



Restaurant  
& Catering

**FAIR WORK COMMISSION  
2017 ANNUAL WAGE REVIEW**

**29 MARCH 2017**

**ABN: 73 080 269 905**

Level 3, 154 Pacific Highway, St Leonards

## **Restaurant & Catering Australia**

1. Restaurant & Catering Australia (R&CA) is a national industry association that represents the interests of some 35,000 restaurants, café and catering businesses across Australia.

## **The Industry**

2. The industry turns over some \$24.9 billion per annum<sup>1</sup> and has a projected five-year employment growth rate of 14.9 per cent to November 2020 (the largest potential contribution to growth of any sector).<sup>2</sup>

3. Café, restaurants and takeaway food services is the largest employer of the Accommodation and Food Services industry, employing approximately 566,888 people as of November 2016. Approximately 92.4 per cent of café, restaurant and catering businesses are small businesses, employing between 0 and 20 employees.<sup>3</sup>

## **Industry Economic Indicators and Employment**

4. The café, restaurant and catering sector grew by 2.0 per cent in turnover terms for the year to January 2017. The café, restaurant and takeaway sector grew by 4.9 per cent in turnover terms for the year to January 2017.<sup>4</sup>

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<sup>1</sup> ABS (2017) 8501.0 *Retail Trade, Australia; State by Industry Subgroup, Original.*

<sup>2</sup> Department of Employment (2016) *Employment Outlook to 2020 – August 2016.*

<sup>3</sup> ABS (2017) 8165.0 *Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2016*

<sup>4</sup> ABS (2017) 8501.0 *Retail Trade, Australia; State by Industry Subgroup, Original.*

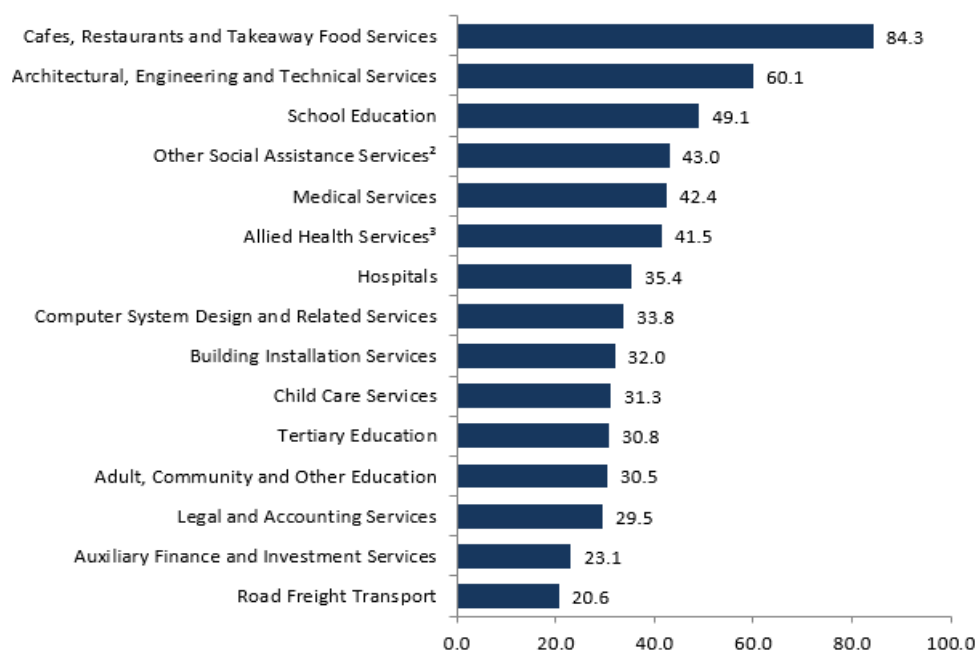
Turnover in the Café, Restaurant & Catering Industry							
State	Sector	Month of January			Year Ending January		
		Jan 16 (\$M)	Jan 17 (\$M)	% Change MoM	Jan 16 (\$M)	Jan 17 (\$M)	% Change YoY
NSW	Café, Restaurant & Catering Services	732.2	687.7	-4.4%	8060.7	8172.3	1.4%
	Café, Restaurant & Takeaway Services	1,216.1	1256.6	4.4%	13741.3	14,619.0	6.4%
VIC	Café, Restaurant & Catering Services	490.0	535.1	9.2%	5,802.4	6203.4	6.9%
	Café, Restaurant & Takeaway Services	790.8	861.4	8.9%	9349.8	10,071.3	7.7%
QLD	Café, Restaurant & Catering Services	409.9	407.8	-0.5%	5110.8	4976.6	-2.6%
	Café, Restaurant & Takeaway Services	715.0	721.5	0.9%	8772.9	8748.7	-0.3%
SA	Café, Restaurant & Catering Services	86.3	100.5	16.5%	1025.4	1166.0	13.7%
	Café, Restaurant & Takeaway Services	172.6	192.1	11.3%	2010.2	2247.7	11.8%
WA	Café, Restaurant & Catering Services	256.0	271.3	6.0%	3405.6	3335.4	-2.1%
	Café, Restaurant & Takeaway Services	403.8	440.4	9.1%	5164.9	5220.6	1.1%
TAS	Café, Restaurant & Catering Services	27.4	29.6	8.0%	286.1	308.9	8.0%
	Café, Restaurant & Takeaway Services	52.8	57.6	9.1%	574.1	629.1	9.6%
NT	Café, Restaurant & Catering Services	17.1	17.1	0.0%	230.4	234.4	1.7%
	Café, Restaurant & Takeaway Services	35.0	34.3	-2.0%	471.2	476.9	1.2%
ACT	Café, Restaurant & Catering Services	38.6	35.1	-9.1%	478.4	499.0	4.3%
	Café, Restaurant & Takeaway Services	58.6	57.3	-2.2%	722.6	786.2	8.8%
Total	Café, Restaurant & Catering Services	2,044.5	2084.3	1.9%	24,400.0	24,895.7	2.0%
	Café, Restaurant & Takeaway Services	3,431.8	3621.4	5.5%	40,807.0	42,799.3	4.9%

