



Restaurant  
& Catering

**FAIR WORK COMMISSION**  
**ANNUAL WAGE REVIEW 2026**

## INTRODUCTION

[1] The Restaurant and Catering Industry Association of Australia Incorporated (R&CA) are pleased to provide a submission for the Annual Wage Review 2026.

### ABOUT THE RESTAURANT & CATERING ASSOCIATION

[2] R&CA is the national industry association representing the interests of more than 57,000 restaurants, cafés, and catering businesses across Australia. The café, restaurant, and catering sector is vitally important to the national economy, generating over \$35 billion in retail turnover each year as well as employing over 700,000 people.

[3] R&CA delivers tangible outcomes to small businesses within the hospitality industry by offering evidence-based solutions to various industry challenges. Our aim is to improve regulations and policies that impact the sector's operating environment to foster robust and prosperous businesses across Australia.

[4] We work to ensure the industry is respected for its integrity, professionalism, and dedication to excellence. This includes advocating the broader social and economic contribution of the sector to industry and government stakeholders, as well as highlighting the value of the industry to the Australian way of life.

[5] Given our remit, footprint, engagement with the sector, and ongoing advocacy, we provide you with the following submission and speak with authority.

### STATUTORY FRAMEWORK

[6] R&CA acknowledges the Commission in outlining the general principles and considerations for the decision for the Annual Wage Review 2023-24.<sup>1</sup>

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<sup>1</sup> [2024] FWCFB 3500.

## MODERN AWARD RELIANCE

[7] Since 2021, the Australian Bureau of Statistics (ABS) has microdata included for the Survey of Employee Earnings and Hours (EEH). This is beneficial to the sector as it provides a greater understanding of employees because of the increased level of transparency in the data, allowing for more identifiable information rather than approximates for award reliant employees.<sup>2</sup>

[8] Modern awards set out the minimum terms and conditions of employment on top of the National Employment Standards (NES), and are industry or occupation based.<sup>3</sup> The proportion of employees of the working population paid according to an award (award reliant) in 2021, was 23 per cent (or 2.66 million employees).<sup>4</sup> Almost half of all employees who are reliant on a modern award, are paid from the top five modern awards. Three of these top modern awards are related to our industry, these include:

- *Restaurant Industry Award 2020*;
- *Hospitality Industry (General) Award 2020*; and
- *Fast Food Industry Award 2010*.<sup>5</sup>

[9] The proportion of all modern award-reliant employees for the *Restaurant Industry Award 2020 (RIA)* was 5.4 per cent, accounting for 129,198 employees.<sup>6</sup> Our Industry also extends to other modern awards, such as, the *Hospitality Industry (General) Award 2020 (HIGA)* with a 9.5 per cent proportion (225,926 employees), and the *Fast Food Industry Award 2010 (FFIA)* with a 7.9 per cent proportion (187,239 employees).<sup>7</sup> Given this prevalence, the Restaurant and Catering Industry Association of Australia (R&CA) are likely to be connected or represent these employees.

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<sup>2</sup> Kelvin Yuen and Josh Tomlinson, *A Profile of Employee Characteristics Across Modern Awards* (Fair Work Commission Research Report No 1/2023, March 2023) 8 ('*Characteristics Across Modern Awards*').

<sup>3</sup> Fair Work Ombudsman (Cth), *Modern Awards* (Fact Sheet, March 2023) <<https://www.fairwork.gov.au/sites/default/files/migration/723/Modern-awards.pdf>>.

<sup>4</sup> *Characteristics Across Modern Awards* (n 2) 13.

<sup>5</sup> *Ibid* 15.

<sup>6</sup> *Ibid* 41.

<sup>7</sup> *Ibid*.

