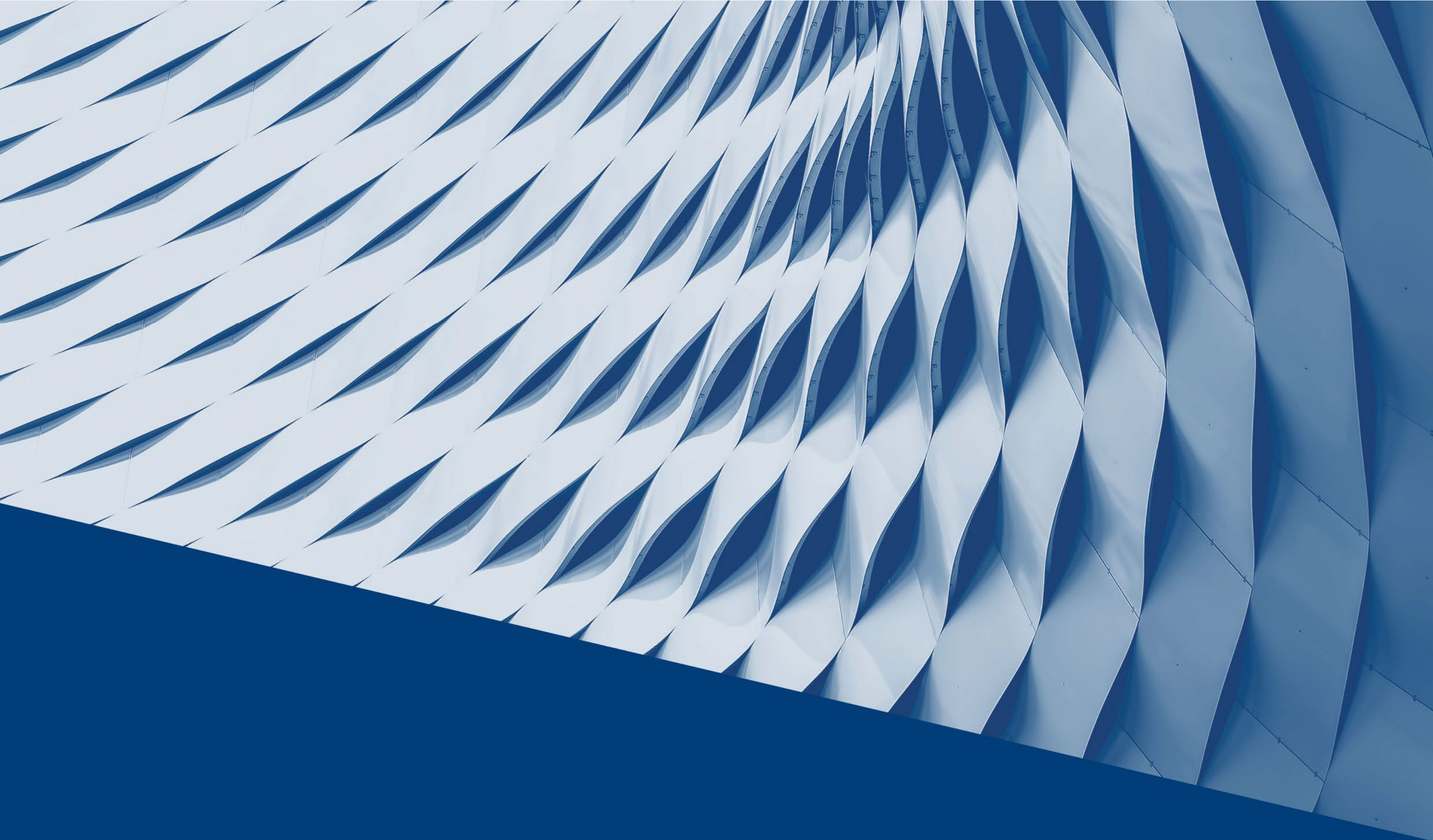

Submission to the Annual Wage Review 2026

ACTU Submission, 27 March 2026

ACTU D. No 20 /2026

australian council of trade unions

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1 INTRODUCTION & OVERVIEW

1. In last year's Annual Wage Review (AWR) the Expert Panel (the Panel) of the Fair Work Commission (FWC) made five key findings that can guide this year's Review:

    (a) It reaffirmed that in the medium to long term, modern award minimum wages should maintain their real value and increase in line with the trend rate of national productivity growth;[1]

    (b) It also reaffirmed that there had been a significant reduction in the real wages of modern award reliant employees since 2021;[2]

    (c) That reduction was severely constraining the ability of low-paid modern award reliant employees to meet their needs;[3]

    (d) Unlike earlier recent decisions, improved economic conditions now allowed for improvements in real minimum and award wages;[4] and

    (e) This year's Review would consider the extent to which the reduction in real wages could be fully remedied to 2021 levels.[5]

2. The central question before the Panel for this Review is the extent to which it can restore those real wage losses in the current economic circumstances. This is a significant task. Unfortunately, despite an increase last year of 3.5%, which was well above inflation at the time of 2.4%, current inflation is forecast by the RBA to be 4.2% for the year to June 2026.[6] If that projection is realised, this would be the fifth year in row where the real value of award wages has declined.

3. The Panel last year used 1 July 2021 as the point to calculate real award wage loss.[7] Taking this point, this year's AWR would need to award a 7.8% increase in award wages to reach and *maintain* those real wage levels by 30 June 2027. This is based on the assumption that inflation for the upcoming financial year meets the RBA's projection of 2.9%, an overly optimistic one given the current conflict in the Middle East and its actual and likely future impact on prices.

4. The ACTU's claim for this Review is a more modest 5% increase for minimum and award wages. That would deliver urgently needed real wage growth for award workers, and make some progress towards the restoration of award wages at 2021 levels.

5. Our claim is affordable. On nearly every major indicator the Australian economy and businesses are currently in a better position than last year with an upswing in private sector activity well underway. The economy grew by 2.6% in the year to December 2025, a positive lift from 1.2% a year earlier, driven by private sector growth. Business investment grew by 3.9% for the year, beating RBA expectations and the 1.1% recorded a year earlier. Private business investment, especially in non-mining investment, is underpinning this progress. Corporate profits were 3.3% higher over the year in December 2025, a substantial lift from the 5.0% decline a year earlier. Results for non-mining corporate profits are even better. The overall picture for award reliant sectors is broadly positive.

[1] *AWR Decision 2025* at [131].
[2] Ibid at [138].
[3] Ibid at [139]
[4] Ibid at [145]
[5] Ibid at [149].
[6] Reserve Bank of Australia, 'Table 3.1: Detailed Forecast Table', Statement on Monetary Policy, February 2026, available: Outlook | Statement on Monetary Policy – February 2026 | RBA
[7] *AWR Decision 2025* at [104].

6. Poor productivity performance last year was the “main countervailing factor” in the Panel’s consideration of the economy.[8] This year productivity has returned to longer run trends. GDP per hour worked for the year to December is up by 1.0%, in contrast to the decline of -1.0% a year earlier. Gross value added in the market sector also rose at a faster pace of 1.5% over the year to December 2025. And for the non-commodity market sector, which is of most relevance to the Panel’s deliberations, GVA per hour worked rose by 1.2% over the year to December 2025.

7. The two exceptions to this positive picture are inflation and the shadow of the conflict in the Middle East. At the time of writing, inflation is 3.7% and above the RBA’s target band, and - prior to the conflict - expected to return to target relatively shortly. The key drivers of price – power prices, rents and market services - are all expected to ease. The ACTU claim would have no material impact on inflation: it represents just 0.51% of the current national wage Bill.[9]

8. The conflict in the Middle East casts a shadow over this picture. Some negative economic consequences are unavoidable, with the RBA already lifting rates further, partly in response, at its March board meeting. However, the ultimate economic implications of the conflict for the Australian economy remain unknown. The ACTU will provide more detailed submissions on this issue in the reply and supplementary submissions to this Review as more evidence comes to hand. We also reserve our right to adjust our claim in light of such evidence.

9. Australia’s economy and businesses are well positioned to weather this uncertainty, demonstrating significant resilience in recent years. Our concern is that, particularly after several years of cumulative real wage losses, award reliant workers have few buffers and may not prove as resilient. On this point we underline the Panel’s concern stated last year of the need to address the risk of the “reduction in real wages becoming permanently embedded in the modern award system”.[10] That risk will become a certainty this year if the current challenges lead to further delay or even backsliding in the work to restore real wages.

10. This claim is also urgently needed for the low paid, whose needs continue to remain unmet. As this submission covers:

    (a) More than two-fifths of award workers, and more than one-third of award households, sits below standard low-income benchmarks for low pay (below two thirds of the median hourly rate of pay and 60% of median household income respectively);

    (b) The one in five award reliant workers who live alone or are single parents are incredibly financially vulnerable with 77% below the poverty line of 60% of median household disposable income. An award reliant worker living alone would need to earn $1,210 per week – close to the C6 rate to meet the relevant budget standard of a post-tax income of $1,000;

    (c) No National Minimum Wage (NMW)-reliant household type would get anywhere near having the income to meet the budget standards minimum income for a health living; and

    (d) Award reliant workers are particularly exposed to the housing crisis with 46% of award reliant household renting and 40% of them with a mortgage.

11. The Panel has proposed potentially phasing out the C13 rate. Unions welcome this proposal which would provide an extra and urgently needed pay boost for a small cohort of the lowest paid workers in this country. To ensure this process is done fairly, we propose a set of principles at paragraph [137] of this submission for the Panel’s consideration.

[8] Ibid at [141].
[9] For the details of this calculation see paragraph [23] of this submission.
[10] Ibid at [145].

12. Finally, in the interests of space, the ACTU submission this year has only focussed on those issues that we think will be of most interest to the Panel. We encourage the Panel to put additional questions on notice to us and all parties if there are other issues of interest that we have not covered.

2 SCOPE AND EFFECT OF REVIEW

13. Although the circumstances in which it occurs have evolved, the scope and likely effects of the 2026 Review are, in many respects, similar to those considered in last year's Review. The structure and pattern of award coverage, and the characteristics of award-reliant employees, remain substantially the same. In those circumstances, the findings in the *AWR Decision 2025* provide a relevant and appropriate starting point for the present Review.

2.1 NMW-Reliant Employees

14. The *AWR Decision 2025* found that the number of NMW-reliant employees is likely very small and the NMW has limited practical effect.[11] The finding remains relevant context for the Panel's assessment in the current Review. The ACTU is unaware of any material change in the relevant available data upon which the Panel relied last year.

2.2 Award-Reliant Employees

2.2.1 Proportion of Modern-Award Reliant Employees

15. The ABS's 2025 *Survey of Employee Earnings and Hours (EEH)* reported that award-reliant employees make up approximately 22.7% of the workforce (as compared with 23.2%[12] for the 2023 EEH).[13] The figure includes both federal and state award reliant employees. In the *AWR Decision 2025*, the Panel estimated that, once state employees were excluded, modern award-reliant employees were likely to comprise around 20.7% of employees.[14] The modest decline in the award-reliant share of the workforce between 2023 and 2025 appears to reflect the increase in employees covered by collective agreements, which rose from 34.0% in 2023 to 34.6% in 2025.[15]

2.2.2 Characteristics and Distribution

16. The characteristics of award-reliant employees, as a cohort, have remained relatively constant over recent Reviews. The data consistently shows that award-reliant employees are disproportionately female, part-time, casual (with around half of all casual employees being award reliant), and younger on average than other employees. Award reliance is most prevalent among community and personal service workers, labourers, and sales workers.[16] The Panel last year also observed that around one-third of award-reliant employees are low paid, and that modern award-reliant employees account for more than half of all low-paid employees.[17]

17. The ACTU also examined Wave 24 of Household Income and Labour Dynamics in Australia (HILDA) survey, conducted from July 2024 to February 2025[18], finding that:

    (a) Award-reliant workers (aged 21 and over) are more like to be women (55%) and especially low paid award-reliant workers (58%);

    (b) while award-reliant workers tend to be younger, a substantial majority are aged 25 to 54 years (63%);

[11] [2025] FWCFB 3500 at [15].
[12] Australian Bureau of Statistics. (2024, January 24). *Employee earnings and hours, Australia, May 2023*.
[13] Australian Bureau of Statistics. (2026). *Employee earnings and hours, Australia, May 2025*.
[14] *AWR Decision* 2025 at [16].
[15] ABS EEH, May 2025
[16] Section 7 of the Statistical Report AWR 2026 (6 March).
[17] *AWR Decision* 2025 at [17].
[18] The ACTU acknowledges the assistance of Dr Adam Stebbing of Macquarie University with this analysis. All views expressed are those of the ACTU.

(c) award-reliant workers (aged 21 and over) are more likely than non-award workers to work part-time hours (51% to 26%), and be casually employed (43% vs 10%), rising to 56% among low-paid award workers;

(d) 42% of award reliant workers (aged 21 and over) are low paid, earning less than two-thirds of median hourly pay and two thirds of them (65%) are in the bottom three income deciles; and

(e) Award-reliant workers aged 21 and over are more likely to rent (46%) than non-award reliant workers (34%) and a substantial number of them have a mortgage (40%).

18. The Commission's Research Note: "*Award use at the employer level: Overview using the Business Longitudinal Administrative Dataset Environment (Blade)*" prepared for this year's Review provides a more nuanced understanding of award coverage with respect to employers. In particular, the ACTU notes the finding that "across all employers, the mean proportion of employees paid by award (mean award share) is 28.3%. Employers with 20 to 49 employees have the largest proportion of their employees paid by awards, with a mean award share of 40.1%, while for smaller and larger employers the proportion is around one in four".[19] On average, medium size businesses have a larger proportion of award-reliant employees than small businesses.

19. The Commission's *Research Report 1/2026, Labour Mobility of Award-Reliant Employees*,[20] also prepared for the present Review, indicates that award-reliant employees are more likely than those covered by collective agreements or individual arrangements to be actively seeking alternative employment and to change jobs.[21] Award-reliant employees are also significantly more likely to experience spells of unemployment or to exit the labour force altogether.[22] While the Report finds that average job tenure among award-reliant employees is shorter than for other methods of pay setting, it nevertheless remains relatively substantial, at 3.8 years, increasing to 4.8 years when the student sample is excluded.[23] The higher levels of mobility are consistent with the often low-paid and insecure nature of award-reliant work, with job dissatisfaction reported, at least marginally, more frequently than under other pay-setting arrangement. [24] Significantly, the Report demonstrates that award reliance is not invariably transitory, with a substantial proportion of employees remaining on award wages for multiple years.

2.2.3 Macro-Effect of Review

20. Recent increases to award wages have had a minimal macro-economic effect on the Australian economy. The 3.5% rise to award wages of the *AWR Decision 2025* contributed only 0.36 percentage points to the 3.4% increase in the WPI to December 2025 – or just 10.6% of the total increase.[25]

21. Notably, the rise in award wages occurred in the same quarter (the September quarter) as an overall *fall* of 0.2% in the real unit labour cost, which, has also fallen 0.1% in the 12 months to December 2025.[26] Over the same period, the ABS data shows unemployment levels within the economy were relatively stable.[27]

[19] Page 5 of the Research Note. See also Chart 1 on page 16.
[20] *Strong J & van Netten J (2026), Labour mobility of award-reliant employees*, Fair Work Commission Research Report 1/2026, February
[21] One of the Key Findings on Page 4 of the Report.
[22] Ibid on page 5.
[23] Ibid on pages 36 and 60.
[24] Ibid on page 37.
[25] *Statistical Report AWR (6 March)*, Table 5.3. Using the 3.6% for the September Quarter 2025.
[26] Australian Bureau of Statistics. (2026, March 4). *Australian National Accounts: National Income, Expenditure and Product, December 2025*. Table: Key national accounts aggregates, percentage changes (a).
[27] Statistical Report AWR (6 March), Table 6.1.

22. The negligible macroeconomic impact of the *AWR Decision 2025* is consistent with the established historical relationship between award wage increases and inflation, as examined in research by Stanford and Jericho published by the Australia Institute and the Centre for Future Work, [28] and previously relied upon in ACTU AWR submissions.[29]

23. Last year the FWC calculated that the total wage bill of modern award reliant employees was just 10.5% of the total national wage bill in 2023.[30] This year the share has dropped to 10.2% according to a new analysis by Jericho.[31] On that basis the ACTU claim of a 5% increase would represent approximately $7.3 billion or just 0.51% of the national wage bill. The impact of this claim on WPI would be small, and on inflation more generally, almost imperceptible.

