

Annual Wage Review 2021-22

Victorian Government
submission

31 March 2022

Contents

Executive Summary	3
Victorian economic outlook and labour market	5
Victorian wages growth and inflation.....	7
Award reliance and low pay.....	9
Economic security for women.....	11
Impact of coronavirus (COVID-19) on Victorian Women.....	12
Gender pay equity for Victorian and Australian Women	13
Victorian Government action on economic equity for women	16
Vulnerable workers in Victoria	17
Low wage growth and the discontinuation of JobKeeper	17
Ongoing impact of coronavirus (COVID-19) on vulnerable cohorts in Victoria.....	18
Young People	20
Older workers	22
Aboriginal Victorians	24
People with disability	27
Conclusion	30

List of figures and tables


Figure 1: Employment for selected worker cohorts (index: March 2020 = 100).....	7
Figure 2: Average annual wages growth by industry, Victoria (per cent).....	8
Figure 3: All employees, proportion of employees – Method of setting pay.....	10
Figure 4: All industries – Method of setting pay	11
Figure 5: Gender pay gap – Health care and social assistance – 2014 to 2021	15
Figure 6: Total earnings – men and women – gender pay ratio (May 2011 to May 2021)	16
Figure 6: Employment losses for young people	21
Figure 8: Age of direct care workforce – 2016 and 2020.....	23
Figure 9: Personal income by indigenous status – 2002 to 2019	26
Figure 10: Employment outcomes by indigenous status – 2018-2019.....	27
Figure 11: Personal income by disability status.....	28
Figure 12: Workforce status by disability status	29
Table 1: All employees, proportion of employees – Method of setting pay.....	10
Table 2: All industries – Method of setting pay (May 2021).....	11

Victorian Government submission

Executive Summary

- 1 The Victorian Government makes this submission to assist the Fair Work Commission (FWC) in the exercise of its functions in setting minimum wages for employees in the national workplace relations system.
- 2 The FWC must ensure that modern awards, together with the National Employment Standards (NES), provide a fair and relevant minimum safety net of terms and conditions.
- 3 In establishing and maintaining a safety net of fair minimum wages, the FWC is required to consider:
 - the performance and competitiveness of the national economy, including productivity, business competitiveness and viability, inflation and employment growth; and
 - promoting social inclusion through increased workforce participation; and
 - relative living standards and the needs of the low paid; and
 - the principle of equal remuneration for work of equal or comparable value; and
 - providing a comprehensive range of fair minimum wages to junior employees, employees to whom training arrangements apply and employees with a disability.¹
- 4 The Victorian Government is strongly focused on economic recovery. It is also focused on directing opportunities to our most vulnerable groups who rely on the award safety net. The Victorian Government submits that in the Annual Wage Review 2021-22, there should be at least a 3.5 per cent increase to the National Minimum Wage and award minimum wages to assist those on low incomes in Victoria to recover from the impacts of coronavirus (COVID-19), to counteract an increase in inequality due to coronavirus (COVID-19) and to help the Victorian economy and community recover from the pandemic. Given the most recent Consumer Price Index (CPI) figures – which spiked 1.3% in the December quarter and over the twelve months to the December 2021 quarter, the CPI rose 3.5% - an increase in the NMW and award wages of less than 3.5 per cent would effectively be seen as a cut to relative living standards and the needs of the low paid.
- 5 Further, the Victorian Government calls on the FWC to consider applying a higher increase to modern award wages for those award reliant workers who are in the lower paid and often female dominated sectors, such as retail and hospitality, accommodation and food services and health care and social assistance. This would offset the disproportionate impact of the coronavirus (COVID-19) on these sectors and workers, the staggered delays in 2020-21 increases to award wages and would go some way to narrow the persistently wide gender pay gap, particularly in the female dominated health care and social assistance sector.

¹ *Fair Work Act 2009* (Cth), s.284(1).

- 
- 6 The Victorian Government argues that current circumstances do not support a delay in any awarded increases – as demonstrated by the resilience and flexibility of Victorian businesses and consumers, and as the economy has increasingly adapted to conditions created by the pandemic in previous years.
- 7 The gender pay gap across all industries has been calculated most recently using total average earnings data (including both full-time and part-time workers, and bonuses and overtime as well as ordinary time wages) to demonstrate that the gap is more accurately – and unacceptably – 31 per cent across all jobs.²
- 8 The Victorian Government’s proposed increase(s) would also counter the higher rates of inflation compared with stagnating wages growth recently highlighted by the Reserve Bank of Australia (RBA). The RBA has raised concerns about the ongoing downturn in wages growth and the role that award minimum wages can play in ensuring that wages growth is improved, maintained and more aligned with productivity growth.³
- 9 Increased minimum wage rates will also be instrumental in ensuring the recovery is inclusive – ensuring that those who have fallen behind both before and during the pandemic do not fall further behind during the recovery.
- 10 According to the most recently available Australian Bureau of Statistics (ABS) figures released in January 2022, in May 2021, 23 per cent of Australian employees were reliant upon minimum award wages. This is an increase in award reliant employees from 20.4 per cent in 2014, and 16.4 per cent in 2012.
- 11 This means that over two million Australian workers are currently reliant on award minimum rates of pay and therefore directly dependent on the outcomes of the Annual Wage Reviews.
- 12 Many more workers are indirectly affected, through flow-on increases broadly based on the minimum wage. Given the evidence of the decline in collective bargaining, the FWC’s Annual Wage Review decisions have continuing and increasing significance. Increased award reliance together with low wages outcomes from bargaining, mean that the Annual Wage Review is a key mechanism to redress the decline in wages growth and the means to distribute productivity gains to Australian workers, particularly in the economic recovery phase from coronavirus (COVID-19)
- 13 This Victorian Government submission to the Annual Wage Review 2021-22 sets out:
- the Victorian economic outlooks and Victorian labour market and forecasts
 - that the economic downturn resulting from coronavirus (COVID-19) exacerbated existing labour market inequalities

² A Pennington (2021) Women’s Casual Job Surge Widens Gender Pay Gap, March 2021, Centre for Future Work: [chrome-extension://efaidnbmnnnibpajpcglclefindmkaj/viewer.html?pdfurl=https%3A%2F%2Fd3n8a8pro7vhmx.cloudfront.net%2Ftheausinstitute%2Fpages%2F3430%2Fattachments%2Foriginal%2F1614921322%2FWomen%25E2%2580%2599s_Casual_Job_Surge_Widens_Gender_Pay_Gap_-_CFW.pdf%3F1614921322&clen=449136&chunk=true](https://efaidnbmnnnibpajpcglclefindmkaj/viewer.html?pdfurl=https%3A%2F%2Fd3n8a8pro7vhmx.cloudfront.net%2Ftheausinstitute%2Fpages%2F3430%2Fattachments%2Foriginal%2F1614921322%2FWomen%25E2%2580%2599s_Casual_Job_Surge_Widens_Gender_Pay_Gap_-_CFW.pdf%3F1614921322&clen=449136&chunk=true)

³ See: Reserve Bank of Australia: <https://www.rba.gov.au/publications/bulletin/2019/jun/wages-growth-by-pay-setting-method.html>; <https://www.rba.gov.au/speeches/2021/sp-gov-2021-07-08.html>.

- that Victorian women have been disproportionately affected by coronavirus (COVID-19) and the economic gap between men and women has widened
- that there is increasing reliance on award wages, particularly in low paid, female dominated industry sectors
- that the gender pay gap persists and is unacceptably wide, even in those sectors that are female-dominated and award reliant such as health care and social assistance
- that an increase to minimum wages will counterbalance increases in income inequality due to coronavirus (COVID-19), will provide opportunities for those from marginalised cohorts to increase their economic participation, be more economically secure when reaching retirement age and to have the possibility of building or rebuilding their savings
- that in this environment an increase of at least 3.5 per cent in the NMW and award wages is needed to support those employees who been most affected by the coronavirus (COVID-19) pandemic and maintain real wages
- Lastly, the Victorian Government seeks that the FWC implement any increases in the NMW and award minimum wages from 1 July 2022, with no delayed start dates for those increases.

Victorian economic outlook and labour market

- 14 The COVID-19 pandemic has presented ongoing challenges to economies around the world, and Victoria has been no exception.
- 15 As the initial variant of COVID-19 was contained and domestic restrictions were progressively eased through the December quarter 2020, the Victorian economy rebounded strongly and by the June quarter 2021, Victorian state final demand was already above pre-pandemic levels.
- 16 While necessary restrictions associated with the Delta variant of COVID-19 led to a decline in economic activity in the September quarter 2021, economic activity remained stronger than during restrictions in 2020. This highlights the importance of support provided by the Government, and the resilience and flexibility of Victorian businesses and consumers, as the economy has increasingly adapted to conditions created by the pandemic.
- 17 As restrictions eased in late 2021, economic activity recovered, with state final demand rising by 3.7 per cent to be above pre-COVID levels.
- 18 As outlined in the 2020-21 Budget Update, Victoria's GSP is forecast to increase by 2.25 per cent in 2021-22, before growing by 4.50 per cent in 2022-23. It is then forecast to continue to grow over subsequent years, but at lower rates, as remaining spare capacity in the economy is absorbed.
- 19 The economy's resilience and flexibility, high vaccination rates, robust household and business balance sheets and strong labour demand will continue to support the


