



**T H E M C K E L L I N S T I T U T E**

## **What's At Stake: The Cost of the Coalition's War on Awards**

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## About the McKell Institute

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## Acknowledgement of Country

This report was written on the lands of the Wurundjeri People of the Kulin Nation. The McKell Institute acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Owners of Country throughout Australia and their continuing connection to both their land and seas.

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## About the report

This Report has been prepared by the McKell Institute in collaboration with the Australian Council of Trade Unions.

<b>Key points .....</b>	<b>4</b>
<b>Introduction .....</b>	<b>5</b>
<b>Part 1: The Coalition’s persistent attack on awards .....</b>	<b>6</b>
The Coalition supported the Fair Work Commission’s 2017 cut to penalty rates.....	6
Industry groups continue to challenge modern awards in the Fair Work Commission .....	7
The Coalition are now seeking to actively undermine the coverage of modern awards .....	8
<b>Part 2: The widespread impact of the Coalition’s proposal .....</b>	<b>8</b>
Modern awards do far more than set minimum rates of pay .....	9
Modern awards provide an important reference point for other instruments.....	9
Over 165,000 workers will be directly affected by this policy .....	10
Another 3.3 million would be put in a considerably worse bargaining position .....	10
<b>Part 3: Who is affected, and by how much .....</b>	<b>11</b>
The top occupations affected by the Coalition’s proposed changes.....	11
The Coalition’s proposal leaves nurses, electricians, teachers and plumbers worse off .....	12
<b>Conclusion .....</b>	<b>14</b>
<b>Endnotes.....</b>	<b>15</b>

## Key points

1. **The Coalition have persistently sought to undermine awards.** They narrowed award terms with *WorkChoices* back in 2006. They did not stand up for penalty rates after the 2017 *Sunday Penalty Rates Decision*. They now stand idly by while industry groups mount another attack on penalty rates.
2. **The NSW Liberals proposal which would kick individuals earning more than average weekly earnings off their award** has been endorsed by the Federal Coalition.
3. **This narrowing would directly affect the pay and conditions of over 165,000 Australian workers** by kicking them off their award. This would strip them of their overtime, penalty rates, and other allowances.
4. **It would also weaken the bargaining position of around 3.3 million workers** who rely on award rates as a floor in seeking better conditions under enterprise agreements and individual arrangements.
5. **Nurses, electricians, teachers, and skilled tradespeople are most likely in the firing line.** We estimate that the Coalition's policy would mean that a fairly typical nurse may lose around \$9,286 per year, a teacher around \$5,604 per year, an electrician \$13,431 per year, and a plumber around \$5,694 per year.

## Introduction

Fairness at work is not just delivered by the basic rate of pay that someone might earn. It also stems from a range of rules and additional payments, that cover everything from hours of work and meal breaks, through to overtime and penalty rates.

These conditions are the essential boundary that can maintain a proper balance between work and life. And where someone works longer or anti-social hours, they are fairly compensated for doing so, often helping them to make ends meet.

Business lobby groups have long sought to reduce or scrap such entitlements, usually targeting the penalty rates of low-paid workers in retail and hospitality. The Australian Retailers Association, with the support of Coles and Woolworths, is yet again seeking to scrap such conditions under the *General Retail Industry Award 2020*. The attack also appears to be spreading with similar applications on foot by other business groups to go after clerical, administrative and finance workers.

An industrial relations policy proposal by the NSW Liberal Party seeks to dramatically broaden out this attack. Its key proposal is for any employee earning above average weekly earnings to be removed from modern awards entirely. That is \$1975.80 on a full-time basis.

Modern awards are an absolute 'safety net' of terms and conditions for Australian workers, covering rates of pay, hours of work, penalty rates, and overtime, among many others.

While they directly set pay and conditions for about one-fifth of the Australian workforce, they are the starting point for negotiations over collective agreements and individual arrangements for millions more workers.

