

ANNUAL WAGE REVIEW 2022

- The Fair Work Commission (FWC) announced a **5.2 per cent** increase to the national minimum wage (NMW) effective 1 July 2022. This follows increases of 2.5 per cent in 2021 and 1.75 per cent in 2020 (Graph 1).
- The NMW will increase by \$40 per week to \$812.6 per week or \$21.38 per hour.
- Modern award minimum wages will increase by **between 4.6 and 5.2 per cent**. Award rates above \$869.6 per week will increase by 4.6 per cent, while Award rates below this will increase by \$40 a week; for the lower paid this could amount to up to a 5.2 per cent increase. Around 30 per cent of award-reliant employees are expected to receive the \$40 increase.¹

There is also some upside risk to inflation, if firms were to pass on these wage increases to prices.

¹ Based on estimates of the share of award-reliant employees with low incomes by the [Australian Government \(2022\)](#).

- The FWC noted the need to constrain the inflationary pressures resulting from the decision. The 0.5 per cent increase in the Superannuation Guarantee rate, removal of the \$450/month superannuation threshold, and the 2022–23 Budget measures were also cited as factors supporting a lower increase.

Implications for PWL's wages forecasts

There is also some upside risk to inflation, as the inflation psychology has been shifting and firms have been increasingly willing to pass on cost increases to prices.

PWL & RIA
Economic Analysis Department
15 June 2022

AUGUST 2022

Summary of Economic Conditions

Short-term inflation expectations have declined modestly

Reports of firms increasing prices in response to higher wages for their staff is mostly concentrated within professional services firms, have said the recent FWC increase would at least be partially be passed through to prices.

Economic Group
24 August 2022

PWL'S INFLATION PULSE – AUGUST 2022

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Prices Wages and Labour Market / Economic Analysis / 24 August 2022