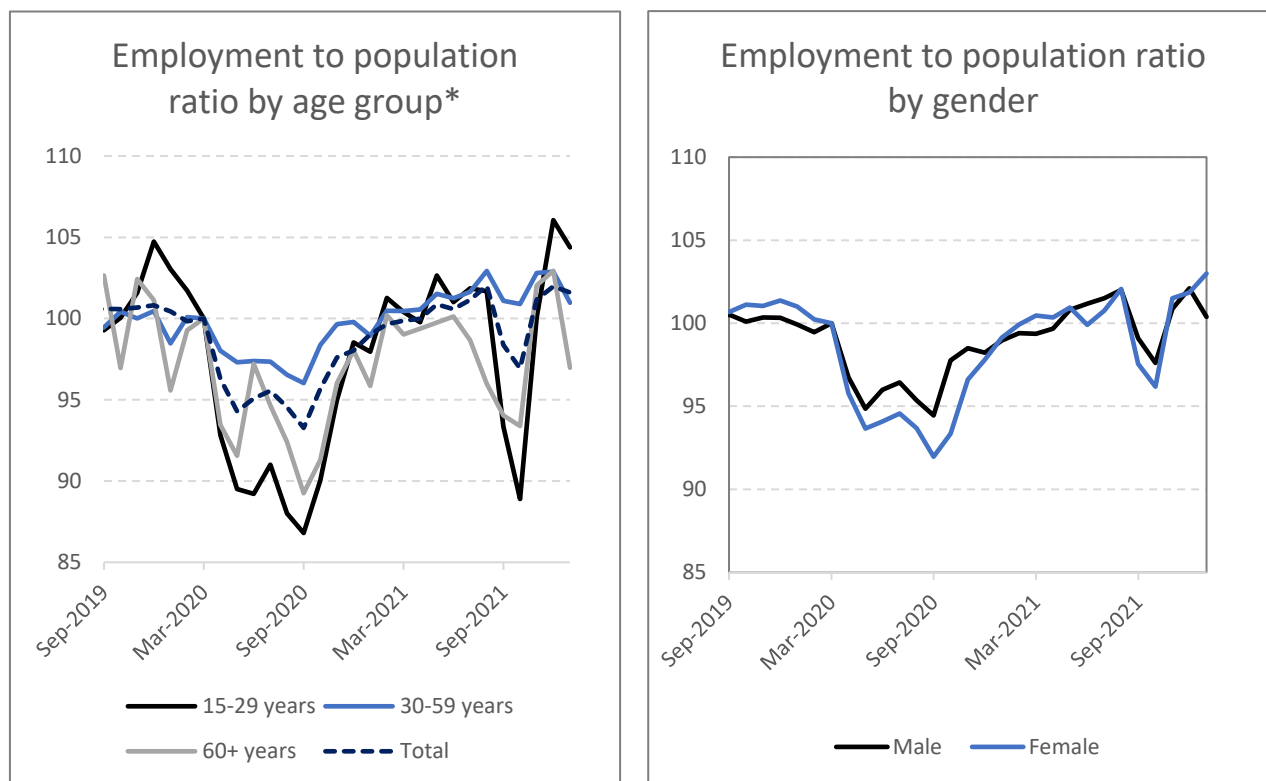
- 
- Victorian economy, which remains well placed to recover strongly, as it has following earlier COVID-19 outbreaks.
- 20 The labour market has proven resilient and has recovered strongly following COVID-19 outbreaks and necessary public health restrictions.
 - 21 Following restrictions to contain COVID-19 in 2020, the Victorian labour market recovered strongly through to around mid-2021. By August 2021, employment and workforce participation reached a record high, and the unemployment rate fell to a record low.
 - 22 The economy and labour market were affected by the Delta variant of COVID-19 and necessary public health restrictions to contain it later in 2021. Yet employment held up considerably better than during restrictions in 2020, with over 100 000 more people employed in October 2021 compared with September 2020.
 - 23 By early 2022, with restrictions eased, employment had once again recovered strongly to be above pre-COVID levels. This was despite the impact of the Omicron variant, which affected hours worked more than it did employment. At the same time, the unemployment rate fell to a record low, and the underemployment rate fell to its lowest level since 2002. Leading indicators of employment, such as job ads and job vacancies, remain very high and continue to point to strong labour market outcomes in the period ahead.
 - 24 The labour market recovery has been broad-based. But health restrictions to control the Delta outbreak had a disproportionate impact on women and young people. This was also the case in 2020, due to the industries most impacted by restrictions – including hospitality, arts, and recreation – employing high proportions of these cohorts. Employment for young workers (aged 15 to 29 years) declined significantly in September and October. Employment for women declined over the same period, although to a less severe degree than during health restrictions in 2020.
 - 25 As restrictions lifted in the latter part of 2021, employment for women and young people bounced back. By January 2022, and notwithstanding the Omicron outbreak, the proportion of women and young people in employment was above pre-COVID levels (see Figure 1), albeit these cohorts of workers may not be returning to the same quality of employment.

Figure 1: Employment for selected worker cohorts (index: March 2020 = 100)



Source: Australian Bureau of Statistics * Note: Data for ages groups are in original terms; total is in seasonally adjusted terms

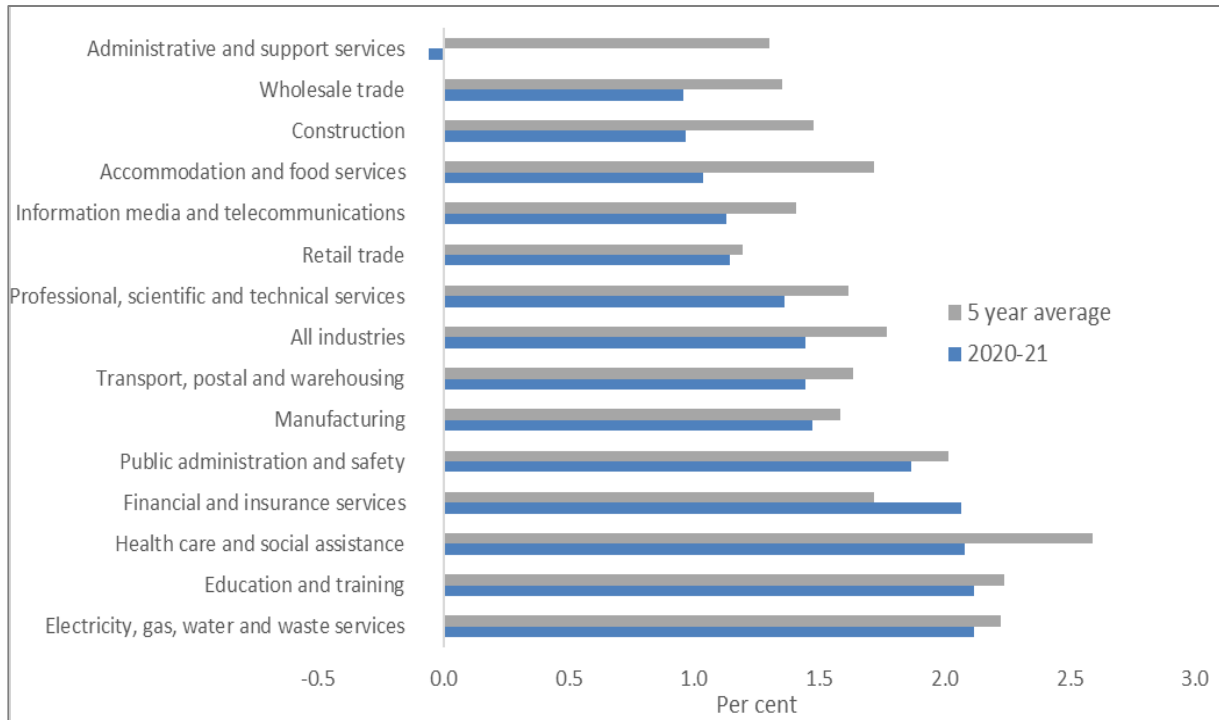
- 26 The 2021-22 Budget Update forecasts Victorian employment to increase by 2.5 per cent in 2021-22 and a further 1.5 per cent in 2022-23. The unemployment rate is forecast to average 4.5 per cent in both 2021-22 and 2022-23.
- 27 The impacts of Omicron to employment and hours worked are expected to be short-lived and the labour market is expected to remain strong as the Omicron disruption eases. Job vacancies are at record levels, and business confidence improved in January suggesting firms are looking through the Omicron wave.

Victorian wages growth and inflation

- 28 Strength in the labour market, and some industry specific constraints on labour supply, are likely to lead to higher wages growth and inflation, following a period of very low wage growth and inflation amid the COVID-19 pandemic. While rising from these recent very low rates, both wage growth and inflation are expected to remain moderate.
- 29 In 2020-21, Victorian annual wage growth averaged 1.4 per cent, compared to 2.4 per cent in the prior year. In 2020-21, 14 of the 15 industries (for which there are data available) recorded growth lower than their five-year average (Figure 2), largely reflecting the impact of the COVID-19 pandemic on the labour market.

30 More recently, Victorian wages growth has improved in aggregate. Wages grew by 2.3 per cent over the year to the December quarter 2021, with the pickup relative to 2020-21 partly reflecting the unwinding of previous private-sector wage freezes, along with a relatively tight labour market.

Figure 2: Average annual wages growth by industry, Victoria (per cent)



31 The 2021-22 Budget Update stated Victorian wages growth is expected to be 2.25 per cent in 2021 22 and 2.50 per cent in 2022 23 (in year average terms). As the economy continues to recover and the unemployment rate remains low, wages growth is forecast to continue to increase moderately over the remainder of the forecast period, reaching three per cent in 2024-25.

32 Higher wage growth, some disruption to global supply chains, higher oil prices, and labour shortages in some industries will all likely put some upward pressure on inflation.

33 Inflation was a low 1.4 per cent in 2020-21 (in year average terms). More recently, inflation has risen, reflecting higher prices for fuel, some food items, and costs for new dwelling purchases. In December 2021, the Melbourne CPI rose by 1.1 per cent in the quarter and by 2.5 per cent over the year.

34 Inflation in the 2021 22 Budget Update is forecast to be 2.00 per cent in 2021 22, easing to 1.75 per cent in 2022-23 as some recent drivers of higher inflation – notably fuel and new dwelling purchases – are expected to be temporary. In later years, inflation is forecast to rise as wage growth picks up but remain well within the RBA’s inflation target band.

Award reliance and low pay

- 35 While the labour market recovery has been broad-based, coronavirus (COVID-19) remains disproportionate in its impacts on certain cohorts of workers.
- 36 The Victorian Government maintains its position that addressing income inequality, especially at the poorest decile level, is an important part of efforts to strengthen economic inclusion. Economic and social policy levers that can be used by government to reduce income gaps include taxation, government benefits and advocating to the FWC in regard to minimum pay safety net mechanisms like the Annual Wage Review.
- 37 The Victorian Government submits that maintaining the rates of the NMW and all award minima is imperative particularly where there is increasing employer reliance on the outcomes of the Annual Wage Review to determine the wages and salary increases for employees. The Annual Wage Review is a key mechanism to ensure wages growth of low paid workers and the economic benefits that flow from this.
- 38 The Victorian Government notes again the RBA assessment by Bishop and Cassidy (June 2019) on the nature of wages growth across all wage setting methods: awards, enterprise bargaining agreements and individual contracts. The RBA noted that, significantly, in a period of sustained decline in wages growth, award mechanisms are returning the strongest wage outcomes.⁴
- 39 An analysis of the latest employee earnings and hours data by method of setting pay (awards, collective agreement and individual contract) shows that there has been a marked increase in awards as a method of setting pay. Between 2018 and 2021, there was a two-percentage point increase in the proportion of employees paid by award only, to 23 per cent award coverage in May 2021. This is from a low of just over 16 per cent award only coverage in 2012. Mirroring this increase in award reliance, there has also been a steady decline in coverage by collective agreement from 42 per cent in 2012 to just over 35 per cent in May 2021 – a decrease of seven percentage points.⁵
- 40 The latest employee earnings and hours data also shows the following industry sectors are heavily award reliant and are combined with being female dominated or significant employers of women:
- Accommodation and food services – 60.4 per cent
 - Administrative and support services – 42.4 per cent
 - Other services – 38.1 per cent
 - Health care and social assistance – 33.3 per cent
 - Retail trade – 29.6 per cent
 - Arts and recreation services – 26.6 per cent

⁴ J Bishop and N Cassidy (2019) '[Wages Growth by Pay-setting Method](https://www.rba.gov.au/publications/bulletin/2019/jun/pdf/wages-growth-by-pay-setting-method.pdf)' *Reserve Bank of Australia: Bulletin – June 2019* (20 June 2019). Accessed from: <https://www.rba.gov.au/publications/bulletin/2019/jun/pdf/wages-growth-by-pay-setting-method.pdf>.

⁵ Biannual Australian Bureau of Statistics data: Employee Earnings and Hours, Australia (May 2021) (released 19 January 2022).

41 In May 2021, community and personal service workers, who are primarily engaged in the health care and social assistance sector, exhibited the widest gender pay gap based on full time average weekly cash earnings of 16 per cent – or a gender pay ratio of 74 per cent between employed men and women.