Source: ABS 8501.0 Retail Trade, Australia; State by Industry Subgroup, Original

**Figure 1 - Retail Trade Australia, Café, Restaurant & Takeaway Food Services, January 2017, ABS**

5. R&CA submits that any significant increase to wage levels, in the award-reliant, customer facing industries, will jeopardise estimated employment growth. As mentioned in R&CA's submission in the previous 2015-2016 AWR, *"the link between the Annual Wage review and employment generation or otherwise is heavily impacted by the level of award reliance in the industry in which employment growth is projected."*

**Figure 3: Top 15 industry sectors – ranked by projected growth to November 2020 ('000)**



**Figure 2 – Business Retention by sector (ABS)**

6. R&CA submits that, as the highest growth sub-sector of the economy, in employment terms, there is a strong link between employment in this sub-sector and the overall national employment or unemployment rate.

7. R&CA further submits that there is a strong link between the rate of wages growth in the restaurant and catering sector and the capacity of the sector to achieve the projected employment growth.

8. R&CA believes that the link between the annual wage review and employment generation, is heavily impacted by the level of award reliance in this industry in which employment growth is projected.

9. The view of the Productivity Commission as outlined in the Workplace Relations Framework, is in line with the view adopted by R&CA, relating to the adverse effect on employment, in particular the effect on 'would-be employees', as a result of an increase to minimum wage.<sup>5</sup>

10. The Commission noted in their decision on penalty rates, which was handed down by the Commission on 23 February 2017, that they agreed with the findings of the Productivity Commission's final report, and recognised the connection between rates paid and employment:

*"[68] We agree with the assessment in the PC Final Report that there are likely to be some positive employment effects from a reduction in penalty rates, though it is difficult to quantify the precise effect."*<sup>6</sup>

11. Further, the link between the rate of pay and its employment effects was specifically mentioned in relation to the hospitality and retail industry:

*"[75] In addition, public holiday work is more common in the Hospitality and Retail sectors and, on the evidence before us, reducing the public holiday penalty rate will increase employment and have a number of positive effects on business."*

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<sup>5</sup> Productivity Commission: *The Workplace Relations Framework, Volume 1, 2015*

<sup>6</sup> [2017] FWCFB 1001 at paragraph 68.

## 2016-2017 AWR

12. R&CA appreciates the opportunity to take part in this annual minimum wage review, specifically on behalf of its members, and the restaurant, café and catering industry generally.

13. The Panel is empowered to conduct an annual review of the national minimum wage order and the modern award minimum wages, pursuant to section 285 of the *Fair Work Act 2009* ("FW Act").