[10] The recent research note provided by the Commission, highlights that in the Accommodation and Food Service industry, 75.9% of businesses have at least one employee paid by an award, and 64.2% of businesses with the mean share for the use of an award.<sup>8</sup>

[11] Further, only 24.1% of businesses did not pay any employees with an award, and of the 75.9% who had at least one employee, 53.5% of businesses had over 75% of their employees paid by an award.<sup>9</sup>

[12] The Accommodation and food services industry has the greatest proportion of employees in any industry that are paid the award rate, with 60% of employees not being paid more than that rate of pay.<sup>10</sup>

## NATIONAL MINIMUM WAGE

[13] The National Minimum Wage (NMW) applies to employees not covered by an award or registered agreement,<sup>11</sup> and is the 'most common method of setting pay for employees earning the NMN or less is by [an] award (49 per cent).'<sup>12</sup> The Australian Government's approach for its submissions to the annual wage reviews, has been to include all employees on adult rates of pay earning less than or equal to the prevailing NMW.<sup>13</sup> However, that approach can lead to a distorted view of our industry because Employee Earnings and Hours (EEH) includes penalty rates, allowances and other payments such as bonuses for ordinary time earnings,<sup>14</sup> commonly from penalty rates from working on weekends.<sup>15</sup>

[14] In the *Annual Wage Review 2025* decision (*AWR 2025*),<sup>16</sup> the Commission discussed the notion of the effectiveness of the outcome of the annual wage review would be the result of

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<sup>8</sup> Josh Tomlinson and Josh Lipp, 'Award Use at the Employer Level: Overview Using the Business Longitudinal Administrative Dataset Environment (BLADE)' (Research Note, Fair Work Commission, February 2026) 19 (*BLADE*).

<sup>9</sup> *Ibid* 20.

<sup>10</sup> Fair Work Commission, 'Statistical Report – Annual Wage Review 2026' (Statistical Report No 2, Fair Work Commission, 25 March 2026) 67 (*Statistical Report*).

<sup>11</sup> Fair Work Ombudsman (Cth), *Minimum Wages*, (Web Page) <<https://www.fairwork.gov.au/pay-andwages/minimum-wages>>.

<sup>12</sup> Josh Tomlinson, *Characteristics of Employees on the National Minimum Wage* (Fair Work Commission Research Report No 1/2024, February 2024) 23 (*Characteristics NMW*).

<sup>13</sup> *Ibid* 17.

<sup>14</sup> *Ibid* 19.

<sup>15</sup> *Ibid*.

<sup>16</sup> [2025] FWCFB 3500 [100].

targeting higher increases for the lowest paid,<sup>17</sup> hence the accurate understanding of the proportion of employees paid at the C13 level or below.<sup>18</sup>

[15] The understanding of the C13 rate would then assist in the consideration for phasing out the C13 rate over time such that the C12 rate would become the lowest pay rate applicable in modern awards.<sup>19</sup>

[16] The C13 rate is equivalent to a level 1 classification in the *Restaurant Industry Award 2020*,<sup>20</sup> with the 'Introductory Level' being lower.<sup>21</sup> However, the Introductory level is for a period where the competency of the level 1 classification can be attained.<sup>22</sup> While this may be an initial period of 3 months, its extension may be possible by mutual agreement for ongoing training to be undertaken.<sup>23</sup> Realistically, to achieve the competency of a level 1, especially for a "food and Beverage attendant grade 1", is unlikely to require the scope of time of 3 months, rather, likely to be the rate that a new employee who does not engage in the service of alcohol, would commence employment.

[17] It is unlikely that any substantial time would be required for the 'Introductory Level' to be applied, where the Level 1 rate has the competencies considered:

**Food and beverage attendant grade 1** means an employee who is engaged in any of the following:

- (a) picking up glasses; or
- (b) providing general assistance to food and beverage attendants of a higher classification not including service to customers; or
- (c) removing food plates; or
- (d) setting or wiping down tables; or
- (e) cleaning and tidying associated areas; or
- (f) receiving money.

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<sup>17</sup> Ibid.

<sup>18</sup> Alexa Kuzyk et al, 'C12 and C13 Classification Rates in Modern Awards' (Fair Work Commission, February 2026) 9 (*Classification Rates*).

<sup>19</sup> Ibid 9.

