordance with the current wage rates in the *Social, Community, Home Care and Disability Services Award 2010*⁵⁷ (SCHADS Award) and thus are not exposed to the cost of wage increases arising from the Review process.

[48] The key indicators for the three most modern award-reliant sectors are set out in the following table.

Table 8: Key indicators of business conditions in the most modern award-reliant market sector industry divisions

	December quarter 2024 (%)	December quarter 2023 (%)	5-year average to December quarter 2024 (%)
Retail trade			
Output growth	0.8	0.1	2.3
Business profit growth ^{#*}	-8.2	3.4	4.6
Business profit margins ^{#^}	7.0	7.0	6.4
Wages to sales ratio [#]	9.9	9.8	10.2
Filled jobs	2.8	-0.1	2.8
Hours worked	3.2	0.4	2.5
Labour productivity	-2.3	-0.4	-0.2
Total labour costs	3.9	5.7	6.0

⁵⁷ MA000100.

	December quarter 2024 (%)	December quarter 2023 (%)	5-year average to December quarter 2024 (%)
Accommodation and food services			
Output growth	-1.1	-1.1	1.3
Business profit growth ^{#*}	2.3	14.7	4.5
Business profit margins ^{#^}	10.0	10.0	11.1
Wages to sales ratio [#]	23.2	22.3	23.7
Filled jobs	-1.9	-0.1	-0.3
Hours worked	-1.6	-4.1	-1.7
Labour productivity	0.5	3.2	3.0
Total labour costs	4.9	3.5	5.8
Administrative and support services			
Output growth	0.5	0.1	2.2
Business profit growth ^{#*}	7.1	43.9	8.9
Business profit margins ^{#^}	8.0	8.0	9.3
Wages to sales ratio [#]	50.3	49.8	51.4
Filled jobs	2.8	2.3	2.2
Hours worked	-0.1	1.8	0.7
Labour productivity	0.7	-1.7	1.6
Total labour costs	3.2	5.3	5.0

Note: # Data are in original terms. * Business profits (unincorporated gross operating profit and company gross operating profit) are calculated based on the sum of profits in each of the last 4 quarters. ^ Profit margins are calculated as business gross operating profits to sales ratio. 5-year average includes quarters where government COVID-19 subsidies were included in gross operating profit of businesses (mainly June quarter 2020 and December quarter 2020). Profit margins in these quarters were notably higher than historical averages.

Source: ABS, *Australian National Accounts: National Income, Expenditure and Product*, December 2024; ABS, *Labour Account, Australia*, December 2024; ABS, *Business indicators, Australia*, December 2024.

[49] The consistent feature of these three sectors is that output and profits grew by less in 2024 than the five-year average. Notwithstanding this, each sector experienced reasonable profit margins for 2024 that are on par with their five-year averages. The wages to sales ratio has remained fairly stable in each sector, with no evidence of wages rising faster than sales. None of the sectors can therefore be said to be in crisis. Low output growth in 2024 likely reflects depressed demand for services as a result of higher interest rates. This can be expected to be reversed to some degree as monetary policy eases and economic growth improves. A return to increasing real household disposable income is likely to increase discretionary spending and in particular benefit the Retail trade and Accommodation and food services sectors. Retail turnover (which includes cafes, restaurants and takeaway food services) increased by 1.2 per cent in chain volume terms in the year through to the March quarter 2025, although it was flat for the March quarter 2025 itself.⁵⁸

[50] The Accommodation and food services sector shows some signs of weakness, with falling output growth and employment and hours worked over the last two years. However, two matters may be noted. First, because hours worked has fallen more than output, there has been

⁵⁸ ABS, *Retail Trade*, Australia, March 2025.

reasonable growth in labour productivity. Second, despite falling employment, total labour costs in 2024 for the sector rose significantly, which likely reflects continuing recruiting difficulties in the sector. We also note that, despite the sectoral difficulties identified, business entries nonetheless exceeded business exits for the period 2023–24, with the number of businesses growing by 1.2 per cent.⁵⁹

[51] Two IBISWorld reports which concern the restaurants sector⁶⁰ and the cafes and coffee shops sector⁶¹ referred to in the submissions of the Australian Restaurant and Cafe Association Ltd (ARCA), provide some insight into the smaller business segment of the Food and beverage services subdivision of the Accommodation and food services division. Both reports identify significantly lower profit margins than the ABS shows for the division as a whole, at 3.8 per cent for restaurants and 3.3 per cent for cafes and coffee shops, compared with 10 per cent reported by the ABS for all of Accommodation and food services.⁶² There is insufficient information in the IBISWorld reports to know if profit margins were calculated on the same basis as the ABS.

[52] The key recent challenges identified in the IBISWorld reports have been pressures on revenue due to the effect of cost-of-living increases on discretionary expenditures, and competitive pressures in circumstances where there are low barriers to the entry of new businesses. The reports do not identify wages as a significant input cost issue and, indeed, indicate a low level of annualised wages costs growth over the past five years (0.6 per cent for restaurants and 1.4 per cent for cafes and coffee shops). For restaurants, the forecast is that ‘improving consumer confidence and expanding discretionary incomes are set to support industry revenue’, but that tough competition will cause restaurants to ‘focus on improving operational efficiencies to limit costs and boost profitability’. For cafes and coffee shops, greater consumer demand is expected to expand industry revenue and, ‘[a]lthough competition will heighten, premiumisation trends and ongoing consumer interest in health and ethical consumerism will support profitability...’. Revenue is forecast to grow by an annualised rate of 0.7 per cent for restaurants and 1.4 per cent for cafes and coffee shops over the five years to 2029–30.

[53] Against this background, ARCA’s submissions make three particular points worth noting. First, notwithstanding that it proposes that the Review award a sub-inflation increase of 2 per cent, it submits more generally that moderate wage increases support consumer demand and ‘have multiplier effects, boosting local economies without significantly impacting inflation’. This proposition is broadly consistent with the University of California, Berkeley Institute for Research on Labor and Employment minimum wage model⁶³ which, as discussed in the *AWR 2018 decision*,⁶⁴ takes into account the beneficial effects of higher minimum wages on consumer demand as well as the detrimental effect on business costs to assess the net effect.

⁵⁹ ABS, *Counts of Australian Businesses, Including Entries and Exits*, July 2020 to June 2024.

⁶⁰ IBISWorld, *Restaurants in Australia*, December 2024.

⁶¹ IBISWorld, *Cafes and Coffee Shops in Australia*, January 2025.

⁶² It is possible to break down the profit margins separately for Accommodation businesses and Food and beverage services businesses, and this shows fairly similar margins in both sectors. In 2023–24, the most recent financial year available at the time of our decision, these were 14.4 per cent and 6.4 per cent, respectively. See ABS, *Australian Industry*, 2023–24 financial year.

⁶³ Michael Reich et al, Center on Wage and Employment Dynamics, Institute for Research on Labor and Employment, University of California, Berkeley, *The effects of a \$15 minimum wage in New York State* (Policy Brief, March 2016).

⁶⁴ *Annual Wage Review 2017–18* [2018] FWCFCB 3500, 279 IR 215.

The Accommodation and food services sector, as well as the Retail trade sector, would be well-placed to benefit from any increase in consumer demand generated by increases to minimum wages. Second, it identifies that ‘[h]igher increases (e.g., 5% or more)’ may have disemployment effects. This amount is outside the range of proposed increases earlier discussed. Third, ARCA confirms that the Accommodation and food services sector faces critical shortages in roles such as chefs and cooks.

[54] In respect of the s 134(1)(f) consideration, it is obviously the case that any increase in modern award minimum wages will cause an increase in employment costs for business, with this effect most felt in the most modern award-reliant sectors. Any increase awarded as a result of this Review will, as a cost to business, be in addition to the increase to the Superannuation Guarantee contribution rate from 11.5 to 12 per cent that will take effect on 1 July 2025. The question is whether this will cause discernible detriment to business. In most cases, we consider that it will not. Because the labour market remains strong, moderate increases in modern award minimum wages within the range earlier identified are unlikely to involve a significant departure from the market price of labour. The support to consumer demand provided by modern award minimum wage increases will be a factor offsetting the cost impact to business. However, for small businesses on low profit margins that are already facing challenges to their viability, the cost of such wage increases may constitute a risk factor. The Accommodation and food services sector, as earlier stated, is one which shows signs of weakness, and restaurants and cafes in particular are usually small businesses with lower profit margins operating in a very competitive market. The effect of modern award wage increases on this sector, and small businesses in other sectors in comparable circumstances, is therefore a moderating factor in our consideration. However, this should not be overstated given the positive prospects for the Accommodation and food services sector, and the Retail trade sector, benefitting from an increase to discretionary spending arising from improvements to real household disposable incomes. We also take into account that there has, as earlier discussed, been labour productivity growth in the market sector over the last five years, as a factor relevant to capacity to pay. We do not consider it likely that increases to modern award minimum wages within the range earlier discussed would affect business productivity or increase the regulatory burden on business.

4. Gender equality

[55] Sections 284(1)(aa) and 134(1)(ab), which were added to the FW Act by the *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022* (Cth) (SJBPA), identify the achievement of gender equality as an overarching ‘need’ which must be taken into account in the exercise of the Commission’s modern award powers. Under s 284(1)(aa) ‘ensuring equal remuneration for work of equal or comparable value’, ‘eliminating gender-based undervaluation of work’ and ‘addressing gender pay gaps’ are identified as means by which this overarching need may be met. Section 134(1)(ab) likewise identifies the first two of these as means to achieve gender equality; the third means identified in s 134(1)(ab), ‘providing conditions that facilitate women’s full economic participation’, is concerned with terms of employment other than rates of pay and is thus not relevant to this Review.

[56] ‘Ensuring equal remuneration for work of equal or comparable value’ and ‘eliminating gender-based undervaluation of work’ are overlapping concepts.⁶⁵ The former is defined in s 302(2) of the FW Act to mean ‘equal remuneration for men and women workers for work of

⁶⁵ FW Act ss 134(1)(ab), 284(1)(aa).

equal or comparable value'. The latter is a well-established industrial concept which, in the modern award context, refers to a situation where minimum rates in an award have been established on the basis of an undervaluation of the work to which the minimum rates apply that has occurred for gender-related reasons. 'Gender pay gaps' refers to the various measures of the difference in the earnings of men and women.

[57] The mandatory considerations in ss 284(1)(aa) and 134(1)(ab) are expressed in imperative terms: there is a 'need' to achieve gender equality and this may be done by 'ensuring' equal remuneration for work of equal or comparable value, 'eliminating' gender-based undervaluation of work and 'addressing' gender pay gaps. In light of this, the Expert Panel in the *AWR 2023 decision* said:⁶⁶

... we consider that as a result of the amendments to ss 134(1) and 284(1) made by the [SJBPA Act], any issues of unequal remuneration for work of equal or comparable value or gender undervaluation relating to modern award minimum wage rates can no longer be left to be dealt with on an application-by-application basis outside the framework of the Review process. Such issues, insofar as they may be identified, should now be dealt with in the Review process or in other Commission-initiated proceedings between Reviews.

[58] Consequently, as a result of the SJBPA Act amendments, the issue of gender equality has become central to the Review process. It applies itself at two levels. The first is the extent to which the need to address gender pay gaps is to be taken into account in the quantification of any general increase to the NMW and modern award minimum wage rates. The second is whether any adjustments to specific awards are required to eliminate gender-based undervaluation in modern awards and ensure equal remuneration for work of equal or comparable value.

General wage increases and gender pay gaps

[59] The gender pay gap may be measured in a number of ways. Based on the most recent available data, the gender pay gap as measured by reference to ordinary time earnings, whilst remaining significant, is continuing to reduce and has reached historic lows.

Table 9: Estimates of changes in the gender pay gap

	Male earnings (\$)	Female earnings (\$)	Gender pay gap (%)	Male earnings (\$)	Female earnings (\$)	Gender pay gap (%)
<i>Weekly</i>						
	November 2024			November 2022		
AWOTE	2072.70	1826.40	11.9	1907.10	1653.60	13.3
	May 2023			May 2021		
EEH adult* ordinary time cash earnings, non-managerial full-time	1911.80	1725.60	9.7	1809.10	1617.10	10.6

⁶⁶ [2023] FWCFB 3500, 323 IR 332 [120].

	Male earnings (\$)	Female earnings (\$)	Gender pay gap (%)	Male earnings (\$)	Female earnings (\$)	Gender pay gap (%)
<i>Hourly</i>						
EEH adult* ordinary time cash earnings, excluding casual loading	48.77	42.87	12.1	45.50	39.42	13.4
EEH adult* ordinary time cash earnings, excluding casual loading, for modern award-reliant employees	29.64	29.42	0.7	27.69	27.47	0.8

Note: AWOTE refer to full-time adult employees. The gender pay gap is calculated as the difference between female and male earnings, expressed as a percentage of male earnings. * Adult refers to employees paid an adult rate.