There are currently 121 unique modern awards which apply to employees across various industries, recognising the unique and diverse occupations throughout the Australian workforce.

As the 2025 election campaign heats up, industrial relations is proving once again to be one of the hot button issues for both Labor and the Coalition, with modern awards remaining steadfastly in focus. This paper considers the cost of the Coalition's war on modern awards.

**Part 1** first details the Coalition's hostility to modern awards, particularly following the 2017 *Sunday Penalty Rates Decision*. It then follows two similar variation proposals to modern awards which—if elected—the Coalition would likely not oppose.

It then canvasses the direct attack on modern awards proposed by the NSW Liberals and endorsed by the Federal Coalition: that modern awards should no longer apply to individuals earning more than pro-rata full time average weekly earnings.

**Part 2** then details just how many workers would be *directly affected* by this Coalition's proposed changes to modern award coverage, and how many would be put in a worse position for enterprise and individual bargaining.

Finally, **Part 3** details which occupations have the most to lose from such a policy, including brief case studies on which entitlements would be at risk for key occupations including nursing, education, electrical trades and plumbing.

## Part 1: The Coalition's persistent attack on awards

Any hostility to modern awards by the Coalition should come as no surprise. Recent history shows that time and time again that they will not stand up for—and will actively attack—conditions secured by modern awards.

### The Coalition supported the Fair Work Commission's 2017 cut to penalty rates

Awards, whether set under the *FWA* or its predecessor legislation, have never proven popular with the Coalition. The Howard Government's *WorkChoices* legislation explicitly removed minimum wages from awards and significantly narrowed the permissible award terms.<sup>1</sup>

This animosity has persisted since the passage of the *FWA* in 2009 and was exemplified by the 2017 *Sunday Penalty Rates Case*.<sup>2</sup> There, a Full Bench of the Fair Work Commission in its review of modern awards decided to cut penalty rates under six modern awards in industries such as fast food, retail, hospitality and healthcare by up to 50 per cent.<sup>3</sup>

For some workers, this amounted to annual changes in income of up to \$3,000. Anecdotally, this meant some employees earning only \$30,000 per year saw pay decreases of almost \$2,000.

This decision—which reduced take-home pay for thousands of Australian workers—was welcomed by the governing Coalition. While it could have been overridden in legislation, the Coalition were intransigent and overall supportive of the changes.

Michaelia Cash backed the ‘benefits of the decision’ for ‘small businesses and jobs’.<sup>4</sup> Peter Dutton, then Immigration Minister, also supported the decision. Nowhere was this more evident than in his voting against protecting penalty rates consistently after the 2017 decision.<sup>5</sup>

### **Industry groups continue to challenge modern awards in the Fair Work Commission**

It is significant, then, that modern awards and the conditions they secure for Australian workers are again being challenged in the Fair Work Commission.

For example, the Australian Retailers Association (**ARA**) alongside are currently applying to the Fair Work Commission to amend the *General Retail Industry Award 2020* to enable employers to *not pay penalty rates, allowances and overtime* to permanent employees in exchange for a one-off 25 per cent pay increase.<sup>6</sup>

The retail award covers 350,000 employees across Australian and indirectly sets the pay and conditions for another 690,000. Based on typical roster patterns, it is estimated that 200,000 workers would be affected by the change, and each would stand to lose \$5,000 a year in penalty rates, allowances and overtime. This amounts to more than \$1 billion in total lost remuneration for covered workers.<sup>7</sup>

Similar applications are being made to vary other awards. In March the Australian Industry Group, and the Australian Business industry and NSW Business Chamber applied to vary both the *Clerks – Private Sector Award 2020* and the *Banking, Finance and Insurance Award 2020* in line with the ARA’s proposal: that *all* entitlements be exchanged for a 25 per cent pay increase.<sup>8</sup> For some clerical workers, this would mean wage cuts of up to \$12,000 per year.<sup>9</sup>

The Government took the rare step of intervening in the ARA proceedings opposing the changes. By contrast the Coalition have not intervened nor ruled out any cuts to penalty rates. And if their stance on the *Sunday Penalty Rates Case* serves as any indicator, if elected, we cannot expect them to overturn any Fair Work Commission decision adverse to the interests of Australian workers.