24. The Panel has previously recognised that Annual Wage Review outcomes may give rise to indirect effects beyond award-reliant employees, including through a limited number of enterprise agreements that prescribe wage increases in line with Review decisions.[32] Although AWR-linked enterprise agreement coverage increased following the approval of several large retail agreements in 2024, such arrangements are not a general feature of enterprise bargaining and remain confined, by their nature, to particular employers and discrete bargaining contexts not before the Panel.

25. The Panel has also found that while Review outcomes may influence wages through expectations or signalling effects, the extent of any such effects is not readily observable.[33]

26. Consistent with the above, there continues to be little or no reliable evidence of a demonstrable causal effect on agreement outcomes as measured by the AAWI, with private sector enterprise agreements approved since the last Review containing wage increases in excess of the most recent modern award adjustment.[34]

27. In the *AWR Decision 2025*, the Commission concluded that it was difficult to see how an award increase within the range of 2 to 4.5% "could make any difference of significance to inflation (by reason of an effect on wages growth)".[35] The ACTU respectfully submits that this conclusion applies with equal force to the ACTU's claim in the present Review. Given the very small contribution Annual Wage Review outcomes make to growth in the WPI, together with the recent decline in real unit labour costs and observed improvements in productivity, there is no basis to conclude that the ACTU's claim would have any macroeconomically significant effect on inflation or unemployment. Such a submission is not intended to minimise the risk that inflation may present a material challenge for the economy over the coming year. Rather, the restorative, poverty relieving increase sought for award-reliant employees would contribute almost nothing to prevailing inflationary pressures. Conversely, in circumstances where inflation has proven higher and more persistent than previously anticipated, the increase sought is fundamental to maintaining a fair and relevant minimum safety net for the lowest paid workers.

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[28] See Stanford, J., & Jericho, G. (2024, March). *The irrelevance of minimum wages to future inflation*. Centre for Future Work, The Australia Institute. https://australiainstitute.org.au/wp-content/uploads/2024/03/Minimum-wage-and-inflation-2024-REVISED.pdf and Jericho, G. (2025, April). *The continuing irrelevance of minimum wages to future inflation* (Briefing Paper P1808). Centre for Future Work, The Australia Institute. https://futurework.org.au/wp-content/uploads/sites/2/2025/04/P1808-The-Continuing-Irrelevance-of-Minimum-Wages-to-Future-Inflation-Web-2.pdf

[29] ACTU Submission-In Reply to the AWR 2024 Review at paragraph [65].

[30] *AWR Decision 2025* at [21].

[31] Jericho, G. (2026, March), *Inflation Remains Unaffected by Minimum Wages* (Briefing Paper). The Australia Institute: https://australiainstitute.org.au/report/inflation-remains-unaffected-by-minimum-wages/ at pages 14 and 15.

[32] *AWR Decision 2025* at [23].

[33] *AWR Decision 2025* at [23].

[34] DEWR (2025, December 23), Table 1.

[35] *AWR Decision 2025* at [39] and [40].

3 NATIONAL ECONOMY

3.1 Introduction

28. The economy was gathering momentum in December, with an upswing in private sector activity well underway. As 2025 came to a close, businesses remained resilient, with business conditions, capacity utilisation and investment improving in the latter half of the year. Corporate profits picked up alongside the improvement in macroeconomic conditions and profit margins remained steady. Though the conflict in the Middle East somewhat complicates the outlook, the economy is nevertheless well placed to weather the current uncertainties and there is capacity to pay in the business sector for an increase in minimum and award wages of 5%.

29. The labour market has remained resilient and inclusive over the last year, with gains in participation for most cohorts and some modest improvements in underemployment rates for women. The unemployment rate has continued to hold around 4% for just over 4 years, the longest period of an unemployment rate sustained at that low a level in decades, an impressive achievement given the challenges the economy has weathered. Recent increases in the unemployment rate do not signal deterioration in the labour market and instead reflect rising participation due to a return of cost of living pressures, pressing home the need for a solid increase in award and minimum wages in the 2025-26 Review.

30. However, workers face ongoing economic uncertainties and are being more judicious with increases in real income. They are also seeking more work and being cautious and precise with spending, suggesting that even though real income has recovered somewhat, the household budget is stretched thin, and buffers are not necessarily substantial. Renewed inflation and monetary policy tightening will strain household budgets further speaking to the need for a robust increase in award and minimum wages to protect these workers.

31. The most significant challenge in the Australian economy that has emerged since the 2024-25 Review is the increase in inflation growth towards the tail-end of 2025, which continued into early 2026. The rise in fuel prices in the wake of the conflict in the Middle East has only added to this challenge. There is, however, no suggestion of wages putting upward pressure on inflation. The evidence indicates that it is profit margins and not wages that are driving near-term inflation, and there is no reason that Australia's lowest paid workers should bear further costs of adjustment for the actions of other economic agents. That said, monetary policy tightening in the first three months of 2026 should be sufficient to manage inflation back down to target, notwithstanding the emerging uncertainties of the US attack on Iran.

32. Underlying productivity dynamics have not dramatically changed since the 2024-25 Annual Wage Review, though growth outcomes have turned around in the past year. Outcomes in the latter half of 2025 were above the RBA's technical assumption for productivity growth and were growing around Treasury's long-run assumption.

33. The award-reliant industries have also performed well in the latter half of 2025. Most indicators of business health have been stable or only changed slightly. Profit margins and wage to income ratios have remained essentially stable; output growth has picked up; and there has been a slight improvement in labour productivity in this part of the economy. While the picture is somewhat complicated by the tightening of monetary policy and the impact of higher fuel and energy prices in the wake of the Middle East conflict, it does appear that award reliant industries are well positioned to navigate these challenges, in line with the Australian economy at large.

3.2 National Economy

34. Economic growth and private sector activity improved towards the end of 2025 after a period of weak demand. The economy grew by 0.8% in the December quarter 2025, coming in 2.6% higher over the year. The main driver of growth was the private sector, which contributed 2.2 percentage points to annual growth in December, a similar

contribution to September 2025. The public sector contributed a much more modest 0.7 percentage points to annual growth in December, a little up on the 0.4 percentage point contribution in September (see Figure 1).

35. The private sector increased by 0.4% in the three months to December 2025, though was 3.1% higher over the year (see Figure 2). Growth in the private sector had been improving since June 2024 and the handover from public to private spending is well underway. The main driver of the increase in private sector spending was household consumption, which contributed 1.8 percentage points to annual growth in the private sector in December, similar to its September contribution, followed by private business investment, which contributed 0.7 percentage points to growth in December, again similar to the contribution made in September 2025.

Figure 1: Contributions to annual GDP growth

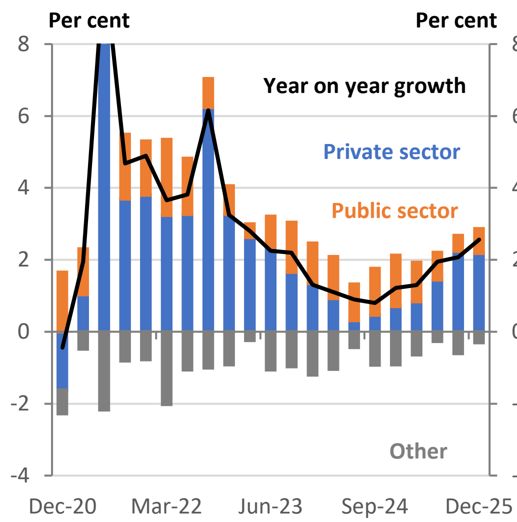
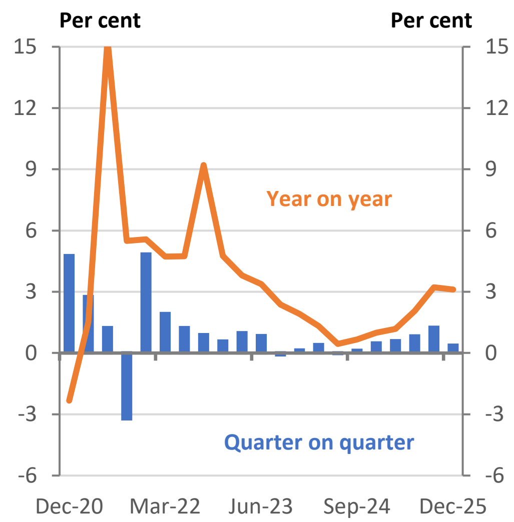


Figure 2: Growth in private sector activity



Source: ABS Australian National Accounts: National Income, Expenditure and Product, December 2025 & ACTU calculations

36. The improvement in economic activity has been driven in part by increased business investment, with recent strong demand also supporting capacity utilisation. Private business investment rose 0.2% in December and was 3.9% higher over the year (see Figure 3), above the RBA's expectations of 2.5% annual growth.[36] The relatively subdued quarterly growth in December reflected a step down from the substantial quarterly increase of 3.5% in September, which itself was driven by a large uptick in investment in data centres as firms supported growth in artificial intelligence and cloud computing capability.[37] The lumpy investment schedule in September is also the main reason behind the 1.1% quarterly fall in New machinery and equipment in December, though this class of investment was still 5.1% higher over the year. Nothing more should be read into these joint outcomes, and as the ABS noted in the media release for the December National Accounts, 'Investment across most asset classes maintained high levels', including data centres.[38] There is every indication from the strength of business investment in the latter part of 2025 that firms are in sound health and have been investing for future activity.

37. As was the case at the time of the last Review, the level of private business investment also remains elevated (see Figure 4). The level of real private business investment is only 3.6% lower than it was at the height of the mining boom, and the RBA expects business investment to increase by another 2.4% by December 2026 and a further 2.2%

[36] Reserve Bank of Australia, 'Table 3.1: Detailed Forecast Table', Statement on Monetary Policy, February 2026, available: Outlook | Statement on Monetary Policy – February 2026 | RBA

[37] Australian economy grew 0.4% in the September quarter | Australian Bureau of Statistics

[38] Australian economy grew 0.8% in the December quarter | Australian Bureau of Statistics

by December 2027.[39] Private business investment continues to be driven by the non-mining sector of the economy, with mining investment only adding a subdued 0.3 percentage points to annual growth in investment, well below the 3.6 percentage point contribution made by non-mining investment (see Figure 5). This reflects the same pattern as highlighted in previous Reviews, where the mining sector is focused on maintaining existing capacity while investment in the non-mining sector recovers. Further, the recent capex survey published by the ABS suggests that further solid growth in business investment over the first half of 2026 is likely, underpinned by investment in machinery and equipment in the non-mining sector.[40] Businesses continue to expand their capacity and capability and this suggests they are well placed to manage a solid increase in award and minimum wages arising from this year's Annual Wage Review, and weather the emergent challenges from the conflict in the Middle East.

Figure 3: Growth in real private business investment

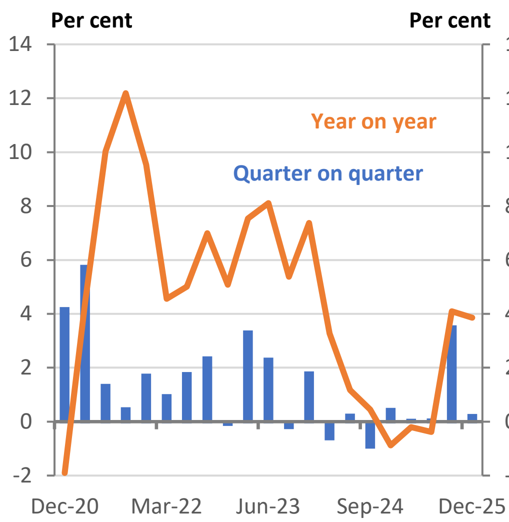
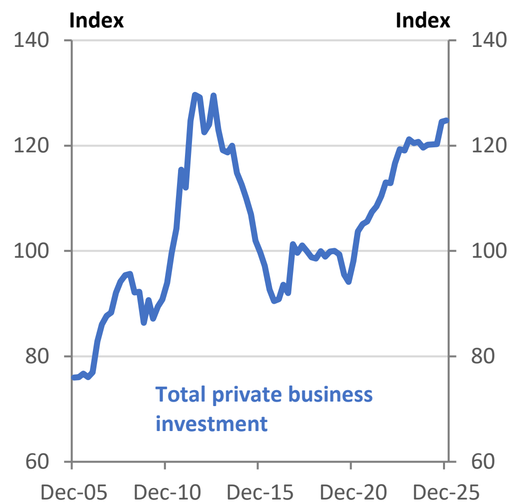


Figure 4: Index of real private business investment



Source: ABS Australian National Accounts: National Income, Expenditure and Product, December 2025 & ACTU calculations
Note: Indexed to December 2019 quarter

39 Reserve Bank of Australia, 'Table 3.1: Detailed Forecast Table', Statement on Monetary Policy, February 2026, available: Outlook | Statement on Monetary Policy – February 2026 | RBA
40 Commonwealth Bank of Australia, 'Capex growth weakens in Q4 25 as data centre investment takes a breather', February 2026, available: https://www.commbankresearch.com.au/apex/researcharticleviewv2?id=a0NOa00000IRxeM

Figure 5: Contributions to annual growth in real investment

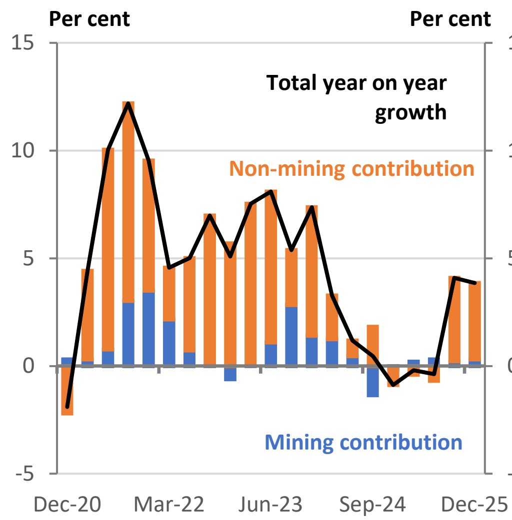
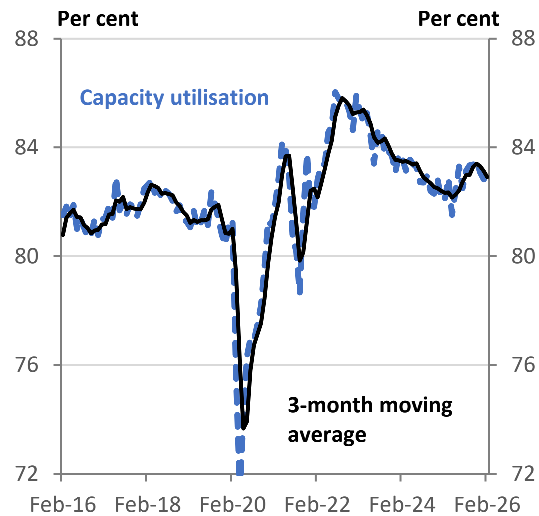


Figure 6: Capacity utilisation



Source: ABS Australian National Accounts: National Income, Expenditure and Product, December 2025, NAB business survey, & ACTU calculations

38. Capacity utilisation also improved over the latter half of 2025, in line with the wider picture of a pick-up in private sector activity. Capacity utilisation had bottomed out in April 2025 at 81.5% as the economy was enduring a relative slackening in demand. Despite reaching this level, the local trough in April was still above the 10-year pre-pandemic average for capacity utilisation of 81.0%. From May 2025 onwards, as the private sector recovery gathered pace, capacity utilisation lifted to around 83%, where it held for the rest of 2025. Capacity utilisation was steady at 82.9% in the first two months of 2026 and also reached this level on a 3-month moving average in February 2026. The NAB survey also showed that business conditions remained around the long-run average, having held steady in the first two months of 2026. Both capacity utilisation and business conditions have increased relative to a year ago. Business confidence declined slightly in February to be negative for the first time in almost a year, which NAB attributes to 'some caution in the wake of the February rate hike'.[41] A moderation in business confidence is understandable given the uncertainty following the recalibration of monetary policy in response to elevated inflation. Business confidence will have also taken a hit as result of the fallout from the US attack on Iran, although businesses have showed considerable resilience in the face of a range of challenges in the last few years and there is no reason to suppose this has changed substantially in the last few months. Instead, strong capacity utilisation outcomes and resilient business conditions alongside ongoing investment suggest a reasonably healthy business sector with ongoing capacity to pay.