Source: ABS, *Average Weekly Earnings, Australia*, November 2023; ABS, *Microdata: Employee Earnings and Hours, Australia*, May 2023; ABS, *Average Weekly Earnings, Australia*, November 2021; ABS, *Microdata: Employee Earnings and Hours, Australia*, May 2021.

[60] As has been observed in recent Review decisions, because modern awards only apply to about 20.7 per cent⁶⁷ of the employee workforce, and the wages of the modern award-reliant workforce constitute only about 10.5 per cent⁶⁸ of the national wage bill, it is not possible to eliminate the aggregate gender pay gap by means of adjusting modern award wage rates alone. The gender pay gap for modern award-reliant employees is narrow, indicating that the gender pay gap is most significant amongst that part of the workforce who are paid above-award rates of pay and are therefore not directly affected by Review decisions. Notwithstanding this, because of the predominance of women in the modern award-reliant workforce, an adjustment to modern award minimum wages which exceeds wages growth in the labour market as a whole will have an effect, albeit small, in narrowing the aggregate gender pay gap. This is a matter favouring an increase of this nature. In addition, because the modern award-reliant workforce is concentrated in certain sectors of the economy, higher increases in modern award wage rates will have more significant effects upon the aggregate gender pay gap in those sectors. In this context, we note that the aggregate gender pay gap in the four most modern award-reliant industry divisions remains significant, even though in three of these divisions there is a gender pay gap amongst modern award-reliant employees in favour of women.

⁶⁷ [2025 Profile](#) 83, Chart 1.

⁶⁸ [Statistical Report — Annual Wage Review 2025](#) (Fair Work Commission, 15 May 2025) Table 7.5.

Table 10: Gender pay gap in the most modern award-reliant industry divisions

Industry	Gender pay gap — all employees (%) (AWOTE, November 2024)	Gender pay gap — modern award-reliant employees (%) (EEH, May 2023)
Accommodation and food services	10.4	-4.5
Retail trade	9.9	-3.6
Health care and social assistance	21.6	-7.2
Administrative and support services	17.8	3.3

Note: Negative percentages indicate that female earnings are higher than male earnings.

Source: ABS, *Average Weekly Earnings, Australia*, November 2024; ABS, *Microdata: Employee Earnings and Hours, Australia*, May 2023.

[61] Insofar as adjustments to modern award minimum wages may contribute to closing the gender pay gap, our view is that the most effective way of doing this is to continue to review modern award classifications applying to highly feminised occupations to identify, and eliminate, gender-based undervaluation. We discuss this review process further below.

Ensuring equal remuneration for work of equal or comparable value and eliminating gender-based undervaluation in specific modern awards

[62] The *AWR 2023 decision* commenced the process of reviewing specific awards to examine whether they ensured equal remuneration for work of equal or comparable value or were subject to gender-based undervaluation. The decision identified a number of potential issues which required consideration in this context. It was determined that a research project should be undertaken to identify occupations and industries in which there is gender pay inequity and potential undervaluation of work and qualifications to inform and underpin consideration of gender pay equity issues in future Reviews. This research project was undertaken in two stages after the 2022–23 Review. The first stage of the project was completed with the publication of a report, *Gender-based Occupational Segregation: A National Data Profile* (Stage 1 Report), prepared by the Social Policy Research Centre at the University of New South Wales on 15 November 2023. The Stage 1 Report identified 29 occupations covered by 13 modern awards which are large in size, over 80 per cent female, and located within feminised industry classes.⁶⁹ The second stage of the project involved the publication of the *Stage 2 Report — Gender Pay Equity Research — Annual Wage Review 2023–24* (Stage 2 Report) prepared by the Commission's own research staff on 4 April 2024. The Stage 2 Report examined the history of wage fixation for 12 of the 13 awards covering the highly-feminised occupations identified in the Stage 1 Report and identified a number of indicia of gender-based undervaluation in the history of these awards.⁷⁰

[63] Overlapping with the research project, Stage 3 of the work value proceedings for employees in the aged care sector was conducted, with the *Stage 3 Aged Care decision*⁷¹ being

⁶⁹ Natasha Cortis et al, UNSW Social Policy Research Centre, [Gender-based Occupational Segregation: A National Data Profile](#) (Final Report, 6 November 2023) Table 5.1.

⁷⁰ Fair Work Commission, [Stage 2 Report — Gender Pay Equity Research — Annual Wage Review 2023–24](#) (Report, 4 April 2024).

⁷¹ *Aged Care Award 2010; Nurses Award 2020; Social, Community, Home Care and Disability Services Industry Award 2010* [2024] FWCFB 150, 331 IR 137 ('*Stage 3 Aged Care decision*').

published on 15 March 2024. This decision found that personal care workers, home care workers and assistants in nursing in the aged care sector had been the subject of historical gender-based undervaluation because their minimum award wage rates had been established on the basis of an alignment with the masculinised C10 rate in the C10 Metals Framework without any assessment of the work value of such workers ever having been carried out. The work of registered nurses (RNs) and enrolled nurses (ENs) in aged care was likewise found to have been subject to historical gender-based undervaluation. In the case of RNs, this was because, despite having transformed into a professional occupation for which a university degree was required for entry, the award minimum wage rates for nurses had never been aligned with the C1 rate in the C10 Metals Framework (for which at least a degree qualification is required).

[64] In determining appropriate rates of pay to rectify this identified gender-based undervaluation, the Expert Panel in the *Stage 3 Aged Care decision* established two benchmark rates. First, for Certificate III-qualified personal care workers, home care workers and assistants in nursing, the Panel determined that the rate established by the SCHADS Award operating in conjunction with the *Social, Community and Disability Services Industry Equal Remuneration Order 2012*⁷² for a Certificate III-qualified social and community service employee provided an appropriate benchmark. That Panel said that this rate (Caring Skills benchmark rate), which is currently \$1269.80 per week, would:⁷³

...[provide] 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.

[65] Second, for RNs with a four-year degree, the Panel adopted the C1(a) rate in the C10 Metals Framework, currently \$1525.90 per week, as the appropriate benchmark (C1(a) benchmark rate). The Panel determined that both benchmark rates could be regarded as free from gender assumptions.

[66] A further development at about the same time was that, on 9 February 2024, the Australian Nursing and Midwifery Federation lodged an application (matter AM2024/11) (Nurses and Midwives case) to vary the wage rates for nurses other than aged care nurses in the *Nurses Award 2020*⁷⁴ (Nurses Award) on work value and gender-based undervaluation grounds. The application seeks a rate of pay for a degree-qualified RN Level 1, Pay Point 1, which is broadly equivalent to the C1(a) benchmark rate.

[67] Having regard to these developments, the Expert Panel in the *AWR 2024 decision* considered and determined which occupations and awards should be reviewed as a priority in respect of the elimination of potential gender-based undervaluation (Priority Awards Review).⁷⁵ The priorities which were chosen (as further clarified and particularised in a statement published on 20 September 2024)⁷⁶ were:

⁷² [PR525485](#).

⁷³ *Stage 3 Aged Care decision* [2024] FWCFB 150, 331 IR 137 [173].

⁷⁴ MA000034.

⁷⁵ [2024] FWCFB 3500, 331 IR 248 [111]–[123].

⁷⁶ [2024] FWCFB 382.

- pharmacists covered by the *Pharmacy Industry Award 2020*⁷⁷ (Pharmacy Award);
- health professionals, pathology collectors and dental assistants covered by the *Health Professionals and Support Services Award 2020*⁷⁸ (HPSS Award);
- social and community services employees, crisis accommodation employees and home care employees in disability care covered by the SCHADS Award;
- dental assistants and dental/oral therapists covered by the *Aboriginal and Torres Strait Islander Health Workers and Practitioners and Aboriginal Community Controlled Health Services Award 2020*⁷⁹ (ATSIHW Award); and
- children's services employees covered by the *Children's Services Award 2010*⁸⁰ (CS Award).

[68] In response to specific submissions advanced by the Flight Attendants' Association of Australia (FAAA) concerning gender-based undervaluation in the *Aircraft Cabin Crew Award 2020*⁸¹ (ACC Award), the Expert Panel in the *AWR 2024 decision* determined that the Commission should undertake a research project concerning the history of the ACC Award, which might assist in informing any future proceedings to vary that award.⁸² This research project was subsequently undertaken by the Commission's research staff and, on 28 February 2025, the Commission published a report, *Gender pay equity research: Aircraft Cabin Crew Award 2020*⁸³ (ACC Award Report), setting out in detail the history of the ACC Award and its antecedent award.

[69] The hearing for the Priority Awards Review was conducted over three weeks in December 2024 before an Expert Panel. On 16 April 2025, the Panel issued the *Priority Awards Review decision*.⁸⁴ It determined that each of the priority occupations and awards had been the subject of gender-based undervaluation, and that its findings in this respect constituted work value reasons justifying the variation of the award wage rates applying to each category of employees.⁸⁵ The Panel varied the Pharmacy Award to provide for the first of three phased increases to implement a revised wages structure based on an alignment with the C1(a) benchmark rate.⁸⁶ In respect of each of the other categories of employees, the Panel set out its provisional proposals to vary the applicable awards to implement new classification and wages structures. In the case of health professionals covered by the HPSS Award and dental therapists covered by the ATSIHW Award, the new classification and wages structures were based on an alignment with the C1(a) benchmark rate and, in respect of the subject categories of employees covered by the CS Award, they were based on an alignment with the Caring Skills benchmark rate. In respect of the SCHADS Award, they were based on an alignment with both the Caring Skills benchmark rate and the C1(a) benchmark rate. The Panel has now commenced a process of conferences with interested parties to ascertain the nature and scope of any issues that may

⁷⁷ MA000012.

⁷⁸ MA000027.

⁷⁹ MA000115.

⁸⁰ MA000120.

⁸¹ MA000047.

⁸² [2024] FWCFB 3500, 331 IR 248 [129].

⁸³ [Gender pay equity research: Aircraft Cabin Crew Award 2020](#) (Fair Work Commission Research Report No 3/2025, February 2025).

⁸⁴ [2025] FWCFB 74.

⁸⁵ Ibid [16].

⁸⁶ Ibid [17].

be raised in response to its provisional proposals. It is anticipated that, at least for some of the awards, it will be necessary for there to be further hearings to determine the remaining contested issues. It is likely, therefore, that the Priority Awards Review will take the balance of 2025 to be finalised.

[70] The *Priority Awards Review decision* set out the principles which guided the Expert Panel in its consideration in a manner consistent with the statutory framework.⁸⁷ These principles may be summarised as follows:

- (1) The occupational group in question should be female-dominated. The percentage of the relevant workforce required to meet that standard has usually been accepted as 60 per cent female or more.
- (2) It is then necessary, consistent with s 157(2B) of the FW Act, to undertake a historical analysis of the development of the rates of pay in the award in question to ascertain whether there are any indicia of gender-based undervaluation. The most significant of these indicia are:
 - whether the award minimum wage rates have ever been the subject of an independent work value assessment involving the consideration of skills and responsibilities of the work in question and the environment in which it has been performed;
 - whether, if any work value assessment has occurred, the outcome has been constrained by the application of the C10 Metals Framework Alignment Approach or the requirement in previous wage-fixing principles that only work value changes from a fixed datum point may be considered;
 - whether the wage rates are the result of a consent arrangement which does not provide transparency as to the basis upon which the rates were fixed;
 - whether the rates have been established on the basis of an automatic application of the C10 Metals Framework Alignment Approach without any further consideration as to whether the key classification in the award in question and the C10 classification involve equality or comparability of work value beyond a mere equivalence in qualifications; and
 - in the case of classifications requiring a degree qualification, whether the pay rates have been established on the basis of an alignment with the C1 rate at a minimum or, if this has not occurred, whether there has been a work value assessment providing a justification for this.
- (3) The process of identifying gender-based undervaluation also requires a close examination, based on agreed facts or evidence, of the skills and duties of the work in question. An important element of this is to analyse whether the work is of a ‘caring’ nature requiring the exercise of ‘soft’ or ‘invisible’ skills, including but not limited to the skills of ‘interpersonal and contextual awareness, verbal and non-verbal communication, emotion management and dynamic workflow coordination’, which may not have previously been properly recognised or valued because of past assumptions based on gender. If the award rates have been set simply on the basis of the application of the C10 Metals Framework Alignment Approach, then it may be presumed, in the absence of evidence that indicates

⁸⁷ Ibid [66]–[71].

otherwise, that any ‘soft’ or ‘invisible’ skills found to be required for the performance of work have not been taken into account in the fixation of the wage rates.