Figure 3: All employees, proportion of employees – Method of setting pay

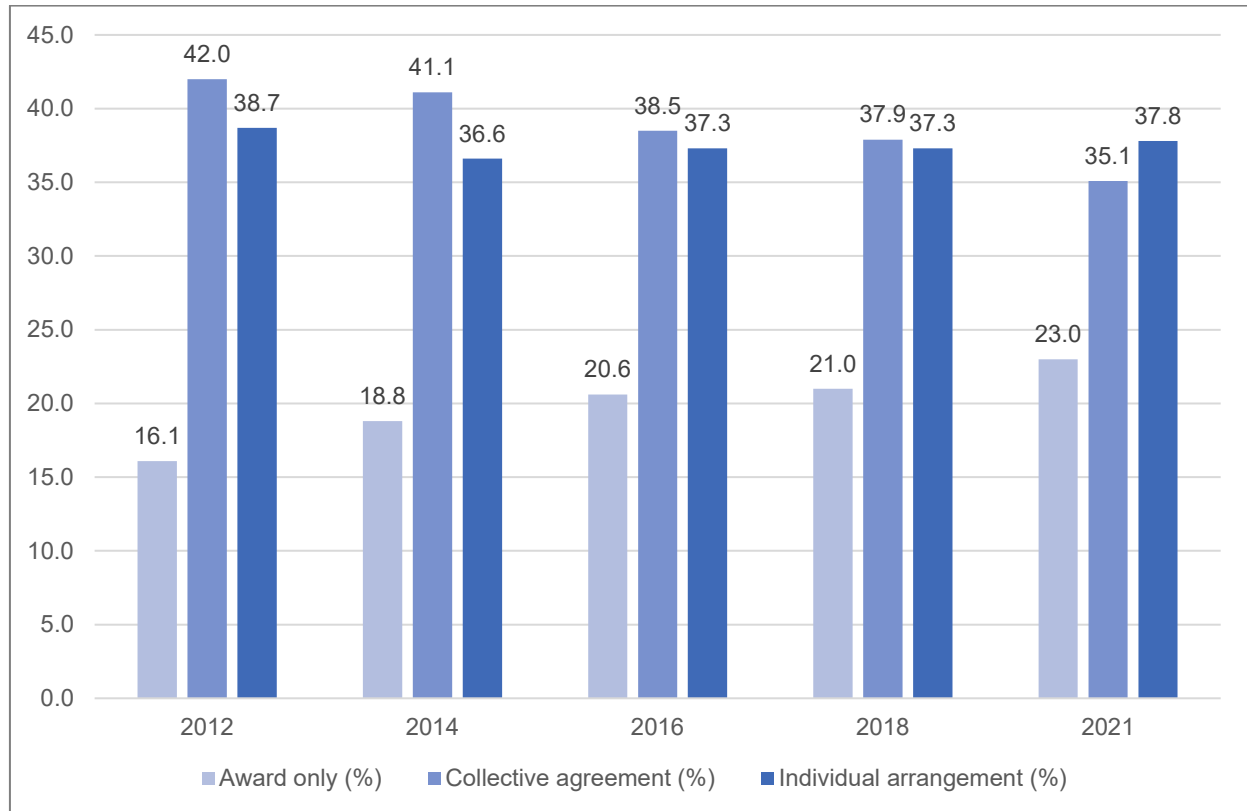


Table 1: All employees, proportion of employees – Method of setting pay

Year	Award only (per cent)	Collective agreement (per cent)	Individual arrangement (per cent)
2012	16.1	42.0	38.7
2014	18.8	41.1	36.6
2016	20.6	38.5	37.3
2018	21.0	37.9	37.3
2021	23.0	35.1	37.8

Source: Australian Bureau of Statistics, Employee Earnings and Hours (May 2021)

Figure 4: All industries – Method of setting pay

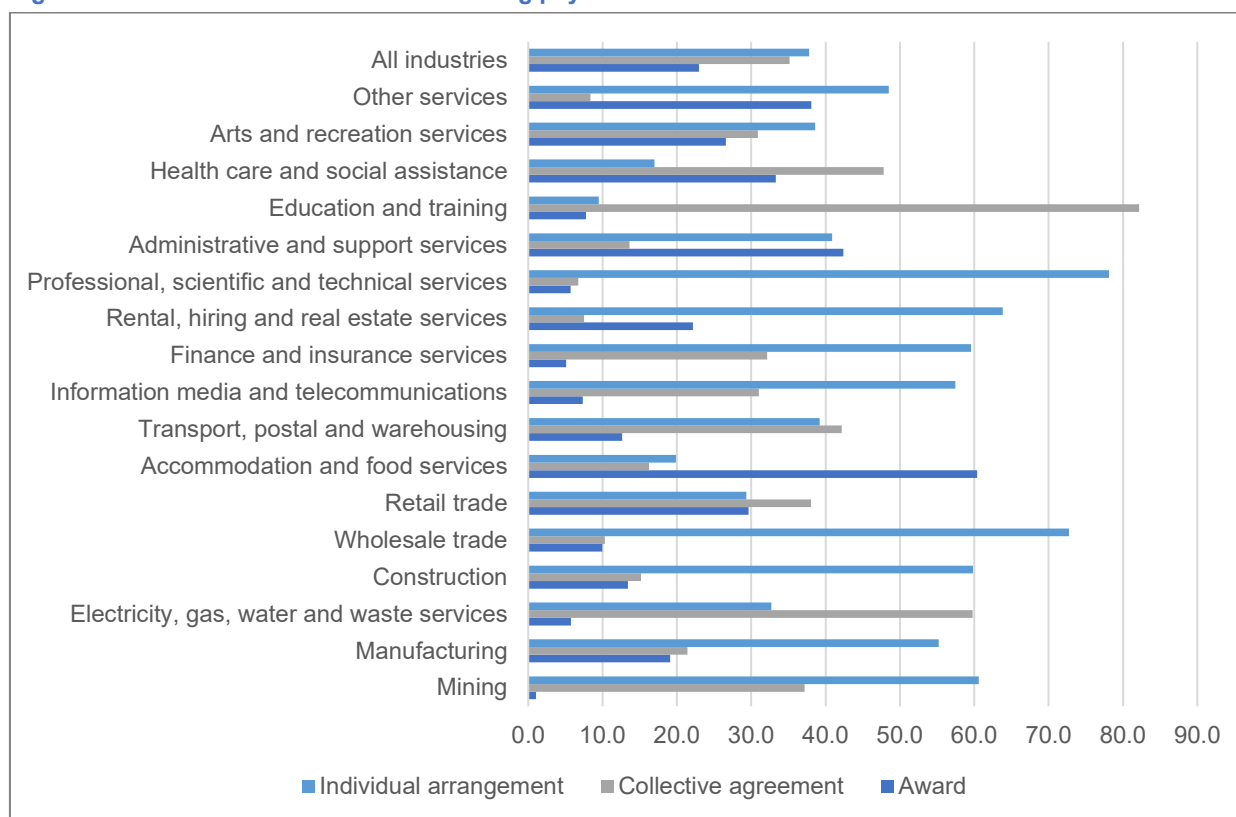


Table 2: All industries – Method of setting pay (May 2021)

Industry	Award (per cent)	Collective agreement (per cent)	Individual arrangement (per cent)
Mining	1.1	37.2	60.6
Manufacturing	19.1	21.4	55.2
Electricity, gas, water and waste services	5.8	59.8	32.7
Construction	13.4	15.2	59.8
Wholesale trade	10.0	10.3	72.7
Retail trade	29.6	38.0	29.3
Accommodation and food services	60.4	16.3	19.9
Transport, postal and warehousing	12.6	42.2	39.2
Information media and telecommunications	7.3	31.0	57.5
Finance and insurance services	5.1	32.1	59.6
Rental, hiring and real estate services	22.1	7.5	63.8
Professional, scientific and technical services	5.7	6.7	78.1
Administrative and support services	42.4	13.6	40.9
Education and training	7.8	82.2	9.5
Health care and social assistance	33.3	47.8	17.0
Arts and recreation services	26.6	30.9	38.6
Other services	38.1	8.4	48.5
All industries	23.0	35.1	37.8

Source: Australian Bureau of Statistics, Employee Earnings and Hours (May 2021)

Economic security for women

- 42 Award minimum wages are significant for gender pay equity. The Victorian Government submits that the FWC should continue to take the opportunity to influence the wage outcomes of Victorian women, who are over-represented in low pay cohorts, are predominantly award reliant due to the industries and occupations they work in, and experience persistently higher levels of insecurity of both income and employment due to higher levels of casual engagement within the workforce.
- 43 As the Victorian Government has submitted on several occasions, increases to the NMW and all award minima in Annual Wage Reviews are key levers that can address the gender pay gap across all industry sectors, particularly in low paid, female dominated and growing sectors, such as health care and social assistance.
- 44 Further, certain cohorts of women, such as those who are older, and those who are primary carers, may face barriers to full economic participation that can expose them to higher levels of financial insecurity. Therefore, strong minimum wages provide a safety net, and in the longer term, adequate retirement income for these cohorts of women.

Impact of coronavirus (COVID-19) on Victorian Women

- 45 Despite the broad-based labour market recovery underway based on short term data since the periods over 2020 and 2021 when the pandemic was at its most virulent, there are longer term impacts which cannot be quickly nullified.
- 46 An increase to minimum wages is required to counterbalance increases in income inequality due to coronavirus (COVID-19) and provide opportunities for those from vulnerable cohorts to increase their economic participation and be more economically secure.
- 47 As outlined in the Victorian Government's submission to the Annual Wage Review 2020-21, the waves of coronavirus (COVID-19), significantly in Victoria, negatively and disproportionately impacted on the working lives of Victorian women.⁶ Recent published research has also confirmed this, as described below.
- 48 Dey and O'Neil (2021) have examined the opportunity presented by coronavirus (COVID-19) to examine changing social norms and economic policies to maintain and reward the participation of women in the labour market. They conclude that the 'end objective' of society, workplaces and government should be to achieve 'work-life balance' for individuals and families and they highlight the equal importance of policy measures that facilitate, and support women return to the workforce and those that offer flexibility and incentives to men so that they have the option to spend more time with their children.⁷

⁶ See: <https://www.fwc.gov.au/hearings-decisions/major-cases/annual-wage-reviews/annual-wage-review-2020-21/submissions-annual-2>.

⁷ T Dey and M O'Neil, *COVID-19: An Opportunity to Reset Policy Levers for Better Gender Equality in Economy and Society*, Australian Journal of Labour Economics, Volume 24, Number 2, 2021.

- 49 Risse and Jackson (2021) used ABS Labour Force Survey data, to develop a cumulative measure of workforce losses over the course of the pandemic, calculated comparatively for men and women. This measure finds that women experienced the bulk of the cumulative losses in employment throughout the first twelve months of the pandemic from March 2020 to February 2021 – equivalent to a 55 per cent share of total months of lost employment – despite comprising only 47 per cent of total employment prior to the pandemic. Younger women, especially, experienced a disproportionately higher share of employment losses. The Victorian workforce, where lockdowns were implemented for a longer period than in other states and territories, is highlighted as a case study of the disproportionate impact of the pandemic on women’s employment.⁸
- 50 Birch and Preston (2021) have also highlighted disproportional impacts of coronavirus (COVID-19) on young women’s superannuation balances. They examined evidence from various Australian data sources to offer a descriptive analysis of recent trends in employment participation and superannuation outcomes of males and females and to consider the effects of coronavirus (COVID-19) on the gender gap in balances. Preliminary evidence suggests that the gender gap in balances amongst young males and females may have widened as a result of coronavirus (COVID-19) policy responses and that younger members (aged less than 35 years) may have been particularly hard hit by policy responses to the pandemic, partly as a result of coronavirus (COVID-19) superannuation withdrawal provisions and partly as a result of lost contributions related to shut-downs.⁹

Gender pay equity for Victorian and Australian Women

- 51 The gendered nature of the pandemic’s effects on Australia’s labour market has clear implications for addressing pay inequality. Not only has the quantity of women’s paid work been reduced compared with men, but the quality of those jobs has been undermined during the post-COVID recovery. Women workers are ‘snapping back’ to a world of paid work that engages them on inferior terms compared with men (lesser hours, security and pay).¹⁰
- 52 The Workplace Gender Equality Agency (WGEA) collects pay data annually from non-public sector organisations with 100 or more employees, covering more than 4 million employees in Australia. This data includes superannuation, bonuses and other additional payments. However, approximately 45 per cent of workers in Victoria are employed by a small to medium sized enterprise (SME) and are therefore not captured by the WGEA monitoring and reporting.
- 53 As part of its current action plan, the Victorian Government’s ministerial Equal Workplaces Advisory Council has committed to identify areas for pay equity

⁸ L Risse and A Jackson, *A gender lens on the workforce impacts of the COVID-19 pandemic in Australia*, Australian Journal of Labour Economics, Volume 24, Number 2, 2021.