14. In conducting a review, the Panel must consider a number of economic and social factors prescribed in the minimum wages objective (subsection 284(1)) and the modern awards objective (s134(1)) of the FW Act.

15. Subsection 284(1) of the FW Act outlines important considerations for the Panel in setting the annual minimum wage:

*"(1) The FWC must establish and maintain a safety net of fair minimum wages, taking into account:*

*(a) the performance and competitiveness of the national economy, including productivity, business competitiveness and viability, inflation and employment growth; and*

*(b) promoting social inclusion through increased workforce participation; and*

*(c) relative living standards and the needs of the low paid; and*

*(d) the principle of equal remuneration for work of equal or comparable value; and*

*(e) providing a comprehensive range of fair minimum wages to junior employees, employees to whom training arrangements apply and employees with a disability.*

*This is the **minimum wages objective**."*

16. R&CA submits that the Panel must pay particular attention to the requirements in subsection 284(1)(a) of the FW Act, in conducting this minimum wage review. Having regard to the changes in the economy, the growth of employment is being generated from a somewhat increasingly small range of industries, which includes the restaurant and catering and cafe industry.

17. Figure 2 above shows that the restaurant, café and takeaway food sector is projected to be the major contributor to employment growth. R&CA submits that any large increases in minimum wages, will negatively impact the sector's ability to contribute to employment growth.

18. Pursuant to sub-section 284(1)(b) of the FW Act, the Panel must take into account the need to promote social inclusion through increased workforce participation. As previously mentioned, the restaurant and catering industry is a high growth industry. The industry is considered to be a low-barrier-to-entry industry, with significant job-creation opportunities, which are easily accessible by 'would-be employees'.

19. Subsection 134(1) of the FW Act prescribes the application of the modern awards objective to include the performance or exercise of FWA's modern award powers pertaining to modern award minimum wages. The modern awards objective provides:

*"(1) FWA must ensure that modern awards, together with the National Employment Standards, provide a fair and relevant minimum safety net of terms and conditions, taking into account:*

*(a) relative living standards and the needs of the low paid; and*

*(b) the need to encourage collective bargaining; and*

*(c) the need to promote social inclusion through increased workforce participation; and*

*(d) the need to promote flexible modern work practices and the efficient and productive performance of work; and*

*(e) the principle of equal remuneration for work of equal or comparable value; and*

*(f) the likely impact of any exercise of modern award powers on business, including on productivity, employment costs and the regulatory burden; and*

*(g) the need to ensure a simple, easy to understand, stable and sustainable modern award system for Australia that avoids unnecessary overlap of modern awards; and*

*(h) the likely impact of any exercise of modern award powers on employment growth, inflation and the sustainability, performance and competitiveness of the national economy."*

20. The above provisions of the FW Act specify economic indicators that the Panel takes into consideration in this review process, also bearing in mind the impact of its decisions on national economic welfare.

21. Subsection 134(1)(c) mirrors the requirement under sub-section 284(1)(b) in particular, '*(c) the need to promote social inclusion through increased workforce participation*' which, as previously noted is an important consideration for the purposes of this review. R&CA submits that the requirements in subsections 134(1)(f) and (h) are similarly important considerations for the Panel, for the purposes of this minimum wage review.

22. In its 2015-2016 decision, the Panel granted '*from the first full pay period on or after 1 July 2016 minimum weekly wages are increased by 2.4 per cent*<sup>7</sup>.

23. In that decision, the various measures of wages were also referred to alongside considerable content noted the inability to forecast the future based on the past. The wage measures referred to were as follows:

*'Each of the measures of wages reflects continued historically low aggregate wages growth. Over the year to the December quarter 2015, the Wage Price Index (WPI) increased by 2.2 per cent and the average weekly ordinary time earnings (AWOTE) by 1.6 per cent.*

*Bargaining outcomes, reflected in average annual wage increases (AAWI), grew by 3.0 per cent in the December quarter 2015. Over the year to the December quarter 2015, nominal unit labour costs rose by 0.3 per cent seasonally adjusted and real unit labour costs increased by 0.9 per cent*<sup>8</sup>.

24. In its February Statement on Monetary Policy, The Reserve Bank noted that strong employment outcomes '*reflect the importance of wage-setting methods that link to the minimum wage (which has seen higher wage increases than average WPI outcomes in recent years)*'.<sup>9</sup>

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<sup>7</sup> [2016] FWCFB 3500 at 662.