- (4) Where a positive finding has been made that the rates of pay in the relevant modern awards have undervalued the work to which they apply for gender-related reasons, this will likely constitute a ‘work value reason’ within the meaning of s 157(2A) of the FW Act justifying the variation of modern award minimum wage rates under s 157(2)(a).
- (5) Determining a variation to modern award minimum wages to rectify gender-based undervaluation is a matter requiring the making of a value judgment based on the need to achieve the modern awards objective and the minimum wages objective, having regard to the mandatory considerations in ss 134(1) and 284(1) of the FW Act respectively. In the Commission’s determination of this, the gender equality considerations in ss 134(1)(ab) and 284(1)(aa) are likely to have significant weight.
- (6) In respect of the exercise of the Commission’s discretion, three guiding principles may be identified:
 - (a) While the C10 Metals Framework Alignment Approach remains a useful organising principle for stable and consistent award wage fixation, it should not be applied in a mechanistic way to determine the outcome.
 - (b) In respect of work of a ‘caring’ nature involving the exercise of ‘soft’ or ‘invisible’ skills, the Caring Skills benchmark rate (currently \$1269.80 per week) established in the *Stage 3 Aged Care decision* for a Certificate III-qualified employee indicates the upper end of the range of potential outcomes. This is because the aged care work considered in the *Stage 3 Aged Care decision* was found to have involved the constant exercise of the identified ‘invisible’ skills in a manner entirely integrated with all other aspects of the work.
 - (c) The C1(a) benchmark rate identified in the *Stage 3 Aged Care decision* for a degree-qualified RN (currently \$1525.90 per week) should, as a minimum, apply to any classification for which a university degree is required (except at the entry level) in the absence of evidence justifying a different outcome on work value grounds.

[71] The Nurses and Midwives case has, since the completion of the aged care work value proceedings, effectively been paused to allow for the parties to engage in discussions and to consider the initial decision in the Priority Awards Review. The matter is listed for a further conference on 17 June 2025. It may reasonably be anticipated that if the matter requires a full contested hearing, this will be a major undertaking for the parties and the Commission.

[72] In light of the above, it is necessary to consider what next steps should be taken to further progress the task of addressing gender-based undervaluation in modern awards. The ACTU made a comprehensive submission concerning this, including that the identification of priority awards should include modern awards which cover a highly feminised workforce in the

classification structure to address a limitation of the approach focussing on the Stage 1 Report. It proposed that the following occupations and awards, which it characterised as involving ‘caring’ work, be prioritised for future proceedings:

- Education Aides covered by the *Educational Services (Schools) General Staff Award 2020*.⁸⁸
- All classifications in the Support Services stream in the HPSS Award (including classifications applying to Receptionists in general practice medical services and General Clerks in hospitals).
- All classifications in the Health Workers stream in the ATSIHW Award.
- All classifications in the Practice Managers, Veterinary Nurses, Receptionists, Animal Attendants and Assistants stream, and Veterinary Surgeons, under the *Animal Care and Veterinary Services Award 2020*.⁸⁹

[73] More generally as to the conduct of future proceedings concerning gender-based undervaluation, the ACTU submitted that the Commission should commission research and undertake inquiries as essential supports to making progress on eliminating gender-based undervaluation for both Commission-initiated and party-initiated proceedings, including by considering establishing broad principles and a methodology for the assessment of gender-based undervaluation that is replicable for future cases. It also submitted that future proceedings should be divided into multiple phases consisting of an initial phase to determine the scope of the proceedings and the issues to be determined and then a determinative phase to determine rates of pay and classification structures, with each phase proceeding on a realistic timetable to allow enough time for parties to bring evidence both about rates of pay and classification structures. The ACTU submitted that this approach would strike a balance between the imperative for the Commission to achieve gender equality and eliminate gender-based undervaluation in a reasonable timeframe, and conducting the proceedings in a sustainable way. The ACTU envisages a ‘hybrid’ model between Commission-initiated and party-initiated proceedings, whereby the Commission continues to actively drive progress and contribute resources such as data, research and evidence to alleviate the burden on parties, but where the parties have more control over the scope, timing, sequencing and timetabling of the proceedings.

[74] The United Workers’ Union (UWU) supports the ACTU’s submission, and further submitted that the Commission should adopt broader criteria than those applied in the Stage 1 Report to identify which awards to review in future gender-based undervaluation proceedings. The UWU also supported the proposition that awards covering ‘caring’ work should be dealt with first before moving on to awards which do not involve such work.

[75] The FAAA likewise supported the ACTU’s general submission and, in addition, advanced specific submissions concerning the ACC Award, as it did in the 2023–24 Review. The FAAA foreshadowed in its submission that it intended to file an application for a comprehensive review of work value and conditions under the ACC Award (and has now in fact done so), but submitted as an interim step that the Commission should increase minimum wage rates in the ACC Award by 5 per cent in recognition of the *prima facie* incidence of longstanding gender-based undervaluation of flight attendants’ work. This was evidenced, it was submitted, by two particular issues in the ACC Award. The first was that the classification

⁸⁸ MA000076.

⁸⁹ MA000118.

of Cabin crew member, for which a Certificate III qualification or equivalent was required, has a minimum weekly rate of \$1012.20,⁹⁰ which is less than the C10 benchmark rate of \$1032.30. The second was that a 38-hour divisor was used to calculate hourly rates under the ACC Award, notwithstanding that ordinary hours under the award for domestic and international cabin crew were prescribed as an average of 36 per week. The FAAA cited the ACC Award Report as supporting its position that wage rates in the ACC Award have never been properly fixed and reflect historical gender-based undervaluation.

[76] In response to the FAAA's submissions, Qantas Airways Limited (Qantas) opposes the adjustment of the wage rates for Cabin crew members covered by the ACC Award as part of this Review, and submits that consideration of the FAAA's case in this respect should await the FAAA's foreshadowed work value application.

[77] No employer group apart from the Australian Industry Group (Ai Group) made any submission concerning future priorities or next steps for the review of modern awards to eliminate gender-based undervaluation. The Ai Group submitted that no priority occupations should be identified and no proceedings initiated in this Review. Instead, it proposed that a conference of peak union and employer representatives should be convened subsequent to the completion of this Review to discuss priorities (including those proposed by the ACTU), the timing, initiation and conduct of future proceedings, and employer perspectives in regard to any such proceedings. This would, it submitted, accommodate the completion of the Priority Awards Review and allow parties to proceed with the benefit of previous reports and research on gender-based undervaluation.

[78] We consider that we would not be giving the appropriate weight to the gender equality considerations in ss 284(1)(aa) and 134(1)(ab) if we failed in this Review to set out a further program for identifying and eliminating gender-based undervaluation in specific modern award-covered occupations. We reaffirm the proposition in the *AWR 2023 decision* that the issue of gender-based undervaluation can no longer be left on the basis that it will be dealt with by the Commission only in response to applications made by parties. History suggests that it is necessary for the Commission to identify targets for review and then to initiate proceedings to deal with them in order to meet, in a timely way, the statutory imperative for the elimination of gender-based undervaluation and the obligation to establish and maintain a safety net of fair minimum wages.

[79] We also accept the ACTU's submission that such Commission-initiated proceedings should continue to be supported, as far as practicable, by research undertaken by the Commission (including external research commissioned and funded by the Commission). However, where such proceedings involve contested issues, the research support which the Commission can provide is limited by its need to retain the capacity to act as an independent arbiter and to proceed in a procedurally fair way. This means that the research undertaken by the Commission will generally be confined to the ascertainment of objective background facts (for example, as occurred in the Stage 1 and Stage 2 Reports) or literature reviews, or will otherwise be in accordance with a consensus of the parties,⁹¹ in order that the Commission is not seen as supporting the case of one party over another. This may require the exercise of a fine judgment in some cases, and the Commission will guard against parties attempting to

⁹⁰ MA000047 clause 14.2.

⁹¹ This was the approach taken in the Priority Awards Review: [\[2024\] FWCFB 334](#) [2]–[5].

exercise a veto over research being undertaken merely for the purpose of obstructing the objective of eliminating gender-based undervaluation.

[80] While we consider it necessary to establish priorities for future proceedings concerning gender-based undervaluation, this must be done on a realistic and achievable basis having regard to the demands placed on parties, and the Commission, by such proceedings, and the timetable for other major proceedings being conducted in the Commission. In respect of the former consideration, we note that the conduct of the Priority Awards Review to date has required a three-week hearing, the receipt of evidence from some 102 witnesses, and the publication of a necessarily lengthy decision. As to the latter consideration, a number of major cases will be conducted in 2025–26 including the completion of the Priority Awards Review, the Nurses and Midwives case, the Shop, Distributive and Allied Employees Association’s (SDA’s) application to abolish ‘adult’ junior rates in the *General Retail Industry Award 2020*⁹² (Retail Award), the *Fast Food Industry Award 2020*⁹³ (Fast Food Award) and the Pharmacy Award, and the Commission-initiated reviews of part-time provisions in modern awards generally and of provisions relevant to working from home in the *Clerks—Private Sector Award 2020*.⁹⁴ That necessarily confines the scope of what may be undertaken prior to the 2026 Review.

[81] In this context, we consider that the priority list proposed by the ACTU is not achievable in the short term. Further, at least some of the occupations would not appear to fall squarely within the principles established in the *Priority Awards Review decision*, and proceedings concerning such occupations would involve a higher degree of complexity and uncertainty as a result. In prioritising future proceedings for 2025–26, our preference is to focus on occupations to which the principles established in the *Priority Awards Review decision* may most readily be applied.

[82] Having regard to these matters, we have determined that the Commission should initiate proceedings to review all professional classifications in modern awards — that is, all classifications for which an undergraduate university degree is required as a minimum — that are not aligned with the C1(a) benchmark rate. Professional occupations, considered as a whole, are majority female (55.4 per cent).⁹⁵ However, a much higher proportion — 69.7 per cent — of modern award-reliant professionals are female.⁹⁶ This surpasses the threshold of 60 per cent female identified for feminised occupations in the *Priority Awards Review decision* and makes clear that the detriment of non-alignment with the C1(a) benchmark rate principally accrues to female professionals.

[83] The issue of the non-alignment of professional classifications has been identified in a number of recent Full Bench/Expert Panel decisions as a work value or gender-based

⁹² MA000004.

⁹³ MA000003.

⁹⁴ MA000002.

⁹⁵ *Statistical Report — Annual Wage Review 2025* (Fair Work Commission, 15 May 2025) Chart 11.3; ABS, *Labour Force, Australia, Detailed*, February 2025. Note that the ABS defines ‘professionals’ to include diploma- and associate degree-qualified employees (ANZSCO Skill Level 2) as well as Bachelor’s or higher degree-qualified employees (ANZSCO Skill Level 1).

⁹⁶ *Statistical Report — Annual Wage Review 2025* (Fair Work Commission, 15 May 2025) Table 11.6; ABS, *Microdata: Employee Earnings and Hours, Australia*, May 2023.

undervaluation issue that should be addressed, including the *Pharmacy decision*,⁹⁷ the *Teachers decision*,⁹⁸ the *Stage 1 Aged Care decision*,⁹⁹ the *AWR 2023 decision*,¹⁰⁰ the *Stage 3 Aged Care decision*,¹⁰¹ and the *Priority Awards Review decision*.¹⁰² The minimum award wage rates for teachers covered by the *Educational Services (Teachers) Award 2020*,¹⁰³ RNs in aged care covered by the Nurses Award and pharmacists covered by the Pharmacy Award have now been adjusted based on an alignment with the C1(a) benchmark rate or are in the process of phasing in such an outcome. Further, in the *Priority Awards Review decision*, the Expert Panel found that the minimum wage rates of health professional employees covered by the HPSS Award were the subject of gender-based undervaluation for reasons including that they were not aligned with the C1(a) benchmark rate, and provisionally proposed that a new classification structure be established based on an alignment with the C1(a) benchmark rate for Australian Qualifications Framework Level 7-qualified employees. And, as earlier noted, the Nurses and Midwives case has as a major element the establishment of a broad alignment with the C1(a) benchmark rate.

[84] In this context, we consider that it is logical that the remaining professional classifications in modern awards be addressed as the next priority. Appendix 2 to this decision sets out a *provisional* list of the classifications and awards to be the subject of review. Interested parties will be given an opportunity to comment on this list once the proceedings have been initiated by the Commission. Notwithstanding that the list is somewhat lengthy, we consider that the principles stated in the *Priority Awards Review decision* set out a relatively straightforward path to addressing the classifications and awards in question. This review may also examine any classifications in the listed awards for which a diploma qualification is required and which are not aligned with the equivalent level in the C10 Metals Framework, as occurred in the *Priority Awards Review decision* with respect to the HPSS Award.