<sup>20</sup> Ibid 49.

<sup>21</sup> *Restaurant Industry Award 2020 [MA000119]* cl 18.1 ('RIA').

<sup>22</sup> Ibid sch A.1.

<sup>23</sup> Ibid.

[18] In the *Annual Wage Review 2024 Decision (AWR 2024)*, the relative living standards of the low paid were expressed as a comparative concept,<sup>24</sup> where the ABS *Characteristics of Employment (CoE)* data, along with the ABS *Survey of Employee Earnings and Hours (EEH)* are used.<sup>25</sup>

[19] ‘However, other award ordinary time pay entitlements such as industry and other allowances , shift loadings, evening and weekend penalty rates payable on ordinary time, and the casual loading where applicable, also need to be taken into account in assessing employees earnings for the purpose of comparison with the low paid benchmark’.<sup>26</sup>

[20] The limitation of both of the ABS surveys is that they can’t ‘identify the base rate of pay of employees, in that earnings, even ordinary time earnings, include penalty rates and other payments such as allowances that are paid in addition to a base rate of pay. Average hourly earnings, which are calculated by dividing average weekly hours paid for/worked, may then be overestimated for some employees.’<sup>27</sup>

[21] We submit that the transparency can be identified from within the *Restaurant Industry Award 2020 (RIA)*, and if an employee is paid an ordinary hourly rate at level 1, the hourly rate is \$24.95. However, as paid annual leave has a loading of 17.5%, the 4 weeks of annual leave accrued per year would increase the total amount to be paid to the employee.

[22] The additional amount for the annual leave then takes the total amount paid per hour over the entire 52 weeks to \$25.29 per hour. This variation already places the hourly rate at 1.4% higher than the ordinary hourly rate.

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<sup>24</sup> [2024] FWCFB 3500 [72].

<sup>25</sup> Ibid.

<sup>26</sup> Ibid [73].

<sup>27</sup> *Classification Rates* (n 18) 6.

**[23]** The table below demonstrates the ordinary hourly rate for an employee paid at the level 1 rate of \$24.95 and the impact of percentage increases in the National Minimum Wage showing the actual percentage increase when including only the 17.5% annual leave loading as per the *Restaurant Industry Award*.

<b>Percentage Increase in NMW</b>	<b>Ordinary Increased Amount</b>	<b>Actual Increased Amount with 17.5% Holiday Leave Loading Averaged Over Annual Hours</b>	<b>Actual Percentage Increase</b>
2.5%	\$25.57	\$25.92	3.9%
2.75%	\$25.64	\$25.98	4.15%
3%	\$25.70	\$26.04	4.4%
3.25%	\$25.76	\$26.11	4.65%
3.5%	\$25.82	\$26.17	4.9%
3.75%	\$25.89	\$26.23	5.15%
4%	\$25.95	\$26.30	5.4%
4.25%	\$26.01	\$26.36	5.65%
4.5%	\$26.07	\$26.42	5.9%
4.75%	\$26.14	\$26.49	6.15%
5%	\$26.20	\$26.55	6.4%

**[24]** The Accommodation and Food Service industry employed 981,000, comprising of 61% part-time share, 6.7% workforce share, 52% female share, a median age of 26, and median weekly earnings of \$1,300.<sup>28</sup>

**[25]** Within the Accommodation and Food Service industry, the Cafes, Restaurants and Takeaway Food Services is the largest sector, employing 706,500 workers,<sup>29</sup> equating to 72% of the industry.

<sup>28</sup> Jobs and Skills Australia, <https://www.jobsandskills.gov.au/data/occupation-and-industry-profiles/industries/accommodation-and-food-services>

<sup>29</sup> Ibid.

[26] The table below is data obtained and collated from Jobs and Skills Australia for the Accommodation and Food Service industry.

