



1 April, 2022

Fair Work Commission
11 Exhibition St
Melbourne VIC 3000
Email: awr@fwc.gov.au

Dear Commissioner,

Re: 2021-2022 Annual Wage Review

The AMWU seeks to make a submission in relation to the Annual Wage Review because we believe that the minimum wage no longer constitutes a living wage in Australia. Despite nearly a decade of stagnant wage growth, the minimum wage remains well below what should be considered acceptable in Australia.

The failure of the minimum wage to keep pace with the cost of living, market rates or to remain relevant to the industry standards of pay is at least partially responsible for the decreasing wages /profit share of income and the decreasing number of workers covered by an enterprise agreement. There are currently only 1.65m workers covered by an agreement, down from 1.9million in December 2020. While the recent contraction is worrying, it should be noted that even at 1.9million, the vast majority of workers are not engaged in the bargaining system. The gap between AMWU agreements and the award rate is on average 38%¹.

The AMWU submits that the panel consider the market rate of a C10 fitter as the industry standard and appropriate “minimum” wage rate as opposed to base rate of the Manufacturing Award. The current regulatory framework of the Act protects only the minimum safety net and does not provide better wage outcomes for workers as workers covered by EA’s do. Consequently, there is little semblance between award rates and real industry standards. In an environment like this employee have little protection against employers pushing labour costs to the bare minimum under the Awards.

The Commission must adopt an objective target of reducing the gap between the median wage and the Award minimum wage. Not only will this benefit millions of low-paid, Award dependent workers, but provide a renewed impetus for employers to engage in bargaining with their workers – both key objectives that the parliament has set the Fair Work Commission. In our view the significant gap between the minimum wage and wage rates derived from enterprise bargaining is such that it discourages the incentive of employers to engage in enterprise bargaining, undermining this objective of the Fair Work Act. Reducing the gap between the National Minimum Wage (NMW) and the median full-time weekly earning (MWE) will add to the impetus for employers to engage in collective bargaining.

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¹ Based on AMWU calculations

It is our submission that the NMW should be set to 60% of the MWE. Although the Fair Work Commission has determined in the past that the framework of the Fair Work Act does not operate to permit the adoption of such a target, it is our submission that it is time to choose to consider how we set the minimum wage at that level.

The arguments to support this nexus have been made previously². In 1995, the NMW was 64% of MWE, by 2008 it has slipped to 55%. On the current figures (published in January) the MWE is \$1,592 and the NMW is \$772. This means that the National Minimum Wage has fallen to less than half of Median Weekly Earnings for all full-time workers. This is a disgrace.

The AMWU proposes that the National Minimum Wage target be set to 60% of the MWE (currently \$955) by 2025. This would require with an increase of around \$180 a week (to allow for future increase in the MWE (with equivalent percentage-based increases made to all classifications within the Modern Awards). We submit propose that the initial increase for 2022 be a modest \$45, with a staged process to achieve the outcome 60% of the MWE.

Particularly at a time of historically low unemployment, years of wage stagnation and the considerable increases in both the profit share of GDP and the cost of living, the AMWU believes that this fair increase to low-paid workers wages will help to lift the floor and drive wages growth across the economy, improve participation in bargaining and deliver a fairer outcome for all workers.

Kind regards,

A handwritten signature in black ink, appearing to read 'Steve Murphy', written over a printed name and title.

Steve Murphy
AMWU NATIONAL SECRETARY

²<https://www.fwc.gov.au/documents/sites/wagereview2018/submissions/actu-sub-awr1718.pdf>
<https://www.fwc.gov.au/documents/wage-reviews/2018-19/submissions/actu-sub-awr1819.pdf>