[85] Our identification of the next priorities in addressing gender-based undervaluation is not intended to foreclose any party making an application to vary a modern award on grounds related to gender-based undervaluation, and we note that the FAAA has now, as it foreshadowed, made an application of potentially major dimensions in this respect.¹⁰⁴ In respect of the FAAA's proposal that we should award an interim increase to Cabin crew members covered by the ACC Award as part of this Review, we do not consider we are in a position to do so given Qantas' opposition and the lack of any evidence concerning the skills, responsibilities, qualifications and working environment of the employees in question. The preferable course is to deal with this to finality in the proceedings commenced by the FAAA's application.

⁹⁷ [\[2018\] FWCFB 7621](#), 284 IR 121.

⁹⁸ [\[2021\] FWCFB 2051](#).

⁹⁹ [\[2022\] FWCFB 200](#), 319 IR 127.

¹⁰⁰ [\[2023\] FWCFB 3500](#), 323 IR 332.

¹⁰¹ [\[2024\] FWCFB 150](#), 331 IR 137.

¹⁰² [\[2025\] FWCFB 74](#).

¹⁰³ MA000077.

¹⁰⁴ Matter AM2025/8.

5. Workforce participation

[86] Sections 284(1)(b) and 134(1)(c) of the FW Act require consideration of the promotion of ‘social inclusion through increased workforce participation’. ‘Social inclusion’ may be understood as an outcome whereby all persons, regardless of their circumstances, have the opportunity and capacity to participate fully in society. The premise of these provisions is that participation in employment and other forms of work is a means by which ‘social inclusion’ may be achieved, by allowing individuals to obtain both the economic and social benefits of such participation.

[87] By all measures, workforce participation is at or near historically high levels. The participation rate reached its highest level ever in January 2025 and has remained near that level in the following months. The biggest contributor to growth in workforce participation has been amongst females, but it is also significant that a long-term decline in participation by males has been reversed.

Table 11: Participation rate by gender, persons 15 years and over

	Males (%)	Females (%)	All people (%)
December 2014	70.9	58.6	64.6
December 2023	70.6	62.7	66.6
December 2024	71.5	62.9	67.1
April 2025	70.9	63.4	67.1

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

[88] The employment to population ratio shows the same picture.

Table 12: Employment to population ratio by gender, person 15 years and over

	Males (%)	Females (%)	All people (%)
December 2014	66.6	55.0	60.7
December 2023	67.7	60.2	63.9
December 2024	68.5	60.5	64.5
April 2025	68.0	60.8	64.4

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

[89] Budget forecasts show no change of significance to the participation rate through to 2026–27.¹⁰⁵

[90] As was observed in the *AWR 2024 decision*,¹⁰⁶ the continuing existence, albeit narrowing, of a gap between female and male workforce participation, and a higher rate of female underemployment, indicates that significant impediments to fuller female participation in the workforce remain. That observation remains valid, with the rate of female underemployment being 7.0 per cent compared to 5.2 per cent for males as at April 2025.¹⁰⁷ It

¹⁰⁵ [Statistical Report — Annual Wage Review 2025](#) (Fair Work Commission, 15 May 2025) Table 14.3.

¹⁰⁶ [2024] FWCFB 3500, 331 IR 248 [131].

¹⁰⁷ [Statistical Report — Annual Wage Review 2025](#) (Fair Work Commission, 15 May 2025) Chart 6.6.

is also significant that women are more likely to hold multiple jobs than men,¹⁰⁸ likely indicating insufficient hours in their main job. Again as observed in the *AWR 2024 decision*,¹⁰⁹ increases to modern award minimum wages which are higher than those produced by the labour market generally may attract more women into modern award-reliant industries and occupations. However, this is more likely to occur with variations to specific modern awards to rectify gender-based undervaluation in highly feminised and modern award-reliant industries and occupations, rather than as a result of this Review. The otherwise positive developments in workforce participation render this a neutral factor in our consideration.

6. Relative living standards and the needs of the low paid

[91] Sections 284(1)(c) and 134(1)(a) of the FW Act require consideration of the ‘relative living standards and the needs of the low paid’. In previous Review decisions, as well as other Commission decisions concerning s 134(1)(a), ‘the low paid’ have been treated as encompassing those full-time employees whose earnings are below two-thirds of median adult earnings of all full-time employees. This is a comparative approach consistent with the notion of ‘relative living standards’. In accordance with this definitional approach, two statistical measures have been used in the past to identify the low paid. The first is derived from the Australian Bureau of Statistics (ABS) *Characteristics of Employment* (CoE) data. The most recent CoE data is for August 2024, which quantifies the benchmark at \$1139.65 per week. This represents a 6.8 per cent increase compared to August 2023 because of an equivalent rise in median earnings. The second is derived from the ABS’ EEH data. This data is less recent: as at May 2023 it was \$1131.33 per week.¹¹⁰

[92] Both the CoE benchmark and the EEH benchmark are higher than the minimum weekly pay rates for all classifications in the *Manufacturing and Associated Industries and Occupations Award 2020*¹¹¹ (Manufacturing Award) up to and including Level C7 (at which a Certificate IV-qualified employee is graded). However, as was observed in the *AWR 2024 decision*, the ordinary-time earnings of modern award-reliant employees will include any allowances, shift penalties and evening and weekend penalty rates payable in respect of ordinary time, and also the casual loading where applicable.¹¹² In addition, the thresholds calculated using the CoE data and the EEH data referred to above are based on total cash earnings and therefore include overtime.

[93] In its submissions, the ACTU has taken issue with the proposition that payments for working ordinary time other than the modern award minimum rate of pay should be taken into account in determining whether the low paid are having their needs met. It characterises this proposition as a ‘policy preference’ and submits that compensation paid to an employee for working anti-social hours or being employed casually should not lead to a conclusion that the employee’s needs are being met or that this should be treated as a moderating factor in our deliberations in this Review. A submission to similar effect was made by the Australian Catholic Council for Employment Relations.

¹⁰⁸ Ibid Chart 6.21.

¹⁰⁹ [2024] FWCFB 3500, 331 IR 248 [132].

¹¹⁰ *Statistical Report — Annual Wage Review 2025* (Fair Work Commission, 15 May 2025) Table 8.2.

¹¹¹ MA000010.

¹¹² [2024] FWCFB 3500, 331 IR 248 [72]–[73].

[94] This submission, with respect, misstates the proposition stated in the *AWR 2024 decision*, which effectively involves two relatively straightforward points. The first is a statistical one. As just stated, the measures of the low-paid threshold that have been used in past Review decisions, using CoE and EEH data, take into account all payments for working ordinary time and overtime, including the casual loading, and are not confined to the award minimum rate for the employee's classification. This means that the fact that an employee is paid at an award classification rate which is below the calculated amount of the low-paid threshold does not necessarily mean that the employee is statistically counted as low-paid under this measure. The second and related point is simply that if, by the definitional benchmark of the low paid that is adopted, a given employee or class of employees is not low-paid because they earn more than the benchmark, then their 'needs' do not fall for consideration under ss 284(1)(c) or 134(1)(a).

[95] The low-paid benchmark which has traditionally been used in past Reviews and other decisions is open to the criticism that, since it includes payments for penalty rates (including overtime penalty rates), loadings and allowances, it is not readily relatable to the minimum rates of pay in modern awards. A different methodology was used in the 2025 Profile to calculate the proportion of low-paid employees. This methodology used the EEH earnings data for all employees paid adult rates (not just full-time employees), and 'stripped out' overtime earnings and the casual loading. It is not possible, however, to remove payments for ordinary-time allowances, shift loadings and evening and weekend penalty rates from the EEH earnings data. Using this methodology, the 2025 Profile calculated two-thirds of the median ordinary time adult hourly rate as being \$25.49 per hour in May 2023.¹¹³ This measure of the low paid was above the hourly rates for Level C10 and those classifications below C10 as they were at May 2023 when the EEH data was collected. But it remains the case that employees in receipt of ordinary-time allowances, shift loadings or penalty rates may have earned more than \$25.49 per hour even if they were classified at C10 or below.

[96] As earlier stated, the 2025 Profile quantified 35.6 per cent¹¹⁴ of modern award-reliant employees, and 11.3 per cent of all employees, as being low-paid — that is, earning below \$25.49 per hour¹¹⁵ as at May 2023. That represents a small reduction in the proportion of the low paid compared to May 2021 (36.1 per cent and 12.1 per cent respectively).

[97] In its submissions, the ACTU took a different approach to identify the size of the cohort of employees who fall into the lowest-paid category. Using the August 2024 CoE data, the ACTU seeks to identify the proportion of all employees on adult rates who were paid at or below the NMW/C13 rate of \$24.10 (the rate established by the *AWR 2024 decision*). This calculation quantifies the proportion of all employees in this category at a high 9.7 per cent (noting that the CoE data does not permit the separate identification of modern award-reliant employees). The Commission's research staff have validated this calculation.¹¹⁶ However, this conclusion appears counter-intuitive. The NMW legally applies to a negligible fraction of the workforce. In the modern award system, very few positions are classified at C13 or below; for example, of the top five modern awards applying to the modern award-reliant workforce, three have no classifications which are paid at the C13 rate or below (Retail Award, Fast Food Award

¹¹³ [2025 Profile](#) 63, Chart 23.

¹¹⁴ *Ibid* 55, Chart 18.

¹¹⁵ *Ibid* 51–53 (Section 6.1); [Statistical Report — Annual Wage Review 2025](#) (Fair Work Commission, 15 May 2025) Table 7.6.

¹¹⁶ Fair Work Commission, [Employees paid up to the C13 rate](#) (Information Note, 20 May 2025).

and SCHADS Award) and the classifications in the other two awards which do have rates at the C13 and C14 levels (Hospitality Award and Restaurant Award) only apply to very limited entry-level and basic functions. Enterprise agreements and individual arrangements should, in theory, always involve above-award rates. The result may be explicable by two things. First, because the CoE data is taken from a survey of employees, its results may be skewed by employees inaccurately reporting their pay rate (such as by identifying their after-tax pay rate). Second, it may be indicative of widespread award non-compliance.

[98] The same calculation undertaken using the May 2023 EEH data estimates that 195,000 employees, or 1.7 per cent of all employees paid an adult rate of pay, were paid up to the C13 rate as it was at May 2023 (\$21.97 per hour, rounded up to \$22.00 for the purpose of the analysis).¹¹⁷ Of these, 66 per cent were modern award-reliant,¹¹⁸ of which over a quarter (26.3 per cent) were employed in Accommodation and food services.¹¹⁹

[99] The degree of difference between these two calculations based on different datasets is problematic. We note that neither analysis permits the base rate of pay for the employees in question to be identified since the earnings data include ordinary-time penalty payments, allowances and shift loadings. The EEH survey is more likely to accurately reflect what employees in legitimate employment arrangements are paid since it uses payroll data. However, it may be the case that the CoE survey picks up award non-compliance which the EEH survey does not.

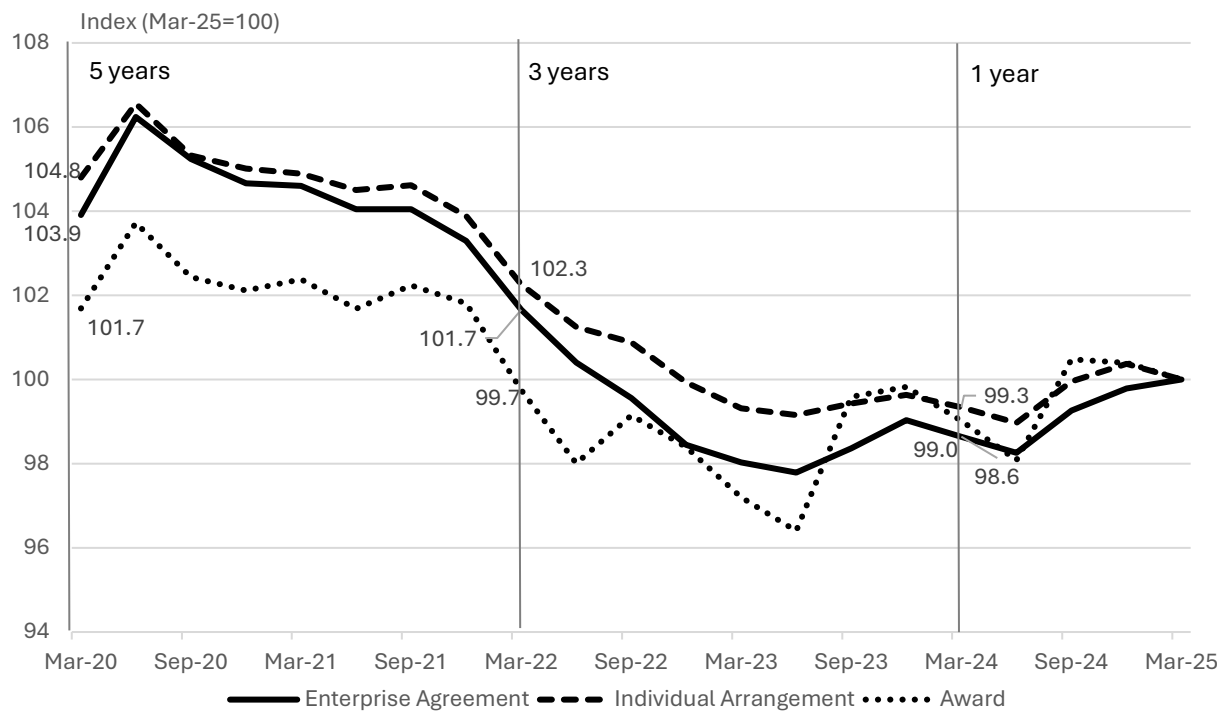
[100] It is important to have an accurate understanding of the proportion of employees paid at the C13 level or below in our consideration of the circumstances of the low paid. The C13 rate is, as a result of the *AWR 2023 decision* and the subsequent C14 rates review (discussed further below), the lowest rate in the modern award system that is payable for ongoing employment, with the C14 rate confined to entry-level employees for a maximum of six months. One way in which annual wage review outcomes may more effectively seek to ensure that the needs of the low paid are met is to target higher increases for the *lowest* paid, as occurred in the *AWR 2023 decision*. We discuss the possibility of doing this in the future later in this decision. Our capacity to undertake such a course would be aided by further research as to the number and proportion of employees paid at the C13 level or below so that the benefits and costs of this course are properly understood. Further research opportunities in this area will be explored prior to the 2026 Review.