## **The Coalition are now seeking to actively undermine the coverage of modern awards**

But the Coalition's hostility to modern awards now extends beyond merely acquiescence to Fair Work Commission decisions and now extends to actively seeking to undermine them.

In February 2024, the NSW Liberal Party State Council AGM passed a 'Proposed Framework for a Liberal Party Industrial Relations Policy'. The policy contains a number of proposals to remove 'labour market regulation' including reducing employee protections around unfair dismissal and the approval of enterprise agreements.

The proposal with arguably the most impact is '[a]wards should no longer apply to high income earners'. Currently any employee earning above the 'high income threshold' of \$175,000 is not covered by a modern award. The NSW Liberal Party Policy labels this an 'excessively high threshold' and instead proposes to dramatically drop it to the level of average weekly earnings, which is currently \$1975.80 a week for a full-time employee or \$102,741.60 annually.<sup>10</sup>

Michaelia Cash, the Shadow Minister for Employment and Workplace Relations, wrote to the State Director of the NSW Liberal Party on 8 May 2024 stating that she 'sincerely appreciate the suggestions' contained in the policy, which 'includes several good ideas that align strongly with the Coalition's approach to industrial relations'.<sup>11</sup>

This places awards, once again, squarely in the Coalition's firing line should they be elected in the upcoming May election. Again, this should come as no surprise.

## **Part 2: The widespread impact of the Coalition's proposal**

The NSW Liberals' policy on modern awards would directly undermine the pay and conditions of thousands of Australian workers, and to indirectly undercut the bargaining power of millions more.

It is possible to estimate the cost to Australian workers of such a policy, but it is important first to understand how modern awards fit within the broader industrial relations framework.



## **Modern awards do far more than set minimum rates of pay**

Modern awards do far more than set rates of pay. They are the key industrial instrument which set fair boundaries around hours of work and provide fair compensation for overtime and anti-social hours. Most awards also guarantee loading for casual employees to compensate for their lack of secure working hours.

Without these protections, employees fall back on the bare-bones protections in the National Employment Standards in the *FWA*. These protections are minimalistic and vague. For example, section 62 of the *FWA* limits working hours to 38 per week for a full-time employee, unless ‘additional hours are reasonable’.<sup>12</sup> By contrast, modern awards provide clarity on permissible working hours and how those hours are to be compensated. Without these modern award provisions, there is no obligation to pay overtime to an employee working above 38 hours per week, unless an employee takes the expensive and risky route of litigating under section 62.

## **Modern awards provide an important reference point for other instruments**

Modern awards directly support Australian workers, but they also set reference points against which other workers covered by other industrial instruments can bargain.

Most relevantly, the Fair Work Commission will only approve an enterprise agreement if they are satisfied that each award covered employee would be ‘better off overall’ under the enterprise agreement than under the award.<sup>13</sup>

Consequently, any reduction in award pay and conditions transfers enterprise bargaining power away from workers and towards enterprise owners. Put differently, it will be much easier to pass the ‘better off overall’ test with a less generous enterprise agreement offer if award conditions are undermined or no longer exist.

While most employees earning above average weekly earnings are not paid the *minimum* rates of pay set out in awards, their conditions are still underpinned by them, and the minimum award rates of pay serve as relevant floors for bargaining for other instruments.

## Over 165,000 workers will be directly affected by this policy

Using the Employee Earnings and Hours (EEH) survey microdata from the Australian Bureau of Statistics (ABS) it is possible to estimate just how many award-covered workers earn more than average weekly earnings and less than the statutory high-income threshold on a pro-rata basis. These workers would be kicked off their award under the NSW Liberals' proposal, as endorsed by Michaelia Cash.

NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Total
86,056	31,551	17,503	11,054	7,503	5,214	2,032	4,481	165,394

*Table 1: Estimated Number of Workers Directly Affected<sup>14</sup>*

After discounting for state industrial awards and inflating by workforce growth, we estimate that 165,000 employees would cease to be directly covered by modern awards under the proposal. For most, this would mean reversion to the National Employment Standards, losing their rights to overtime, penalty rates, meal breaks, and other protections around their hours of work.

## Another 3.3 million would be put in a considerably worse bargaining position

As indicated above, modern awards provide a crucial reference point for workers engaged in enterprise bargaining with their employer. They are also relevant to workers bargaining for an individual arrangement. This means that any change to award rates or coverage can have a serious impact on such employees by lowering their effective bargaining floor.

We estimate that there are more than 3.3 million workers who would suffer a decrease in their bargaining power because of the proposed change. These are workers who earn above average weekly earnings, and less than the statutory high-income threshold on a pro-rata basis.

	Impacted Enterprise agreement employees	Impacted individual arrangement employees	Total
NSW	394,942	573,685	968,627
Vic	481,806	407,909	889,715
Qld	405,102	257,681	662,783
SA	105,415	78,779	184,193
WA	192,371	223,062	415,433
Tas	26,968	14,070	41,038

<b>NT</b>	23,295	10,446	33,741
<b>ACT</b>	86,022	31,727	117,749
<b>Total</b>	1,715,359	1,597,359	3,313,278

*Table 2: Estimated Number of Workers Indirectly Affected<sup>15</sup>*

### Part 3: Who is affected, and by how much

With an idea of the number of workers directly and indirectly affected by the proposed changes, it is possible to determine *which occupations* are most likely to be adversely affected, and *how much* these occupations stand to lose in award entitlements.

#### The top occupations affected by the Coalition's proposed changes

It is worth keeping in mind just who will be directly affected by being kicked off their award because of the Coalition's policy. When we look to the top non-managerial employees with award coverage with median earnings above average weekly earnings, a range of essential professions would be affected.

<b>Occupation</b>	<b>Count</b>
Registered Nurses	340,900
Electricians	191,000
Software and Applications Programmers	177,700
Secondary School Teachers	159,500
Contract, Program and Project Administrators	158,500
Primary School Teachers	155,700
Metal Fitters and Machinists	126,800
Management and Organisation Analysts	106,500
Plumbers	95,600
General Practitioners and Resident Medical Officers	85,100
Architectural, Building and Surveying Technicians	78,500
Civil Engineering Professionals	76,300
Police	72,200

*Table 3: Top Non-Managerial Occupations Likely Affected by the Policy<sup>16</sup>*

## The Coalition's proposal leaves nurses, electricians, teachers and plumbers worse off

Award-covered nurses, electricians, teachers and plumbers represent some of the occupations most affected by the Coalition's proposal. Here we consider how much worse off they might be if it were enacted. Based on fairly typical scenarios, we estimate that the Coalition's proposal could lead to wage losses of approximately \$9,286 for nurses, \$5,604 for teachers, \$13,432 for electricians, and \$5,694 for plumbers.

### *Nurses Award*

According to the *Nurses Award 2020*, a Registered Nurse Level 5 Grade 4 would earn \$2,069 per week. This is more than the current average weekly earnings and would kick them off their award under the Coalition's proposal. Consequently, they would stand to lose *at least*:

- On-call allowances payable under cl 17.2;
- Clothing and equipment allowances payable under cl 17.3(a);
- Meal allowances payable under cl 17.3(b); and
- Overtime rates of 150 per cent of the hourly rate for hours worked greater over 38 per week under cl 19.1(a).