39. The resilience and health of the business sector is also reflected in growth of gross operating surplus for non-financial corporations (an approximation for corporate profits). Corporate profits rose 1.9% in the December quarter, an improvement on the 1.3% quarterly growth in September. Corporate profits were 3.3% higher over the year in December, well up on the 5.0% decline in December 2024, having improved as the drag from the mining sector finally abated. Non-mining profits again contributed positively in December, adding 2.6 percentage points to growth, an improvement on the 2.3 percentage point contribution in September 2025 (see Figure 7).

40. Growth in non-mining corporate profits has gathered pace over the latter half of 2025. Annual growth in non-mining corporate profits bottomed out at 1.5% in June 2025, before picking up to 3.7% in September, increasing again to 4.3% annual growth in December 2025 (see Figure 8), up from 3.3% annual growth in December 2024. The uptick in

[41] NAB, Business Survey, February 2026, available: [NAB Business Survey February 2026 – Conditions hold while confidence falls]

profit growth from a trough in the middle of 2025, after easing over the length of 2024 and early 2025, is consistent with the overall macroeconomic pattern of slackening private demand across 2024 and the first half of 2025 before a recovery in the second part of 2025. Non-mining corporate profits have been remarkably resilient given the weakness of private demand in 2024 and early 2025, with annual growth falling below 3% only once in the two year period, performing a little better than the average of 2.9% observed in the 10 years before the pandemic even while they were relatively subdued. The resilience in non-mining corporate profits is also reflected in the stability of its share of GDP. Since June 2023, non-mining corporate profits have been around 12% of GDP, having moved in a very narrow range over this period. This suggests that wage increases undertaken in the last few Annual Wage Reviews have had no impact on business resilience or profitability in aggregate, and there is every reason to suppose this outcome will continue to hold in this Review.

Figure 7: Contributions to growth in non-financial corporate profits

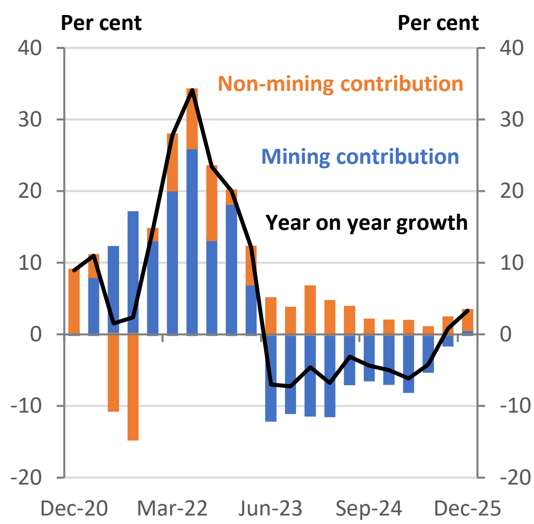
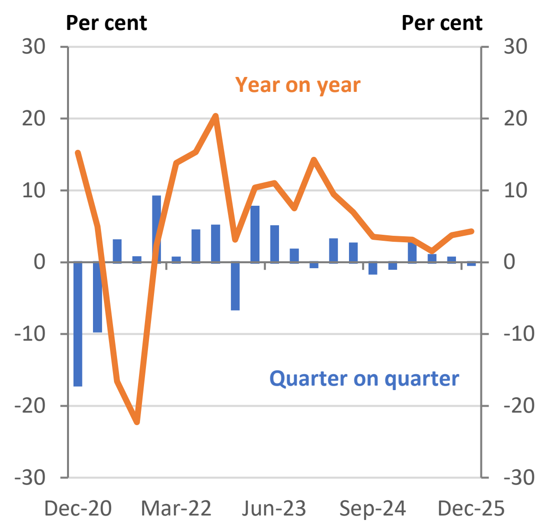


Figure 8: Growth in non-mining non-financial corporate profits



Source: ABS Australian National Accounts: National Income, Expenditure and Product, December 2025, ABS Business indicators, December 2025 & ACTU calculations

41. There has also been very little change in the profit to income ratio for firms. On an annualised basis, the non-mining profit to income ratio was 10.5% in December 2025, unchanged from a quarter earlier and only 0.1 percentage point different from where it was in the first half of 2025. The non-mining profit to income ratio was also only 0.2 percentage points lower than December 2024, a relatively marginal change over the year and not one that suggests a significant impact on the profitability or resilience of Australia's businesses. The small change over the year is consistent with a moderation in price pressures as Australia's experience of "seller's inflation" unwound and inflation declined from its peak in 2022.[42]

42. The wage to income ratio was also not much changed over 2025. On an annualised basis, the non-mining wage to income ratio was 18.5% in December 2025, only 0.2 percentage points higher than December 2024 and not much above the longer-run average of 18.0% seen in either the 5 years before December 2025 or the 18.1% seen in the 10 years before December 2019. The marginal changes in both the profit to income and wage to income ratios reflect near-term rebalancing between wages and profits following severe real income losses by working people during the recent inflationary period. The extremely small changes over the period of 12 months also suggest that the financial

[42] Jericho, G., 'Inflation remains unaffected by Minimum Wages', The Australia Institute, March 2026, p. 3, available: [Inflation remains unaffected by Minimum Wages - The Australia Institute]

health of businesses has not substantially changed in the last year. Further, the small changes also suggest ongoing resilience and stability in Australia's business sector in aggregate, consistent with earlier elucidated evidence.

Figure 9: Profit to income ratios by sector

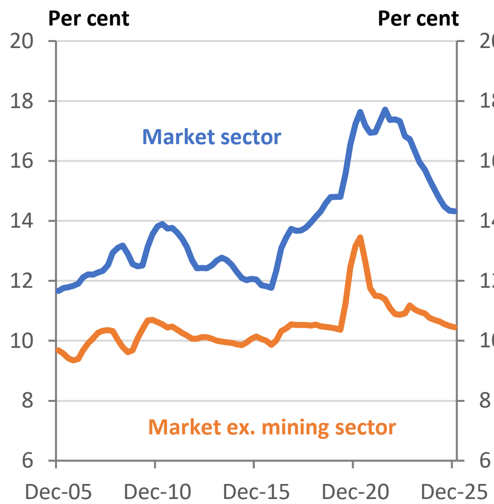
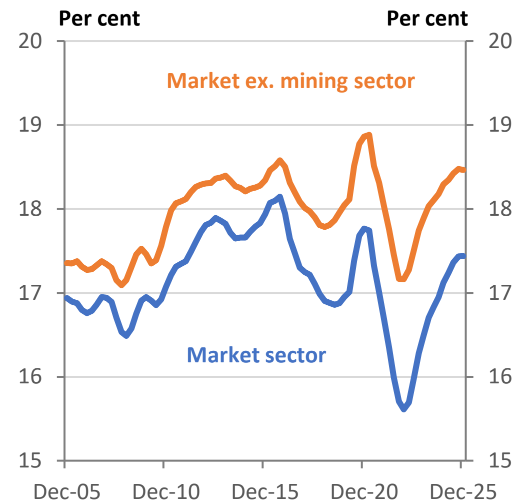


Figure 10: Wage to income ratios by sector



Source: ABS Business indicators, December 2025 & ACTU calculations

3.3 Labour Market Outcomes

43. As with many other dimensions to Australia's economy, the labour market has not significantly changed since the last Review, with gains in participation for most cohorts and some modest improvements in underemployment rates for women.

44. The unemployment rate was 4.3% in February 2026, up from 4.1% a month earlier but unchanged from the average of 4.3% observed between June and November 2025. The unemployment rate has been around 4% for just over 4 years, the longest period of an unemployment rate sustained at that low a level in decades.

45. The rise in the unemployment rate in February 2026 was due primarily to a notable increase in the labour force, which occurred alongside solid employment growth, though that growth was not enough to absorb the large number of new entrants to the labour market.

46. The increase in participation in February, which occurred amidst renewed inflation and a widely expected increase in the cash rate, seems to have been driven by rising cost of living pressures. Consistent with past experience, people are seeking more work to manage the increased costs of essentials like housing, groceries and utility bills, speaking to the need to protect the lowest paid and most vulnerable households by undertaking a solid increase in award and minimum wages.

47. For adults (aged 25 and over), the unemployment rate rose marginally to 3.1% in February 2026, up from 3.0% in January and in line with the around 3.1% unemployment rate observed over most of 2025 (excepting August to October when the adult unemployment rate was closer to 3.3%). For young people (aged 15-24) the unemployment rate rose to 10.2% in February 2026, up from 9.6% a month earlier. The youth unemployment is still well below where it was pre-pandemic and there is no suggestion in the February labour force outcome of a deterioration in employment outcomes across any cohort. This indicates that the labour market remains as inclusive as it did at the time of the last Review.

48. The underemployment rate showed similarly resilient outcomes, if a little more favourable. The underemployment rate was unchanged at 5.9% in February, and it has held at 6% or below since November 2024, after easing from around 6.5%, where it had held for most of the rest of 2024. The adult (25 years and over) underemployment rate has been a little more volatile over 2025, but has risen no higher than 4.5% since December 2024, holding at 4.2% in February 2026. The youth underemployment rate has been similarly stable over most of 2025, moving in a range of 13.7% to 14.8% since September 2024 (with a one-off low point of 13.3% in October 2025), and easing favourably to 14.4% in the second month of 2026.

Figure 11: Unemployment rates by age group

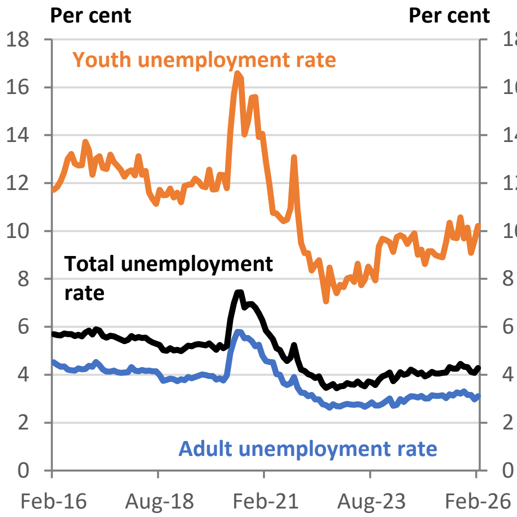
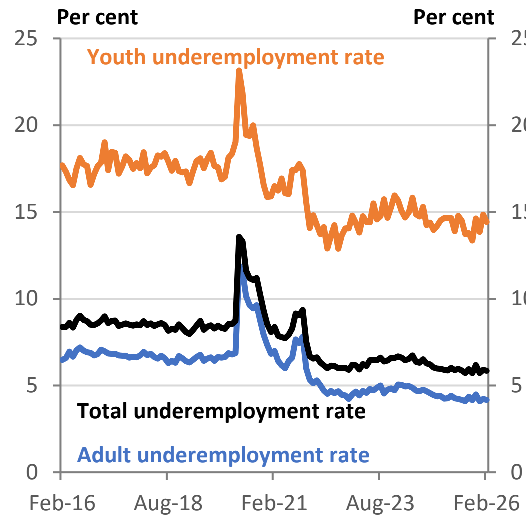


Figure 12: Underemployment rates by age group



Source: ABS Labour force, Australia, January 2026 & ACTU calculations

49. Unemployment and underemployment outcomes indicate that labour market has stayed resilient over the course of 2025 and into 2026 and has not change dramatically since the last Review, or indeed the two Reviews prior to that. Where it has changed, the labour market has seen some improved outcomes for women and young people. Recent increases in the unemployment rate do not signal deterioration in the labour market and instead reflect rising participation due to a return of cost of living pressures, pressing home the need for a solid increase in award and minimum wages in the 2025-26 Review.

50. Employment growth has been mixed over 2025 and into 2026, easing for men but rising slightly for women. Annual growth in total employment was not much changed over the last year, with 1.8% growth in February 2026 similar to the 1.7% in growth of February 2025. Male full-time employment rose slightly both at large and for young men, with full-time employment for men rising from 1.1% in February 2025 to 1.4% in February 2026 and male youth full-time employment reversing a 1.4% fall in February 2025 into 5.1% growth over the year to February 2026. The easing in employment for men was driven by a slowdown in part-time employment growth: male part-time employment growth eased from 3.5% in February 2025 to 1.4% in 2026 and male youth part-time employment declined from 10.2% growth in February 2025 to a fall of 1.4% in February 2026.

51. Female employment outcomes were more mixed, with female full-time employment easing from 2.7% in February 2025 to 0.9% over the year to February 2026, though part-time employment growth increased from 0.4% annual growth in February 2025 to 4.0% in February 2026. For young women, full-time employment reversed from a 5.7% decline over the year to February 2025 to a 3.9% gain in February 2026, while part-time employment eased slightly from 4.7% in February 2025 to 4.3% in February 2026, with subdued growth in the intervening period.

52. The main driver of the mixed outcomes seems in large part due to the easing off of employment growth in the non-market sector and a relatively slow pick-up in the market (ex. commodities) sector employment (see Figure 13). Non-market employment growth softened from 6.5% annual growth in December 2024 to a much more subdued 1.4% in December 2025. Market sector (ex. commodities) employment has picked up more slowly over the same period, rising from 0.6% annual growth in December 2024 to a healthier but still modest 1.3% annual increase in December 2025. This is to be expected, as the non-market sector is tied to government funded programs which are relatively insensitive to the economic cycle and the market sector will take a little while to see employment growth take off as the recovery builds momentum.

53. Nevertheless, the market sector (ex. commodities) is now the main driver of annual increases in employment (see Figure 14), having contributed 0.9 percentage points to the 1.2% annual growth in total employment, with the sector's contributions to annual growth in total employment increasing in each of the last three quarters. Given low unemployment rate and underemployment rates and continued business resilience, the rebalancing of employment growth is best explained by the shift from public to private sector growth.

Figure 13: Annual growth in employment by sector

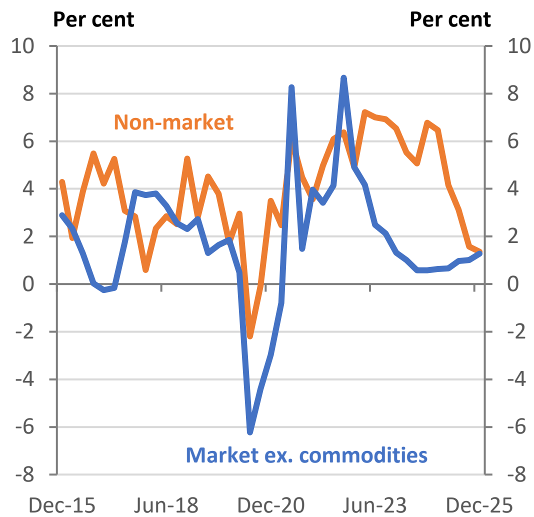
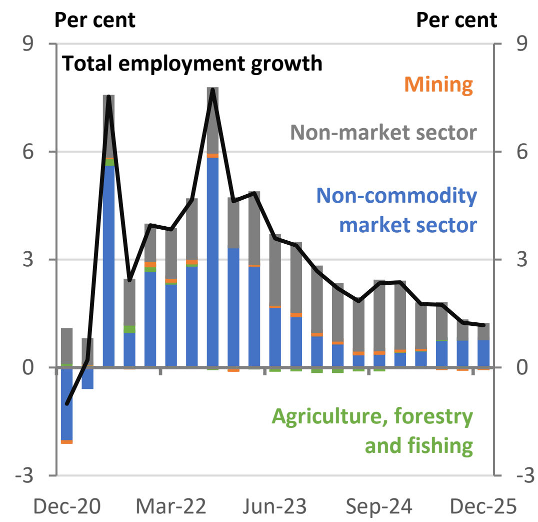


Figure 14: Contributions to annual employment growth



Source: ABS Labour Account, December 2025 & ACTU calculations

54. Hours worked in the market sector (ex. commodities) have been stable even as employment has picked up slightly, suggesting a slightly lagged outcome relative to the pace of increase for output (see Figure 15). Hours worked in this sector were mostly unchanged over the last year, rising 0.1% in the quarter and by the same magnitude in the twelve months to December 2025. Stable hours worked also appears to be running counter to the long-term trend of declining average hours, perhaps reflecting the increase in full-time, secure employment experienced over the last few years.