[101] The main factor affecting the capacity of the low paid to meet their needs has been the elevated inflation rate which has persisted over the last four years. In mid-2021 inflation began to accelerate and rose above the RBA's target band, peaking at 7.8 per cent in the December quarter 2022. This has led to a significant erosion in the real value of wages across all pay-setting methods.

¹¹⁷ Ibid 4.

¹¹⁸ Ibid Table 2.

¹¹⁹ Ibid Table 3.

Chart 1: Real WPI growth by method of setting pay—1, 3 and 5 years

Note: Data are in original terms.

Source: *Statistical Report — Annual Wage Review 2025* (Fair Work Commission, 15 May 2025) Chart 9.3.

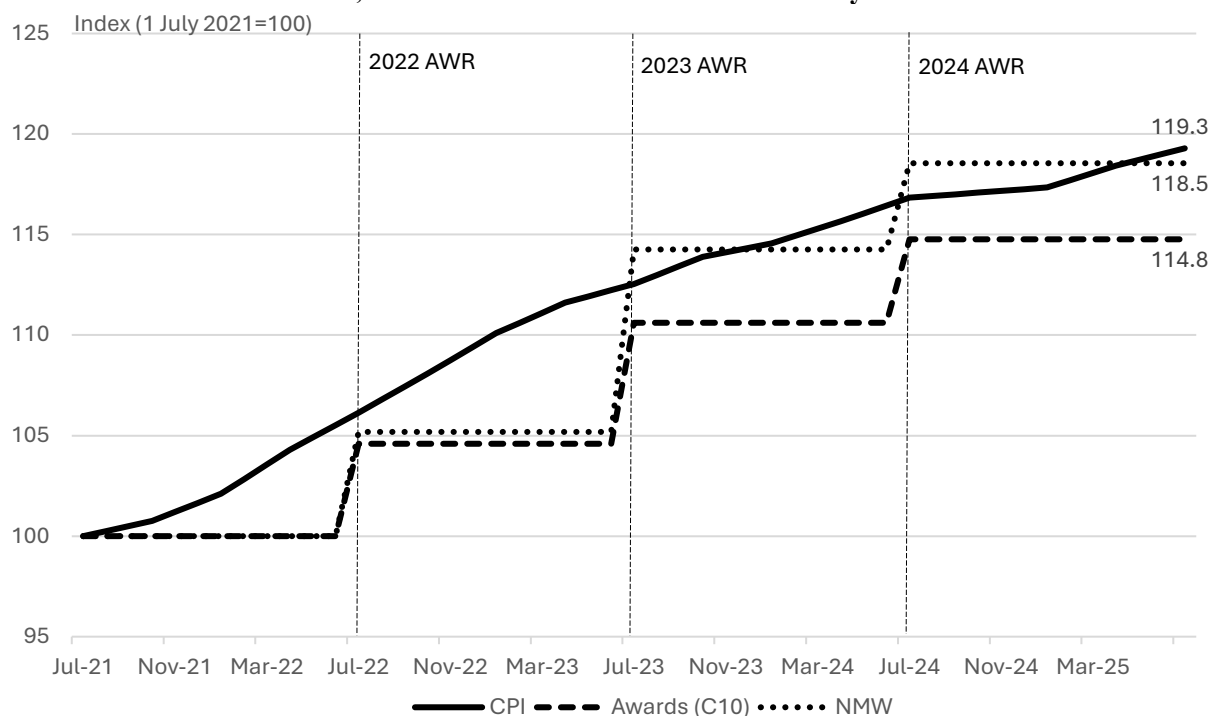
[102] It should be noted that, for employees who have their pay set by an award, the chart above reflects all award wage increases, including under State awards and increases flowing from the aged care work value proceedings (as we discuss further below).

[103] For each of the last four annual wage reviews, the percentage wage increase awarded at the C10 classification rate has been less than the CPI rate for the financial year in which the Review was conducted. The same applies for the C13 classification, noting that the real reduction was somewhat less in 2021–22 because a flat dollar increase was awarded to rates of pay below the C10 rate. The position for the NMW is somewhat different because of the decision to realign it with the C13 rate in the *AWR 2023 decision*.

[104] The cumulative effect of this erosion in the real value of modern award wage rates and NMW is illustrated in the following chart. This takes 1 July 2021, when the wages adjustment made in the 2020–21 annual wage review decision¹²⁰ took effect for most awards,¹²¹ as the starting point, and tracks changes in the C10 rate and the NMW compared to the CPI through to June 2025. The RBA forecast for CPI is used for the last 12 months through to the June quarter 2025.

¹²⁰ [2021] FWCFB 3500, 307 IR 203.

¹²¹ For a number of modern awards, the Expert Panel determined that there should be a later operative date because of exceptional circumstances arising from the COVID-19 pandemic.

Chart 2: Growth in the CPI, the C10 rate and the NMW from 1 July 2021 to 30 June 2025

Note: CPI increase to June 2025 incorporates RBA forecast of 2.1 per cent.

Source: ABS, *Consumer Price Index, Australia*, March 2025; RBA May Statement.

[105] As at the end of June 2025 (assuming the RBA forecasts for CPI hold in this current quarter), the gap between the change in the CPI and the C10 rate is 4.5 percentage points, and for the NMW it is 0.8 percentage points. The outcome of this year's decision will determine the extent of catch-up or gain relative to where these rates were in July 2021. It should also be noted that these gaps understate the actual erosion in earnings. This is because modern award rates of pay and the NMW are usually adjusted each July but prices rise over the course of the subsequent year, eating into the pay increase. Over the four-year period, the estimated overall loss in earnings power (where earnings do not vary from week to week) has been 14.4 per cent for employees reliant on the C10 rate and 6.0 per cent for any employees reliant on the NMW.

[106] The position above has been ameliorated for two categories of modern award-reliant employees. First, employees in the aged care sector have, as a result of the aged care work value proceedings, received wage increases in addition to annual wage review increases. Direct care employees in the sector received a 15 per cent wage increase effective from 30 June 2023, and most employees in the sector received further wage increases of varying amounts from 1 January 2025, with some workers due to receive further increases effective from 1 October 2025. Second, the review of awards containing the C14 rate has now been completed with the result that in all modern awards, the C13 rate is the lowest rate applicable to ongoing employment, and the C14 rate only applies to entry-level employees for a maximum period of six months (and, in most cases, three months). To achieve this result, the wage rates for a number of the lowest-paid classifications in modern awards were increased to the C13 rate. The most significant effect of this was that the minimum rates of pay for casual fruit and vegetable pickers covered by the *Horticulture Award 2020*¹²² (*Horticulture Award*) and certain categories

¹²² MA000028.

of livestock farm workers covered by the *Pastoral Award 2020*¹²³ (Pastoral Award) were increased by 2.7 per cent from 1 April 2025 when they were lifted from the C14 rate to the C13 rate.

[107] Nonetheless, for the vast majority of modern award-reliant employees (noting that only 0.9 per cent of such employees are covered by the *Aged Care Award 2010*¹²⁴),¹²⁵ the inflationary spike over recent years has resulted in a reduction in their real wages, which has undoubtedly made it more difficult for the low paid to meet their needs. The position is likely worse if regard is had to other measures of the cost of living. The cumulative increase in the CPI rate of inflation for non-discretionary goods from 1 July 2021 through to the March quarter 2025 was 20.7 per cent. The cumulative increase over the same period in the LCI for employee households, which takes into account mortgage interest costs, was 24.5 per cent.

[108] There were some new measures announced in the 2025–26 Budget which may offer some cost-of-living relief to low-paid employees, principally including:

- Households will receive two additional \$75 quarterly energy rebates in the second half of 2025.
- New incentives for medical practitioners to bulk-bill have been funded.
- The maximum general co-payment under the Pharmaceutical Benefits Scheme will be lowered from \$31.60 to \$25.00 per script from 1 January 2026.
- The Medicare levy low-income thresholds have been increased by 4.7 per cent for singles, families and seniors and pensioners. The threshold adjustment will be backdated to 1 July 2024, allowing taxpayers to benefit when they submit their tax return for the 2024–25 financial year.
- All outstanding Higher Education Loan Program and other student debts have been reduced by 20 per cent, which will reduce the student loan accounts of about three million persons.
- The amount that people can earn before they are required to start paying back their student loans has been increased from \$54,435 in 2024–25 to \$67,000 in 2025–26.
- The maximum rate of Commonwealth Rent Assistance has been increased by about 45 per cent for around one million households. This will benefit low-paid employees who rent their accommodation, who are generally, low-income households with dependent children who are eligible for Family Tax Benefit Part A at more than the base rate, and low-paid workers who receive other types of Commonwealth income support payments.

[109] All the above measures, except for the increase to the Medicare levy low-income thresholds, still require Parliamentary approval. Assuming this occurs, the measures will obviously have variable effects on individual employees and their households and will not benefit them uniformly. As previously stated, the energy rebates and increases to CRA operate to reduce the CPI, and are best taken into account in that context.

¹²³ MA000035.

¹²⁴ MA000018.

¹²⁵ [2025 Profile](#) 77, Table A3.

[110] Low-paid employees will continue to benefit from the Stage 3 tax cuts which took effect from 1 July 2024 but, as observed in the *AWR 2024 decision*,¹²⁶ these tax cuts were less monetarily beneficial for low-paid employees than for employees on median earnings and only partially reversed the effects of bracket creep over the preceding 12 years. Additional tax measures announced in the 2025–26 Budget and afterwards that will benefit low-paid employees, but not before 1 July 2026, include:

- The lowest marginal tax rate of 16 per cent will be reduced to 15 per cent from 1 July 2026 and to 14 per cent from 1 July 2027.
- Taxpayers may claim a \$1000 instant tax deduction instead of claiming individual work-related expenses from 2026–27.

[111] Analysing the needs of the low paid in the context of their household income presents a degree of difficulty because of the variety of household types potentially involved. To begin with, far from all low-paid employees live in low-income households. Only half of low-paid award-reliant employees are in the bottom quartile of the employee household income distribution, and 24 per cent are in the top two quartiles.¹²⁷

[112] In March 2023, the Commission published a budget standards research report which modelled the financial needs of 14 household types.¹²⁸ This was based on the Minimum Income for Healthy Living (MIHL) standard, which is designed to achieve levels of consumption (of food, clothing, medications, transportation, personal care, and the like) and participation (in lifestyle, exercise and social activities) that are consistent with healthy living, and added a supplementary budget covering some common discretionary expenditures and housing costs. The household variants covered included single adults and couples, with one or two children or without children, and single and dual earner households. The most straightforward household type to model is for a single person working full-time. The budget for this household type has been updated to the March quarter 2025 by application of the CPI, and discloses the following:

¹²⁶ [2024] FWCFB 3500, 331 IR 248 [79].

¹²⁷ Jamie van Netten and Josh Lipp, *Award-reliant employees in the household income distribution of employees: an update* (Fair Work Commission Research Report No 2/2025, February 2025) Chart 2.

¹²⁸ Megan Bedford, Bruce Bradbury and Yuvisthi Naidoo, *Budget Standards for Low-Paid Families* (UNSW Report prepared for the Fair Work Commission, March 2023).

Table 13: Updated budget standards estimate, single person working full-time

Cost category	\$ per week
Food	90
Clothing and footwear	13
Household goods and services	106
Transport	116
Health	12
Personal care	21
Recreation	40
Education	0
MIHL budget standard	399
Discretionary	98
Housing	473
Total	970

Source: *Statistical Report — Annual Wage Review 2025* (Fair Work Commission, 15 May 2025) Table 8.8.