<sup>8</sup> [2016] FWCFB 3500 at 40.

<sup>9</sup> Statement on Monetary Policy, February 2017. Retrieved from the Reserve Bank of Australia website <http://www.rba.gov.au/publications/smp/2017/feb/pdf/statement-on-monetary-policy-2017-02.pdf>

25. In the twelve months following the Panel's decision, WPI increased to 1.8 per cent and AWOTE to 1.6 per cent<sup>10</sup>. R&CA submits that in the very delicately balanced economy that Australia now faces, the 2.4 per cent increase in the 2015-2016 AWR was higher than necessary in the circumstances. R&CA recommends that with the benefit of hindsight, an increase of 1.2 per cent would have been closer to that required to maintain this balance.

26. The Panel's 2015-2016 AWR decision also refers to a range of spend measures, including CPI and suggested that:

*"All measures show continued low growth in inflation. The headline CPI fell by 0.2 per cent in the March quarter 2016 and rose by 1.3 per cent over the year. Underlying inflation, measured as the average of the trimmed mean and weighted median measures, increased by 1.7 per cent and 1.4 per cent over the year, respectively. The LCI for employee households increased by 1.1 per cent over the year to the March quarter 2016"*<sup>11</sup>

27. The movement in the Consumer Price Index (CPI) was a mere 1.5 per cent in the twelve months to December 2016<sup>12</sup>. This small increase was disproportionately supported by an increase of 5.9 per cent in the prices of alcoholic beverage and tobacco. The prices, for both categories, are driven by tax changes that are aimed at least in part at reducing consumption. CPI without this category of price movement would be closer to 1 per cent.

28. By this measure as well, R&CA submits that in the very delicately balanced economy that Australia now faces, the 2.4 per cent increase in the 2015-2016 AWR was higher than necessary. R&CA suggests that, with the benefit of hindsight, an increase of 1.2 per cent would have been closer to that required to maintain this balance.

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<sup>10</sup> ABS 6302.0, *Average Weekly Earnings, Australia*, Nov 2016.

<sup>11</sup> [2016] FWCFB 3500 at 245.

<sup>12</sup> ABS 6401.0, *Consumer Price Index, Australia*, Dec 2016.



29. In an article published by the Reserve Bank of Australia,<sup>13</sup> the authors suggest that *‘the declining share of large wage rises since 2012 has been apparent across all industries, though the shift has been largest in mining and industries’* and that *‘following the decline in the terms of trade, there has been a reduction in the average size of wage increases’*. R&CA considers that this supports the proposition that the percentage increase in minimum wage made by the Panel in 2015-2016 AWR, was higher than the subsequent prevailing economic conditions warranted.

30. In its March Board Meeting minutes, the Reserve Bank of Australia recorded:

*‘Indicators of labour market conditions had remained mixed. Employment growth had picked up in recent months and the unemployment rate had edged down to 5.7 per cent in January. Leading indicators, including job advertisements and firms’ employment intentions, suggested that there could be some pick-up in employment growth in the near term’.*

*Employment growth had continued to be concentrated in part-time jobs over the past year and wage growth had remained low, suggesting that the labour market had not been quite as strong as the headline employment and unemployment rate figures had indicated.’<sup>14</sup>*

31. Bearing in mind the above, the Reserve Bank of Australia Board noted that holding the stance of policy unchanged at this meeting, would be consistent with sustainable growth in the economy and would achieve the inflation target over time.

32. The Panel noted in its decision that the method that it adopts in analysing the economic considerations:

*“the Panel takes into account both actual data and forecasts. The actual indicators are the primary considerations because, by their nature, they are*

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<sup>13</sup> Bishop, J., Cassidy, N. (2017). *Insights into Low Wage Growth in Australia* (RBA – March Quarter 2017). Retrieved from <http://www.rba.gov.au/publications/bulletin/2017/mar/2.html>.

<sup>14</sup> Minutes of the Monetary Policy Meeting of the Reserve Bank Board, Sydney – 7 March 2017.