55. Hours worked in the non-market sector increased by 0.6% in December, rising 1.2% over the year, an improvement on the 0.9% annual increase in September and well up on the 0.4% decline over the year to December 2024. This may indicate an adjustment in hours worked in the non-market sector, an adaptation to the slowdown in employment growth as employers in this part of the economy adjust hours to manage demand. In any case, this lends further credence to the assessment that the labour market has not markedly changed since the last Review

but has seen some improved outcomes in market sector employment, a pattern that can be expected to at least continue, if not improve as the private sector gathers momentum.

56. There are also signs of stable and ongoing labour demand. The level of vacancies remains elevated, if slightly down relative to a year ago (see Figure 16). In the market sector (ex. commodities), there were around 222,000 vacancies, around 6.9% lower than December 2024 but still 28.1% higher than pre-pandemic levels. The modest increase of around 38,300 filled jobs in the three months to December in the market sector (ex. commodities) compared to the decline of around 7,600 job vacancies would suggest that on balance most of the decline in vacancies was due to the taking up of jobs rather than the loss of unfilled vacancies. This in turn supports the view that businesses remain resilient and increasing activity in the private sector is supporting labour demand.

57. In the non-market sector, there were around 93,000 vacancies in December 2025, a 2.9% quarterly increase, though the level of vacancies did decline by 0.3% over the year to December. The gain of around 15,700 employed persons in addition to an increase of around 2,600 job vacancies in the non-market sector in December suggests ongoing labour demand even as the pace of hiring in this part of the economy eases off.

Figure 15: Average hours worked by sector

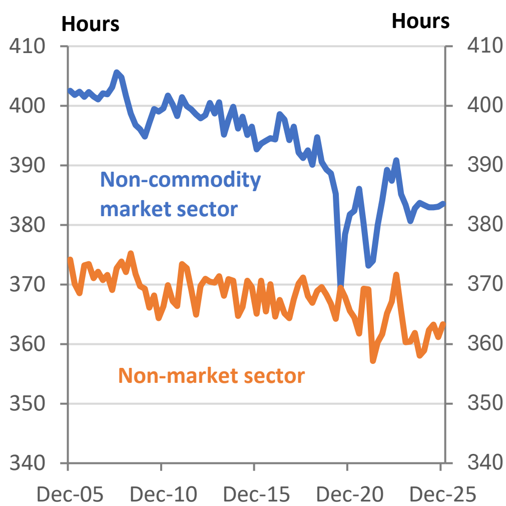
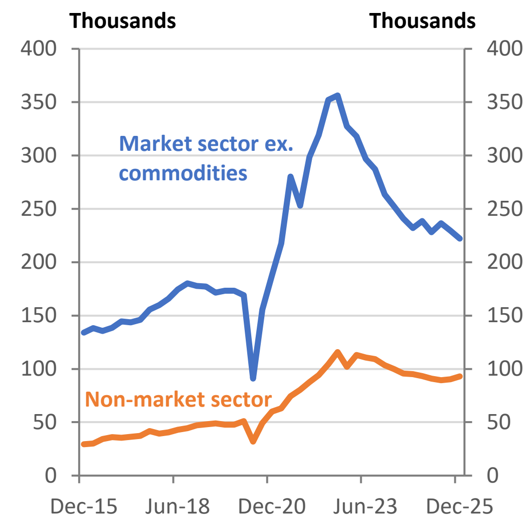


Figure 16: Vacancies by sector



Source: ABS Labour Account, December 2025 & ACTU calculations

58. Alongside renewed growth in private sector employment and still elevated vacancies, and in response to renewed cost of living pressures, the participation rate rose over the last year and employment to population rates have been largely unchanged (see Figure 17). The participation rate rose slightly in February 2026 to 66.9%, up from 66.7% in each of the three months before and a little higher than February 2025. For men, the participation rate was unchanged between February 2025 and February 2026, sitting at 70.8% in both cases, moving within a narrow range in the intervening period. For young men, the participation rate in February 2026 was up around 1.6 percentage points compared to a year earlier, picking up to 72.1% in response to renewed cost of living pressures. For women the participation rate also increased, rising to 63.1% in February 2026, up from 62.9% a month earlier and up from 62.8% in February 2025. For young women, the participation rate rose to 71.7% in February 2026, up 0.5 percentage points from a month earlier and higher than the 70.0% participation rate seen in February 2025. The employment to population ratio was 64.0% in February 2026, unchanged from a month earlier or the equivalent month in 2025.

59. The increase in participation in response to renewed cost of living pressures is consistent with the pattern of the last few years. People have entered the workforce to secure more income as prices rise. Providing them with higher

wages will assist in meeting that objective and is more likely to hold them in the labour force for longer. There are also good reasons to suppose an increase in wages, especially award and minimum wages, may also induce further labour supply.

Figure 17: Measures of labour supply

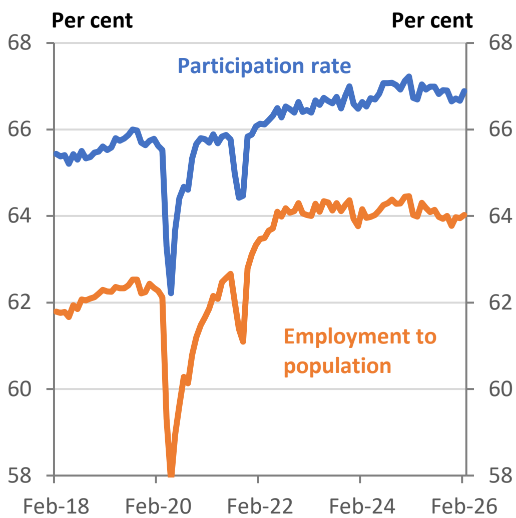
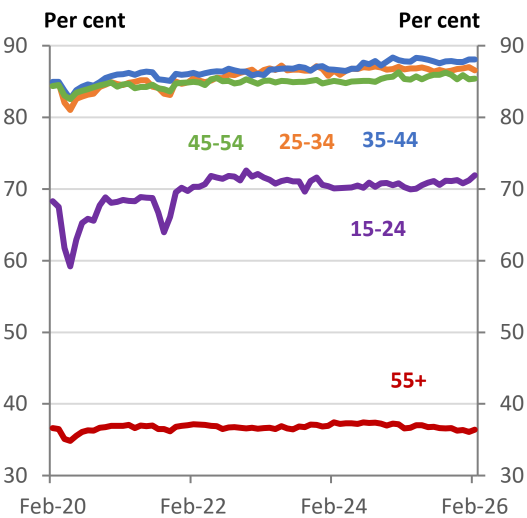


Figure 18: Participation rates by age group



Source: ABS Labour force, Australia, ABS Labour force, Australia, detailed January 2026 & ACTU calculations

60. The picture of labour market conditions is one of inclusive outcomes across a broad base. Conditions have not dramatically changed since the last Review and have overall been positive, with the RBA still considering the labour market to be ‘a little tight’.[43] Where changes have occurred, such as the easing in employment growth, they are explicable by the hand over between public sector and private sector activity that is currently underway. Other changes, such as the increase in participation, are driven a renewed intensity of cost of living pressures. On the whole, the labour market has remained resilient. Further, a solid increase in wages would on balance likely support further participation by making the taking up of additional hours at a higher rate a more attractive proposition.

3.4 Real Income and Consumption Growth

61. Amidst rising cost of living pressures that are pulling more people into the labour market, there are signs real income growth is starting to moderate after a year of solid growth. Real gross disposable income growth slowed in December 2025, with annual growth easing to 3.7% over the year, down from 3.8% a quarter earlier and down from 4.7% in March 2025. The main drag continued to be prices, with essential prices detracting 2.1 percentage points from real income growth in December, in line with the 2.2 percentage point detraction in the two prior quarters. Tax payable also weighed on real income growth, detracting a further 2.3 percentage points from growth in December. While real income growth remains solid for now, a gradual softening appears under way and renewed inflation and a shift in the stance in monetary policy will weigh on real income growth in the quarters ahead. This will be particularly sharp for low income workers as energy and transport costs rise in the wake of the US attack on Iran.

62. On top of easing real income growth and a renewed impetus to seek more hours of work, workers appear to be cautious and price sensitive in the face of economic and geopolitical uncertainty. The gross savings ratio, which captures gross disposable income less nominal consumption, rose to 16.6% in December, up from 16.0% a quarter earlier and above the 15% average in the years between the GFC and the COVID-19 pandemic, when macroeconomic

[43] Statement by the Monetary Policy Board, ‘Monetary Policy Decision’, 3 February 2026, available: [Statement by the Monetary Policy Board: Monetary Policy Decision | Media Releases | RBA]

uncertainty was pervasive and economic growth was subdued. The more widely reported net household savings ratio rose to 6.9%, up from 6.1% a quarter earlier and up from 5.5% in December 2024. Households are saving income gains and being judicious in rebuilding buffers in the face of ongoing uncertainties, which have now sharpened given the impact of the US attack on Iran on oil prices. Fewer award and minimum wage workers will have this option, however, and the need for financial resilience by households suggest that a solid increase and award and minimum wages is necessary to mitigate ongoing and emerging challenges with household budgets.

63. The caution of working people is also reflected in consumption growth, which across 2025 has been concentrated most in periods with large sales events. Consumption rose 1.0% in the three months to June 2025, the largest single quarterly increase since December 2022, when the economy was in the midst of reopening. The ABS reports that the rise in June 2025 was due to 'people taking time off work due to the proximity of the Easter and ANZAC day public holiday' and due to households 'capitalis[ing] on end of financial year sales'.[44] Consumption growth subsequently eased back on a quarterly basis to 0.5% growth in September and 0.3% growth in December, despite the annual rate picking up slightly from 2.3% in June to 2.4% in December. In the December quarter national accounts, the ABS once again highlighted that discretionary consumption was supported by 'extended promotional activity through Black Friday and Boxing Day sales'[45] and RBA liaison contacts have noted that 'consumers remain value conscious and are increasingly "mission shopping" (i.e., purchasing only specific planned items)'.[46]

64. The recent pattern of consumption outcome suggests that working people are focused on value and are price sensitive, despite gains in real income over the last two years. Further, the rise in household savings ratio suggests a responsiveness to pervasive uncertainty and a preference to rebuild buffers. The household budget of award and minimum wage workers were already stretched, but will be strung even thinner by the renewed pressure on real incomes from rising inflation and tighter monetary policy. An increase in award and minimum wages of the size argued for in this submission will be necessary to support the financial resilience of these households.

65. These outcomes also suggest a mixed picture in the economy. Businesses remain resilient and profit margins are stable and healthy. Yet workers face ongoing economic uncertainties and are being more judicious with increases in real income. They are also seeking more work and being cautious and precise with spending, suggesting that even though real income has recovered somewhat, the household budget is stretched thin, and buffers are not necessarily substantial. Renewed inflation and monetary policy tightening will strain household budgets further speaking to the need for a robust increase in award and minimum wages to protect these workers.

3.5 Inflation

66. The most significant challenge in the Australian economy that has emerged since the 2024-25 Review is the increase in inflation growth towards the tail-end of 2025, which continued into early 2026. The rise in fuel prices in the wake of the conflict in the Middle East has only added to this challenge.

67. On the monthly headline measure, inflation rose 3.7% over the year to February 2026, from 2.8% growth in the year to January 2026 and December 2025. Headline inflation has picked up since July 2025, but since October has been relatively stable around 3.8%. While inflation is above target, prior to the US attack on Iran inflation was not accelerating.[47] The monthly trimmed mean measure – which, for data availability reasons, is currently less reliable – was also not accelerating. Annual growth in monthly trimmed mean inflation was 3.3% over the year to February 2026, unchanged from a month earlier and stable around this level since October 2025. The more reliable quarterly measure of core inflation was 3.4% in the year to December 2025.

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44 Australian National Accounts: National Income, Expenditure and Product, June 2025 | Australian Bureau of Statistics
45 Australian National Accounts: National Income, Expenditure and Product, December 2025 | Australian Bureau of Statistics
46 Box B: Insights from Liaison | Statement on Monetary Policy – February 2026 | RBA
47 NAB, 'The Forward View – Australia: February 2026', 1 March 2026, available: The Forward View - Australia: February 2026

68. A key driver of recent inflation outcomes has been the expiry and roll-off of Federal and State Government electricity rebates. The Electricity expenditure class contributed to 0.7 percentage points to annual growth in headline inflation in February 2026, by far the largest driver of the pick-up in inflation. This was due largely to the expiry of the Federal Government's extended Commonwealth Energy Rebate Fund, which concluded on 31 December 2025. This drove the electricity expenditure class to rise 37.0% over the year to February. The impact of the roll-off will abate soon and it is estimated to currently be adding around 0.5 percentage points to headline inflation, making the unaffected measure closer to 3% than not.[48] There are also reasons to be optimistic that growth in power prices will moderate. The Australian Energy Regulator has released its draft for the default market offer (DMO) for 2026-2027 which proposes that annual prices for households would fall by between 1.3 and 10.1 percent over this period.[49] While conflict in the Middle East is causing the global price of gas to lift, Australian consumers are insulated from those rises with a cap set at $12 per gigajoule under the Gas Market Code.[50]

69. Another significant contributor to annual inflation growth over the last few months is the Rents component. Rents added 0.2 percentage points to growth in February, and 0.3 percentage point to each of January and December's annual inflation outcome. Growth in rents has been driven by on-going low vacancy rates across capital cities. Rents have risen by around 4% over the year since June 2025 after easing from annual growth of above 7% between November 2023 and June 2024 and annual growth or around 6% until December 2024. As around 46% of households with award workers rent, and 52% of low-paid award households rent, according to an ACTU analysis of HILDA, this will have weighed heavily on household budgets and points towards the need for an increase in award wages of the size argued for in this submission.

70. Market services inflation rose slightly to 3.5% over the year to February, up slightly from 3.3% annual growth in January. However, the annual increase conceals falls in prices for market services. The category declined 1.0% in February and 1.3% in January, suggesting prices are not actually accelerating and instead that the annual growth rate is being impacted by base effects. Market services have also averaged 3.2% annual over the six months to February 2026, not much off the 2.6% average growth between June 2010 and December 2015, when trimmed mean inflation was last stable around 2.5% on a sustained basis.

71. There is also no suggestion of wages putting upward pressure on inflation. The Wage Price Index was stable at around 3.4% growth across the length of 2025, which coincided with core inflation easing back to the target range, if briefly. Moreover, economists Jeff Borland, Peter Dawkins and Ross Garnaut recently argued that 'wage settlements in the labour market are not putting upward pressure on inflation'.[51] Nor is there any reason to suppose that an increase in award wages of the size argued for in this submission would lead to upward pressure on the inflation rate, consistent with past analysis.[52] As Jericho observes, there is a 'complete absence of a correlation between minimum and award wage increases and future inflation…over the past 35 years there is no relationship to speak of between the rise in the minimum wage and the level of inflation over the following year'.[53] Further, given 'overall wages have

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48 Reserve Bank of Australia, 'Inflation', *Statement on Monetary Policy*, February 2026, available: [Economic Conditions | Statement on Monetary Policy – February 2026 | RBA]

49 ABC "[Power prices set to fall ,but Iran war casts long shadow over bill relief]", 19 March 2026

50 Australian Government, [Gas Market Code], 22 December 2025.

51 Borland, Dawkins & Garnaut, 'Richard Holden is wrong about rates, inflation and the RBA', *Australian Financial Review*, 16 March 2026, available: [RBA set to raise interest rates in March meeting, accusations of Reserve Bank politicising monetary policy unfair]

52 Jericho, G. & J. Stanford, 'The Irrelevance of Minimum Wages to Future Inflation', The Australia Institute, 2024, available: [The Irrelevance of Minimum Wages to Future Inflation - The Australia Institute] & Jericho, G. 'The Continuing Irrelevant of Minimum Wages to Future Inflation', The Australia Institute, 2025, available: https://australiainstitute.org.au/report/the-continuing-irrelevance-of-minimum-wages-to-future-inflation/

53 Jericho, G., 'Inflation remains unaffected by Minimum Wages', The Australia Institute, March 2026, p. 12, available: [Inflation remains unaffected by Minimum Wages - The Australia Institute]

not had a material impact on inflation growth, an even more substantial case can be made that the minimum wage and award wages will have an even more negligible impact' going forward.[54]

72. Further, in assessing the drivers of the uptick in inflation, Treasury Secretary Wilkinson argued that 'the pick-up in underlying inflation reflects a combination of temporary and more persistent factors', with 'business and service providers rebuilding margins following a period in which they were unable to pass higher input costs onto households' among the temporary factors, alongside seasonal travel components.[55] To the extent that a factor income component is driving the near-term pressure on inflation, it is profits, not wages, consistent with the more general experience of "sellers' inflation" seen globally since the pandemic.[56] Consistent with this, and as Jericho notes, 'all of the increased inflation in the latter half of 2025 came from increased profits, not wages or labour costs'.[57]

73. The current burst of inflation reinforces the need for a solid increase in award and minimum wages to protect the living standards of Australia's lowest paid workers. Monetary policy tightening in the first three months of 2026 would have been sufficient to manage inflation back down to target, noting the emerging uncertainties of the US attack on Iran and its impact on price pressures. The evidence indicates that it is profit margins and not wages that are driving near-term inflation. Australia's lowest paid workers should not bear further costs of adjustment for the choices of other economic actors or the economic fallout of a foreign war. Instead, this Review should strive to restore the real wages of award and minimum waged workers to prevent real income losses becoming entrenched.