[113] The pre-tax weekly income required to cover this budget is approximately \$1163.50 (assuming no income support payments), which is more than the minimum award rate for the Level C7 classification and all classifications below C7. It would require the working of some overtime, and/or the performance of some ordinary-time work attracting a shift loading or penalty rate, to meet the budget standard. At the C10 level, for example, working three hours' overtime at penalty rates, if available, would allow the budget to be paid for.

[114] There are inevitably a range of issues about how representative this household model is. For example, in respect of the cost of housing, which constitutes almost half of the budget, the model assumes that a single person will live alone in a rented single-bedroom dwelling.¹²⁹ Of course, an alternative would be that a single person shares a larger rented dwelling with another person or persons to reduce the per-person accommodation cost. The adoption of that alternative alone would likely permit the budget to be covered by the minimum weekly C10 rate and perhaps some lower classifications.¹³⁰ The cost of rental accommodation is highly variable throughout Australia, and will be lower in regional areas and small capital cities and higher in cities such as Sydney and Melbourne. It is not likely that a significant proportion of low-paid award-reliant employees would fit the single full-time adult model since only 12.8 per cent of such employees are lone persons,¹³¹ only 44.9 per cent work full-time hours,¹³² and 71.5 per cent would prefer to work their current hours or fewer hours.¹³³ More generally, it is difficult to identify any of the 14 household types modelled in the March 2023 research as 'typical' or likely to be applicable to a significant number of low-paid award-reliant employees. For example, 10 of the 14 modelled household types assume dependent children, but 75.5 per cent of low-paid award-reliant employees do not have any dependent children.¹³⁴

¹²⁹ Ibid 4.12.

¹³⁰ See *ibid* Table 8.

¹³¹ Jamie van Netten and Josh Lipp, *Award-reliant employees in the household income distribution of employees: an update* (Fair Work Commission Research Report No 2/2025, February 2025) Table 9.

¹³² *Ibid* Table 5.

¹³³ *Ibid* Table 6.

¹³⁴ *Ibid* Table 10.

[115] However, notwithstanding the issues identified, we are satisfied that the budget standards research does indicate that there is some proportion of low-paid award-reliant employees who will struggle to meet the MIHL standard, pay the cost of their residential accommodation and have some reasonable amount left over for discretionary spending. That is most likely to be the case amongst those low-paid employees who would prefer to work more hours (28.5 per cent)¹³⁵, since this is indicative of an inadequacy of income, and those who have dependent children (24.6 per cent), particularly single parents (6.4 per cent).¹³⁶

7. Fair minimum wages for junior employees, trainees and employees with a disability

[116] Section 284(1)(e) requires that we take into account the provision of ‘a comprehensive range of fair minimum wages to junior employees, employees to whom training arrangements apply and employees with a disability’. The modern award system currently addresses these matters as follows:

- (1) **Junior employees:** A substantial number of modern awards contain rates of pay for junior employees, usually expressed as a percentage amount of an adult rate of pay for a classification(s) involving relatively less skilled work for which no qualification is required.
- (2) **Trainees:** Schedule E to the *Miscellaneous Award 2020*¹³⁷ (Miscellaneous Award) prescribes a National Training Wage scheme applicable to employees undertaking a traineeship under a training contract. This schedule is incorporated by reference in most modern awards. Some modern awards, such as the *Building and Construction General On-site Award 2020*¹³⁸ and the Manufacturing Award, prescribe tailored wage schemes for trainees, and also separately provide wage schemes for apprentices.
- (3) **Employees with a disability:** Schedule D to the Miscellaneous Award provides for the Supported Wage System to apply to employees with a disability. Under this system, employees with a disability may be paid a percentage of the relevant classification rate based upon an assessment of their capacity. This Schedule is incorporated by reference into most modern awards. In addition, the *Supported Employment Services Award 2020*¹³⁹ prescribes a special system of wages for persons with disabilities working in enterprises established to provide paid employment for them.

[117] The wage rate prescribed by these wage schemes have, since the commencement of the FW Act, been adjusted in accordance with Review outcomes (whether this occurs by a direct variation to a prescribed rate or by operation of a prescribed percentage of another rate that is the subject of variation).

¹³⁵ Ibid Table 6.

¹³⁶ Ibid Table 10.

¹³⁷ MA000104.

¹³⁸ MA000020.

¹³⁹ MA000103.

[118] The current NMW order¹⁴⁰ provides, in accordance with s 294(1)(b), for special NMWs for junior employees, trainees and employees with a disability who are not covered by a modern award or enterprise agreement. For employees with a disability, there are two special NMWs. Special national minimum wage 1 applies to employees whose disability does not affect their productivity and, for adults, it is equal to the NMW (\$915.90 per week or \$24.10 per hour). Special national minimum wage 2 applies to an employee who is unable to perform the range of duties to the competence level required for their class of work because of the effects of a disability on their productive capacity and who meets the impairment criteria for receipt of the Disability Support Pension. The wage rate for such an employee is a percentage of the NMW determined by an assessment of the employee's productivity by the same method as prescribed in Schedule D to the Miscellaneous Award. Special national minimum wage 3 applies to junior employees aged 20 years or younger, and prescribes percentages of the NMW for specified ages. Special national minimum wage 4 applies to apprentices and prescribes wage rates of the same amount as under clauses 15.2 and 15.7 of the Miscellaneous Award, while Special national minimum wage 5 applies to trainees who are not apprentices and provides for the rates of pay prescribed by Schedule E to the Miscellaneous Award.

[119] No party submitted that provision was not currently made for a *comprehensive* range of minimum wages for juniors, trainees and employees with a disability. However, the ACTU made a submission relevant to whether minimum wages for apprentices are *fair*. The ACTU drew attention to the findings and recommendations of the Report on the Strategic Review of the Australian Apprenticeship Incentive System (AAIS Report) established by the Australian Government which was released on 24 January 2025. In particular, the ACTU noted the findings that low apprentice wages are a significant factor in the non-completion of apprenticeships and act as a clear disincentive to uptake, and that evidence of the impact of pay increases on employers' desire to hire apprentices appears inconclusive. The ACTU submitted that data concerning apprenticeship entry and exit rates indicates that more apprenticeships end in cancellations or withdrawals than completions. It proposed that the Commission initiate its own review of apprentices' rates to ensure that apprentices turning 21 during their apprenticeship can access adult apprentice pay rates in accordance with recommendation 2.14 of the AAIS Report. The ACTU also called for a more comprehensive review of the disposable income and expenses associated with particular apprenticeships and traineeships to be undertaken once the incentive policy settings for apprenticeships have been finalised. In this respect, we note that the Australian Government has not yet indicated its final response to the recommendations of the AAIS Report. We do not consider it appropriate for the Commission to undertake any steps on its own initiative in respect of apprentice rates of pay until the Australian Government's policy response to the AAIS Report recommendations is known.

[120] In respect of junior rates of pay, the ACTU made reference to the SDA's application to abolish junior rates of pay for employees aged 18 and over covered by the Retail Award, the Fast Food Award and the Pharmacy Award. This application is listed for hearing before a Full Bench later this year. The ACTU otherwise called for the continuation of the established approach by which the Review outcome is applied to rates of employees for juniors, trainees and employees with a disability. No other party made any submission other than that the established approach should apply.

¹⁴⁰ [PR773884](#).

8. Other considerations

Access to secure work

[121] As stated in the *AWR 2023 decision*¹⁴¹ and the *AWR 2024 decision*,¹⁴² the consideration in s 134(1)(aa) concerning ‘the need to improve access to secure work across the economy’ only has relevance to this Review insofar as the Review outcome might affect the capacity of employers to offer permanent (as distinct from casual) employment. The Review will not otherwise affect the legal incidents of employment which might otherwise enhance or detract from security of employment.

[122] As outlined earlier, the labour market remains in a strong state. Based on the available data, the capacity to access secure employment across the labour market has improved according to a number of indicators:

- The proportion of employees who do not have paid leave entitlements (that is, who are casuals) was 21.4 per cent as at February 2025. This is at the lower end of the range for the last decade. In November 2014, the figure was 24.3 per cent.¹⁴³
- 22.8 per cent of employees had weekly variations in their pay in August 2024, down from 23.6 per cent in August 2018.¹⁴⁴
- 16.9 per cent of employees did not usually work the same hours each week, down from 20.6 per cent in August 2018.¹⁴⁵
- 18.1 per cent employees did not have guaranteed hours per week, down from 19.3 per cent in August 2018.¹⁴⁶

[123] The proportion of modern award-reliant employees who are casual increased, as earlier stated, from 49.7 to 52.8 per cent from May 2021 to May 2023.¹⁴⁷ Across the whole labour force, the proportion of casual employees dropped from 23.7 per cent to 22.3 per cent over the same time period.¹⁴⁸ This data may reflect a greater demand, and therefore higher wages, for permanent employees in the context of a strong labour market. No party submitted that this, by itself, indicated a diminution in the capacity of employees to access permanent employment. The Ai Group pointed to two other indicators which, it submitted, were indicative of businesses making greater use of forms of employment without an ongoing commitment to employ in response to weakening business conditions. The first was that, on the basis of June 2024 data, the proportion of employees who are labour hire workers in their main job increased from 2.2 per cent to 2.4 per cent from 2023 to 2024. However, the ABS *Labour hire workers* release for December 2024 showed a slight reduction in the proportion of all labour hire workers from 2.7 per cent to 2.6 per cent from December 2023 to December 2024. These changes are not of sufficient significance to draw any reliable inference concerning job security. The second

¹⁴¹ [2023] FWCFB 3500, 323 IR 332 [142].

¹⁴² [2024] FWCFB 3500, 331 IR 248 [133].

¹⁴³ *Statistical Report — Annual Wage Review 2025* (Fair Work Commission, 15 May 2025) Chart 12.1.

¹⁴⁴ Ibid Chart 12.5.

¹⁴⁵ Ibid.

¹⁴⁶ Ibid.

¹⁴⁷ See Table 1.

¹⁴⁸ *Statistical Report — Annual Wage Review 2025* (Fair Work Commission, 15 May 2025) Chart 12.1. The EEH survey data in Table 1 has a slightly different result.

indicator is that the proportion of employees on fixed-term contracts increased from 2.9 per cent in 2023 to 4.2 per cent in 2024.¹⁴⁹ This is a reasonably significant change, but the Ai Group’s assignment of causation appears to be speculative.

Collective bargaining

[124] Section 134(1)(b), which requires us to take into account ‘the need to encourage collective bargaining’, directs attention in the context of this Review to whether the exercise of modern award powers to adjust minimum wage rates may affect the extent to which enterprise bargaining is occurring.¹⁵⁰ The most important development in this regard has been a recent significant increase in the number of employees covered by enterprise agreements, notwithstanding that the number of enterprise agreements has not increased by a proportionate amount. This may be measured in two ways. First, Table 14 shows the number of agreements approved by the Commission each year from 2014 to 2024 and the number of employees covered by them.

Table 14: Number of enterprise agreements approved and employees covered by them

Year	Number of enterprise agreements approved	Employees covered (‘000s)
2014	5671	803.2
2015	4998	643.8
2016	5196	663.1
2017	3542	652.2
2018	3864	669.0
2019	5283	933.3
2020	3281	521.6
2021	4363	546.5
2022	4166	837.7
2023	4111	843.3
2024	4370	1357.8

Source: Department of Employment and Workplace Relations (DEWR), *Trends in Federal Enterprise Bargaining*, December quarter 2024.

[125] Second, Table 15 shows the number of enterprise agreements which are in effect and within their nominal term, and the number of employees covered by them, for the 11 years to the December quarter 2024. This shows that the number of employees covered by current agreements has reached its highest point in 2024 for that period, notwithstanding that the number of actual agreements is lower.

¹⁴⁹ ABS, *Working Arrangements*, August 2024.

¹⁵⁰ [2023] FWCFB 3500, 323 IR 332 [148].

Table 15: Number of current enterprise agreements and employees covered by them

Quarter	Number of current enterprise agreements	Employees covered ('000s)
Dec-14	19031	2411.6
Dec-15	14666	2244.2
Dec-16	14752	2070.1
Dec-17	13072	1821.8
Dec-18	10994	1892.7
Dec-19	10831	2255.2
Dec-20	10084	1910.2
Dec-21	10741	1661.7
Dec-22	11318	1800.2
Dec-23	10267	2034.1
Dec-24	10799	2624.5

Source: DEWR, *Trends in Federal Enterprise Bargaining*, December quarter 2024.

[126] It is not possible to give a precise explanation for these developments. Likely explanations include the changes to the statutory regime for making and approving enterprise agreements effected by the SJBPA Act, which took effect on 6 June 2023 and were intended to facilitate bargaining and, to some degree, a resumption of bargaining after the end of a pause during the COVID-19 pandemic period.