<b>Occupation</b>	<b>Employed</b>	<b>Annual Employment Growth</b>	<b>Full-Time Share</b>	<b>Part-Time Share</b>	<b>Female Share</b>	<b>Median Weekly Earnings</b>	<b>Median Hourly Earnings</b>	<b>Median Age</b>
<b>Waiters</b>	128,200	- 700	17%	83%	69%	\$1,346	\$35	21
<b>Chefs</b>	133,300	6,600	78%	22%	30%	\$1,423	\$37	34
<b>Kitchenhands</b>	150,800	1,200	21%	79%	50%	\$1,292	\$33	22
<b>Bar Attendants and Baristas</b>	121,600	3,300	29%	71%	58%	\$1,500	\$37	23
<b>Café and Restaurant Managers</b>	62,300	-1,100	77%	23%	50%	\$1,644	\$43	38
<b>Café Workers</b>	39,000	2,200	24%	76%	74%	\$1,346	\$35	22
<b>Cooks</b>	32,300	-3,000	45%	55%	52%	\$1,432	\$37	26

[27] Notably, the information collated and produced by Jobs and Skills Australia does not include casuals. The *R&CA 2025 Industry Benchmarking Report*, when compared to Jobs and Skills reveals the following:<sup>30</sup>

<b>Occupation</b>	<b>R&amp;CA Full-Time Share</b>	<b>R&amp;CA Part-Time Share</b>	<b>R&amp;CA Casual Share</b>	<b>JSA Full-Time Share</b>	<b>JSA Part- Time Share</b>
<b>Waiters</b>	9.73%	16.81%	69.03%	17%	83%
<b>Chefs</b>	81.65%	4.59%	7.34%	78%	22%
<b>Kitchenhands</b>	6%	10%	70%	21%	79%
<b>Bar Attendants and Baristas</b>	76.42%	5.66%	8.49%	29%	71%
<b>Café and Restaurant Managers</b>	7.96%	12.39%	75.22%	77%	23%
<b>Café Workers</b>				24%	76%
<b>Cooks</b>	34.95%	15.53%	37.86%	45%	55%

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<sup>30</sup> Restaurant & Catering Industry Association of Australia Incorporation, '2025 Industry Benchmarking Report' (Report, R&CA, March 2026) 36 (*Benchmark Report*).

[28] The table below demonstrates the proportionate rates for an employee if they were to be paid at level 1, noting that the table includes occupations where the level 1 payment would not be appropriate on the basis of the experience, and appropriate level of training required to perform the role.

Occupation	R&CA	R&CA	R&CA	JSA	JSA	Level 1 \$24.95	Full Time &	Full Time &	Casual	Casal	Casual
	Full-Time Share	Part-Time Share	Casual Share	Full-Time Share	Part-Time Share		Part Time SAT 1.25%	Part Time SUN 1.5%	Rate Mon-Fri 1.25%	Rate SAT 1.5%	Rate SUN 1.5%
<b>Waiters</b>	9.73%	16.81%	69.03%	17%	83%	\$24.95	\$31.19	\$37.43	\$31.19	\$37.43	\$37.43
<b>Chefs</b>	81.65%	4.59%	7.34%	78%	22%	\$24.95	\$31.19	\$37.43	\$31.19	\$37.43	\$37.43
<b>Kitchenhands</b>	6%	10%	70%	21%	79%	\$24.95	\$31.19	\$37.43	\$31.19	\$37.43	\$37.43
<b>Bar Attendants and Baristas</b>	76.42%	5.66%	8.49%	29%	71%	\$24.95	\$31.19	\$37.43	\$31.19	\$37.43	\$37.43
<b>Café and Restaurant Managers</b>	7.96%	12.39%	75.22%	77%	23%	\$24.95	\$31.19	\$37.43	\$31.19	\$37.43	\$37.43
<b>Café Workers</b>				24%	76%	\$24.95	\$31.19	\$37.43	\$31.19	\$37.43	\$37.43
<b>Cooks</b>	34.95%	15.53%	37.86%	45%	55%	\$24.95	\$31.19	\$37.43	\$31.19	\$37.43	\$37.43

[29] If a full-time or part-time employee earning wages at level 1 for front of house duties (this would mean that they would also not be in the provision of serving alcohol), were to work outside of the ordinary periods between Monday and Friday, immediately, the penalty rates for weekend work would indicate an amount of no less than 25% per hour for work on a Saturday, and no less than 50% per hour for a Sunday.

