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Non-competes ban would boost workers' wages by \$4,300 a year

More than three million workers could gain up to \$4,300 a year in extra pay under proposed laws banning non-compete clauses for low and middle-income earners, according to new union analysis.

Australian Unions are urging the Albanese Government to resist pressure from big business to weaken its draft proposals, following the close of public submissions on Friday.

Non-compete clauses restrict workers from moving to another employer or establishing a competing business. The clauses currently cover about 1 in 5 workers in Australia, including hairdressers, early childhood educators and construction workers.

The Federal Government's proposed laws would ban non-compete clauses in employment contracts for workers earning under \$190,100 a year.

The reforms would also prohibit "no-poach" agreements, where employers agree not to hire each other's workers. The draft laws also scrap wage-fixing arrangements that workers have not agreed to through a proper collective bargaining process.

In its submission to the Treasury, Australian Unions applied the e61 Institute's 2024 estimate that banning non-compete clauses could lift affected workers' wages by 4 per cent. Based on average full-time earnings in May 2026, that would mean an increase of around \$4,300 a year.

The Business Council of Australia argued the reforms are too broad and could discourage business investment.

Quotes attributable to ACTU Secretary, Melissa Donnelly:

"Non-compete clauses are holding back more than three million working Australians from landing a better-paid job. Removing these unfair restrictions could increase affected workers' pay by 4 per cent, or around \$4,300 a year for a full-time worker on an average wage.

"Not only are these clauses keeping workers trapped in jobs they don't want, they are also limiting Australia's productivity and innovation. Workers with valuable skills are being handcuffed to lower-paid jobs. Hairdressers, early childhood educators, tradies and many other workers are currently unable to move into more productive jobs where their skills and talent can be put to better use.

"Working people shouldn't have to pay for a lawyer or get their boss's permission to take the next step in their career. Workers deserve the freedom to pursue a better job and a better life. Non-compete clauses deny that opportunity for too many people.

"The Business Council want to keep anti-competitive restrictions that hold down workers' wages, rather than supporting practical reforms that would boost job mobility, productivity and innovation."

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