

## Annual Wage Review Decision 2010

### The decision

The Fair Work Australia Minimum Wage Panel has handed down a pay rise of \$26 a week, or 69c an hour.

From 1 July 2010, the National Minimum Wage will be \$569.90 a week, or \$15 an hour.

The Tradesperson's (C10) rate will increase to \$663.60 a week, or \$17.46 an hour.

In its decision, the Panel said there was a strong case for a rise in minimum wages to provide a fair and relevant safety net, protect the relative living standards of award-reliant employees and assist the low-paid to meet their needs.

This is the first decision by the new wage-setting body established by the Fair Work Act.

### Who is affected?

There are about 1.45 million workers who are dependent on federal awards for their wages.

They include approximately 100,000 workers who are paid the National Minimum Wage (less than one per cent of the workforce). Workers who will benefit from the decision include cleaners, retail and hospitality staff, child care workers, farm labourers, and some factory and production workers.

Low paid workers are more likely to be women, part-time or casual, employed in the private sector in non-managerial positions.

The decision is the only pay rise these workers receive each year.

### Impact on the economy

The panel's review of economic conditions indicated that since March 2008, the Australian economy has performed better than expected.

During that time, productivity, prices and real earnings have grown but minimum wages have not.

Economic forecasts for 2010-11 give strong grounds to conclude that such an increase could be awarded without threatening business viability, employment growth or adding to inflation.

### Impact on the low paid

The panel's decision will increase the National Minimum Wage by 4.8% and the C10 tradesperson's rate by 4.1%.

That compares to projected inflation of 3.5% to June 2010 since award-dependent workers last received a pay rise in October 2008.

Over that period, the real value of the National Minimum Wage has fallen by \$19, and the C10 rate by \$22.

The ACTU submission argued that a further reduction in real minimum wages would be unfair as the economy returned to normal after the downturn.

**Previous minimum wage decisions**

The real wage effect of the Howard Government's Fair Pay Commission since 2006 was that all pay scale reliant workers suffered a decline in their real wages.

The past three decisions by the Fair Pay Commission were:

2009: \$0.00

2008: \$21.66 per week/57 cents an hour

2007: \$5-\$10 per week

This year's decision is the second highest since 1996. The highest was \$27.36 in 2006, which was after an 18-month hiatus during the transition to the Fair Pay commission.

**Low pay compared with executive salary trends**

The average pay for top CEOs has risen astronomically to \$2.3 million and is now more than 40 times average earnings, despite a 24% decline in share market value in the past year.

The average remuneration of executives in ASX100 companies grew in real terms at an average annual rate of about 6-7% between 1993 and 2009.

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