[30] In dollar amounts, if a full-time and part-time rate was to be applied for 38 hours of work between a roster from Wednesday through to Sunday, it would be no less than the following:

Day	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Hours			7.6	7.6	7.6	7.6	7.6
Rate			\$24.95	\$24.95	\$24.95	\$31.19	\$37.43
Total			\$189.62	\$189.62	\$189.62	\$237.04	\$284.47

[31] The total wages for the 38 hours would be \$1,090.37, and the average rate per hour would be \$28.69.

[32] R&CA submit that the simplicity of this roster and the use of the ordinary wage rate is understood to not include the increased amount as per the annual leave loading of 17.5%.

[33] R&CA highlight that with the example, the median wage rate is \$28.69, and above the ordinary rate of \$28.12 for a level 4 and used for the C10 rate.

[34] In other words, where work is performed at a weekend rate, it reflects a 3.74% increase in real wages per hour.

[35] Where inflation has been reported greater than 3.74% at 3.8%,<sup>31</sup> the impacts on business profitability may vary, however, as it is reported, the business profit margins for the quarter ending December 2025 for the Accommodation and Food Service Industry were 9.9%<sup>32</sup>

<sup>31</sup> Australian Bureau of Statistics, *Consumer Price Index, Australia, December 2025* (Catalogue No 6401.0, 28 January 2026) <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>.

<sup>32</sup> Fair Work Commission, 'Statistical Report – Annual Wage Review 2026' (Statistical Report No 2, Fair Work Commission, 25 March 2026) 26. (*Statistical Report*).

Seasonally adjusted, the company gross operating profits (CGOP) were 6.1%.<sup>33</sup> For the same period, the seasonally adjusted wages and salaries increased by 1.8%.<sup>34</sup>

**[36]** R&CA submit this indicates that the wages paid are already comparable with inflation, and where the profitability of businesses may be considered, a rise in the minimum wage of 3.5% would equate to a real increase of 4.9% before any sum of penalty rates that would be applicable, would be applied.

**[37]** The risk to businesses is that, if operating at a gross profit of 6.1%, and any increase of 4.75% would erode profits as the result would be a 6.15% increase in wages, before the addition of superannuation payments. Where businesses may be operating at a lower profit, the reality of losses is clear when the uncertainty of future inflation and the cost of goods that are necessary for the industry to operate.

**[38]** The business entry and exit rates showed a positive increase in businesses entering the Accommodation and Food Services industry, with the entry rate being 14.5% and the exit rate as 12.5% for the period from July 2021 to June 2025.<sup>35</sup> With the prospect of lower profitability, or ongoing losses, the exit rate is likely to be higher, hence, the reality of those employed becoming a statistical casualty of a disproportionate increase in the national minimum wage.

## PRODUCTIVITY

**[39]** In the submission to the Annual Wage Review 2023-4, R&CA highlighted that according to the Productivity Commission, the Accommodation and Food Services industry contributed to the largest decline in productivity of all sectors.<sup>36</sup> This is determined when the size of an industry is compared with how productivity is measured, specifically, labour productivity and

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<sup>33</sup> <https://www.abs.gov.au/statistics/economy/business-indicators/business-indicators-australia/dec-2025>

<sup>34</sup> Ibid.

<sup>35</sup> *Statistical Report* (n 32) 29.