⁹ E Birch and A Preston, *Women, COVID-19 and Superannuation*, Australian Journal of Labour Economics, Volume 24, Number 2, 2021.

¹⁰ Pennington (2021)



improvement among SMEs.¹¹ Based on the recommendations that flowed from the of the Victorian Equal Opportunity and Human Rights Commission research report commissioned by the Victorian Government, strategies and educational products are being developed to support SMEs as they address pay inequity and reduce the gender pay gap further in Victoria, particularly in industry sectors that are award reliant, such as (broadly) the community services sector.¹²

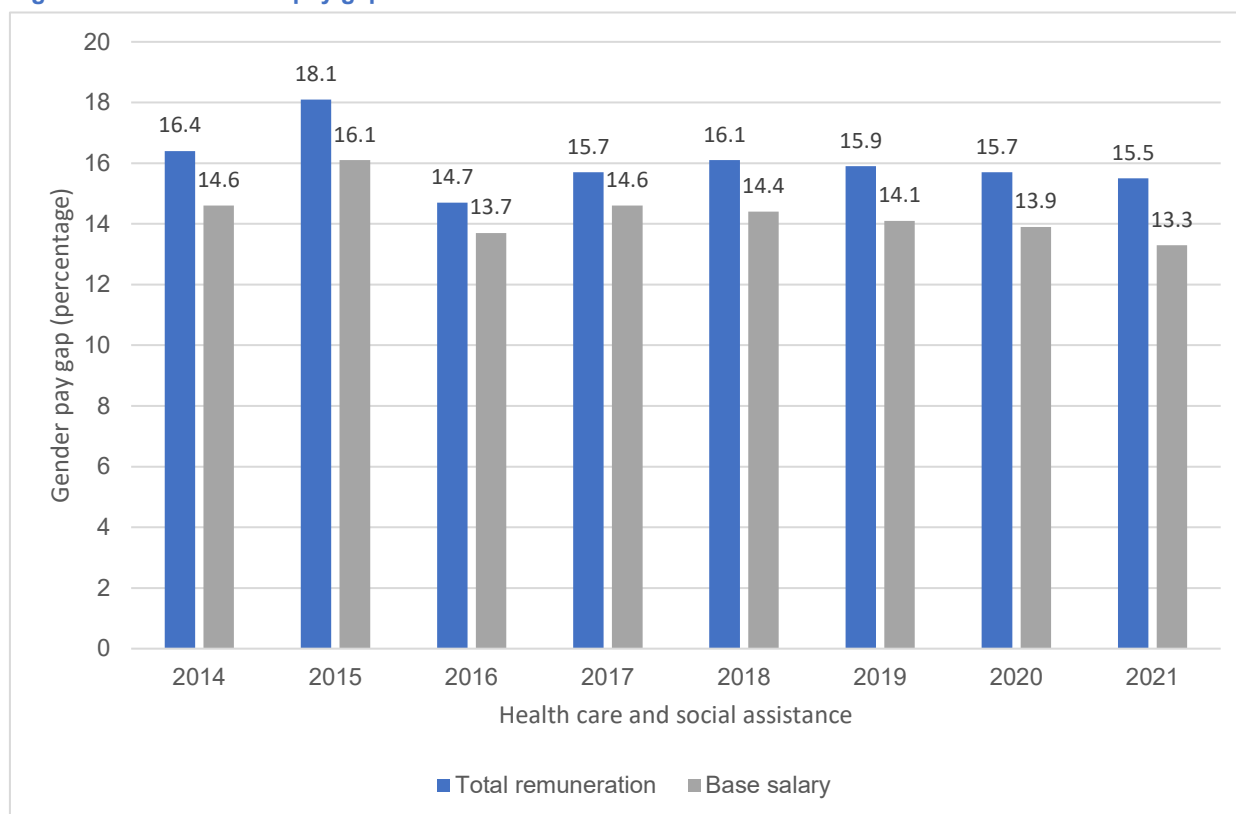
- 54 As of March 2021, the disproportionate concentration of women in newly created casual jobs created a gender pay gap returning to almost equal its pre-pandemic dimensions. In other words, the gender pay gap once again widened as the economy recovered. According to Pennington (2021), measuring the gender pay gap using total average earnings data (including both full-time and part-time workers, and bonuses and overtime as well as ordinary time wages) demonstrates that the gap is more accurately 31 per cent across all jobs.¹³
- 55 Based on total remuneration, as of May 2021, the gender pay gap in the health and social assistance industry was just over fifteen per cent and has been at this approximate level since 2017. This pay gap in a female dominated sector can be compared to that found in male dominated sectors such as construction, and while the gap in the latter is wider, it can be explained in part by the small numbers of women that are employed in the construction sector.

¹¹ For further information about the Equal Workplaces Advisory Council: <https://www.vic.gov.au/equal-workplaces-advisory-council>.

¹² See: <https://www.humanrights.vic.gov.au/resources/equal-pay-matters/>

¹³ Pennington (2021)

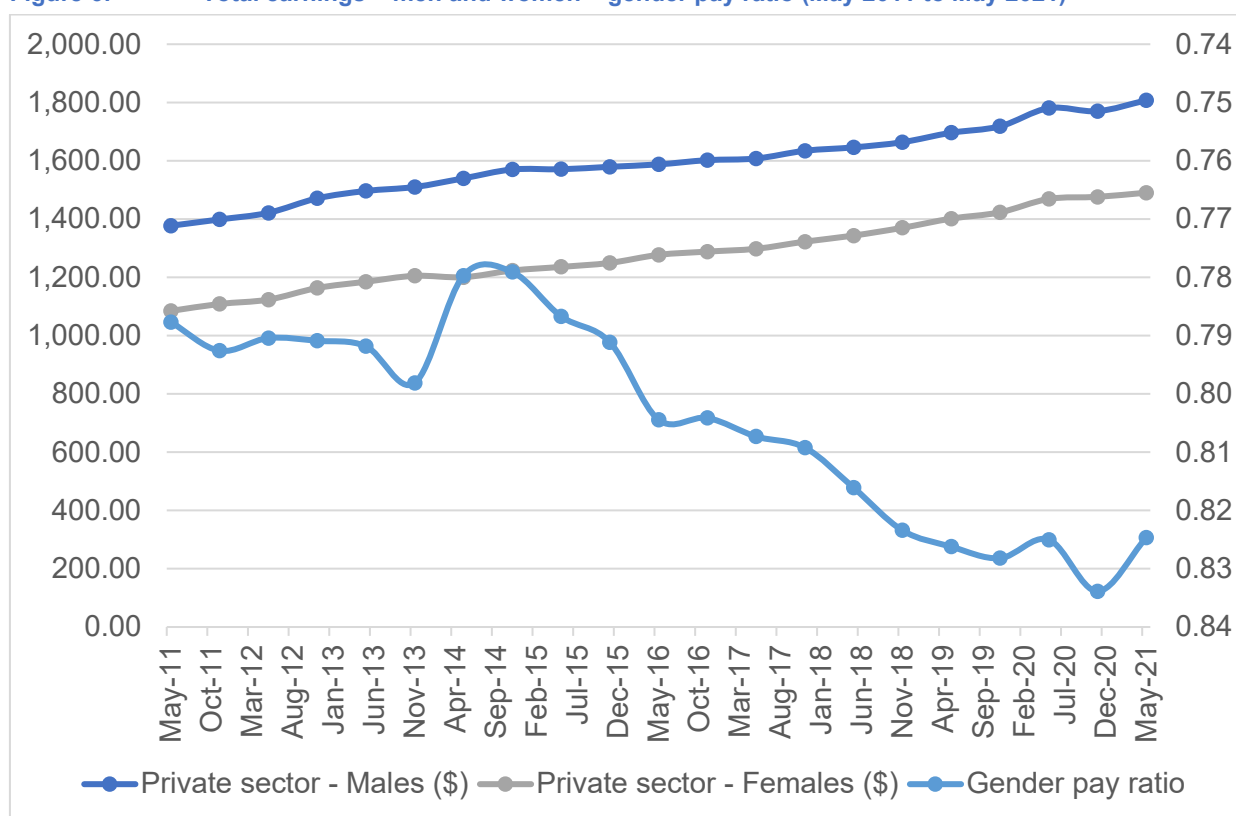
Figure 5: Gender pay gap – Health care and social assistance – 2014 to 2021



Source: WGEA Data Explorer

56 The Victorian Government is also concerned that the gender pay gap is now widening across all industry sectors after a period of steady improvement since 2015 where the gap was around 32 per cent based on full time earnings, with a narrowing in 2020 to around 27 per cent. In May 2021, the gender pay gap widened to 28 per cent, which may reflect the disproportionate impact of coronavirus (COVID-19) on working women.

Figure 6: Total earnings – men and women – gender pay ratio (May 2011 to May 2021)



Source: ABS, Employee Earnings and Hours (May 2021)

57 The Victorian Government asks the FWC to again acknowledge the influence the NMW and the modern award wages have on the persistent gender pay gap, particularly in female dominated sectors such as health care and social assistance. Further, the Government requests the FWC to consider making specific increases to those award reliant sectors that are relatively low paid and significant employers of women and other vulnerable cohorts of workers.

Victorian Government action on economic equity for women

58 In addition to advocating for meaningful minimum wage rates, the Victorian Government is strongly committed to addressing the systemic disadvantage that women experience in the workplace and the broader community and society. The Victorian Government has in place a range of policies, practices and strategies to improve gender equality, workplace pay equity and to prevent and eliminate family violence:

- Safe and Strong – A Victorian Gender Equality Strategy, sets out a framework for sustained action to end gender inequality including the Equal Workplaces Advisory Council¹⁴ which consists of experts from public and private sector organisations and advises the Minister for Industrial Relations on initiatives that will tackle the gap in women's pay and workforce participation in Victoria.

¹⁴ Further information on the Strategy is available at: vic.gov.au/safe-and-strong-victorian-gender-equality.

- The *Gender Equality Act 2020 Vic* (Act) which seeks to complement and strengthen existing anti-discrimination legislative protections. The Act commenced operation on 31 March 2021 and aims to improve gender equality across Government and public sector organisations.¹⁵
- In July 2021, the Victorian Government made a submission to the FWC’s Family and Domestic Violence Leave Review 2021 arguing for at least ten days paid family violence leave to be available in all modern awards for ongoing employees.¹⁶
- The Victorian Government has a family violence leave model clause included in all its public sector enterprise agreements, meaning public sector employees now have access to 20 days paid family violence leave or unpaid family violence leave for casual employees.
- An Inquiry into Economic Equity for Victorian Women (Inquiry) was recently held to find solutions for problems such as unequal pay and workplace barriers to women’s success. The Inquiry will make recommendations for suitable policy options, that the Victorian Government will consider to redress the systemic disadvantage for women highlighted by the impact of coronavirus (COVID-19) on workplace and economic equity for women in Victoria.¹⁷

59 These kinds of measures align with our proposed increases to the NMW and all award minima in the current Annual Wage Review and will ultimately support women’s economic and financial security, particularly during recovery from coronavirus (COVID-19).