[127] Unsurprisingly, these trends are less consistently apparent in the sectors with the highest levels of modern award reliance. There has been a significant increase in the number of agreements in Health care and social assistance and the employees covered by them. In Retail trade, there has been a recent large increase in the number of employees covered by agreements due to a return to bargaining by a number of major retail businesses, but the number of agreements remains relatively small. In Accommodation and food services and Administrative and support services, enterprise bargaining has historically been at low levels and has recently declined further.

Table 16: Enterprise agreements in the most modern award-reliant industry divisions

Agreements current at the last day of each year		2021	2022	2023	2024
Retail trade	Agreements	149	133	144	128
	Employees ('000)	253.6	225.1	118.4	364.5
Accommodation and food services	Agreements	110	101	107	106
	Employees ('000)	54.7	57.0	59.6	22.0
Administrative and support services	Agreements	214	219	177	171
	Employees ('000)	20.5	19.6	17.5	16.3
Health care and social assistance	Agreements	673	662	729	774
	Employees ('000)	222.8	393.4	456.0	476.2

Source: DEWR, *Trends in Federal Enterprise Bargaining*, December quarter 2024, Table 8.

[128] Some parties have submitted, as they have in previous annual wage reviews, that higher increases in minimum wages constitute a disincentive to enterprise bargaining, with the Ai Group characterising this proposition as 'axiomatic'. It is sufficient to say that the data referred to above does not indicate that the level of award wage increases awarded in recent annual wage review decisions has operated as a disincentive to enterprise bargaining. We reiterate the

conclusion stated in the *AWR 2023 decision* that there is no sound basis to consider that, within a reasonable range, any increase we might order to the NMW and modern award minimum wage rates will either encourage or discourage enterprise bargaining.¹⁵¹

Remaining matters

[129] The remaining matters in s 134(1) are:

- the need to promote flexible modern work practices and the efficient and productive performance of work (s 134(1)(d));
- the need to provide additional remuneration for working overtime, unsocial, irregular or unpredictable hours, on weekends or public holidays, or shifts (s 134(1)(da)); and
- the need to ensure a simple, easy to understand, stable and sustainable modern award system for Australia that avoids unnecessary overlap of modern awards (s 134(1)(g)).

[130] We do not consider that any of these matters is relevant to the Review since they do not relate to the minimum rates of pay in modern awards.

9. Consideration

[131] In both the *AWR 2023 decision* and the *AWR 2024 decision*, the Expert Panel affirmed the principle that, in the medium to long term, it is desirable that modern award minimum wages maintain their real value and increase in line with the trend rate of national productivity growth. This principle operates subject to the qualification that in the immediate circumstances of particular Reviews, as they apply themselves to the mandatory considerations in ss 284(1) and 134(1), it may not be possible to adhere to that objective.¹⁵² We again affirm this principle as one central to the maintenance, over time, of a safety net of fair minimum wages.

[132] This principle was not able to be applied during the inflationary spike which began in 2021 and has only recently subsided. In the *AWR 2022 decision*,¹⁵³ the Panel noted that the previous year's annual wage review increase had been overtaken by inflation and that '[c]onsequently, award-reliant employees and low-paid employees have seen a fall in their real wages'.¹⁵⁴ Nonetheless, in determining the outcome of the 2021–22 Review, the Panel made it clear that the outcome it determined was moderated 'in order to constrain the inflationary pressures arising from our decision',¹⁵⁵ and went on to say:¹⁵⁶

We acknowledge that the increases we have determined will mean a real wage cut for some award[-]reliant employees. This is an issue that can be addressed in subsequent Reviews.

¹⁵¹ Ibid [155].

¹⁵² Ibid [179]; [2024] FWCFB 3500, 331 IR 248 [154].

¹⁵³ [2022] FWCFB 3500, 315 IR 367.

¹⁵⁴ Ibid [135].

¹⁵⁵ Ibid [179].

¹⁵⁶ Ibid [196].

[133] In the *AWR 2023 decision*, which was delivered at or near the peak of the inflationary spike, the Panel again acknowledged that there had been:¹⁵⁷

... [a] decline in real wages amongst the modern award-reliant [which] has had significant adverse effects on the low paid, causing a decline in living standards, financial pressure on households and, for some household types, a likely incapacity to meet basic budgetary needs.

[134] However, again, the Panel took into account as a moderating factor the need to avoid an approach to wage increases which simply sought to track the rate of inflation in order to avoid the risk of adversely affecting inflation expectations.¹⁵⁸ In respect of the outcome it determined, the Panel said:¹⁵⁹

It is necessary to acknowledge that the increase to minimum wage rates in modern awards in this Review will not maintain the real value of award wages or reverse the earlier reduction in real value which has occurred... Future Reviews, if conducted in a lower inflationary environment, are likely to provide an opportunity to make up the loss of real value in modern award minimum wages rates which has occurred and return to the path of real growth which prevailed prior to the COVID-19 pandemic.

[135] By the time of the *AWR 2024 decision*, the rate of inflation had substantially reduced but remained above the RBA's target range. The Panel acknowledged, again, that there had been a further decline in real wages for the modern award-reliant:¹⁶⁰

Despite the increase of 5.75 per cent to modern award minimum wage rates in the *AWR 2023 decision*, the position remains that real wages for modern award-reliant employees are lower than they were five years ago. This has undoubtedly placed financial stress upon such employees who, as earlier explained, are disproportionately casual, part-time, low[-]paid and female and are therefore most vulnerable to adverse changes in economic circumstances.

[136] The Panel rejected the proposition that there should be any further reduction in real modern award wages.¹⁶¹ However, it also rejected the proposition that the time had yet come for any make-up in the loss of real value in modern award minimum wage rates, as foreshadowed in the *AWR 2023 decision*:¹⁶²

We do not consider that the opportunity referred to has yet arisen. Inflation remains above the RBA's target range and, as we have explained in respect of the ACTU's submission, there are as yet insufficient grounds for confidence that productivity growth has returned to its pre-pandemic average level. The position for inflation and productivity remains somewhat uncertain, and this calls for a degree of caution on our part.

[137] As it turned out, the increase of 3.75 per cent awarded in the *AWR 2024 decision* was slightly less than the 3.8 per cent CPI increase for 2023–24.

¹⁵⁷ [2023] FWCFB 3500, 323 IR 332 [165].

¹⁵⁸ Ibid [176].

¹⁵⁹ Ibid [179].

¹⁶⁰ [2024] FWCFB 3500, 331 IR 248 [147].

¹⁶¹ Ibid [155].

¹⁶² Ibid [157].

[138] The overall result is that, for modern award-reliant employees (other than those the subject of the aged care work value proceedings), there has been a significant reduction in their real wages since the commencement of the inflationary spike in 2021. As earlier discussed, for an employee at the C10 rate with uniform weekly earnings, the cumulative rate of increase in the headline CPI has exceeded the increase to the C10 rate by 4.5 percentage points. The gap is significantly lower for any employees reliant on the NMW because of the larger increase to the NMW in the *AWR 2023 decision*. Having regard to the principle earlier stated, the critical question which arises in this Review is whether the time has come to recover any of this lost real value in modern award wages, and to a lesser extent in the NMW, in order to meet the objective of maintaining a safety net of fair minimum wages. This would require an increase in excess of the growth rate in the CPI, which is currently at 2.4 per cent for the 12 months through to the March quarter 2025, and is projected to be 2.1 per cent (RBA) or 2½ per cent (Budget) for 2024–25.

[139] Sections 284(1)(c) and 134(1)(a) of the FW Act require us to have regard to relative living standards and the needs of the low paid. As we have earlier found, low-paid modern award-reliant employees living in low-income households have been the worst affected by the reduction in real wage rates over the past four years and this will have severely constrained their capacity to meet their needs. In relation to *relative* living standards of the low paid, we note that the WPI increased by 3.4 per cent over the 12 months to the March quarter 2025, and is projected to grow by 3.1 per cent (RBA) or 3¼ per cent (Budget) in 2025–26. Accordingly, unless modern award minimum wages and the NMW are increased by a comparable amount, we can expect that there will be a relative decline in living standards amongst the low paid compared to the workforce as a whole. The considerations in ss 284(1)(a) and 134(1)(a) therefore weigh strongly in favour of a real increase in the NMW and modern award wage rates.

[140] As to the national economic considerations we are required to take into account under ss 284(1)(a) and 134(h), most of these either favour a real increase or are at least neutral. We place significant reliance upon the RBA's assessment that inflation has now sustainably returned to its target range of 2–3 per cent, meaning that a major constraint upon wages outcomes in the last three Review decisions no longer applies. In any event, the contribution of recent annual wage review outcomes to the WPI has been very limited, with the consequence that in the current economic environment it is difficult to see that any outcome of the Review within reasonable bounds could meaningfully affect the projected rate of inflation. The labour market overall remains strong, with participation rates at or near historical highs (ss 284(1)(b) and 134(1)(c)) and with the RBA assessing that we remain at or above full employment. No significant change to this position is forecast for 2025–26. There is no basis to consider that any outcome of this Review within reasonable bounds will adversely affect the labour market. Relatively high nominal wage increases over the last three annual wage review decisions did not result in any discernible disemployment effects. The economy overall has achieved a soft landing, with the tight monetary policy necessary to defeat inflation not having caused a recession or significantly increased unemployment, although a recovery in real household disposable income has only recently begun. On the back of two interest rate reductions by the RBA this year, and with further reductions expected, the economy is expected to grow in excess of 2 per cent in 2025–26. However, growth forecasts have recently eased in light of uncertainty about the world economy as a result of the shifting positions on US tariffs.

[141] The main countervailing factor is the national economy's continuing poor performance in productivity growth, with labour productivity not having grown since the pre-pandemic period. However, disproportionate growth in employment in the non-market sector has distorted

the productivity picture. There has been modest growth in labour productivity in the market sector over the past five years, but this has been outweighed by productivity loss in the non-market sector where the effective measurement of labour productivity is problematic. Taking these matters into account, we do not consider that the overall lack of productivity growth is a reason not to do anything to restore the real value of modern award wage rates, but it must operate as a restraining factor on the size of the real increase to be awarded.

[142] Business has clearly faced challenging conditions in 2024 but, for the reasons earlier outlined, business conditions remain in moderate health, with prospects for improvement over the next year. In respect of those industry sectors with the highest numbers and proportions of modern award-reliant employees, the picture is more mixed, with the Accommodation and food services sector in particular showing signs of weakness with a reduction in output, filled jobs and hours worked, and relatively significant increases in labour costs likely associated with a shortage of skilled labour. However, this sector has also had the benefit of reasonable labour productivity growth in recent years.

[143] The other considerations we are required to take into account under ss 284(1) and 134(1) either have neutral weight or are not relevant to the fixation of modern award minimum wages.

[144] Having regard to all the matters which we are required to take into account under s 284(1) of the FW Act, our conclusion is that that the NMW should be increased by 3.5 per cent. In respect of s 284(1)(e), the special NMWs applicable to junior employees, employees to whom training arrangements apply and employees with a disability who are award/agreement-free will be as set out in section 10 of our decision consistent with the established approach earlier described in section 7. The casual loading for award/agreement-free employees will remain at 25 per cent. Consistent with s 287 of the FW Act, the NMW order we make by this decision will come into operation on 1 July 2025.

[145] For the reasons we have earlier outlined, we consider that the balance of the mandatory considerations in ss 284(1) and 134(1), as relevant to this Review, favour a real increase to modern award minimum wage rates. Over the last three annual wage reviews, any correction to the ongoing reduction in the real value of modern award minimum wages has repeatedly been deferred out of concern for the inflationary environment. This has adversely affected the living standards of modern award-reliant employees, who are disproportionately low-paid, female and working only part-time hours. We consider that it is necessary for us to take some action now lest this reduction in real wages become permanently embedded in the modern award system. The return of inflation to the RBA's target range and a concomitant easing in interest rates provide us with the opportunity to do so.

[146] Moderating factors on the size of the real increase to be awarded include the lack of overall productivity growth in the economy, the cost to employers of the final 0.5 per cent increase to the Superannuation Guarantee contribution rate which will take effect on 1 July 2025, and some indications of weakness in the Accommodation and food services sector in which over 20 per cent of modern award-reliant employees are located. We also take into account that Australia's economic prospects are likely to be less favourable because of global economic uncertainty caused by the shifting US trade policies.

[147] Weighing all these matters, and taking into account the rate of the NMW we have set, our decision is to increase minimum wage rates in all modern awards by 3.5 per cent. In

accordance with s 286, the variations to modern awards to increase minimum wage rates by this amount will come into operation on 1 July 2025.