<sup>36</sup> Productivity Commission (Cth), *Annual Productivity Bulletin 2024*, (Bulletin, 29/02/2024) 5 <<https://www.pc.gov.au/ongoing/productivity-insights/bulletins/bulletin-2024>> ('*Productivity Bulletin*').

multifactor productivity (MFP).<sup>37</sup> Labour productivity is the ratio of output to hours worked, whereas MFP is the ratio of output to combined input of labour and capital.<sup>38</sup> MFP and labour productivity growth mostly follow similar patterns.<sup>39</sup> Therefore, that while there may have been a strong increase in the hours worked in the industry, these hours also reduced the capital-labour ratio leading it to be the largest decline on record.<sup>40</sup> In other words, the fall in the MFP for 2022-23 'suggests that the additional hours worked did not produce a commensurate increase in output'.<sup>41</sup>

**[40]** The MFP assists to understand the 'quality' of labour, and where MFP declined, it's likely the result of 'less experienced or less productive labour'.<sup>42</sup> For long-term income growth, productivity in labour must increase, as the underlying connection between labour productivity and wages means that an increase in productivity will support a rebound in real wage growth.<sup>43</sup>

**[41]** The Annual Wage Review 2023 decision (*AWR 2023 decision*) confirmed that 'poor productivity performance was a moderating factor in the determination of the quantum of minimum wage increases awarded'.<sup>44</sup> Importantly, the relationship between high wages growth and the reduction in productivity had caused a significant increase in the nominal unit cost of labour.<sup>45</sup>

**[42]** The outlook for productivity remained uncertain in May 2024 according to the Reserve Bank.<sup>46</sup> However, the Reserve Bank commented that a 'slower recovery in productivity growth could have implications for both inflation and growth'.<sup>47</sup>

**[43]** The Reserve Bank in February 2025, stated that while '[o]verall, solid growth in wages along with still-weak productivity – which is around pre-pandemic levels – has kept growth in unit labour costs above rates consistent with inflation being at target'.<sup>48</sup>

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<sup>37</sup> Ibid.

<sup>38</sup> Productivity Commission (Cth), *What is Productivity?*, (Web Page) <<https://www.pc.gov.au/what-is-productivity>>.

<sup>39</sup> Productivity Bulletin (n 13) 5.

<sup>40</sup> Ibid.

<sup>41</sup> Ibid.

<sup>42</sup> Ibid 3.

<sup>43</sup> Ibid 8.

<sup>44</sup> [2024] FWCFB 3500 [70].

<sup>45</sup> Ibid.

<sup>46</sup> Reserve Bank of Australia, *Statement on Monetary Policy* (Report, May 2024) 44-5.

<sup>47</sup> Ibid 61.

<sup>48</sup> Reserve Bank of Australia, *Statement on Monetary Policy* (Report, February 2025) 3.

[44] Accommodation and Food Services industry had increased employment in the year to November 2024,<sup>49</sup> Analysis of the interactions of various labour market indicators showed that the vacancy rate and unemployment rate exhibit an inverse relationship. Periods of high unemployment are typically accompanied by lower vacancy rates. This suggests shortage pressures are likely to be lower during these times.<sup>50</sup>

[45] In the quarter ending December 2024, the Accommodation and Food Services industry recorded the highest recruitment rate of 63.0%, as well as the lowest recruitment difficulty rate of 27.0%.<sup>51</sup> However, in context, as reported by the Jobs and Skills Council, overall ‘the smoothed series has remained relatively flat for the last six months and is below that recorded a year ago. This has occurred in the context of declining internet job vacancies over the year to November 2024 and slower employment growth over the last six months.’<sup>52</sup>

[46] Despite positive responses for recruitment, in the quarter ending December 2024, the productivity for the Accommodation and Food Services industry was the second lowest from the identified industries with a 2.1% decline.<sup>53</sup>

[47] In other words, where available roles are filled for the holiday season, the unit cost for labour is high as a result of the low productivity in the industry.

## ECONOMIC CONSIDERATIONS

[48] The inflationary environment compared to last year is significantly flatter. The Reserve Bank is forecasting an ease to the Consumer Price Index (CPI).<sup>54</sup> The decline in productivity is having an adverse effect upon businesses to act profitably. This is significant because for December 2023, reporting on company gross operating profits and wages for our industry showed a fall in operating profits by 2.2 per cent, while wages rose by 0.5 per cent.<sup>55</sup> In other

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<sup>49</sup> Jobs and Skills Australia, *Labour Market Update – December 2024* (Report, 3 March 2025) 6.