Assuming the hypothetical nurse does a Saturday on-call, and works 39.4 hours in line with the average full-time hours for award employees, they would stand to lose \$39.82 in Saturday on-call allowances, \$6.24 per week in their weekly uniform allowances, \$1.49 for weekly laundry allowance, \$16.20 in meal allowances, and \$114.34 in lost overtime pay.

This would equate to **\$178.09 per week** foregone for a Level 5 Grade 4 nurse, or **\$9,286.12 annually**. Note that this stylised example does not include all allowances payable under the award, including weekend work and travel allowances.

### *Teachers Award*

Median weekly earnings for secondary school teachers were \$2,166 in May 2023. This is well above the maximum minimum rate of \$1,857.40 set out for a Level 5 Teacher in the *Educational Services (Teachers) Award 2020*, but it should be noted that awards often set a pay 'floor' while still affording other conditions such as allowances and overtime.

A given secondary school teacher may stand to lose up to **\$5,603.60 annually** in leadership allowances payable under cl 19.3 of the award.

#### *Electricians Award*

As noted above, it is important to keep in mind that many employees covered by awards are paid above the minimum applicable award rate. For example, while the highest grade minimum weekly rate for an electrical worker is \$1,109.50 per week, the median weekly earnings for electricians is approximately \$2,204.

If we assume a given senior award-covered electrician earns \$2,014 (or \$58 per hour) in ordinary time earnings under the *Electrical, Electronic and Communications Contracting Award 2020*, they might stand to lose the following under the Coalition's proposal:

- Industry allowances for certain on-site work under cl 17.2(a);
- Weekly tool allowances under cl 17.2(b);
- Electrician licence allowance under cl 17.2(c);
- Leading hands allowances for leading a group of five employees under cl 17.2(d);

For this electrician, they would lose out on \$74.51 in industry allowances, \$19.95 in weekly tool allowances, \$72.50 in their electrician's licence allowance, and \$90.63 in the leading hands allowance. This equates to **\$257.59 per week** foregone or **\$13,431.48 annually**. This stylised example includes only a select number of allowances and omit others such as travel allowances and weekend rates.

#### *Plumbers Award*

Median plumber median weekly earnings were \$2,000 in May 2023 though the highest applicable rate under the *Plumbing and Fire Sprinklers Award 2020* is \$1,183.50 per week for an Advanced Plumbing Tradesperson Level 2.

If we assume that a given plumber earns \$1,976 per week (or \$52 per hour) in ordinary time earnings and works 39.4 hours per week, they might stand to lose the following under the Coalition's proposal:

- Overtime allowances payable under cl 22.1; and
- Penalty rates payable under cl 23.1

If we simply assume that 1.4 hours of overtime payable at 150 per cent of would cease to be payable if the plumber were not covered by the award, this would equate to **\$109.20 per week** foregone, or **\$5,694.00 per year**.

As with the above awards, this calculation only captures the pecuniary losses and does not consider other protections afforded under the award such as travel expenses and the requirement that wages be paid in a specific manner.

With a crisis in retaining workers in fields such as health and education, and a persistent skills shortage in the trades, it is incredibly difficult to see any compelling rationale in undermining the pay and conditions of the workers described above—as would occur under the Coalition’s proposal.

## Conclusion

The Coalition’s hostility to awards is nothing new. Time and time again, they have acquiesced to adverse Fair Work Commission decisions and look poised to do the same as industry groups still attempt to chip away at retail, banking, insurance, and finance awards.

But the Coalition have now endorsed a policy which actively undermines award coverage across Australia. It does so by denying coverage to workers earning more than average full time weekly earnings. For many, this means losing penalty rates, allowances, and other protections.

We estimate that these changes would directly affect more than 165,000 Australian workers and detract from the bargaining position of another 3.3 million. We find that occupations such as nurses, teachers, electricians and plumbers would be some of the most affected, and it would see their remuneration cut to the tune of thousands of dollars per year.