3.6 Monetary Policy

74. The other emergent challenge in the Australian economy is the recent change in the stance of monetary policy. The RBA's Monetary Policy Board raised the cash rate by 25 basis points in each of February and March 2026. These actions have brought the cash rate back to 4.10%, in line with where it was for most of the 2024-25 Annual Wage Review.

75. The tightening of monetary policy reflected the pick-up in inflation in the second half of 2025, which the RBA judges to be due to a mixture of temporary factors that will fade and more persistent factors. The main factor, according to the Minutes of the February 2026 Monetary Policy Board meeting, was that the increase in aggregate demand had exceeded the supply capacity of the economy, including in the labour market.

76. While the RBA currently assesses that supply capacity is a little lower than previously thought, views on the subject differ. In its summary of the December 2025 national accounts, Westpac argued that 'the economy appears to have ended 2025 under less strain that might otherwise have been expected. Softer consumer spending, combined with a welcome lift in productivity, suggest demand may not be outpacing capacity by as much as feared'.[58] Westpac's assessment of the September 2025 national accounts also suggested that 'the supply side of the economy is normalising' as productivity was picking up (and was subsequently revised higher).[59] The decline in unit labour costs and rise in productivity noted in paragraphs [86] and [82] of this submission are consistent with this, and the normalisation of supply capacity may be further advanced than the RBA assesses. This suggests that the monetary tightening undertaken in the first quarter of 2026 should be more than sufficient to bring inflation back to target,

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54 Jericho, G., 'Inflation remains unaffected by Minimum Wages', The Australia Institute, March 2026, p. 13

55 Senate Economics Committee, 'Treasury Portfolio: Treasury', Australian Parliament, Canberra, 11 February 2026, available: 2025-26 Additional estimates – Parliament of Australia

56 Weber & Wasner, 'Sellers' inflation, profits and conflict: why can large firms hike prices in an emergency', *Review of Keynesian Economics*, vol. 11, no. 2, 2023

57 Jericho, G., 'Inflation remains unaffected by Minimum Wages', The Australia Institute, March 2026, p. 4

58 Westpac, Australian national accounts, December quarter 2024, March 2026, available: Australian national accounts, December quarter 2025 | Westpac IQ

59 Westpac, Australian national accounts, September quarter 2024, March 2026, available: er20251203GDP_Q3_main.pdf

leaving the Annual Wage Review to proceed with confidence on its steady approach to restoring the real wages of award and minimum wage workers and preventing disadvantage from becoming entrenched.

77. Further, while the Commission's statutory task maintaining a fair and relevant minimum safety net of terms and conditions includes taking into account, *inter alia*, the likely impact of any exercise of modern award powers on inflation, the best available evidence is that increases in award and minimum wages in Australia do not drive inflation.[60] Further, the evidence presented in paragraphs and indicate that not only are wages not a driving factor behind the pick-up in inflation, the increase in price pressures is more closely related to changes in profit margins. For award and minimum wage workers to bear the burden of adjustment for another burst of inflation that they are not responsible for would be an unnecessary and counter-productive outcome. A measured adjustment to wages directed at the restoration of real award and minimum wages will not undermine the operation of monetary policy but will contribute to the legislative objectives of the Annual Wage Review and the economic security of workers from Review to Review.

78. Inevitably, the Commission's task will likely be complicated by the recent US attack on Iran, which will impact oil prices and put upward pressure on inflation in the near-term. While there is going to be an impact on inflation from higher oil prices, award and minimum wage workers will already be bearing part of the burden through higher fuel costs, which will weigh on real incomes. The key uncertainty remains the longevity of the war and the closure of the Strait of Hormuz. As of 21 March 2026, President Trump has indicated he is considering 'winding down' the conflict as the US was 'getting very close' to meeting its military objectives.[61] While the pronouncements of the US Administration are not always consistent, the comments do suggest the war is not poised to drag on indefinitely and therefore become a prolonged energy and fuel price shock.

79. Further, there is cause to be optimistic about the capacity and capability of the Australian Government's response to the potential disruption. The Commonwealth Government has allowed fuel companies to temporarily sell lower-quality petrol; released around a fifth of Australia's fuel stockpile; established a fuel supply task force; and tasked the ACCC with monitoring service stations for charging excessive prices.[62] The RBA also cited the Middle East crisis in its March 2026 decision as a relevant considering informing the tightening of monetary policy.[63] It is clear that the relevant policy arms are already responding to the oil price shock.

80. Cyclical management of the economy using the interest rate tool as part of the inflation targeting regime is well understood to have 'made a material contribution to the very satisfactory macroeconomic outcomes that the Australian economy has enjoyed' over the past several decades.[64] The regime has allowed other macroeconomic institutions to pursue structural issues without needing to pay undue and excessive attention to cyclical challenges, providing broad macroeconomic and institutional stability. Further, policy institutions have responded to the emergent uncertainties and likely inflationary pressures arising from the Middle East conflict, with each making its

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[60] Jericho, G. & J. Stanford, 'The Irrelevance of Minimum Wages to Future Inflation', The Australia Institute, 2024; Jericho, G. 'The Continuing Irrelevant of Minimum Wages to Future Inflation', The Australia Institute, 2025 & Jericho, G., 'Inflation remains unaffected by Minimum Wages', The Australia Institute, March 2026

[61] Sareen Habershian, 'Trump says he is considering "winding down" Iran war', British Broadcasting Corporation, 21 March 2026, available: Trump says he is considering 'winding down' Iran war

[62] Catie McLeod & Benita Kolovos, 'Chris Bowen declares rush on jerry cans "un-Australian" as he urges end to panic buying of fuel', The Guardian, 17 March 2026, available: Chris Bowen declares rush on jerry cans 'un-Australian' as he urges end to panic buying of petrol | Australian economy | The Guardian & Michael Atkin & Lucy Kent, 'Price gouging at petrol stations may not be illegal, experts warn, as PM considers supply chain Tsar', Australian Broadcasting Corporation, 19 March 2026, available: Price gouging at petrol stations may not be illegal, experts warn, as PM considers supply chain tsar - ABC News

[63] Statement by the Monetary Policy Board: Monetary Policy Decision | Media Releases | RBA

[64] Debelle, 'Twenty-five Years of Inflation Targeting in Australia', Reserve Bank of Australia, Sydney, 2018, available: Twenty-five Years of Inflation Targeting in Australia

relevant contribution with the tools available, freeing up other institutions to pursue their own goals without serious disruption.

3.7 Productivity Considerations

81. Underlying productivity dynamics have not dramatically changed since the 2024-25 Annual Wage Review, though growth outcomes have turned around in the past year. The Panel is justified in again treating the market ex. mining sector as the most relevant measure for these proceedings.

82. At the aggregate level, growth in GDP per hour worked picked up at the end of the year, rising 1.0% over the year to December 2025, the second consecutive quarter of 1.0% annual growth. The December 2025 outcome is a reversal of the 1.0% decline over the year to December 2024. Gross value added in the market sector rose at a slightly faster pace, increasing 1.5% over the year to December 2025, an improvement on the 1.4% annual growth in September 2025 (see Figure 19) and well up on the 0.5% fall in the year to December 2024. The level of productivity has now improved on December 2019 levels by 0.3% for GDP per hour worked and by 3.4% for market sector GVA per hour worked (see Figure 20).

Figure 19: Annual growth in output per hour

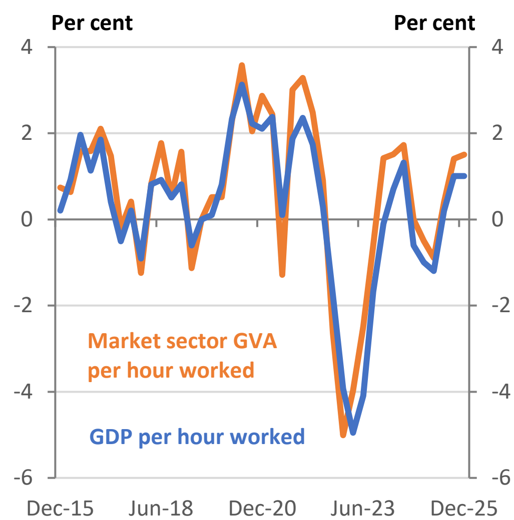
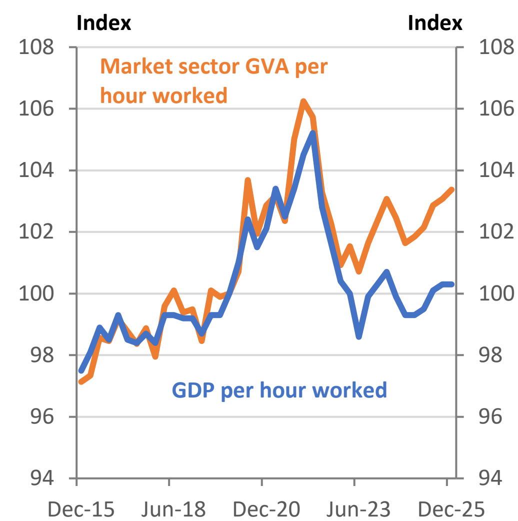


Figure 20: Level of output per hour worked



Source: ABS Australian National Accounts: National Income, Expenditure and Product, December 2025 & ACTU calculations

83. As the Panel highlighted in paragraph [33] of the 2024-25 AWR decision, it is necessary to differentiate between the market and non-market sectors and to consider the mining sector separately, given its minimal relevance to the Review. The ACTU remains of the view that it is also necessary to separate out the Agriculture, forestry and fishing industry, as the ABS uses annual benchmarks to forecast quarterly outcomes and there are sub-industries that have zero output in particular quarters. These reasons are more fully explored in paragraph [44] and [45] and related footnotes of the ACTU's Supplementary Submission to the 2024-25 Review. The ACTU also continues to prefer the "bottom up" approach to calculating quarterly aggregations. Different deflators are used in the construction of published gross value-added series, such that the sum of all industries will not necessarily equal the total of gross value added at basic prices. Larger discrepancies between the sum of all components of gross value added and the published total with emerge the further one moves away from the current base year. This means that GVA less mining, the non-market sector and ownership of dwellings will often not be equal to that series constructed by the sum of the individual component industries, leading to less precise and less informative calculations. Further, this will introduce conceptual differences with the Labour Account's measure of industry hours.

84. The underlying drivers of productivity remain largely unchanged since the last Review. The largest contributor to annual productivity growth in December 2025 was the non-commodity market sector, which contributed 0.7 percentage points to growth, down slightly from a 0.8 percentage point contribution in September (see Figure 21). The non-market sector continued to weigh on productivity growth, though much less so than past years, detracting 0.3 percentage points from growth in December 2025, a little more than the detraction of 0.2 percentage points observed in September. The only notable change from the underlying dynamics compared to last year is that the Mining industry contributed 0.4 percentage points to growth in December, having ceased detracting from productivity growth in June 2025.

85. There continues to be a divergence between growth in the market sector excluding commodities and the non-market sector, as was the case at the time of the last Review. GVA per hour worked in the market sector ex. commodities grew by 1.2% over the year in both September 2025 and December 2025, in line with Treasury's assumption for long-run productivity growth (see Figure 22). Because of improvements in the Agriculture, forestry and fishing industry, market sector ex. mining GVA per hour worked rose 1.7% in September 2025 and 1.4% in the year to December 2025. The non-market sector, as has been the case for 13 of the last 16 quarters, fell over the year to September (down 0.2%) and over the year to December (down 0.7%). This is not a significant departure from the last Review and the considerations in [33] to [35] of the 2024-25 decision remain relevant to these proceedings. Productivity growth in the part of the economy most relevant to the decision would indicate on-going capacity to pay by businesses, in addition to considerations arising from the improvement in profit growth and the stability of profit margins over the last year or so.

Figure 21: Contributions to annual productivity growth

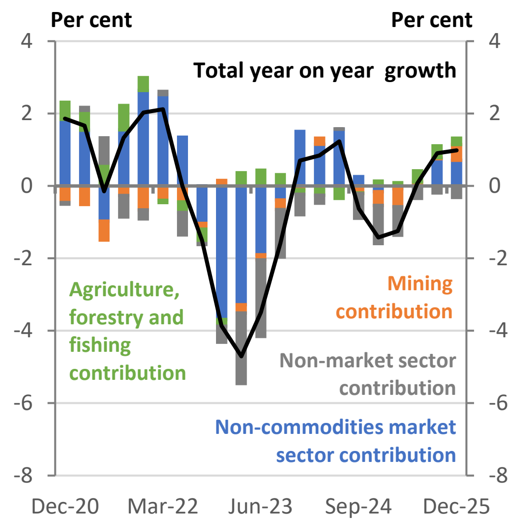
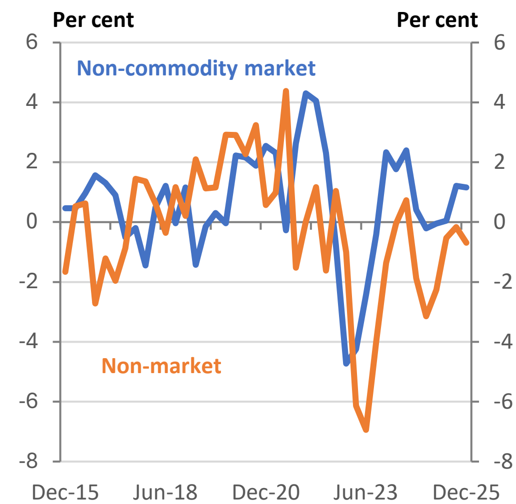


Figure 22: Annual growth in productivity by sector



Source: ABS Australian National Accounts: National Income, Expenditure and Product, December 2025, ABS Labour Account, December 2025 & ACTU calculations

86. The productivity outcomes in the December quarter are encouraging, as is the easing in nominal non-farm unit labour costs – an indicator the RBA uses to gauge inflationary pressures – from 5.2% annual growth in September 2025 to 3.1% growth in December 2025. Further encouragement is provided by non-farm real unit labour costs falling by 0.1% over the year to December 2025, having declined on a quarterly basis in both September 2025 (down 0.1%) and December 2025 (down 0.8%). These recent outcomes have left non-farm real unit labour costs only 1.2% higher than they were in December 2019 and 2.7% lower than they were in December 2015. While there is always

uncertainty around measures of these sort, recent outcomes do point to an improvement in the supply capacity of the economy and a lack of pressure on businesses.

87. For the above reasons and with the overall productivity picture improving in the last six months, the Panel should have confidence in pursuing a restorative increase in the real wages of award-reliant and minimum wage workers. There is every indication that in the market sector ex. mining, business capacity to pay remains in place.