<sup>50</sup> Ibid 3.

<sup>51</sup> Ibid 12.

<sup>52</sup> Jobs and Skills Australia, *REOS Recruitment Insights Report – December 2024* (Report, December 2024) 1.

<sup>53</sup> Productivity Commission (Cth), *Quarterly Productivity Bulletin: Appendix – March 2025* (Bulletin, March 2025) 2.

<sup>54</sup> Reserve Bank of Australia, *Statement on Monetary Policy – February 2024*, (Web Page, February 2024) <<https://www.rba.gov.au/publications/smp/2024/feb/>>.

<sup>55</sup> Australian Bureau of Statistics, *Business Indicators, Australia: Analysis by Industry, Accommodation and Food Services, Current Prices* (Web Page, December 2023) <<https://www.abs.gov.au/statistics/economy/businessindicators/business-indicators-australia/latest-release#analysis-by-industry>>.

words, generally, during the busiest time of the year for the industry, the cost for wages increased and the operating profits decreased.

**[49]** The Reserve Bank in February 2025, have highlighted that ‘input cost pressures persist, with liaison suggesting that...industries such as hospitality – are having difficulty in fully passing on cost growth to prices, resulting in compressed margins.’<sup>56</sup>

**[50]** From the 1 July 2025, there will be an increase in take home pay for employees from the Federal Governments tax breaks that are intended to help Australians with the cost of living and inflationary pressures.<sup>57</sup> While the Federal Government states that these tax cuts won't add to inflation,<sup>58</sup> tax cuts will result in an increase in take-home pay.<sup>59</sup> which has the same outcome as a wage rise. R&CA and other employer associations cautioned any dramatic increase to the minimum wage last year as it would become inflationary. Unfortunately, this came to pass. R&CA is mindful that we should not be drawn into the same inflationary trap and highlights the adverse effects of inflation for a wage rise this year.

**[51]** The Reserve Bank in February 2026 stated, ‘Growth in nominal ULCs – the measure of labour costs most relevant for firms’ cost of production and so for inflation outcomes – has been elevated in recent years, due to both weak productivity growth and strong average labour cost growth. Growth in ULCs has also been stronger than forecast in recent quarters, largely due to stronger-than-expected growth in average labour costs. Year-ended growth in ULCs is expected to moderate over the forecast period, in line with easing growth in nominal wages and a projected pick-up in productivity growth.’<sup>60</sup>

## OUR POSITION

**[52]** R&CA highlight the ongoing challenges with inflation and the lowest productivity for our industry covering nearly 1 in 5 employees on a modern award. Any increase in the NMW higher than the indicators for inflation to be controlled, will only add to the erosion of real incomes that will be assisted to increase by the Federal Governments tax cuts.

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<sup>56</sup> Reserve Bank of Australia, *Statement on Monetary Policy* (Report, February 2025) 34.

<sup>57</sup> Australian Government, *Budget Overview 2025-26* (Report, 25 March 2025) 12.

<sup>58</sup> Australian Government, *Tax Cuts to Help Australians With the Cost of Living* (Fact Sheet, 2024) 1 <<https://treasury.gov.au/sites/default/files/2024-01/tax-cuts-government-fact-sheet.pdf>>.

<sup>59</sup> Ibid.

<sup>60</sup> Reserve Bank of Australia, *Statement on Monetary Policy* (Report, February 2026) 50.

**[53]** R&CA notes and supports the submission of the Australian Chamber of Commerce and Industry (ACCI).

**[54]** Given all of the above, R&CA submits that a responsible increase in the NMW from \$24.95 to \$25.82, representing a 3.5% increase and 4.9% for full-time and part-time employees under the *Restaurant Industry Award* without any other penalty rates.

**[55]** R&CA thank the Commission for their consideration, and welcome engagement on 1300 722 878 or [policy@rca.asn.au](mailto:policy@rca.asn.au).