
News: minimum wage set to raise by \$21.60 a week

1 message

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'Better than nothing': Minimum wage set to rise by \$21.60 a week

The industrial umpire has awarded more than 2.2 million workers, including the lowest paid, a wage rise well above inflation for the third consecutive year.

The 3 per cent increase in the national minimum wage will add an extra \$21.60 a week to hip pockets, taking it from \$719.20 to \$740.80 or \$19.49 per hour from July 1.

The increase is below the 3.5 per cent the Fair Work Commission delivered last year and the 3.3 per cent in 2017.

However, Jo Masters, chief economist at Ernst and Young, said the increase is higher than the 1.3 per cent rise in inflation and the 2.3 per cent increase in wage growth in the year to the March quarter.

She said the question was whether income growth would be spent or saved by consumers, considering household debt "is closing in on 200 per cent of disposable income".

Federal Industrial Relations Minister Christian Porter said the government's first priority would be to implement its proposed tax cuts. He said the 0.8 per cent increase in the national minimum wage in real terms was the biggest in 10 years.

The 3 per cent increase in the minimum wage falls well short of the 6 per cent rise the Australian Council of Trade Unions (ACTU) had sought, but higher than the 1.8 to 2 per cent that business groups wanted.

FWC president Iain Ross cited a fall in GDP growth and inflation in delivering a lower increase this year than last

year. Recent tax transfer changes, which he said had benefited low-income households, had also been a factor. "No party identified any data which demonstrated adverse employment or other effects arising from the previous two review decisions, each of which resulted in real wage increases for national minimum wage and award-reliant employees," he said.

"We are satisfied that the level of increases we have decided upon will not lead to any adverse inflationary outcome and nor will it have any measurable negative impact on employment.

"However, such increases will mean an improvement in the real wages of those employees who are reliant on minimum wages and an improvement in their living standards."

Reserve Bank governor Philip Lowe has raised concerns about slow wages growth, and recently flagged an interest rate cut. The RBA board will meet on Tuesday, with [markets and economists predicting](#) the central bank will slice the cash rate to a record low of 1.25 per cent.

Mr Ross said relative living standards of national minimum wage and award-reliant employees had improved in recent years, but some low-paid households had incomes below the 60 per cent of median income relative poverty line.

"Some low-paid households are plainly experiencing significant disadvantage," he said.



Australian Chamber of Commerce and Industry chief executive officer James Pearson said employers respected the commission's independent decisions, "but a third straight increase well in excess of inflation will be difficult for businesses, particularly small businesses, to absorb".

Ai Group chief executive Innes Willox had argued a 2 per cent increase based on a slowing economy and higher costs for businesses, but was pleased the increase had returned to "a more moderate level" than the last two. "It is to be hoped that the Fair Work Commission has struck the right balance," he said.

Wes Lambert, chief executive of the Restaurant and Catering Association, which had called for a wage freeze said small businesses could not continue to see their labour costs increase ahead of business income "without something having to give".

ACTU assistant secretary Liam O'Brien said the increase was welcome "especially in the face of further penalty rate cuts in a few weeks". But there was "a long way to go to ensure that the minimum wage is enough for workers to live on and support their families".

Kim Nolan, 26, who works in a contract call centre, is on a base rate of about \$22 per hour and works as a casual to boost that rate to about \$27. He said the 3 per cent increase was "definitely better than nothing, and will probably only cover the rent increase I got at the start of the year".

Labor's industrial relations spokesman Brendan O'Connor welcomed the decision, but said the wage increase would be offset by the latest round of penalty rate cuts due on July 1.

Jo-anne Schofield, national secretary of United Voice said an extra 57 cents an hour "won't comfort a cleaner

who's afraid to put on the heaters, fearful of how they can pay the winter electricity bills".

The Australian Council of Social Service said raising the Newstart allowance above \$75 per week would be a more effective and less expensive way of dealing with economic downturn than tax cuts.

Source: [Sydney Morning Herald](#)

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