*more reliable than forecasts. But it is also appropriate to have regard to future projections that cast some light on the circumstances expected to apply during the period when any adjustment will operate. It is not uncommon for actual outcomes to differ from those forecast. The Annual Wage Review 2012–13 (2012–13 Review) decision set out how the Panel deals with those differences:*

*“To the extent that the forecast economic indicators do not ultimately reflect the actual performance of the economy, this forms part of our broad assessment and our consideration of the actual indicators in subsequent reviews. Importantly, when considering both actual and forecast indicators, the Panel pays particular attention to trends, because of the volatility in some of the economic indicators.”<sup>315</sup>*

*[9] To the extent that the “broad assessment” includes a comparison of past forecasts with actual economic outcomes, this is not undertaken to enable some sort of quantifiable adjustment to minimum wage outcomes. As the Panel has previously observed, a mechanistic approach such as this would not be consistent with the statutory framework. Rather, the Panel considers all information about the economic and social environment that is available (including forecasts and any divergence from prior forecasts) to inform its decision.”<sup>16</sup>*

33. In arriving at the 2015-2016 AWR decision, the Panel also acknowledged its assessment of economic indicators by considering data that measures outcomes, as well as *“forecasts by Australia’s official economic agencies - the Treasury and the RBA.”* The Panel noted:

*“We have regard to both the longer-term measures of Australia’s actual economic data, over a five and/or 10-year time period, together with the most recent information available. The longer-term data better reflect trends in economic indicators, is less volatile and is less prone to revision. The short-term data provides more contemporary information.*

*[190] Future projections cast some light on the economic circumstances that are expected to apply during the period when any adjustment will operate. For reasons outlined in the 2012–13 Review decision,<sup>115</sup> there is generally a primary focus on actual data because, by their nature, they are more reliable than forecasts.*

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<sup>15</sup> [2016] FWCFB 3500 at 40.

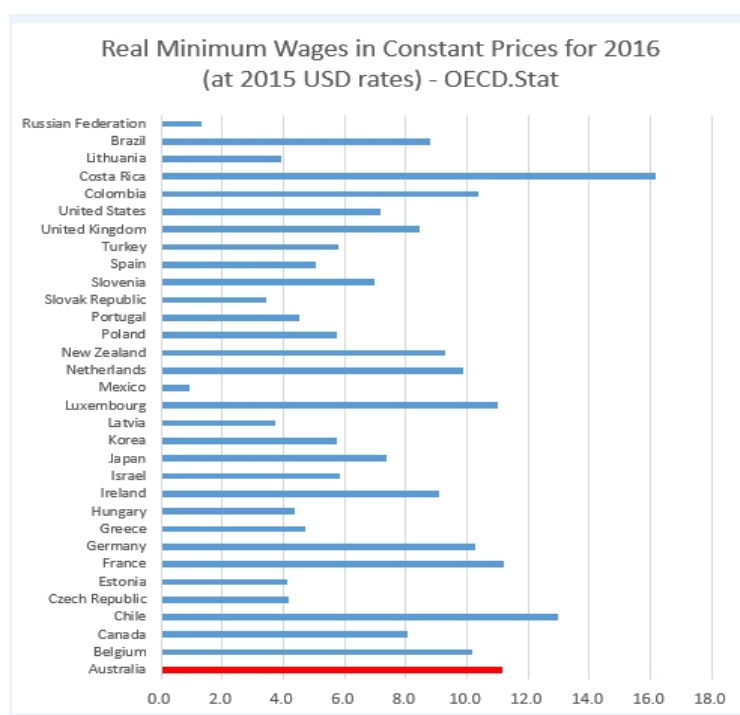
<sup>16</sup> [2016] FWCFB 3500 at 8.

**[191]** *Differences between the forecast economic indicators and the actual performance of the economy forms part of our broad assessment and our consideration of the actual indicators in subsequent reviews.*<sup>17</sup>

34. The Panel acknowledged the risks in terms of accuracy and reliability, associated with relying upon forecast economic indicators provided by official economic agencies, noting “...*the risks around the forecasts and the extent to which past forecasts have reflected actual outcomes.*”<sup>18</sup> The RBA addresses this issue by placing less weight on forecast on more on current developments.<sup>19</sup>

## International Comparisons

35. R&CA notes that minimum wages in Australia are by comparison, the third highest in the world (equal with Luxembourg and France), as depicted by the table below:



**Figure 3 - Minimum Wages at US\$ prices**

<sup>17</sup> [2016] FWC FB 3500 at 189.

<sup>18</sup> [2016] FWC FB 3500 at 192.

<sup>19</sup> [2016] FWC FB 3500 at 194.