## Endnotes

<sup>1</sup> See, eg, Australian Government, *WorkChoices: WorkChoices and Federal Awards and Agreements* (Fact Sheet 2, 2006) <[https://www.aph.gov.au/~media/Estimates/Live/eet\\_ctte/estimates/bud\\_0607/dewr/w098-07att12.ashx](https://www.aph.gov.au/~media/Estimates/Live/eet_ctte/estimates/bud_0607/dewr/w098-07att12.ashx)>.

<sup>2</sup> [2017] FWCF 3001.

<sup>3</sup> [2017] FWCF 3001, [224]–[271].

<sup>4</sup> Ewin Hannan, ‘Penalty Rate Cuts Helpful, Says Michaelia Cash’, *The Australian* (online, 15 March 2017) <<https://www.theaustralian.com.au/nation/penalty-rate-cuts-helpful-says-michaelia-cash/news-story/1355a60bd38247ea8c6a02213613162f>>.

<sup>5</sup> ‘No Backdown on Penalty Rates’, *Workplace Express* (online, 22 August 2018) <<https://www.workplaceexpress.com.au/news/no-backdown-on-penalty-rates-dutton-57084>>. See also ‘Peter Dutton’, *They Vote for You* (Web Page, 15 April 2025) <[https://theyvoteforyou.org.au/people/representatives/dickson/peter\\_dutton/policies/148](https://theyvoteforyou.org.au/people/representatives/dickson/peter_dutton/policies/148)>.

<sup>6</sup> See ARA Submissions in ‘General Retail Industry Award Variations (AM2024/9 and Others)’, *Fair Work Commission* (Web Page, 15 April 2025) <<https://www.fwc.gov.au/hearings-decisions/major-cases/outcomes-modern-award-review-2023-24/general-retail-industry-award>>.

<sup>7</sup> Australian Council of Trade Unions, ‘Clerical Workers Could Lose \$7,000 in Penalty Rates as Employer Attack Spreads’ (Media Release, 14 April 2025) <<https://www.actu.org.au/media-release/clerical-workers-could-lose-7000-in-penalty-rates-as-employer-attack-spreads/>>.

<sup>8</sup> See Australian Industry Group Submissions in ‘Clerks – The Private Sector Award 2020 and the Banking, Finance and Insurance Award 2020 (AM2023/31, AM2024/31, and AM2024/32)’, *Fair Work Commission* (Web Page, 15 April 2025) <<https://www.fwc.gov.au/work-conditions/awards/create-or-change-award/applications-create-or-change-award/clerks-private-0>>.

<sup>9</sup> Australian Council of Trade Unions, ‘Clerical Workers Could Lose \$7,000 in Penalty Rates as Employer Attack Spreads’ (Media Release, 14 April 2025) <<https://www.actu.org.au/media-release/clerical-workers-could-lose-7000-in-penalty-rates-as-employer-attack-spreads/>>.

<sup>10</sup> Included as Appendix 1.

<sup>11</sup> Included as Appendix 2: Senator Cash to Mr Richard Shields, 8 May 2024

<sup>12</sup> *Fair Work Act 2009* (Cth) s 62.

<sup>13</sup> *Fair Work Act 2009* (Cth) s 193.

<sup>14</sup> Microdata from Australian Bureau of Statistics, *Employee Earnings and Hours, Australia, May 2023* (24 January 2024) <<https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/employee-earnings-and-hours-australia/latest-release>>.

<sup>15</sup> Microdata from Australian Bureau of Statistics, *Employee Earnings and Hours, Australia, May 2023* (24 January 2024) <<https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/employee-earnings-and-hours-australia/latest-release>>.

<sup>16</sup> Microdata from Australian Bureau of Statistics, *Employee Earnings and Hours, Australia, May 2023* (24 January 2024) < <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/employee-earnings-and-hours-australia/latest-release>>.