Vulnerable workers in Victoria

60 The Victorian Government strongly believes that increases in income inequality and the need to provide opportunities for vulnerable cohorts of workers to increase their economic participation and security requires meaningful increases to the NMW and modern award wages.

Low wage growth and the discontinuation of JobKeeper

61 A report by the University of Melbourne reveals that the withdrawal of the JobKeeper allowance on 28 March 2021 caused employment to decrease by between 45,000 and 97,000 people. Treasury Secretary Dr Steven Kennedy indicated that nearly 60,000 JobKeeper recipients became unemployed after the discontinuation of the payroll subsidy. The Australian Treasury however predicted that this immediate decrease in employment was thought to be a temporary stalling rather than a major setback to the recovery of the economy.¹⁸

¹⁵ Further information on the Act is available at: genderequalitycommission.vic.gov.au/about-gender-equality-act-2020.

¹⁶ The submission is available at: fwc.gov.au/documents/sites/family-domestic-violence-leave/submissions/am202155-sub-vic-gov-280721.pdf.

¹⁷ Further information on the Inquiry is available at: dtf.vic.gov.au/genderinquiry.

¹⁸ J Adams (2021). *56,000 jobs were lost when JobKeeper ended, Treasury confirms, as Victoria slogs through its first lockdown without the subsidy*. Business Insider Australia <<https://www.businessinsider.com.au/treasury-jobkeeper-update-victoria-lockdown-2021-6>>

62 The discontinuation of JobKeeper took place before further COVID-19 outbreaks and restrictions took place in 2021, leaving Victorian workers exposed to the risks JobKeeper was designed to mitigate. Kennedy indicated that the labour market would experience slow wage growth until unemployment dipped further, stating that “this higher wage growth is expected to contribute to a gradual strengthening of inflation, reaching the mid-point of the RBA’s target band by 2024”. The way in which prices and wages respond to a reducing slackening in the economy is of great uncertainty given the unprecedented nature of the COVID-19 recession.¹⁹

Ongoing impact of coronavirus (COVID-19) on vulnerable cohorts in Victoria

- 63 As noted in the Victorian Government’s 2020-21 Annual Wage Review submission, the economic crisis precipitated by the early stages of the coronavirus (COVID-19) pandemic worsened pre-existing labour market inequalities. This impact has been widely acknowledged,²⁰ and can be attributed in part to those industries more reliant on the minimum wage being the most adversely affected by the pandemic (for example, hospitality, retail, arts and recreation).²¹
- 64 Unfortunately, these factors have continued throughout 2021 and into 2022, largely due to the Omicron variant prolonging the pandemic.
- 65 Further, during brief periods where the economic impacts of the pandemic have eased, international data suggests that low-wage earners benefitted the least – just as they suffered the most during periods of heightened economic distress.²²
- 66 This impact has had social, as well as economic implications. When those who earn the minimum wage are examined as a group, it is clear that certain cohorts are more highly represented than they are in other sectors of the workforce.
- 67 Young workers (15-24 years old) form a large cohort within those earning the minimum wage, as they are new entrants to the workforce. But it is also true that Aboriginal workers are more likely to be minimum wage earners than non-Aboriginal workers,²³ as

¹⁹ Ibid.

²⁰ See: KMPG, *COVID-19 and the impact on an already divided Melbourne* (6 August 2021) <https://home.kpmg/au/en/home/insights/2021/08/covid-19-impact-divided-melbourne.html>; Aspachs, Durante, Graziano et al, *Tackling the income inequality impact of COVID-19 at high frequency*, Plos One (2021) <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0249121>; Mondragon, Tavares, *How to Reduce COVID-19’s Unequal Effects Across Workers*, IMF Blog (2021) <https://blogs.imf.org/2021/06/01/how-to-reduce-covid-19s-unequal-effects-across-workers/>; ILO-OECD, *The impact of the COVID-19 pandemic on jobs and incomes in G20 countries*, (2020). https://www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms_756331.pdf.

²¹ Fair Work Commission, *Statistical Report – Annual Wage Review 2020–21*, (2021): <https://www.fwc.gov.au/hearings-decisions/major-cases/annual-wage-reviews/annual-wage-review-2020-21/statistical-reporting>.

²² R Bateman (2021) *The pandemic hurt low-wage workers the most-and so far, the recovery has helped them the least*, Brookings: <https://www.brookings.edu/research/the-pandemic-hurt-low-wage-workers-the-most-and-so-far-the-recovery-has-helped-them-the-least/>

²³ Australian Institute of Health and Welfare (2021) *Indigenous income and finance* (16 September 2021): <https://www.aihw.gov.au/reports/australias-welfare/indigenous-income-and-finance>.

are workers with a disability.²⁴ While older workers (60+) generally form a smaller cohort within minimum wage earners, they face greater barriers in regaining employment once it is lost after an economic shock.²⁵ Further, older workers are critical to meeting acute workforce challenges in key industries reliant on minimum wage rates (such as Residential Aged Care), and may seek casual work as an alternative to retirement – also often remunerated at minimum wage rates (enhanced by casual loading).²⁶ During COVID-19 lockdowns, casual workers were up to eight times more likely to lose work than permanent staff.²⁷

- 68 These four groups do not encompass all vulnerable cohorts more likely to be reliant on the minimum wage (Other groups may include CALD community members, or regional and outer suburban residents, for example.)
- 69 An increase to the NMW and all modern award wages (all minimum wages) would not only improve the lives of low-wage earners generally but would in fact have a strongly positive impact on the lives of marginalised cohorts who experience social and economic disadvantage across a range of measures, in addition to being low-income earners.
- 70 An increase in the NMW also brings benefits for both economic and social equity and is particularly crucial in the wake of an extended pandemic which has disproportionately impacted minimum wage earners, and therefore the vulnerable cohorts more likely to receive the minimum wage. These groups were already more likely to experience economic insecurity, (including periods of unemployment and a lack of savings), and this has been exacerbated by the pandemic.²⁸
- 71 An increase in all minimum wages will partially address the trend of increasing income inequality caused by the crisis. Increased income will improve the capacity of those on the minimum wage, (including those from marginalised cohorts), to rebuild their savings, increase their economic participation²⁹ and be more economically secure when reaching retirement age. In the immediate term, with inflation predicted to remain

²⁴ Australian Institute of Health and Welfare (2020) – People with disability in Australia: <https://www.aihw.gov.au/reports/disability/people-with-disability-in-australia/contents/income-and-finance/income#>

²⁵ Australian Seniors, *The Australian Seniors Series: Ageing in the Workforce 2021*, (2021): <https://www.seniors.com.au/documents/australian-seniors-series-ageing-in-workforce-2021-whitepaper.pdf>;
Australian Human Rights Commission, *Employing and retaining older workers*, (2021).

<https://humanrights.gov.au/our-work/age-discrimination/publications/employing-and-retaining-older-workers-2021>

²⁶ G Gilfillan, Recent and long-term trends in the use of casual employment, Australian Parliamentary Library (2021): https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp2122/TrendsCasualEmployment; Great Senior Living, 31 Good Jobs for Older People: How to Make Money, Stay Active and Thrive at Work as a Senior, (2022), <https://www.greatseniorliving.com/articles/jobs-for-older-people>.

²⁷ J Stanford, *Shock Troops of the Pandemic: Casual and Insecure Work in COVID and Beyond*, The Australia Institute, (2021): <https://australiainstitute.org.au/wp-content/uploads/2021/10/Shock-Troops-of-the-Pandemic.pdf>.

²⁸ D Brown, *COVID-19 Insights: People with disability*, Brotherhood of St Laurence Research and Policy Centre (May 2020).

²⁹ M McKenzie, *The Erosion of Minimum Wage Policy in Australia and Labour's Shrinking Share of Total Income*, *Journal of Australian Political Economy* (2018): 52 -77. https://australiainstitute.org.au/wp-content/uploads/2020/12/Labour_Share_Symposium_McKenzie.pdf.

elevated throughout 2022,³⁰ it is also true that an increase is needed simply to meet cost of living pressures.

- 72 Reduced income inequality has long been linked to stronger economic growth and greater macroeconomic stability overall.³¹ An increase in all minimum wages is therefore important to Victoria's economic recovery. Increased minimum wage rates would also be instrumental in ensuring the recovery is inclusive – ensuring that those who have fallen behind both before and during the pandemic do not fall further behind during the recovery.

Young People

- 73 The International Labor Organization (ILO) has reported that across the G20 nations, young people risk being the 'big losers' of the current economic crisis. In 2020 the ILO reported that:

*This year's graduates, sometimes referred to as the "Class of Corona", are leaving schools and universities with poor chances of finding employment or work experience in the short run. Meanwhile, many of their older peers are experiencing a second heavy economic crisis in their short careers. Initial labour market experience has a profound influence on later working life, and a crisis can have long-lasting scarring effects in terms of future employment opportunities and earnings. Not only has the crisis interrupted their skill development path but they will also bear the burden of financing high debt levels incurred by governments for measures to mitigate the immediate negative economic consequences of the crisis.*³²

- 74 Common to other G20 nations, Australia's younger workers are also facing strong labour force barriers and are more likely than other workers to receive the minimum wage. As of January 2022, the youth unemployment rate in Victoria was 11.2 per cent – significantly higher than the broader state unemployment rate of only 4.2 per cent.³³ Young people make up 19.94 per cent of Victoria's working population.³⁴ 42 per cent of people working on minimum wage in Australia are young people aged 15-24.³⁵
- 75 The economic impact of the COVID-19 crisis has been disproportionately large on younger people and has operated as a second major blow following the impact of the Global Financial Crisis (GFC) of 2008-2009. Younger people tend to hold jobs that are

³⁰ R Mizen, *Economists predict rate increases from mid-2022*, Australian Financial Review, January 26 2022: <https://www.afr.com/policy/economy/economists-predict-rate-increases-from-mid-2022-20220125-p59qz5>

³¹ L de Dominicis Raymond J, G M Florax and H De Groot, *A Meta-Analysis on the Relationship between Income Inequality and Economic Growth*, Scottish Journal of Political Economy, (2008), 55(5), 654-682. Also OECD, *In It Together: Why Less Inequality Benefits All*. (2015).

³² ILO-OECD, *The impact of the COVID-19 pandemic on jobs and incomes in G20 countries*, (2020): 16 https://www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms_756331.pdf.

³³ Australian Bureau of Statistics, Labour Force, Australia January 2022, Headline estimates of employment, unemployment, underemployment, participation and hours worked from the monthly Labour Force Survey: <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>.