36. This comparable position is more stark in the restaurant, catering and café industry, due to obligatory costs of penalty rates and overtime that exist only in Australia.

37. R&CA submits that the level of award reliance in the industry and the mix of industries, relied upon by job growth, determine the important relationship between wage movements and employment creation.

38. As noted in a previous submission by R&CA,<sup>20</sup> the Commission's international comparison report<sup>21</sup> failed to find a connection between labour market outcomes in high minimum wage countries and low minimum wage countries. It is further noted that national minimum wage coverage is commonly limited to a small percentage of the workforce, which had a limiting effect on findings in the report in this regard.

39. R&CA believes that rate comparison should play a role in informing the Panel regarding the Australia's ability to compete globally, as a 'high wage'<sup>22</sup> country.

40. Tourism remains as a growing sector in the Australian economy<sup>23</sup>, with an increasing reliance by the country on income from tourism spend, to sustain its future economic growth. The important function of tourism is through the provision of services and goods to international visitors in Australia. The cost of providing these services are a function of the cost of labour in the tourism sectors, including the restaurant and catering sector.

41. The World Economic Forum published a tourism competitiveness study<sup>24</sup> in 2015, which R&CA considers is still relevant for the purposes of

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<sup>20</sup> Fair Work Commission 2015-2016 AWR, submission filed by R&CA dated 27 March 2016.

<sup>21</sup> Research report 1/2016, An international comparison of minimum wages and labour market outcomes, Kostas Mavromaras, Peter Sloane and Rong Zhu, National Institute of Labour Studies, Flinders University, February 2016

<sup>22</sup> Ibid.

<sup>23</sup> The Next Wave, Deloitte Access Economics, 2014.

<sup>24</sup> *The Travel & Tourism Competitiveness Report 2015*, World Economic Forum, 2015

this minimum wage review. The study found that although Australia is very competitive overall (currently at number 7 in the world) it is uncompetitive in terms of price-competitiveness (see table below).

42. It is noted that wage growth in the tourism sectors will further impact Australia's price competitiveness. This will impact international visitors to Australia, as well as Australian nationals choosing to travel overseas, instead of spending their vacations in Australia, due to high prices.

43. It is also noted that the Australian dollar exchange rate will also further weaken Australia's competitiveness.

Table 4: The Travel & Tourism Competitiveness Index 2015: Asia-Pacific (cont'd.)

Country/Economy	T&T Policy and Enabling Conditions Pillars, values				Infrastructure Pillars, values			Natural and Cultural Resources Pillars, values	
	Prioritization of T&T	International Openness	Price Competitiveness	Environmental Sustainability	Air Transport Infrastructure	Ground and Port Infrastructure	Tourist Service Infrastructure	Natural Resources	Cultural Resources & Business Travel
<b>EASTERN ASIA AND OCEANIA</b>									
Australia	4.81	4.04	3.06	4.64	5.80	3.69	5.44	5.31	5.13
Japan	5.44	4.16	3.75	4.30	4.54	5.29	4.11	3.94	5.92
Hong Kong SAR	5.63	3.78	3.59	3.96	5.42	6.45	4.05	3.63	2.58
New Zealand	5.62	4.55	3.77	4.94	4.72	4.06	5.87	4.14	2.27
China	4.73	2.52	5.10	2.93	4.27	3.91	3.04	5.05	6.44
Korea, Rep.	4.52	3.60	4.06	3.86	4.05	5.06	4.33	2.34	4.85
Taiwan, China	4.41	4.07	5.04	4.09	3.40	5.40	4.05	3.01	3.25
Mongolia	4.01	2.69	5.25	3.24	2.33	2.09	3.21	2.51	1.78
<b>Eastern Asia and Oceania average</b>	<b>4.89</b>	<b>3.68</b>	<b>4.20</b>	<b>3.99</b>	<b>4.32</b>	<b>4.49</b>	<b>4.26</b>	<b>3.74</b>	<b>4.03</b>
Eastern Asia and Oceania standard deviation	0.60	0.72	0.82	0.67	1.10	1.34	0.98	1.10	1.78

Figure 4 – Travel & Tourism Competitiveness Index 2015: Asia Pacific

## Penalty Rates

44. Another important consideration for the Panel is the magnifying impact that penalty rates has on increasing the minimum wage, which affects the restaurant, catering and café industry, compared to other industries.