3.8 Performance of Award Reliant Industries

88. The market award reliant industries of Retail trade, Accommodation and food services, Administration and support services, Arts and recreational services, and other services have been resilient over the last year and many indicators suggest on-going capacity to pay alongside improving demand conditions. Profit margins and wage to income ratios have remained essentially stable; output growth has picked up; and there has been a slight improvement in labour productivity in this part of the economy. Further, outcomes in the latter half of 2025 indicate a recovery in activity in line with the broader increase in private sector activity as the economy navigates away from a period where spending was driven mainly by public spending. The recent tightening of monetary policy and the impact of higher fuel and energy prices in the wake of the US attack on Iran both pose challenges to outcomes in award reliant industries that need to be acknowledged. However, it does appear that the award reliant industries are well positioned to navigate these challenges. Analysis of the award reliant industries can be found in the submissions of the ACTU's affiliated unions and can be consulted for a specific view of each industry.

Table 1: Key indicators of market sector award reliant industries

	Dec-23	Dec-24	Dec-25	5-year average	10-year pre-pandemic average
Output					
Gross value added	-0.8	-0.4	3.1	4.3	2.5
Output per hour worked	-1.9	-0.4	0.6	0.1	1.0
Business					
Profit growth	8.7	-2.7	3.3	3.8	3.9
Implied margin	7.8	7.3	7.3	8.1	7.2
Wage to sales	18.9	19.1	19.4	19.0	19.2
Labour market					
Employed persons	1.2	1.3	1.4	2.9	1.8
Filled jobs	1.3	1.3	1.4	3.0	1.8
Hours worked	-0.1	0.9	2.5	3.8	1.6
Change in filled jobs	56,111	58,989	63,680	n/a	n/a
Change in vacancies	-42,043	-9,420	-6,296	n/a	n/a
Vacancy share of jobs	2.6	2.4	2.2	2.8	1.7

Source: ABS Australian National Accounts: National Income, Expenditure and Product, December 2025, ABS Labour Account, December 2025, ABS Business Indicators, December 2025 & ACTU calculations

89. Output growth accelerated in the market sector award reliant industries over 2025, in line with a broader increase in private sector activity. Real GVA rose 3.1% over the year to December 2025, up from 1.6% annual growth in March and a sharp reversal of the 0.4% fall in output over the year to December 2024. A diverse range of factors drove this, but activity in the market award reliant sector appears to have been supported by a recovery in real incomes over the last two years and a related, if modest and targeted, pick-up in discretionary spending.

90. Labour productivity has recovered modestly over 2025, with four consecutive quarters of annual growth across the year, though three of those four quarters were below the 10-year pre-pandemic average of 1.0%, despite each quarter's annual increase being above the five-year average of 0.1%. Nevertheless, the increase in output per hour worked is encouraging and alongside other indicators suggests businesses have remained resilient.

91. Labour market outcomes across the market award-reliant industries have been a little more subdued than output growth, but the pattern of rising growth in filled jobs over the year is in line with a general pick-up in private sector activity and the handover from public to private spending. Filled jobs rose 1.4% over the year to December 2025, unchanged from a quarter earlier but up from both the 1.3% growth over the year to December 2024 and the 0.8% annual growth in March 2025. Growth in hours worked has also improved since December 2024, rising from 0.9% over the year to that quarter to 2.5% over the year to December 2025. While a little down on the five-year average of 3.8%, growth in hours worked was above the 10 year pre-pandemic average of 1.6% in December 2025, perhaps reflecting employers adjusting hours until the increase in private sector activity gathers further momentum.

92. The vacancy share of total jobs also moderated over 2025, easing from 2.4% in December 2024 to 2.2% in December 2025. The decline of around 6,200 vacancies being outpaced by an increase of around 63,700 jobs filled in December suggests the decline in vacancies was more related to the filling of positions rather than the withdrawal of previously advertised jobs. As the vacancy ratio is still a little above the 10-year pre-pandemic average, this points to ongoing labour demand in the market award-reliant industries and ongoing resilience in the sector.

93. Alongside on-going labour demand, the wage to income ratio showed a gentle increase over 2025, beginning at 19.1% in December 2024 and March 2025 only to rise to 19.4% by December 2025. The outcome in December 2025 was not much above the five-year average of 19.0% and even less above the 10-year pre-pandemic of 19.2%, suggesting there is no undue pressures from wages emerging in the market award reliant industries. Instead, this is merely an indication of a rebalancing between factor incomes following Australia's inflationary period.

94. Further support for this is given by the stability of the annualised profit to income ratio since the middle of 2024. The profit to income ratio was 7.3% in December 2024 and December 2025, having stayed around this level – give or take 0.1 percentage point – since September 2024. The implied profit margin in December 2025 (and December 2024) was in line with the 10-year pre-pandemic average of 7.2%, with no indication of a profit-squeeze or substantial pressures from costs putting downward pressure on margins.

95. Profit growth at the end of 2025 suggest that not only have margins been stable, but profit outcomes improved. Annualised profits grew 1.5% over the year to September 2025 and 3.3% over the year to December 2025, with the general pick-up in private sector activity and household spending in the latter half of 2025 supporting a recovery in profits from the falls seen between September 2024 and June 2025.

96. The indicators surveyed in this section suggest that the market award reliant sector is benefiting from the recovery in private spending and from a modest, if targeted, increase in consumer spending, itself driven by real income gains over the last two years. As with many other aspects of Australia's economy, most indicators of business health have been stable or only changed slightly, and there are no signs of emerging pressures in the available data that would act against a solid increase in minimum and award wages in the course of this Review. While the picture is somewhat complicated by the tightening of monetary policy and the impact of higher fuel and energy prices in the wake of the US attack on Iran, it does appear that the award reliant industries are well positioned to navigate these challenges, in line with the Australian economy at large.

4 GENDER EQUALITY

97. This will be the fourth Annual Wage Review in which the Panel is obliged to take into account gender equality considerations introduced by the *Fair Work Legislation Amendment (Secure Jobs Better Pay) Act 2022* (Cth) (**SJBP Act**), including those 'expressed in imperative terms' in ss 134(1)(ab) and 284(1)(aa).[65] These SJBP Act amendments have meant that the issue of gender equality has become central to the Review process,[66] and continue to significantly strengthen the rationale for a higher increase to the NMW and award minimum wages, given women are disproportionately represented amongst workers who are award reliant, low paid, working fewer hours and insecurely employed.[67] They also continue to justify specific action directed towards the elimination of gender-based undervaluation.

4.1 Ensuring Equal Remuneration for work of Equal or Comparable Value and Eliminating Gender Based Undervaluation

98. Since the 2023 Review, the FWC has undertaken extensive work in relation to the elimination of gender-based undervaluation, as outlined in ACTU submissions to the past two Reviews, and in the FWC's decision in the 2025 Annual Wage Review.[68] This has included a significant research program and the initiation of two major proceedings - the Priority Awards Review in which multiple occupations in 5 awards are being reviewed to eliminate gender-based undervaluation, and the Degree Qualified Professional Classifications Review in which classifications requiring a degree qualification in awards that are not aligned with the C1(a) benchmark rate are being reviewed (involving at least 22 awards). In addition, the FWC is currently considering the applications made by the FAAA and TWU to vary the Aircraft Cabin Crew Award, which will be the first application to consider gender-based undervaluation outside of the 'care and community sector.' The Nurses and Midwives work value case is also ongoing, and is listed for hearing in June 2026.

99. The Priority Awards Review was initiated by the FWC in June 2024 and has been finalised in respect of three of the awards being reviewed, with two still to be finalised. The Initial Decision also set down the key principles that apply to gender-based undervaluation proceedings.[69] The ACTU summarised and addressed these principles in its submissions to the 2025 Review,[70] and we continue to rely on those submissions. The Degree Qualified Review was initiated by the FWC in July 2025, and after an initial round of submissions in August 2025, parties are awaiting the next steps in the matter.

100. The ACTU set out a comprehensive overview of progress made to date and a list of priorities in its submissions to the 2025 Review.[71] We continue to rely on these submissions and the priority areas we have previously identified, with one addition. Educators working in ECEC services operated by employers in the school education industry such as schools or systems of schools are covered by the *Educational Services (Schools) General Staff Award* 2020. These educators are now falling behind their colleagues covered by the *Children's Services Award* 2010 who have had increases through the Initial Decision, despite performing the same work. In terms of a forward program for eliminating gender-based undervaluation, we consider that the FWC is sufficiently occupied at present with the finalisation of the Priority Awards Review and the Degree Qualified Review (with a substantive process and timetable

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65 *Annual Wage Review 2024-2025* [2025] FWCFB 3500 at [57].
66 Ibid at [58].
67 Strong J, Rozenbes D & Tomlinson J (2025), A profile of employee characteristics of modern awards – 2023, Fair Work Commission Research Report 1/2025; and van Netten J and Lipp J (2025), Award-reliant employees in the household income distribution of employees: an update, Fair Work Commission Research Report 2/2025, February.
68 *Annual Wage Review 2024-2025* [2025] FWCFB 3500 at [62] to [71].
69 *Gender-based undervaluation – priority awards review* [2025] FWCFB 74, at [66]-[71].
70 See ACTU Reply Submission to the 2024-25 Annual Wage Review at [163] and [170]-[173].
71 ACTU Initial Submission to the 2024-25 Annual Wage Review at [360]-[400]; ACTU Reply Submission to the 2024-25 Annual Wage Review at [184]-[187]

yet to be set for the latter), as well as a number of other major award matters. Accordingly, this question should be revisited in next year's Review, when it could reasonably be anticipated that the Priority Awards Review has been finalised and substantial progress has been made in the Degree Qualified Review. This will also give the ACTU's affiliated unions some necessary time (in the context of large workloads and multiple large award proceedings that parties are involved in) to consider their priorities in terms of gender-based undervaluation, and how they are best progressed.

101. In this latter respect, we note the statement from Justice Hatcher at the 2025 ALERA conference regarding the FWC's future role in these matters.[72] Again, we think that it would be appropriate to address this more fulsomely in next year's Review, but for present purposes we refer to the ACTU's detailed submissions to last year's Review regarding some of the challenges of the Priority Awards Review and how these could be addressed in any future proceedings to be initiated by the FWC.[73] We continue to rely on those submissions, and respectfully suggest that if any future proceedings are initiated by the FWC, they are run in accordance with the principles we set out. We welcome the confirmation that the FWC will continue to provide support to both FWC and party-initiated applications.[74]

102. Finally, once we have moved into a space where applications in relation to gender-based undervaluation are being brought by parties rather than being initiated by the FWC, the Review should do an annual stocktake of progress in eliminating gender-based undervaluation to ensure that work continues to progress. This could include expanding on the research program and the Stage 1 and 2 Reports to identify and provide detailed analysis on further priority occupations. We have outlined a methodology for doing so in our submissions to the last two Reviews.[75] This could also include revisiting awards that have already been reviewed where appropriate to ensure they are not falling behind and that there is not a 'set and forget' approach taken to eliminating gender-based undervaluation. Again, we intend to address this issue of the future role of the Review more fulsomely in next year's submissions.

4.2 General Wage Increases and Gender Pay Gaps

103. It has long been recognised by the FWC that, because women are disproportionately award-reliant, "any increase to modern award minimum wage rates will provide a disproportionate benefit to female workers, and may contribute to narrowing the aggregate gender pay gap across the entire employee workforce".[76] Further, a uniform increase to modern award minimum rates of pay which exceeds wages growth in the labour market as a whole will likely have the effect of narrowing the gender pay gap because modern-award reliant workers are predominately female.[77] The Panel has also observed that it is possible that increases to modern award minimum wages which exceed those produced by the labour market generally may attract more women into those award-reliant industries and occupations.[78] This effect is more likely if, through rectification of gender undervaluation in award minimum rates of pay, occupational groups which are feminised to a very high degree and are significantly award-reliant receive higher wage increases than workers generally. This provides a strong rationale for a significant increase and for the continued work of addressing gender undervaluation.[79]

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[72] Workplace Express, 'FWC set to hand gender-undervaluation baton to parties', 14 October 2025.
[73] ACTU Initial Submission to the 2024-25 Annual Wage Review at [381] – [394]; ACTU Reply Submission to the 2024-25 Annual Wage Review at [174] – [183].
[74] *Annual Wage Review 2024-2025* [2025] FWCFB 3500 at [79]; Workplace Express, 'FWC set to hand gender-undervaluation baton to parties', 14 October 2025.
[75] ACTU Initial Submission to the 2024-25 Annual Wage Review at [369]-[371]; ACTU Initial Submission to the 2023-24 Annual Wage Review, at [395]-[396]; ACTU Reply Submission to the 2023-24 Annual Wage Review, at [188].
[76] *Annual Wage Review 2022–2023* [2023] FWCFB 3500 at [9], [114]–[115], [117].
[77] *Annual Wage Review 2023–2024* [2024] FWCFB 3500 at [87]; *Annual Wage Review 2024-2025* [2025] FWCFB 3500 at [60].
[78] *Annual Wage Review 2022–2023* [2023] FWCFB 3500 at [141].
[79] *Annual Wage Review 2023–2024* [2024] FWCFB 3500 at [132].

104. The gender pay gap is measured as a percentage of the difference between male and female earnings, with the ABS using a range of measures[80] given no single measure can provide a complete picture.[81] The most recent available data shows that the gender pay gap has reached historic lows. The difference between male and female full time average ordinary time weekly earnings (AWOTE), the most commonly cited measure, is 11.5%,[82] unchanged since May 2025, and the equal lowest on record. It has fallen 0.4% in the 12 months since November 2024 when it was 11.9%.[83] This measure does not capture overtime or bonuses, and excludes those working less than full time hours, who are predominantly women who on average perform a disproportionate amount of unpaid and caring work. The total earnings gender pay gap (which includes part time workers and all pay earned) rose to 27.7% in November 2025, up from 27.3% in May 2025 and returning to where it was in November 2024.[84]

105. There appears to be a strong relationship between above average increases in award wages and the closure of the gender pay gap. (Figure 23) shows the correlation between the difference in award wage increases and the year average growth in the Wage Price Index (WPI) against the annual percentage point decline in the total average earnings gender pay gap for the November release. With the removal of outliers,[85] the data suggests that a larger gap between award wage increases and economy wide average wages is strongly correlated with a larger decrease in the gender pay gap. The coefficient suggests that 1 percentage point difference between Award wages and year-average growth in the WPI lowers the total average earnings gender pay gap by 0.51 percentage points. These results are consistent with the Panel's previous findings that a uniform increase to modern award minimum rates of pay which exceeds wages growth in the labour market as a whole will likely have the effect of narrowing the gender pay gap,[86] and point to larger increases in award wages contributing to lowering the aggregate gender pay gap across the workforce. The increase of 3.5% in the 2025 AWR was very close to WPI at 3.4%, consistent with the gender pay gap not reducing further since the 2025 AWR on the AWOTE measure, and having a negligible impact in closing the aggregate gender pay gap.

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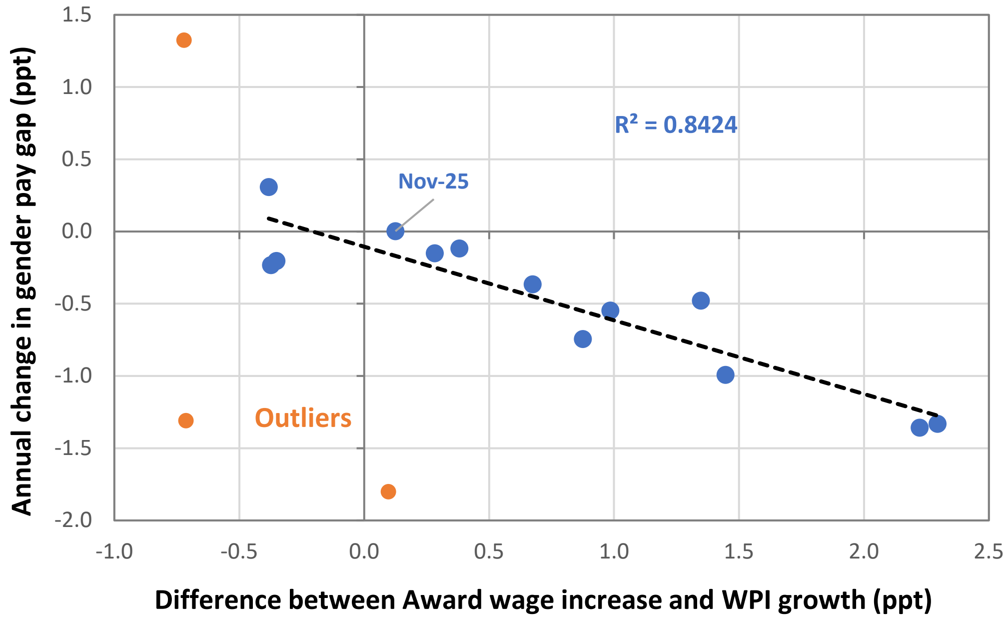
[80] ABS (2026) Gender Indicators, latest release.
[81] ABS (2023) Gender Pay Gap Guide, February 2023.
[82] ABS (2025) Average Weekly Earnings, Australia, November 2025.
[83] ABS (2024) Average Weekly Earnings, Australia, November 2024.
[84] ABS (2025) Average Weekly Earnings, Australia, November 2025.
[85] The outliers are the November 2012, November 2013 and November 2015 data points – see the ACTU's supplementary submission to the 2025 Annual Wage Review at [149]-[150] for a full explanation.
[86] *Annual Wage Review 2023–2024* [2024] FWCFB 3500 at [87]; *Annual Wage Review 2024-2025* [2025] FWCFB 3500 at [60].

