



The Hon Josh Frydenberg MP
Treasurer

Senator the Hon Michaella Cash
Attorney-General
Minister for Industrial Relations

Ref: MS21-001057

Justice Iain Ross AO
President, Fair Work Commission
Annual Wage Review 2020-21
Melbourne VIC 3001

Dear President,

As you are aware, the Australian Government's 2021-22 Budget (the 2021-22 Budget) was handed down on 11 May 2021. The 2021-22 Budget provides the latest macroeconomic and labour market forecasts, as well as setting out the new measures that will take effect from the 2021-22 financial year onwards.

Consistent with past practice, we write to draw your attention to updates in the 2021-22 Budget that the Expert Panel may wish to consider in making the 2020-21 Annual Wage Review decision.

Since the Government's initial submission to the 2020-21 Annual Wage review on 26 March 2021, there have been a number of economic data releases and the Government's forecasts have been updated. Given the scale of improvement in economic conditions this update is of particular significance for the Panel.

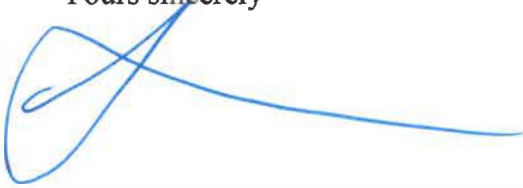
Real GDP is now forecast to grow by 1¼ per cent in 2020-21, by 4¼ per cent in 2021-22 and 2½ per cent in 2022-23. The near-term strengthening in real GDP is broad-based and reflects a stronger outlook for household consumption, dwelling investment and new private business investment. The labour market is forecast to continue strengthening over 2021-22 and 2022-23 with ongoing growth in employment, strong labour force participation and the unemployment rate falling to below 5 per cent by late 2022.

'Statement 2: Economic Outlook' of *Budget Paper No. 1: Budget Strategy and Outlook 2021-22*, provides the most recent outlook for the international and domestic economies.

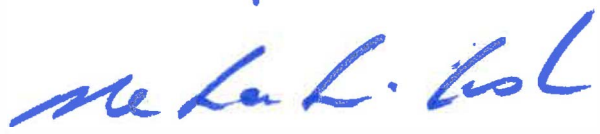
Due to the unprecedented circumstances of the COVID-19 pandemic, the Government has created an additional statement: 'Statement 4: The labour market through COVID-19' of *Budget Paper No. 1: Budget Strategy and Outlook 2021-22*, which provides the most recent outlook on labour market conditions.

The Panel may also wish to consider *Budget Paper No. 2: Budget Measures 2021-22*. *Budget Paper No. 2* provides details of measures that will take effect in 2021-22. It is a matter for the Expert Panel to determine which measures should be factored into its decision.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Josh Frydenberg', with a large loop at the start and a long horizontal tail.

The Hon Josh Frydenberg MP

A handwritten signature in blue ink, appearing to be 'Michaelia Cash', written in a cursive style.

Senator the Hon Michaelia Cash