45. The application of penalty rates, particularly in the restaurant and catering industry, affects a huge portion of Australia's national minimum wage. As noted by the Productivity Commission in its report,<sup>25</sup> the bite of Australia's national minimum wage has declined significantly over time. Notwithstanding this may be

<sup>25</sup> The Workplace Relations Framework, Productivity Commission, Volume 1, 2015.

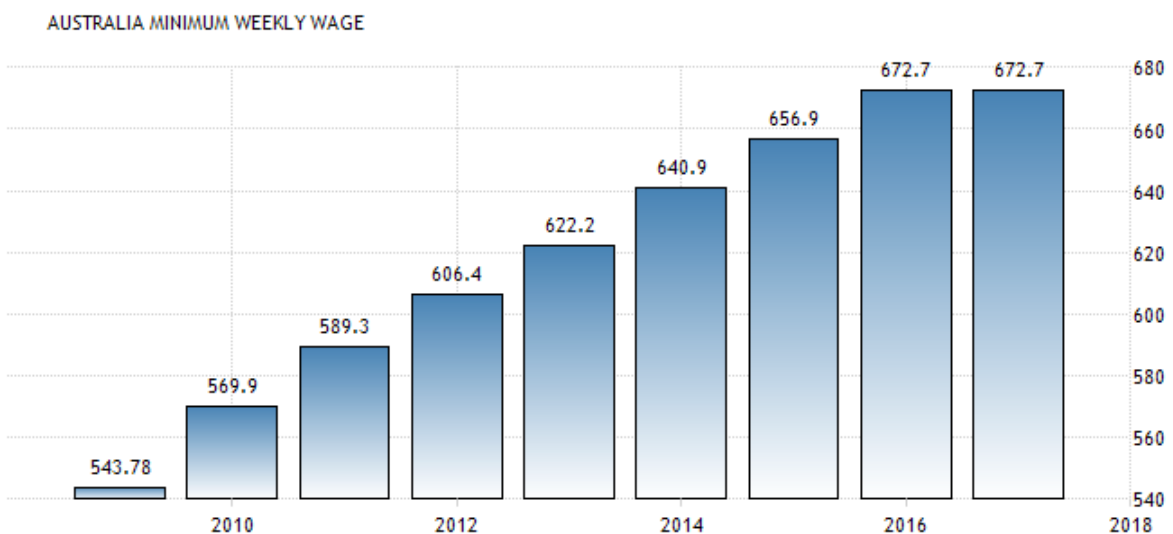
an accurate observation, given the 'bite' is measured as the minimum wage, as a proportion of median wages or earnings, this does not result in a reduction on the impact of wage increases.

46. Industries that attract high usage of penalty rates, due to trading patterns, will appear to have a low bite, due to median wages being higher than minimum wage. It should however be noted that rates in these industries, particularly industries that are award-reliant are regulated, and are affected by regulated wage increases.

47. The level of labour intensity (47 per cent ) coupled with the very high number of hours worked to which a penalty applies (62 per cent ), means that a 2 per cent increase in the minimum weekly wage is almost a 3 per cent increase for the wages paid in the restaurant, café and catering industry.

### Impact on small businesses

48. R&CA considers that the minimum wages in Australia are extremely high, currently sitting at \$672.70 (increased from \$656.90 in 2015). By comparison, minimum wages in Australia averaged \$612.76 between 2009 and 2016, as depicted by the table below.



SOURCE: WWW.TRADINGECONOMICS.COM | FAIR WORK COMMISSION

**Figure 5 - Australia Minimum Weekly Wage (FWC)**

49. R&CA submits that as a result of such a dramatic increase in award wages, small businesses find that their capacity to earn enough money to pay for increasing costs, such as labour costs, decreases each year. This is demonstrated in the table below<sup>26</sup>:

Region	Wages & salaries	Own unincorporated business	Investment	Superannuation & annuities	Other Income (excl. Govt pensions & allowances)	Total income from all sources (excl. Govt pensions & allowances)
	\$	\$	\$	\$	\$	\$
<b>NSW</b>	<b>53 917</b>	<b>24 471</b>	<b>8 497</b>	<b>23 208</b>	<b>2 701</b>	<b>54 110</b>
Greater Sydney	57 612	28 803	9 615	22 706	3 142	58 828
Rest of NSW	46 514	18 538	6 390	23 843	1 853	45 169
<b>Victoria</b>	<b>50 276</b>	<b>22 841</b>	<b>9 529</b>	<b>20 863</b>	<b>2 152</b>	<b>51 398</b>
Greater Melbourne	52 470	25 187	10 086	21 473	2 360	54 104
Rest of Victoria	43 072	18 004	7 750	19 297	1 471	42 987
<b>Queensland</b>	<b>49 863</b>	<b>19 086</b>	<b>6 969</b>	<b>21 738</b>	<b>2 144</b>	<b>49 057</b>
Greater Brisbane	52 171	23 408	6 797	22 303	2 149	52 016
Rest of Queensland	47 571	16 264	7 133	21 212	2 140	46 269
<b>South Australia</b>	<b>46 551</b>	<b>26 343</b>	<b>7 879</b>	<b>26 038</b>	<b>2 082</b>	<b>47 853</b>
Greater Adelaide	47 862	25 788	8 199	26 820	2 270	49 031
Rest of South Australia	41 665	27 409	6 765	22 677	1 456	43 743
<b>Western Australia</b>	<b>57 365</b>	<b>28 328</b>	<b>9 229</b>	<b>23 384</b>	<b>2 919</b>	<b>58 291</b>
Greater Perth	58 181	30 581	9 682	24 005	3 111	59 579
Rest of WA	54 168	22 719	7 465	20 432	2 186	53 409
<b>Tasmania</b>	<b>43 521</b>	<b>20 002</b>	<b>6 278</b>	<b>22 579</b>	<b>2 235</b>	<b>44 018</b>
Greater Hobart	45 671	24 761	6 394	23 750	2 616	46 840
Rest of Tasmania	41 800	17 012	6 183	21 231	1 904	41 788
<b>Northern Territory</b>	<b>54 082</b>	<b>22 630</b>	<b>3 423</b>	<b>29 339</b>	<b>1 305</b>	<b>54 794</b>
Greater Darwin	55 788	24 251	3 565	30 621	1 341	56 468
Rest of NT	49 768	16 812	2 969	23 813	1 178	50 367
<b>ACT (b)</b>	<b>60 987</b>	<b>27 248</b>	<b>5 011</b>	<b>34 729</b>	<b>1 825</b>	<b>61 608</b>
<b>Australia (c)</b>	<b>51 923</b>	<b>23 458</b>	<b>8 329</b>	<b>23 483</b>	<b>2 408</b>	<b>52 240</b>

(a) The whole of the Australian Capital Territory is one GCCSA.

(b) Australia totals include data for the Other Territories and regions unknown or not stated.

*Figure 6 - Working Owner Wages by State / Region, ABS*

50. R&CA submits that the Panel should consider the special circumstances of small and medium-sized businesses, given that these businesses tend to be heavily reliant on Awards. Importantly, the Panel should consider the requirements in section 3(a) of the FW Act, which states:

<sup>26</sup> Estimates of personal income for small areas, Time series 2010-11 ABS Cat No. 6524.0.55.002. NB: This table was used in a previous submission filed by R&CA in the 2015-2016 AWR, at paragraph 40.



*“The object of this Act is to provide a balanced framework for cooperative and productive workplace relations that promotes national economic prosperity and social inclusion for all Australians by:*

*(a) providing workplace relations laws that are fair to working Australians, are flexible for businesses, promote productivity and economic growth for Australia's future economic prosperity and take into account Australia's international labour obligations;”<sup>27</sup>*

## **Conclusion**

51. Given the magnitude of the 2015-2016 decision, R&CA does not support an increase in the minimum wage in this review. A summary of important factors to support this conclusion are outlined below.

52. Economic activity, wage growth and employment growth have not subsequently justified the 2.4% increase in 2016.

53. R&CA has highlighted in this submission that the restaurant, café, and catering industry is a labour-intensive industry, has significant employment prospects, and is heavily award-reliant.

54. The high level of minimum wages in Australia compared to other OECD countries, and wage costs are exacerbated by compulsory penalty rates and overtime payments.

55. It is acknowledged that the industry has potential to play a significant role in building employment, which will have a positive impact on ‘would be employees’, provided this opportunity is not hampered by significant wage increases.

56. R&CA recommends that in undertaking this 2016-2017 review, the Panel have regard to Australia’s ability to compete internationally, particularly from a tourism standpoint, the increased cost of wages, and importantly, the impact on future employment growth.

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<sup>27</sup> *Fair Work Act 2009 (Cth)*, s3(a).