Figure 23 - Correlation between difference in award and average wages and gender pay gap closure



106. The Workplace Gender Equality Agency (WGEA) also publishes gender pay gap data for the private sector each November, based on their annual employer census which collects employee remuneration data from employers with 100 or more employees. This data set uses total remuneration (including superannuation, overtime, bonuses and other additional payments) and annualises and reports its data on a full-time equivalent basis, enabling it to include casual and part time work.[87]

107. WGEA's gender pay gap data for private sector employers from 2024-25 showed, among other things:[88]

(a) An average total remuneration gender pay gap of 21.1% (including CEO, Head of Business and Casual Manager remuneration) - a reduction of 0.7% from last year when it was 21.8%. This reduction is larger than the trend of the previous 5 years.

(b) A median total renumeration gender pay gap of 16.4% - a reduction of 1.9% from last year when it was 18.3%. The median decreased more than the average due to uneven wage growth and gender pay gap reductions between income levels. The reduction was driven in part by wages growing faster in the lowest (4.3%) and lower-middle (4.5%) quartiles (dominated by women), than in the highest quartile (3%) and upper-middle quartile (3.7%) (dominated by men), and the gender pay gap narrowed more in these lower quartiles. The median better captures these improvements in the lowest and lower-middle quartiles as it reflects the middle of the distribution, whereas the average is strongly influenced by the top end, where men continue to dominate.[89]

108. In addition, WGEA released the results of its employer gender pay gap reporting in March 2026, with 10,500 employer gender pay gaps being published.[90] This also showed significant progress being made on the gender pay gap, with the midpoint average total remuneration gender pay gap dropping 0.9% to 11.2%, and pointed to faster

[87] See WGEA, Employer Gender Pay Gap, Technical Guide.
[88] WGEA, Australia's Gender Equality Scorecard 2024-25, November 2025, pages 39-47.
[89] Ibid, page 41.
[90] WGEA, Employer gender pay gaps report 2024-25, March 2026.

growth in wages in the bottom two quartiles than in the top two quartiles contributing to a reduction in the overall gender pay gap.[91]

109. Given that workers in the lower two quartiles of earnings are more likely to be award reliant, these WGEA reports lend further weight to the importance of both strong increases to the NMW and award minimum wages and increases to correct gender-based undervaluation in narrowing gender pay gaps.

110. However, the reality of the total earnings disparity between men and women continues to reflect a fundamental imbalance not only in occupational segregation but also in workforce participation, forms of employment and caring responsibilities. There are still significant barriers to the fuller participation of women in the workforce, with the gap between male and female participation rates remaining significant at 7.7%.[92] Women are far more likely to work part-time hours than men, with 43.4% of women working part time compared to only 20.3% of men.[93]

111. In 2025, 24% of persons not in the labour force due to childcare responsibilities had that status due to the cost of childcare, up from 18.5% in 2024.[94] As well as impacting workforce participation, cost is a driver of decisions in partnered households as to which partner should take parental leave and how much. The payment of the Paid Parental Leave Scheme at the NMW represents a key barrier to incentivising the more equitable distribution of caring roles. In the absence of employer specific schemes or a change to the statutory scheme, generous increases to the NMW through the Panel's decision are the sole pathway to reducing the earnings gap associated with care and incentivising the more equitable distribution of caring roles.

112. The lesser opportunity for women to earn has lifelong and compounding effects, starkly visible when examining the superannuation balances of men and women. At age 60-64, the median superannuation gap between men and women is 25.7%.[95]

5 RELATIVE LIVING STANDARDS AND THE NEEDS OF THE LOW PAID

113. Both the minimum wages objective and the modern awards objective require the Panel to consider the related concepts of "relative living standards" and "the needs of the low paid" when setting minimum rates of pay in an annual wage review (ss.134(1)(a) and 284(1)(c)).

114. The Panel has previously considered that the "low paid" are full-time employees whose earnings are below two-thirds of median adult earnings.[96] The two statistical measures used to estimate median adult earnings have been derived from the ABS's *Characteristics of Employment (CoE)* data and EEH data. The *Statistical Report AWR 2026 (6 March)* provides the benchmark for each as being $1164.67 (August 2025) and $1234.67 (May 2025) respectively. It follows that the benchmarks are higher than the minimum weekly pay rates for all *Manufacturing and Associated Industries and Occupations Award 2020* classifications up to C8 for the CoE data and C5 for the EEH data.

[91] Ibid, pages 4, 8.
[92] ABS, Labour Force Australia, February 2026.
[93] ABS, Labour Force Australia, February 2026.
[94] Productivity Commission, Report on Government Services 2026, Part B – Childcare Education and Training, at page 42, Figure 3.9 and Data Table 3A.44; and Productivity Commission, Report on Government Services 2025, Part B – Childcare Education and Training, at page 39, Figure 3.9 and Data Table 3A.37.
[95] ASFA Superannuation Statistics, December 2025, and ACTU calculations.
[96] A*WR Decision 2025* at [91] and [92].

115. Using an alternative methodology designed to remove the effects of overtime earnings and casual loadings, the Panel last year estimated that employees up to the wage level of the *Manufacturing and Associated Industries and Occupations Award 2020* C10 classification were within the low paid cohort. [97]

116. The Commission's *2025 Profile* reported that 35.6% of award-reliant employees and 11.3% of all employees were "low paid".[98] The calculation was based upon microdata from the 2023 EEH.[99] An ACTU analysis of the latest Wave of HILDA data similarly finds that 44% of award reliant employees who are 21 and over in the private sector were low paid.

117. The ACTU also used the ABS Characteristics of Employment (CoE) survey last year to find that 9.7% of employees were paid at or below the C13 level, being the lowest paid ongoing category, as at August 2024. Commission staff replicated the result. Using the same methodology, Commission staff have for this year's Review estimated that figure fell to 9.1% as at August 2025.[100] However, the Panel noted in its decision last year that 2023 EEH figures showed a significantly lower proportion of 1.7% of all employees were paid up to the equivalent of the C13 rate.[101] The *Information Note* underpinning the Commission's analysis also found that, of that 1.7%, 66% were modern award-reliant. [102] The Panel considered these estimates difficult to reconcile. On balance, it preferred the EEH-based estimate as more likely to reflect what employees in *legitimate* employment arrangements are paid, while noting that the CoE survey may capture instances of award non-compliance that are not reflected in the EEH data. [103]

118. Award non-compliance facing low paid workers is significant. While the Panel cannot directly address non-compliance in its decision, it should consider it as a relevant factor in understanding what low paid workers are actually paid, and therefore exactly how far off their needs are from being met. In this regard, the recent report by Howe and Dillon, for the University of Melbourne *A Fair Day's Work* Project, adds to this well documented and concerning picture.[104] It found that one-third of young workers were underpaid, nearly 20% were paid in cash, and 35.5% had their recorded hours reduced.

5.1 Budget Standards Approach Based on Estimated Expenses

119. The Panel has also relied on budget standards research as a complementary approach to assessing the needs of the low paid, by developing a Minimum Income for Health Living (MIHL) for a wide range of household types, based on a basket of goods and services required to maintain a modest but acceptable standard of living.

120. In the *AWR Decision 2025*, the Panel observed that no single household model appeared capable of being regarded as representative of low paid, award-reliant employees, and that costs vary significantly by household type and location.[105] The Panel nevertheless concluded that the budget standards research demonstrated that a significant

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[97] Ibid at [92]. The S*tatistical Report AWR 2026 (6 March)* does not appear to have an updated calculation, using 2025 instead of 2025 data, because the microdata was not available at the time of preparation, see Hayler N, Kuzyk A, Rozenbes D & Wray T (2026), *C12 and C13 classification rates in modern awards*, Fair Work Commission Background Paper 2026, February. at page 26.

[98] *AWR Decision 2025* at [96].

[99] 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) Table D4, pages 113-114.

[100] van Netten J and Lipp J (2025), *Award-reliant employees in the household income distribution of employees: an update*, Fair Work Commission Research Report 2/2025, February.

[101] *AWR Decision 2025* at [98]. See also the F*WC Information Note – Employees Paid Up to the C13 Rate* (20 May 2025). The Commission Staff have indicated the figures will be updated when the microdata becomes available from the 2025 EEH.

[102] Fair Work Commission. (2025). Information note: Employees paid up to the C13 rate. https://www.fwc.gov.au/documents/sites/wage-reviews/2024-25/c2025-1-information-note-employees-paid-up-to-the-c13-rate.pdf

[103] *AWR Decision 2025* at [99].

[104] Howe, J., & Dillon, T. (2025). *Underpaid and overlooked: The wage crisis facing young workers in Australia* (Final report of the Fair Day's Work Project). Melbourne Law School, The University of Melbourne.
https://law.unimelb.edu.au/__data/assets/pdf_file/0007/5331517/Fair-Days-Work-Report_final.pdf

[105] *AWR Decision 2025* at [114].

cohort of low paid, award--reliant employees would struggle to meet the standard. [106] This conclusion was consistent with the Commission's 2025 Research Paper *Award Reliant Employees in the Household Income Distribution* by van Netten and Lipp that demonstrated that award reliant employees are concentrated at the bottom of the household income distribution.[107]

121. To build on this picture of award reliant households the ACTU examined Wave 24 of the Household, Income and Labour Dynamics in Australia (HILDA) survey which collected data from July 2024 to February 2025. Following van Netten and Lipp, award reliant employees were defined as those in the private sector, aged 21 and over, and the hourly measure of two-thirds median hour wages used to determine who is "low paid".[108]

122. On this measure 42% of award reliant employees are low paid and nearly two-thirds (65%) of them are in the lowest three wage deciles. Even considering the overall income of households that contain at least one award reliant worker, the picture is little better: 37% of such household are below the benchmark poverty line of 60% of median wage and salary income, and 44% of low paid award reliant households are below it. When considering disposable income, the impact of tax and transfers improves the picture slightly: 26% of award reliant households are below the benchmark poverty line, and 30% of low paid award reliant households.

123. The situation is particularly difficult for the 16% of award reliant households that are lone persons, up from the 12.8% in the earlier FWC research.[109] The number only drops slightly to 14% when considering low paid award reliant employees. The median weekly disposable income of an award reliant lone person household is just $921, current $79 per week below the MIHL for a single person working full time. Also bear in mind that Wave 24 was collected from July 2024 to February 2025, whereas the updated budget standard uses CPI data from the December 2025 quarter – meaning that the income gap in real terms is significantly understated in this analysis above.[110] For example, rents alone – the most popular form of housing tenure for award workers - have risen by 6.0 percentage points on the CPI measure since a respondent may have first answered this survey in July 2024. The vast majority of lone person award households – at 86% - are below the poverty line for household disposable income.

124. These findings are stark but not surprising. Assuming a lone person had a disposable income that met that MIHL of $1,000 per week, they would need to earn a pre-tax wage of about $1,210 per week. This is currently very close to C6 on the manufacturing award pay scale of $1,224.90.

125. Only 4% of award reliant households are single parent households, but the figure lifts to 6% for low paid award reliant employees. While weekly median income is only slightly higher than that for a lone person, the impact of social transfers lifts their disposable income to a median of $1,524. The budget standards have four single parent MIHLs, ranging from $1,244 per week for a single parent with a child working part time, up to $1,530 for single parent working full time with two children. 42% of employees in this group would still fall below the household disposable income poverty line. Bear in mind that the sample size for this group is small so results need to be interpreted with caution.

126. Diving into other individual household types is more challenging given the wide diversity of household types and the limits of survey sample size as well as the constraints on time and space available in the submission.

127. Finally, while renting is the most popular form of housing tenure for award reliant workers (46%) a very large proportion of them hold a mortgage (40%) although less than non-award households at 51%. Award reliant workers are therefore particularly vulnerable to the current housing crisis. The budget standards are based on rental income

[106] Ibid at [115].
[107] van Netten J and Lipp J (2025) at page 5 and page 23, Chart 2.
[108] Ibid.
[109] van Netten & Lipp, Table 9.
[110] FWC Statistical Report Table 8.7

which is typically less than mortgage repayments, particular in a period of monetary policy tightening so potentially understate the housing needs and choices of award reliant workers.

128. The data in Tables 8.4 and 8.7 of the *Statistical Report AWR 2026 (6 March)*[111] illustrates the precarity of low paid award-reliant employees without external sources of support. For example, the data shows the following disposable income shortfalls for C13/ NMW households as against the relevant budget standard:[112]

Table 2: Household disposable income shortfalls against updated budget standards

Type of Household	Minimum Income for Healthy Living (MIHL) (Dec 2025)	Disposable income of selected NMW reliant households	Income shortfall to a "Healthy Living"
Single person working, F/T	1000.00	826.80	-173.20
Single – earner couple	1207.00	839.25	-367.75
Single-earner couple, 1 child (with Job Seeker Payment)	1540.00	1355.05	-184.95
Single-earner couple, 2 children (with Job Seeker Payment)	1747.00	1494.83	-252.17
Single Parent, FT 1, child	1277.00	1178.33	-98.67
Single Parent, PT1, child	1242.00	800.19	-441.81
Single Parent, FT, 2 children	1530.00	1310.00	-220.00
Single Parent, PT, 2 children	1477.00	931.86	-545.14

129. For the above reasons, the ACTU submits that the Panel should continue to give substantial weight to the updated budget standards. The standards are a credible, objective and absolute measure of the needs to the low paid. Their utility is not contingent on identifying a single "typical" household but lies in their capacity to enable the Panel to assess whether award wages are sufficient to meet essential living costs across a range of realistic and foreseeable household circumstances faced by low paid, award-reliant employees. What the standards show is that many award-reliant employees do not earn enough to meet basic living costs.

5.2 Award-Reliant Going Backwards

130. The Panel last year affirmed the general 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".[113] Importantly, when it came to the low paid, the Panel also accepted:

(a) that the recent fall in real wages has "undoubtedly made it more difficult for the low paid to meet their needs" and that "[t]he position is likely worse if regard is had to other measures of the cost of living";[114]

[111] At Table 8.7: *Updated budget standards estimates, single persons/dual-earner couples/single parents (per week)*.
[112] The disposable income figures are taken from the Table 8.4, the MIHL figures from Table 8.7 of the *Statistical Report (6 March)*.
[113] *AWR Decision 2025* at paragraph [131]. The principle was said to be subject to the immediate circumstances of particular reviews and mandatory matters in ss.284(1) and 134(1).
[114] *AWR Decision 2025* at [107].