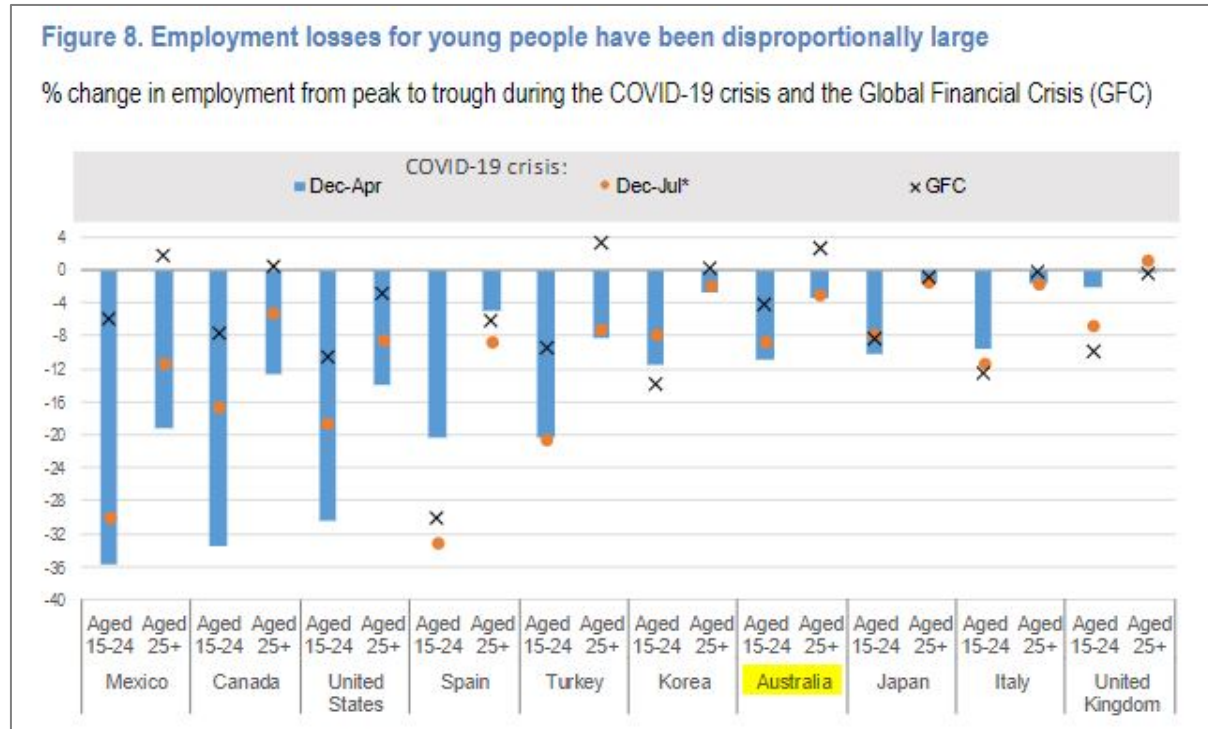
³⁴ Australian Bureau of Statistics (2019), *Catalogue No. 6291.0.55.001 – 12 months moving average LM1 July 2019*, https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/6202.0Main+Features1Jul_per_cent202019?OpenDocument=.

³⁵ Australian Bureau of Statistics (2019), *Catalogue No. 6291.0.55.001 – 12 months moving average LM1 July 2019*.

more precarious and are overrepresented in industries reliant on minimum wages (such as accommodation and food services, sport and recreation and retail sales). These were also the industries most affected by COVID lockdowns. Job losses amongst younger people were much larger for younger people in the GFC than they were for older workers, and this pattern has been repeated – at a greater scale – during the COVID pandemic.

76 The table below, produced by the ILO in 2020,³⁶ neatly represents this data:

Figure 7: Employment losses for young people



77 It is also notable that young women are disproportionately represented in the worst affected industries. The uncertainty of COVID-19 and the impacts on women led to an increase in the Victorian gender pay gap between May 2020 to May 2021, from 9.6 per cent to 12.2 per cent.³⁷ This was the largest increase in the gender pay gap of any Australian state or territory over that period, and was at least partly driven by the economic impact of COVID on younger workers and the minimum wage industries that they are more likely to be engaged in.

78 An inclusive recovery, and a strong state economy, will rely on younger workers being able to obtain work and to receive adequate remuneration when they do so. Given their greater likelihood of receiving minimum wages, raising minimum wages will be a key enabler for younger workers to play the role required of them in the broader recovery. Like other minimum wage earners, young people receiving a minimum wage will benefit from a minimum wage that has an improved economic impact relative to overall wages

³⁶ ILO-OECD, *The impact of the COVID-19 pandemic on jobs and incomes in G20 countries*, (2020): 17 https://www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms_756331.pdf.

³⁷ Workplace Gender Equality Agency, *Australia's Gender Pay Gap Statistics*, August 2021: <https://www.wgea.gov.au/publications/australias-gender-pay-gap-statistics#pgg-by-state>.

paid. This is sometimes referred to as the economic ‘bite’ of the minimum wage. Measured as a ratio of the minimum wage compared to average and median wages, this ‘bite’ has reduced dramatically in recent decades – from almost 65 per cent in 1983 to less than 45 per cent in 2017.³⁸

- 79 Given the twin economic shocks of the GFC and COVID-19, and the decline in economic bite of the minimum wage over time, young workers would stand to gain the most from a minimum wage increase. This would not only be an equitable outcome for those workers but would also make an important contribution to a strong and inclusive economic recovery in Victoria.

Older workers

- 80 While older workers aged 60 and above have been less impacted by COVID-19 job losses than young people under 30, they are overrepresented in some key industries which are both low-wage and facing current labour shortages.

- 81 One such industry is Residential Aged Care (RAC). The COVID-19 pandemic has exacerbated long running workforce challenges in RAC, prompting the Commonwealth Government to institute an Aged Care Workforce Bonus Payment³⁹ in January 2022 as a retention measure. The bonus was announced as being:

*... in recognition of the significant commitment aged care workers have made to the care of senior Australians during the pandemic. It is also being provided as an incentive for those who are returning to the workforce to supplement the current staff during the current omicron wave.*⁴⁰

- 82 While recent data shows that the RAC workforce age profile has grown younger since 2016, it is still the case that a high proportion of RAC care providers are older workers. Indeed, healthcare is the major sector employing older workers – accounting for 27 per cent of all older female workers.⁴¹

- 83 The table below, drawn from the 2020 Aged Care Workforce Census Report shows that 10 per cent of the RAC workforce is 60 years or older, and another 18 percent are between 50 to 59 years old:

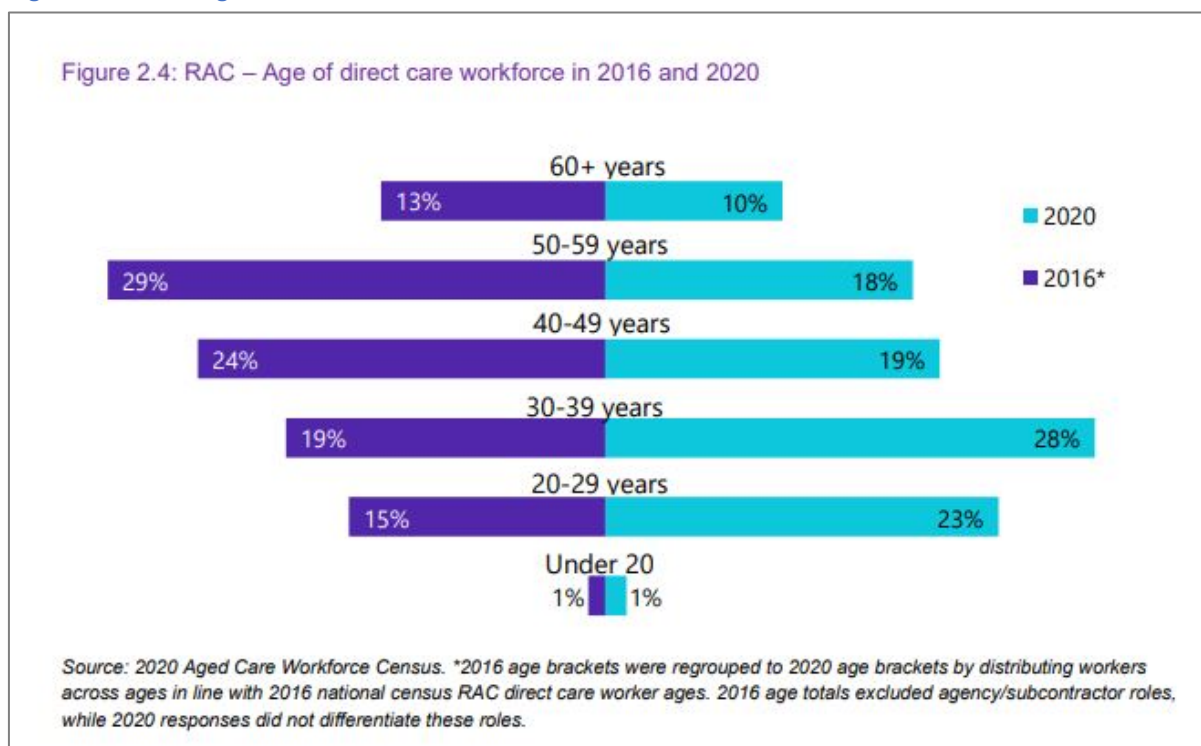
³⁸ M McKenzie, *The Erosion of Minimum Wage Policy in Australia and Labour’s Shrinking Share of Total Income*, Journal of Australian Political Economy (2018): 56. https://australianinstitute.org.au/wp-content/uploads/2020/12/Labour_Share_Symposium_McKenzie.pdf.

³⁹ Australian Government, Department of Health, *Aged Care Workforce Retention Bonus Payment for residential and home care workers*: <https://www.health.gov.au/initiatives-and-programs/aged-care-workforce-retention-bonus-payment-for-residential-and-home-care-workers>.

⁴⁰ Ibid.

⁴¹ ARC Centre of Excellence in Population Ageing Research (CEPAR), *Tapping into Australia’s ageing workforce: Insights from recent research*, (2021): 10. <https://cepar.edu.au/resources-videos/research-briefs/australia-ageing-workforce-research-insights>.

Figure 8: Age of direct care workforce – 2016 and 2020



84 It is also noteworthy that aged care is a growth industry. The Productivity Commission (2011) predicted that 3.5 million Australians will be accessing aged care services every year by 2050, requiring a workforce of nearly one million direct care workers. To meet this challenge, in 2018 the Commonwealth Government released A Matter of Care: Australia’s Aged Care Workforce Strategy, compiled by the Aged Care Workforce Strategy Taskforce.⁴²

85 At page 61, the Strategy noted:


The aged care workforce is older than the national average age of workers across all occupations, with many mature-aged workers (and volunteers) keen to remain in their role and work as long as possible. Their capacity to work will depend, in part, on their health and fitness to sustain the physical and emotional toll of care work.

Factors influencing retention can include:

- *provision for reduced working hours*
- *more diversity in their work (for example, mixing care work with administrative tasks)*
- *shifting to less intensive work*
- *the opportunity to take on mentoring roles*
- *ability to make plans for transition to retirement, with support from workplace.*

86 Given the low wage profile of the RAC industry, improved wages will also likely be required to attract and retain workers to the sector. An increase to minimum wages will

⁴² Australian Government, Department of Health, A Matter of Care: Australia’s Aged Care Workforce Strategy, (2018): <https://www.health.gov.au/resources/publications/a-matter-of-care-australias-aged-care-workforce-strategy>.

