

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

Response to Questions on Notice

April 2021

INTRODUCTION

1. The Fair Work Commission (**the Commission**) has posed questions on notice to numerous parties on 7 April 2021. The purpose of these submissions is to respond to those questions.

QUESTIONS TO ALL PARTIES

2. The question posed to all parties is in two parts and is as follows:

"In the Annual Wage Review 2019–20 (2019–20 Review), the majority decision of the Expert Panel was to increase modern award minimum wages in 3 groups based on industry clusters. Depending on the modern award and the industry cluster it was allocated, the increases to modern award minimum wages occurred on 1 July 2020, 1 November 2020 and 1 February 2021.

A number of parties have indicated how the Expert Panel should approach the different operative dates of increases to modern awards based on the 3 clusters in their initial submission to this Review.¹

All parties are invited to comment on how the Expert Panel should deal with:

1. *the different operative dates from the 2019–20 Review; and*
2. *whether there should be any changes to the composition of the 3 industry clusters identified in the 2019–20 Review, giving consideration to movements in the change in employee jobs and total wages presented in the report by Professor Jeff Borland² and the most recent data shown in the Fair Work Commission's Statistical report—Annual Wage Review 2020–21.³*

POSITION OF ACCER

3. ACCER is of the view that:
 - a) the date of operation of increases to the National Minimum Wage (**NMW**) should return to the pre-COVID-19 operation date of 1 July; and
 - b) the application of the industry clusters should cease, so that all industries apply the NMW increase on 1 July.
4. Professor Borland's report acknowledges that the differing impact of COVID-19 between the three industry clusters, identified in the 2019-20 Annual Wage Review, is narrowing, as industries return to pre COVID-19 levels of activity.⁴
5. The delay in implementing the increases to NMW and the staggering of Modern Award increases, was in response to the uneven economic consequences resulting from the

¹ ABI submission, 26 March 2021 at pp. 2, 3, 25; ACTU submission, 26 March 2021 at paras 4(k), 35–51; Ai Group submission, 26 March 2021 at p. 59; NRA submission, 26 March 2021 at paras 5.1.1–5.1.10; R&CA submission, 26 March 2021 at para. 26.

² Borland J (2021), [An assessment of the economic effects of COVID-19](#), Version 2, Fair Work Commission Research report 1/2021, 17 February.

³ Fair Work Commission (2021), *Statistical report—Annual Wage Review 2020–21*, Version 4, 6 April, Chart 6.11.

⁴ Borland J (2021), [An assessment of the economic effects of COVID-19](#), Version 2, Fair Work Commission Research report 1/2021, 17 February, page 5.

shut-down from the COVID-19 pandemic – see paragraph [41] of last year’s Expert Panel decision. The pace of recovery was expected to be equally uneven across different sectors. With respect, the delay and staggering was justifiable at the time.

6. In 2021 the economy is not faced with the same level of unevenness and uncertainty. For that reason, it is submitted that there is no basis on which to submit that any increase to the NMW should be delayed for all industries beyond 1 July.
7. Moreover, in circumstances where the Expert Panel decided in 2020 that the various sectors of the economy could bear an increase to Modern Award rates and NMW, and having implemented that increase, there is no justification to again delay any new increases which are necessary. The quantum of those increases is a matter which must be determined, having regard to all of the statutory considerations. However, the intervening factor which affected last year’s review, being the emergence and subsequent dissipation of an economic emergency, is not present this year. All that remains to be determined is the ordinary, albeit difficult, question of what quantum of increases are appropriate for this annual review?
8. Further, recent research in Australia⁵ and on an international level,⁶ has not identified any negative effect of minor increases to minimum wages upon employment rates or hours worked.
9. The reality is that a majority of those on the minimum wage are employed by major corporations, who can not only afford this increase, but also generated a profit, during the pandemic, largely due to the COVID-19 government supplements. In September 2020 the Australia Bureau of Statistics released the gross domestic product data for the June 2020 quarter which showed company profits jumped by 14.9% in the quarter, with wage and salaries expenses for employees falling by 2.5%⁷, making it the first time in Australia’s history that profits increased during a recession.⁸
10. The small businesses employing the remainder of the minimum wage earners, rely on consumer spending, which would be boosted by an increase to the minimum wage.
11. To ensure stability, growth and therefore recovery in the economy, consumer confidence is required. To ensure this, minimum wage earners need to know their earnings will cover their costs of living.
12. ACCER’s requested increase to the NMW of 4% would equate to an increase of \$0.78 per hour.
13. Any delay to the increase in the NMW, relative to industry, would only threaten the strength of the economy by weakening confidence and reducing spending, resulting in additional hardship on minimum wage earners.

⁵ Bishop, J. (2018). The effect of minimum wage increases on wages, hours worked and job loss. *Reserve Bank Bulletin*, 1-13.

⁶ Manning, A. (2021). The elusive employment effect of the minimum wage. *Journal of Economic Perspectives*, 35(1), 3-26.

⁷ Australian Bureau of Statistics, Australian National Accounts: National Income, Expenditure and Product June 2020, Australia; Hutchens, G (2020, 3 September). Why company profits have jumped in Australia during COVID-19 while workers are taking home less. *ABC News*. Retrieved from <https://www.abc.net.au/news/2020-09-03/australia-recession-how-wages-have-slumped-while-profits-jumped/12623176>;

⁸ Pennington, A (2021, 7 April). A rise in the minimum wage won’t hurt Australia’s recovery. It will help it. *The Guardian*. Retrieved from <https://www.theguardian.com/commentisfree/2021/apr/07/a-rise-in-the-minimum-wage-wont-hurt-australias-recovery-it-will-help-it>



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