(b) that the position for the low paid was worse again if the CPI rate of inflation for non-discretionary goods or the LCI for employee households was considered instead of the headline CPI rate;[115] and

(c) that "living standards for employees depend on modern award wages have been squeezed and the low paid have experienced greater difficulty in meeting their everyday needs".[116]

131. The Panel in the *AWR Decision 2025* granted a 3.5% increase from July at a time when headline inflation was 2.4% (annual, to the March quarter) and the RBA forecast in May 2025 that headline inflation would likely rise over the following year to around the top of the target band, while underlying inflation was expected to remain around the midpoint of the 2–3% range for much of the forecast period.[117] The increase was intended to be the first instalment of a restoration of real wages. However, real wages for award-reliant workers will instead decline by 0.7 percentage points across the review period if the RBA's most recent (pre US-Iran war) forecast of inflation reaching 4.2 percent for the year to June 2026 proves to be correct. The ongoing deterioration of real wages over the period 2021-2026 is captured in Chart 3 of the FWC Staff Background Paper *C12 and C13 classifications rates in modern awards*.[118] The Chart demonstrates that, as at the end of June 2026 (assuming the RBA forecasts for CPI hold in the first half of this year), the gap between the change in the CPI and the C10 rate is 5.6 percentage points, and for the NMW it is 1.7 percentage points.

132. As at 1 July 2021, the C10 wage rate was $899.50; it currently stands at $1,068.40. For that rate to have the same value in headline CPI terms, it would need to rise by approximately 4.7 per cent to $1,119.00 by 1 July 2026. However, as the Panel recognised in the AWR Decision 2025 at [105], point-in-time real wage comparisons understate the extent of real wage erosion experienced by award-reliant employees. Award wages and the NMW are adjusted annually in July, whereas consumer prices rise continuously over the ensuing year, progressively eroding the real value of each increase. The Panel last year estimated the cumulative loss arising from this dynamic to be around 14.4 per cent. A temporary restoration of point-in-time parity would therefore neither arrest ongoing erosion nor address those embedded losses. Avoiding further accumulation of loss requires allowance to be made both for the existing real wage gap and for forecast inflation over 2026–27. On the RBA's current forecast of CPI growth of 2.9 per cent to June 2027, this enlarges the adjustment required. Taken together, these considerations indicate that an increase of around 7.8 per cent would be necessary to prevent further real wage decline and to begin addressing the substantial losses experienced by award-reliant employees since 2021.

133. Finally, it is uncontroversial that the impact on award-reliant workers, as compared to other workers, is more pronounced in non-discretionary expenditure terms,[119] as award-reliant employees devote a higher proportion of their income to essential goods and services, including food, housing, energy and healthcare.[120] Over the 12 months to February 2026, discretionary inflation increased by 3.4%, compared with a 4% increase in non-discretionary inflation.[121]In the A*WR Decision 2025*, the Panel cautioned that, absent corrective measures, the erosion of real wages risked becoming embedded in the modern award system and the NMW, thereby entrenching reduced living

[115] Ibid.
[116] *AWR Decision 2025* at [6] and[155].
[117] Reserve Bank of Australia. (2025, May 20). Statement by the Monetary Policy Board: Monetary policy decision (Media Release No. 2025-13). https://www.rba.gov.au/media-releases/2025/mr-25-13.html.
[118] On page 25.
[119] See Charts 4.2 & 4.3 of the *Statistical Report AWR 2026 (25 March)*. The effect of the non-discretionary aspect of inflation was noted at paragraph [107] of *AWR Decision 2025*.
[120] *AWR Decision 2023* at [158]
[121] Australian Bureau of Statistics. (2026). *Consumer Price Index, Australia, January 2026*. https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release

standards for the lowest paid- workers.[122] The ACTU is deeply concerned that that risk is now in danger of crystallising.

5.3 Employees Between C13 and C12

134. In the *AWR Decision 2025*, the Panel observed that there was "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 adult workers (outside of temporary classifications) while not distorting relativities between classifications above this level."[123]

135. Following consultation with our affiliated unions, the ACTU supports this approach. First, it would provide targeted relief to the lowest-paid adult employees. Secondly, the associated cost impacts for employers are, in aggregate, modest. Table 3 below sets out the relevant rate movements for the awards the Commission has previously identified as the ten highest-coverage modern awards, which together account for approximately two-thirds of all award-reliant employees.

Table 3: Award-reliant industries wage rise to C12 level

Modern award	Share of modern award-reliant employees (%)	Non-Transitional* Adult Classification Below C12	Weekly Wage Rate	Comparison to C12 ($982.40)
General Retail Industry Award 2020	13.5	No classification		
Social, Community, Home Care and Disability Services Industry Award 2020	11.0	No classification		
Hospitality Industry (General) Award	8.9	Level 1	948.00	- 3.63%
Fast Food Industry Award 2020	8.1	No classification		
Restaurant Industry Award 2020	6.4	Level 1	948.00	- 3.63%
Children's Services Award 2010	4.8	Level 1.1 (Support Worker)	948.00	- 3.63%
		Level 2.1 (Support Worker)	977.00	- 0.55%
Health Professionals and Support	4.0	No classification		
Building and Construction General On-	3.5	No classification		
Cleaning Services Award 2020	3.4	Level 1	982.20	- 0.02%
Clerks—Private Sector Award 2020	3.3	Level 1 – Year 1	978.20	- 0.43%

* In the above table, the ACTU adopts the Commission's approach that a non-transitional rate is one that is an entry-level rate which operates for no more than 6 months and provides a clear transition to the next classification rate in the award (*Review of C14 and C13 rates in modern awards* [2024] FWCFB 213).

136. As Table 3 shows, phasing out C13 would have no effect on ongoing adult classification rates in several of the most award-reliant industries, including under the *General Retail Industry Award 2020*. In other high-coverage awards, including the *Cleaning Services Award 2020* and the *Clerks - Private Sector Award 2020*, any adjustment would be marginal, reflecting the closeness of existing rates to the C12 benchmark. Even where the relative increase is highest, the effect remains confined. Under the *Hospitality Industry (General) Award 2020* (8.9% of award-reliant employees), the change would apply to only one ongoing classification rate. In each case, the adjustments are limited to the lowest adult classifications and are modest in absolute terms.

137. The ACTU submits that the Panel consider adopting the following principles, or approach, to the phasing out of the existing C13 rate:

[122] *AWR Decision 2025* at [7].
[123] Ibid at [149].

(a) Determining that the lowest ongoing rate will be no less than C12 is not a reason for awarding lower increases to other award rates of pay than might otherwise be awarded by the Panel under this AWR. The task to restore the significant loss in real wages for all award reliant workers is too great.

(b) The introduction of ongoing rates no less than C12 should include a consultation with interested parties to offer views on possible adjustments to classification descriptors but only to the extent necessary to ensure or preserve the overall integrity of existing skill-based classification pathways. Such a consultation could occur via this AWR process, or as a truncated process following the decision in the AWR.

(c) The existing C14 rates for temporary entry level roles, become the new C13 rates, subject to principle (b) above.

(d) Given that the largest increase to an award rate arising from the phasing out of C13 would be approximately 3.63%, the ACTU respectfully submits that there is no basis for further phasing of such increases.

(e) However a short period beyond 1 July 2026 may be appropriate if the Panel decides to consult on the implementation of the necessary award variations after the Annual Wage Review decision.

6 FAIR MINIMUM WAGES FOR JUNIOR EMPLOYEES, TRAINEES AND EMPLOYEES WITH A DISABILITY

138. Section 284(1)(e) requires the Panel to take into account the provision of a comprehensive range of fair minimum wages for junior employees, employees subject to training arrangements, and employees with a disability. Subject to the specific submissions below in relation to apprentices and juniors, for the purposes of the current Wage Review, the ACTU proceeds on the footing that such provision is currently made.

6.1 Apprentices

139. In last year's Review, the ACTU drew attention to the findings of the *Final Report of the Strategic Review of the Australian Apprentice Incentive System*, including that low apprentice wages are a significant contributor to noncompletion of apprenticeships and operate as a clear disincentive to commencement. The ACTU submitted that apprentices who turn 21 during their apprenticeship should be entitled to adult apprenticeship rates, consistent with the Report's recommendations. In light of the substantial decline in apprenticeship commencements and in -training- apprentices falling 11.3% in the 12 months to June 2025, [124] the ACTU continues to submit that there is merit in adopting such a change.

140. In the *AWR Decision 2025*, the Panel noted that the Australian Government had not yet indicated its final response to the *Strategic Review of the Australian Apprentice Incentive System* and, in those circumstances, considered it inappropriate to initiate a review of apprentice rates of pay on its own motion[125]. As far as the ACTU is aware, to date, the Government has not released a final response.

[124] As at 30 June 2025, there were 307,080 active (in-training) apprentice and trainee contracts nationally, with almost three-quarters in trade occupations. The total number of in-training contracts decreased by 11.3% from 30 June 2024. Trade contracts decreased by 7.3%, to 221,510, while non-trade contracts declined by 20.2%, to 85,550. National Centre for Vocational Education Research. (2025, December 18). *Apprentices and trainees 2025: June quarter*. https://www.ncver.edu.au/research-and-statistics/publications/all-publications/apprentices-and-trainees-2025-june-quarter

[125] At paragraph [119].

6.2 Juniors

141. The ACTU notes that the Full Bench hearing the Shop, Distributive and Allied Employees' Association's applications to vary three awards to remove junior rates of pay for employees aged 18 years and over reserved its decision on 25 November 2025 and a decision is expected on 31 March 2026. [126] For the purposes of this Review, the ACTU submits that the Panel should otherwise adopt its established approach of applying the Review outcome to junior rates of pay. Should the SDA's applications be successful in raising wages for juniors, any matters of phasing are properly addressed through those proceedings.

7 OTHER CONSIDERATIONS

7.1 Access to Secure Work

142. The Panel has previously stated that the consideration in s 134(1)(aa), concerning *"*the need to improve access to secure work *across the economy"*, is engaged only to the extent that the outcome of the Review may affect employers' capacity to offer permanent, as distinct from casual, employment. [127]

143. The ACTU submits that there is no evidence that recent Annual Wage Review outcomes have had such an effect. Casual employment as a proportion of total employment has continued to decline, now down to 21.0% of total employment for February 2026, down from 22.3% a year earlier and from the recent pre-pandemic high of 25.5% in May 2016.[128] That trend appears consistent with both a strong labour market, and the *Closing Loopholes* reforms introduced in early 2024 which should be expected to continue to reduced the use of arrangements inconsistent with *genuinely* casual work.

144. In the *AWR Decision 2023*, when considering the then newly introduced s.134(1)(aa), the Panel observed that the provision was "not a matter likely to be of substantial relevance to the consideration of minimum wages in the conduct of the Review except in respect of casual loading".[129]

145. The casual loading in modern awards has historically compensated for the absence of entitlements attached to ongoing employment, as well as the nature of hourly engagement.[130] A Full Bench in 2021 expressed the provisional view that there appear to be no agreed formulation as to what proportion of the loading compensates for particular foregone benefit.[131] Notably however, 20 years earlier when the 25% loading was determined by the Australian Industrial Relations Commission to be the appropriate level for the *Metal, Engineering and Associated Industries Award, 1998* , a level subsequently adopted for modern awards[132], the Full Bench of the AIRC indicated that it had "given weight to the desirability of not producing different standards or reflecting preference for one type of employment over another".[133] To the extent that the Full Bench's "preference neutral" approach remains embedded in the current modern award system, it may be expected that adjusting wages through the AWR process would be unlikely to affect employers' capacity to offer permanent employment – because that choice would be likely to have no material impact on their wage bill. Whether or not the loading continues to reflect the AIRC's originally intended outcome, the ACTU does not seek a review of the 25% loading as part of this year's Review.

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[126] Fair Work Commission, *Junior rates application* (AM2024/24), Transcript, 26 November 2025 https://www.fwc.gov.au/documents/sites/am2024-24/26112025-am202424.pdf. A Notice of Listing advising of the pending decision was published today, 27 March 2026.
[127] *AWR Decision 2025* at [121].
[128] ABS Labour Force, Detailed, February 2026.
[129] *AWR Decision 2023* [2023] FWCFB 3500 at [30].
[130] Casual terms award review 2021 [2021] FWCFB 4144 (16 July 2021) at [168].
[131] Ibid at [176]
[132] Award Modernisation - Decision - Full Bench - [2008] AIRC 1000; [2008] AIRCFB 1000 (19 December 2008) at [47] – [50].
[133] Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union - re application for variation of award - T4991 [2000] AIRC 722; (29 December 2000) at [200].

146. In all the above circumstances, the ACTU respectfully submits that the Panel's observation in the *AWR Decision 2023* remains sound and that s.134(1)(aa) should carry little weight in the Panel's deliberations, other than to the extent that its subject matter overlaps with the considerations in ss.134(1)(f) and 284(1)(a).[134]

7.2 Collective Bargaining

147. Section 143(1)(b) requires the Panel to consider 'the need to encourage collective bargaining'. The *AWR Decision 2025* assessed various aspects of the movements in the approval and coverage of enterprise agreements for the December quarter and/or calendar years from paragraphs [124] to [127].

148. The data from the Department of Employment and Workplace Relations' *Trends in Federal Enterprise Bargaining* publication for the December Quarter suggests the recent trend towards lifting bargaining coverage has broadly continued.[135]

Table 4: Enterprise agreements in all and four highest modern award-reliant industries

Agreements current at the last day of December Quarter		**2022**	**2023**	**2024**	**2025**
All Industries	Agreements	11326	10277	10823	11,460
	Employees ('000)	1800.2	2035.5	2651.5	2,735.0
Retail trade	Agreements	132	143	128	135
	Employees ('000)	226.0	119.3	365.3	430.4
Administrative and support	Agreements	218	177	168	175
services	Employees ('000)	19.4	17.3	16.3	19.2
Health care and social assistance	Agreements	664	773	785	775
	Employees ('000)	395.6	458.7	502.4	484.1
Accommodation and Food	Agreements	103	109	105	114
Services	Employees ('000)	56.3	59.0	21.2	26.3

149. The ACTU submits, consistent with its submissions in previous Reviews, that there is no evidence of any causal link between AWR decisions and the level of collective bargaining.[136]

7.3 Insolvencies and Business Entry and Exits

150. The ACTU acknowledges that Chart 3.3 of the 2026 Statistical Report (25 March) records an elevated number of insolvencies. However, the significance of those figures depends on context. As the Panel noted in the AWR Decision 2025, although insolvencies were higher than in the previous four years, this reflected, in part, substantive reforms to the insolvency framework intended to support small business restructuring, and cumulative insolvency levels remained below the pre-pandemic trend. [137] The results in Chart 3.3 should therefore again be considered in their overall context, including:

[134] The *AWR Decision 2023* recognised the overlap at paragraph [29].
[135] Department of Employment and Workplace Relations. (2025, March 24). *Trends in federal enterprise bargaining: December quarter 2025*. Australian Government. The Historical Data for industry divisions at https://www.dewr.gov.au/enterprise-agreements-data/resources/historical-trends-data-current-quarter.
[136] A position consistently accepted by the Commission. See more recently: *AWR Decision 2025* [2025] FWCFB 3500 at [128]; *AWR Decision 2024* [2024] FWCFB 3500 at [139]; and *AWR Decision 2023* [2023] FWCFB 3500 at [155]
[137] *AWR Decision 2025* at [44].

(a) The RBA, in its *Financial Stability Review – March 2026*, observed that "total company insolvencies as a share of operating companies have stabilised over the past year, at around the longer-run average"[138].

(b) The small business restructuring reforms are now an ongoing feature of the insolvency framework, and entry into a Small Business Restructuring Plan cannot be equated with a business ceasing operations. In June 2025, following a review of the operation of the new laws, ASIC reported that 93 per cent of the 1,161 companies that fulfilled a Small Business Restructuring Plan by 30 March 2025 remained registered one month later.[139]

(c) The *2026 Statistical Report (23 March)* shows that net exit and net entry rates for employing businesses over the 2024-2025 years, at a time when the number of reported insolvencies were high and growing, was a solid positive 2.7 per cent.[140] The Report further shows that a positive net rate was a feature of each industry. [141]

151. Accordingly, the insolvency data, when properly contextualised, do not point to conditions materially different from historical norms or inconsistent with ongoing business entry and growth.

[138] Reserve Bank of Australia. (2026, March). *Financial stability review*. https://www.rba.gov.au/publications/fsr/2026/mar/contents.html
[139] Australian Securities and Investments Commission. (2025). *Review of small business restructuring process: 2022–24* (Report No. 810). https://asic.gov.au/regulatory-resources/find-a-document/reports/rep-810-review-of-small-business-restructuring-process-2022-24/
[140] See Chart 3.4 of the *2026 Statistical Report (23 March)*.
[141] Table 3.6 of *2026 Statistical Report (23 March)*.

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