- 
- help achieve this and would greatly benefit the older workers currently employed in the industry – and those that are likely to be so in the years ahead.
- 87 As with younger female workers, it is also true that older women would benefit from an increase in minimum wages, as they significantly outnumber men in healthcare – the sector employing the highest proportion of older workers.⁴³
- 88 In addition to making a significant difference to key industries such as RAC, improved minimum wages would also bring great benefits to workers in casual employment, who are more likely to be remunerated at minimum wage rates.
- 89 It is likely that many older workers will struggle to regain permanent jobs following the crisis and will be reliant on casual roles – or will need to seek the flexibility of casual roles, in the latter stage of their working life.
- 90 This movement to casualisation is likely to create greater financial pressures for older workers. These pressures are greater for women, who have typically earned less during their lifetimes and have lower superannuation balances, and for those who do not own their own homes.
- 91 Accordingly, strong minimum wages are important not only to bolster key industries facing major workforce challenges (such as RAC), but also to assist older workers on low incomes to build their savings and support themselves in retirement.


Aboriginal Victorians

- 92 Aboriginal Victorians are more likely to earn lower or minimum wage incomes and would therefore benefit from an increase in those rates. Australian Institute of Health and Welfare (AIHW) data shows that in 2018-19, the median personal income for Indigenous Australians was \$489, which was \$291 (or 37.3 per cent) less than the \$780 registered for non-Indigenous Australians in 2017-18.
- 93 This earnings gap is the result of a number of factors. More Aboriginal Victorians are likely to be working in low paid industries, including retail trade, and accommodation and food services.⁴⁴ These industries were also the most affected by COVID-19 shutdowns, particularly from Victoria's prolonged Stage Three and Stage Four restrictions. Many Aboriginal Victorians working in low-paid, part-time or casual jobs in affected industries would have had their hours reduced as a result of COVID-19, leading to even lower amounts of income earned.
- 94 In addition, the Aboriginal Victorian population is younger than the non-Indigenous population. At the 2016 Census (data from the 2021 census not yet available), 52 per cent of Aboriginal Victorians were under the age of 25 compared with just 31 per cent of non-Indigenous populations.⁴⁵ Aboriginal young people are also less likely to complete higher levels of education than non-Indigenous populations, with only 9.2 per cent

⁴³ ARC Centre of Excellence in Population Ageing Research (CEPAR), *Tapping into Australia's ageing workforce: Insights from recent research*, (2021). 10.

⁴⁴ Department of Premier and Cabinet (2019), *Aboriginal Affairs Report 2019*.

⁴⁵ Australian Bureau of Statistics (2016), *2016 Census: Aboriginal and/or Torres Strait Islander Peoples QuickStats*, Australian Bureau of Statistics.



completing a Bachelor's degree or higher compared with 24.3 per cent of the non-Indigenous population.⁴⁶ Taking this data together, it is clear that a rise in minimum wages would help to offset the impacts of earning a lower wage for Aboriginal Victorians while also assisting with their recovery from the coronavirus (COVID-19) pandemic.

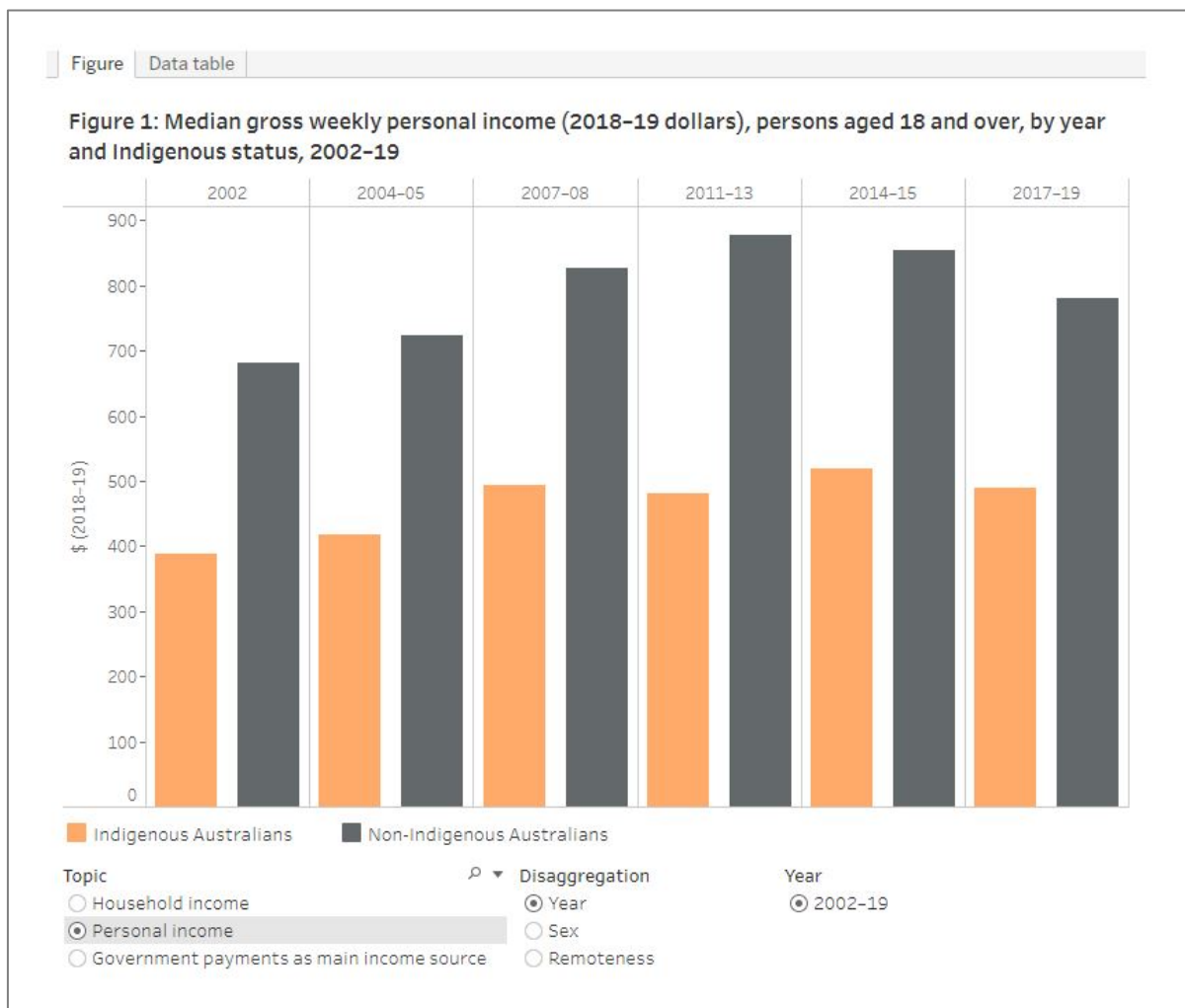
- 95 It is important to note that addressing wage inequality for low-income Aboriginal Victorians is only one step towards addressing an entrenched trend of income inequality, and one which has worsened in recent years. Far from being anomalous, the 2018-19 personal income gap is consistent with earlier datasets, as illustrated in the table below (taken from the AIHW website).⁴⁷ This disparity in personal income contributes strongly to the fact that in 2018-19, 40 per cent of Indigenous Australians reported gross adjusted weekly household incomes in the bottom 20 per cent of the income distribution for all Australians aged 18 and over. This represented an increase of 4.1 percentage points since 2014–15 (36 per cent) and was roughly 2.5 times the proportion of non-Indigenous Australians (16 per cent) who reported being in the bottom 20 per cent of the income distribution in 2017-18.⁴⁸

⁴⁶ Ibid.

⁴⁷ AIHW – *Indigenous income and finance* (2021): <https://www.aihw.gov.au/reports/australias-welfare/indigenous-income-and-finance>.

⁴⁸ Ibid.

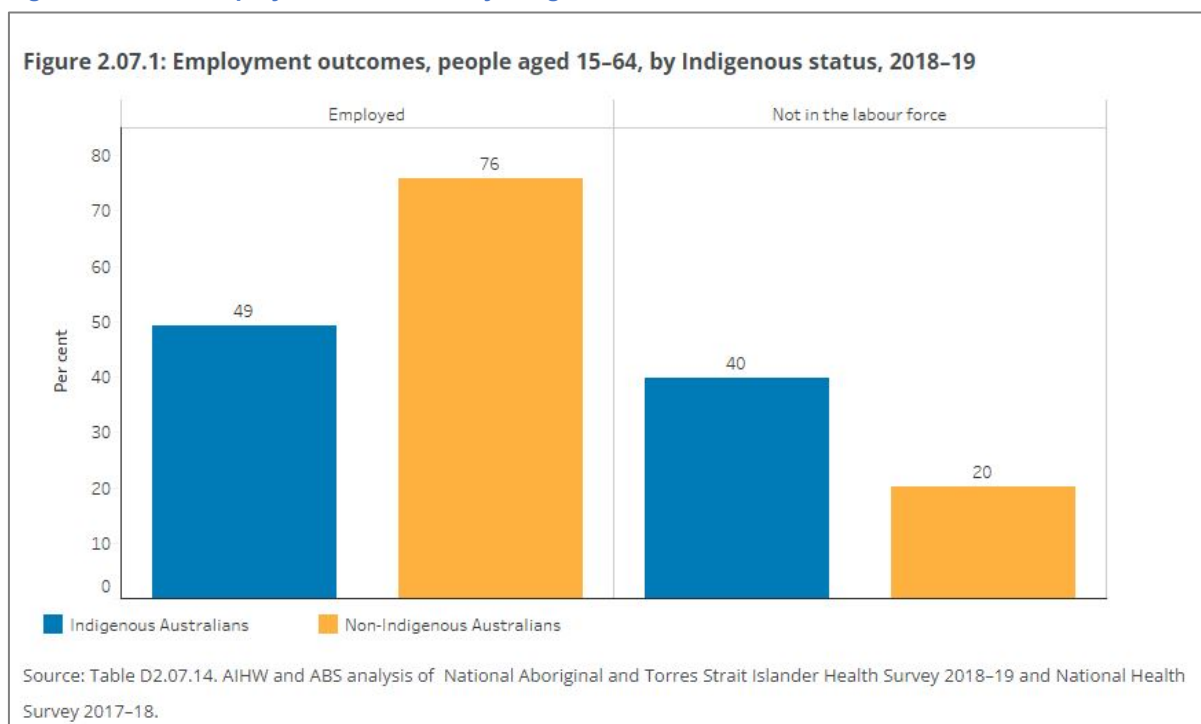
Figure 9: Personal income by indigenous status – 2002 to 2019



96 It should also be noted that unemployment rates are higher for Aboriginal Victorians than non-Aboriginal Victorians (at the 2016 Census, when the overall unemployment rate for Victoria was 6.6 per cent, the rate for Aboriginal Victorians was 14 per cent).⁴⁹ For those seeking entry into the workforce, potentially after sustained periods of unemployment, low-income or minimum wage rates are also more likely. Again, this means that Aboriginal Victorians would benefit from an improvement in those rates.

⁴⁹ Australian Bureau of Statistics – 2016 Census: <https://www.abs.gov.au/websitedbs/censushome.nsf/home/2016>.

Figure 10: Employment outcomes by indigenous status – 2018-2019



97 Finally, and as noted in our 2021 submission, the COVID-19 pandemic has affected Victorian Aboriginal businesses, with many of their contractors ineligible for Commonwealth Government support.⁵⁰ A 2020 Kinaway Chamber of Commerce Victoria survey of 150 Aboriginal businesses in Victoria during the COVID-19 pandemic found 58 per cent of Victorian Aboriginal businesses indicated they would be ceasing operations if they did not receive further government support.⁵¹ Aboriginal businesses are more likely to employ Aboriginal people, so this is likely to have had a strongly negative impact on Aboriginal employment outcomes in Victoria.