[148] We do not consider that the amount of the increase we have determined will, in the context of continuing strength in the labour market, have any discernible disemployment effects. The increase is slightly higher than projected WPI growth in the economy over the next year, and may therefore improve somewhat the relative position of the low paid in the labour market. Based on our earlier analysis of the effect of Review decisions on wages growth generally, we estimate that the increase we have determined will contribute less than 0.4 of a percentage point to the WPI for the 12 months to March 2026. This is insufficient to have any significant adverse impact upon inflation, employment growth, productivity growth or business competitiveness in the national economy. Nor do we consider, having regard to continued moderate growth in non-mining business profits and the prospect of some recovery in consumer demand as a result of interest rate reductions and increasing real household disposable income, that the increase to modern award wage rates we have determined will have any adverse impact of significance upon business. That there has been modest growth in labour productivity in the market sector over the past five years is indicative of some capacity to pay an increase of this size.

[149] We acknowledge that the increase to the NMW and modern award minimum wages which we have determined will not fully correct for the reduction in real wages which modern award-reliant workers have suffered over the past four years. One measure which we considered in this Review was a higher level of wage increase for the lowest paid — that is, employees paid at the C13 rate or below. There is, we consider, some justification for phasing out the C13 rate over time such that the C12 rate becomes the lowest pay rate applicable to ongoing employment in the modern award system. Such a course would assist the position of the lowest paid while not distorting relativities between classifications above this level. We have ultimately decided not to take this course in this Review, principally because some award classifications at the C13 rate have only recently moved up from the C14 rate, or rates below the C13 rate, as a result of the C14 rates review. This is particularly the case with the lowest classifications applicable to ongoing employment in the Horticulture Award and the Pastoral Award, where the increase from the C14 rate to the C13 rate only took effect on 1 April 2025. This will be an issue for consideration in the 2026 Review, as will be the extent to which the reduction in the real value of modern award wages which has occurred since 2021 may by then be fully remedied.

[150] The increase we have determined may make a small contribution to narrowing the gender pay gap for the reasons earlier outlined. However, the main contribution to the achievement of gender equality consistent with ss 284(1)(aa) and 134(1)(ab) of the FW Act will continue to be the review of identified priority awards in order to eliminate gender-based undervaluation and ensure equal remuneration for work of equal or comparable value. As set out in section 4 of this decision, the next priority will be to review the professional classifications in modern awards which have not yet been the subject of consideration in accordance with the applicable principles stated in the *Priority Awards Review decision*. The Commission will initiate proceedings in this respect in July 2025.

10. Conclusion

[151] This section sets out the outcome of this Review and other relevant matters.

[152] The national minimum wage order will contain:

- (a) A national minimum wage of \$948.00 per week or \$24.95 per hour;
- (b) Two special national minimum wages for award/agreement-free employees with a disability: for employees whose productivity is not affected, a minimum wage of \$948.00 per week or \$24.95 per hour based on a 38-hour week, and for employees whose productivity is affected, an assessment under the Supported Wage System, subject to a minimum payment fixed under Schedule A to the order;
- (c) Wages provisions for award/agreement-free junior employees based on the percentages for juniors in the *Miscellaneous Award 2020* applied to the national minimum wage;
- (d) The apprentice wage provisions and the National Training Wage Schedule in the *Miscellaneous Award 2020* for award/agreement-free employees to whom training arrangements apply, incorporated by reference; and
- (e) A casual loading of 25 per cent for award/agreement-free employees.

[153] The NMW order will operate from 1 July 2025, and will take effect in relation to a particular employee from the start of the employee's first full pay period on or after 1 July 2025.

[154] Modern award minimum wages will be increased by 3.5 per cent. The variation determinations in respect of all modern awards, modern enterprise awards and State reference public sector awards will operate from 1 July 2025 and take effect in relation to a particular employee from the start of the employee's first full pay period on or after 1 July 2025.

[155] The determinations necessary to give effect to the increase in modern award minimum wage rates will be made available in draft form shortly after this decision. Determinations varying the modern awards will be made as soon as practicable and the modern awards including the varied wage rates will be published as required by the FW Act.

[156] Our determination in this Review is that the wage rates in any remaining transitional instruments and copied State awards are also increased by 3.5 per cent. This determination comes into operation on 1 July 2025 and takes effect in relation to a particular employee from the start of the employee's first full pay period on or after 1 July 2025. The Commission is not required to publish the rates of the wages in the relevant transitional instruments or copied State awards as so varied, and accordingly we will not do so.

[157] We wish to express our appreciation to the parties who participated in this Review for their contributions and to the staff of the Commission for their assistance.



PRESIDENT

Appearances:

M Cowgill, A Cagliarini, J Bullen and N Loan for the Australian Government represented by the Department of Employment and Workplace Relations and The Treasury.

B Moxham and T Greenwell for the Australian Council of Trade Unions.

P Grist, S Schmitke and A Cameron for the Australian Chamber of Commerce and Industry.

B Ferguson and J Wilson for The Australian Industry Group.

C Massy, counsel, *T Prisk*, solicitor and *T Barnes* for the Australian Catholic Council for Employment Relations (on behalf of the Australian Catholic Bishops' Conference).

J Katarzynski for the United Workers' Union.

W Lambert for Australian Restaurant and Cafe Association Limited.

S Manickam for the Restaurant & Catering Industry Association of Australia.

Hearing details:

2025.

Sydney:

21 May.

Appendix 1: List of submissions by parties

Initial / post-Budget submissions (4 April 2025 round)

Party	Date of submission
South Australian Government	26/03/2025
Australian Labor Party	02/04/2025
Victorian Government	02/04/2025
Australian Business Industrial and Business NSW	03/04/2025
AUSVEG	03/04/2025
Council of Small Business Organisations of Australia	03/04/2025
New South Wales Government	03/04/2025
Australian Catholic Council for Employment Relations	04/04/2025
Australian Chamber of Commerce and Industry	04/04/2025
Australian Council of Social Service	04/04/2025
Australian Council of Trade Unions	04/04/2025
The Australian Industry Group	04/04/2025
Australian Manufacturing Workers' Union	04/04/2025
Australian Services Union	04/04/2025
Australian Restaurant & Cafe Association Ltd	04/04/2025
Australian Retailers Association and National Retail Association	04/04/2025
Flight Attendants' Association of Australia	04/04/2025
Housing Industry Association	04/04/2025
Master Grocers Australia Limited	04/04/2025
National Farmers' Federation	04/04/2025
Pardev, Ashley	04/04/2025
Restaurant & Catering Industry Association	04/04/2025
South Australian Wine Industry Association	04/04/2025
United Workers' Union	04/04/2025
Queensland Government	17/04/2025
Western Australian Government	02/05/2025
Australian Government	16/05/2025

Reply submissions (2 May 2025 round)

Party	Date of submission
Australian Services Union	30/04/2025
The Pharmacy Guild of Australia	30/04/2025
Australian Chamber of Commerce and Industry	02/05/2025
Australian Council of Trade Unions	02/05/2025
The Australian Industry Group	02/05/2025
Qantas Group	02/05/2025
The Australian Retailers Association and The National Retail Association	02/05/2025

Supplementary submissions / responses to questions on notice (16 May 2025 round)

Party	Date of submission
Australian Catholic Council for Employment Relations	16/05/2025
Australian Chamber of Commerce and Industry	16/05/2025
Australian Council of Trade Unions	16/05/2025
The Australian Industry Group	16/05/2025
New South Wales Government	16/05/2025

Professionals Australia	16/05/2025
Australian Government	20/05/2025

Oral submissions (at 21 May 2025 consultation hearing)

Australian Catholic Council for Employment Relations
 Australian Chamber of Commerce and Industry
 Australian Council of Trade Unions
 Australian Government (represented by the Department of Employment and Workplace Relations and The Treasury)
 Australian Industry Group
 United Workers' Union
 Australian Restaurant and Cafe Association Limited
 Restaurant and Catering Industry Association of Australia

Post-hearing submissions

Party	Date of submission
Australian Council of Trade Unions	22/05/2025

Appendix 2: *Provisional* list of the classifications requiring a university degree qualification and awards to be the subject of review

Award code	Award title	Classification name
MA000001	<i>Black Coal Mining Industry Award 2020</i>	‘Degree qualified’ graduate engineers and commercial officers (Groups I and J) [clauses B.2.3(a)–(b)].
MA000006	<i>Higher Education Industry—Academic Staff—Award 2020</i>	Teaching and research academic staff — Level A [clause A.1.1].
		Research academic staff (incl. creative disciplines) — Level A [clause A.2.1].
MA000007	<i>Higher Education Industry—General Staff—Award 2020</i>	Higher Education Worker Level 5 (HEW 5) [clause A.2.5] Higher Education Worker Level 6 (HEW 6) [clause A.2.6] Higher Education Worker Level 7 (HEW 7) [clause A.2.7] Higher Education Worker Level 8 (HEW 8) [clause A.2.8] Higher Education Worker Level 9 (HEW 9) [clause A.2.9] Higher Education Worker Level 10 (HEW 10) [clause A.2.10]
MA000015	<i>Rail Industry Award 2020</i>	Clerical, Administrative and Professional Classifications, Levels 3–8 [Schedule A].
MA000031	<i>Medical Practitioners Award 2020</i>	All classifications require undergraduate degree [clause 12]. Other classifications identify postgraduate requirements including: • Intern [clause 12.1] • Resident Medical Practitioner [clause 12.2] • Career Medical Practitioner [clause 12.5]

Award code	Award title	Classification name
MA000049	<i>Airport Employees Award 2020</i>	Professional Engineers, Level 1–5; ‘Qualified engineer’ Level 1 [clause A.4] Administrative services officer Level 3 [clause A.2.3]
MA000064	<i>Hydrocarbons Field Geologists Award 2020</i>	Trainee mudlogger [clause 10.1]. Competent mudlogger [clause 10.2]. Senior mudlogger [clause 10.3]. Data engineer [clause 10.4].
MA000065	<i>Professional Employees Award 2020</i>	All classifications in Schedules A and B , starting at Level 1 — Graduate professional [clause A.1.1].
MA000066	<i>Surveying Award 2020</i>	Professional surveyor [clause A.15]
MA000075	<i>Educational Services (Post-Secondary Education) Award 2020</i>	Level A academic teacher [clause A.7.1] Teachers employed in English language colleges or in TESOL courses categories A, B, and C [clause B.2.1] Teachers other than TESOL teachers categories A, B, and C [clause B.3.1] General Staff Level 4 [clause C.1.7(b)] General Staff Levels 5 to 9 [clauses C.1.8–C.1.12]
MA000076	<i>Educational Services (Schools) General Staff Award 2020</i>	Levels 5–8 [clauses A.2.5–A.2.8]
MA000078	<i>Book Industry Award 2020</i>	Level 1 — Trainee book editor [clause A.1.1(a)]
MA000079	<i>Architects Award 2020</i>	Level 1 — Graduate of Architecture [clauses A.1, 2]
MA000081	<i>Live Performance Award 2020</i>	Production and Support Staff Level 8 [clause A.10.2]
MA000088	<i>Electrical Power Industry Award 2020</i>	Professional / Managerial / Specialist Grade 5 [clause A.4.1]

Award code	Award title	Classification name
MA000091	<i>Broadcasting and Recorded Entertainment Award 2020</i>	Performers [clause E.2.2(b)] Subtitling editor [clause A.1.1(h)]
MA000098	<i>Ambulance and Patient Transport Industry Award 2020</i>	Ambulance Officer (AO) and Ambulance Paramedic (AP) [clause A.1.1]. Intensive Care Paramedic [clause A.1.3] Station Officer/Team Manager [clause A.1.4] Assistant Station Officer (ASO) [clause A.1.5] Regional Relieving Officer (RRO) [clause A.1.6] Clinical Support Officer (CSO) [clause A.1.10] Communications Officer [clause A.1.13] Senior Station Officer [clause A.1.15]
MA000112	<i>Local Government Industry Award 2020</i>	Level 7 [clause A.7.6] Level 9 [clause A.9.6] Level 10 [clause A.10.6] Level 11 [clause A.11.6].
MA000113	<i>Water Industry Award 2020</i>	Level 7 [clause A.7.6]. Level 9 [clause A.9.6]. Level 10 [clause A.10.6].
MA000116	<i>Legal Services Award 2020</i>	Level 5 — Law Graduate [clause A.6.1].
MA000118	<i>Animal Care and Veterinary Services Award 2020</i>	Veterinary surgeon — Level 1A [clause A.3.1]

Award code	Award title	Classification name
MA000121	<i>State Government Agencies Award 2020</i>	Administrative Officer Grade 4 [clause A.1.4] Technical Officer Grade 5 [clause A.2.6]. Professional Officer Grade 2 [clause A.3.2]. Professional Officer Grade 3 [clause A.3.3] Professional Officer Grade 5 [clause A.3.5]

Printed by authority of the Commonwealth Government Printer

<PR002025>