98 An increase to the minimum wage would offset those impacts and help to strengthen Victoria’s economic recovery. It would also support Aboriginal workers to gain economic stability and support their families.

People with disability

99 Under the Supported Wage System (SWS) people with lower work capacity due to their disability may only be paid a percentage of the NMW.⁵² For example, someone with a work capacity of 70 per cent will earn 70 per cent of the NMW. This fact alone makes a strong minimum wage critical for people with disability. It is also not surprising that according to ABS data, people with disability (especially those with severe or profound

⁵⁰ Kinaway Chamber of Commerce Victoria Ltd (2020), *COVID-19 forces closure of more than half of Victoria’s Indigenous businesses*, Media Release, <https://kinaway.com.au/covid-19-forces-closure-of-more-than-half-of-victorias-indigenous-businesses/>.

⁵¹ Ibid.

⁵² Fair Work Ombudsman, *Employees with disability pay rates*: <https://www.fairwork.gov.au/pay/minimum-wages/employees-with-disability-pay-rates>.

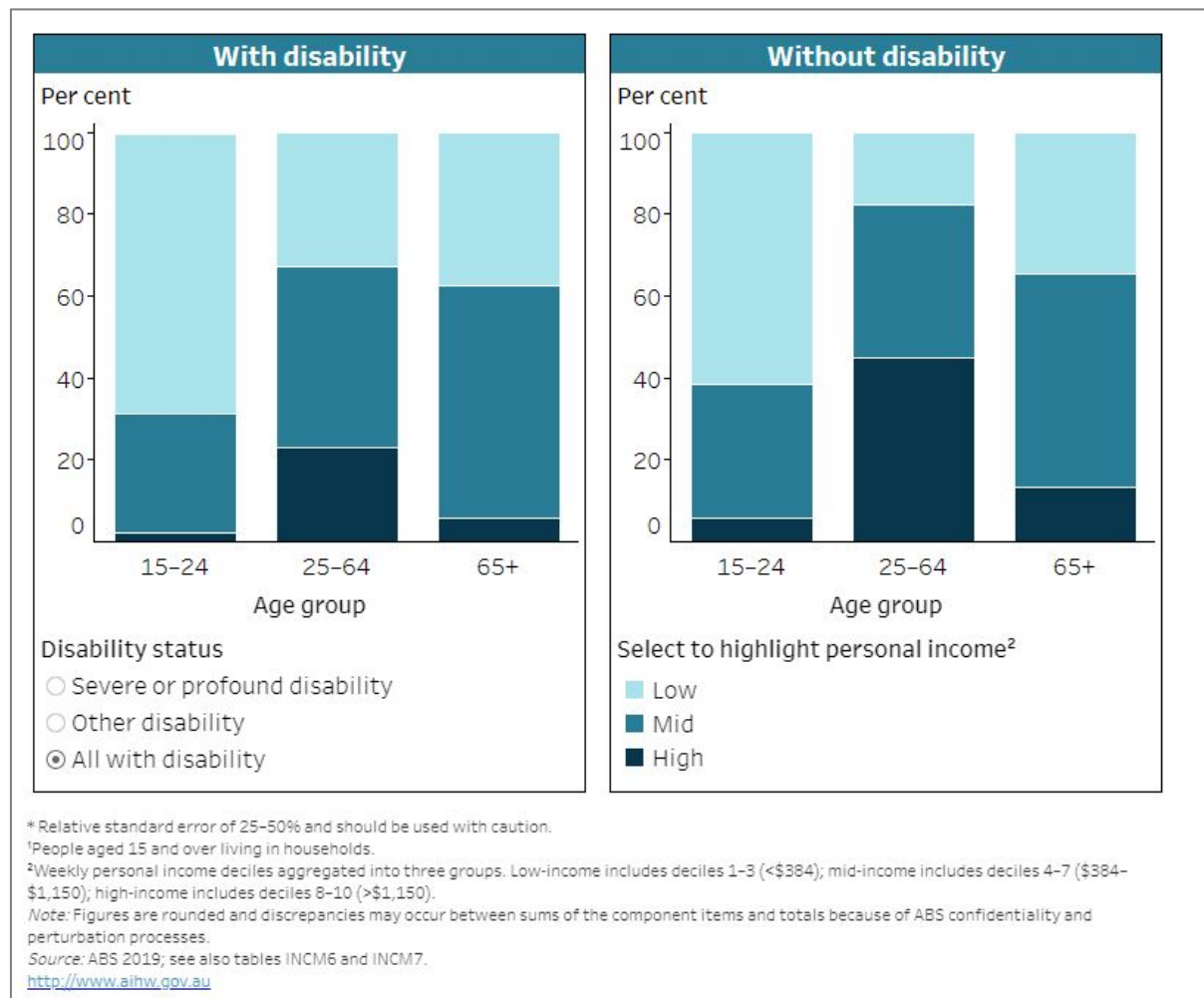
disability) are more likely to have a lower level of personal income than people without disability.

100 Of people aged 15–64:

- 38 per cent with disability, and 51 per cent with severe or profound disability, have a low level of personal income, compared with 27 per cent without disability
- 42 per cent with disability, and 44 per cent with severe or profound disability, are in the mid-level of income, compared with 36 per cent without disability
- 20 per cent with disability, and 5.9 per cent with severe or profound disability, have a high level of income, compared with 37 per cent without disability (ABS 2019).

101 This is graphically represented in the chart below, taken from the AIHW website. As the chart shows, the disparity between those with and without a disability who are likely to be in the lowest income category during the major income earning years of 25-64 is particularly apparent.⁵³

Figure 11: Personal income by disability status



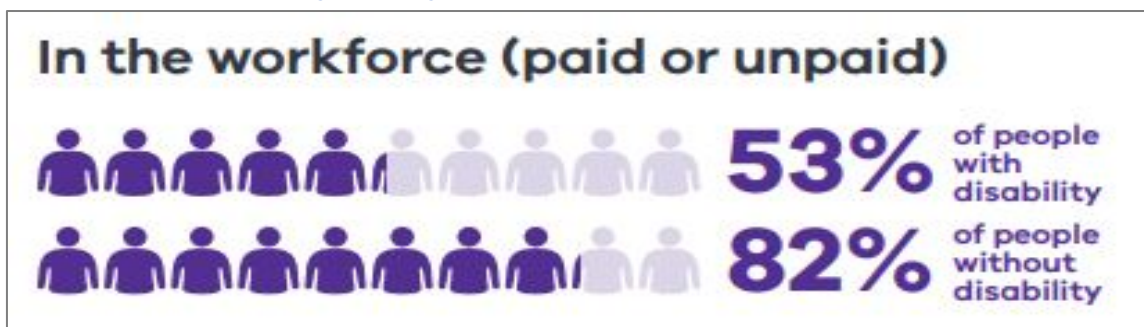
102 For reference, this low-income category is defined as income deciles 1 to 3 (\$383 or below per week). When the cohort is examined further, females aged 15–64 with

⁵³ Australian Institute of Health and Welfare, *People with disability in Australia*.

disability (40 per cent or 365,000) are more likely than their male counterparts (36 per cent or 303,000) to have a low level of personal income.

- 103 In addition to low levels of paid income, Victorians with a disability are also less likely to be employed. At the 2016 Census, for example, Victorians with a disability registered a 15.6 per cent unemployment rate, as against the whole state average of 6.6 per cent.⁵⁴ The infographic below represents ABS data cited in the Victorian State Disability Plan (Every Opportunity – Victorian Economic Participation Plan for People With Disability, 2018-2020), and shows that at the time the employment rate⁵⁵ for Victorians with a disability was only 53 per cent, as opposed to those without a disability – which registered 82 per cent.

Figure 12: Workforce status by disability status



- 104 It is difficult to see this trend changing in the short to medium term, as at the time people with disability accounted for only 2.8 per cent of people starting apprenticeships or traineeships.⁵⁶
- 105 Nationally, employed people with a disability are more likely to be employed part-time than those without a disability.⁵⁷ Workers with a disability are also more likely to be employed in low wage roles, such as labourers or sales workers, than workers without a disability.⁵⁸
- 106 As with many groups on low incomes or with limited workforce engagement, many people with disability have low or no savings. In addition, people with disability and their carers were excluded from the Commonwealth coronavirus (COVID-19) supplement. As a result, the COVID-19 pandemic has impacted people with disability to a much greater extent than people without disability.


⁵⁴ Australian Bureau of Statistics – 2016 Census: <https://www.abs.gov.au/websitedbs/censushome.nsf/home/2016>

⁵⁵ Employment rate is expressed as the number of employed working age people as a percentage of the working population.

⁵⁶ Department of Fairness, Families and Housing, *Every Opportunity – Victorian Economic Participation Plan for People with Disability*, 2018-2020: https://www.statedisabilityplan.vic.gov.au/application/files/7815/3740/3384/Every_opportunity_-_Web.pdf.

⁵⁷ 40.9 per cent of employed people with a disability work part-time, as opposed to 31.7 per cent of those without a disability. See: Australian Institute of Health and Welfare – *People with disability in Australia – Employment rate and type*: <https://www.aihw.gov.au/reports/disability/people-with-disability-in-australia/contents/employment/employment-rate-and-type>.

⁵⁸ Australian Institute of Health and Welfare – *People with a disability, employment rate and type*.

- 
- 107 Increasing the minimum wage would ensure greater quality of life for workers with disability, particularly for those who are on low incomes, in precarious employment, or who earn only a percentage of the minimum wage.
- 108 As with young workers, older workers and Aboriginal workers, workers with a disability form a vulnerable cohort for whom a rise in the minimum wage would be highly beneficial. Such a rise would not only serve to ameliorate ongoing income inequality exacerbated by the pandemic but would also make an important contribution to Victoria's economic recovery. While doing so, it would also help ensure that the recovery is inclusive – and does not exclude those Victorians who are too often left behind.

Conclusion

- 109 Over two million Australian workers are directly reliant on minimum rates of pay and therefore dependent on the outcomes of the Annual Wage Reviews directly, and indirectly, many more are affected. With the decline in collective bargaining, the FWC's Annual Wage Review decisions have continuing and increasing significance.
- 110 Due to increased award reliance and reductions in wages outcomes for low (and higher paid) cohorts of workers – who can also experience intersecting disadvantage in the workforce – the Annual Wage Review is a key mechanism to redress the decline in wages growth and the means to distribute productivity gains to more Australian workers. Increases to award wages will support the national and state economies in their recovery phase from coronavirus (COVID-19), increase discretionary income and spending, and provide incentives to potential workers where there have been labour shortages, such as in the hospitality sector both nationally and in Victoria.
- 111 The Victorian Government submits that in its 2021-22 AWR decision, the FWC should increase the NMW and all modern award wages by at least 3.5 per cent. The current CPI figure spiked 1.3% in the December quarter and over the twelve months to the December 2021 quarter, the CPI rose 3.5%. An increase in the NMW and award wages of less than 3.5 percent would effectively be seen as a cut.
- 112 Further, the Victorian Government calls on the FWC to consider higher increases to award reliant, low paid and often female dominated sectors, such as health care and social assistance, accommodation and food services and retail, to not only redress labour shortages, but also narrow the gender pay gap and the gap in award wages due to the staggered increases during the height of coronavirus (COVID-19).
- 113 Lastly, the Victorian Government argues that current circumstances do not support a delay in any awarded increases and seeks that no delays beyond 1 July 2022 are attached to any increases to the NMW and award wages.