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Penalty rate cuts and inflation will cause double digit wage reduction

Ongoing inflation and the penalty rate cuts will wipe out minimum wage increases and significantly reduce real wages for Sunday workers, according to new data from the Centre for Future Work at the Australia Institute.

Despite the phased-in transition of lower penalty rates announced by the Fair Work Commission (FWC) the research demonstrates Sunday workers will face pay cuts.

The research reveals that the FWC's intention to soften the blow of the penalty rate cuts with a small increase in the minimum wage has failed, and reveals the pain the cuts will cause many workers.

The new research shows wages for Sunday workers will decline by almost as much as if the penalty cuts were implemented immediately.

According to the Centre for Future Work, retail workers will see their minimum award Sunday rate falling from \$38.88 at present to below \$33 by 2020 – even on the assumption of further annual increases in the minimum wage over the next three years. In terms of real purchasing power, wages for Sunday retail work will fall even further – by almost 25 per cent by the end of the transition period.

The researchers also said that in every affected sector (retail, hospitality, fast food and pharmacy), by the end of the relevant transition, the future wage for Sunday work will be significantly lower than at present, with the decline in real wages even larger.

- Real wages for Sunday fast food work (full-time/part-time) will fall by an estimated 15 per cent over the phase-in period.
- Real wages for Sunday hospitality work (full-time/part-time) will fall by an estimated 12 per cent.
- Real wages for Sunday work by pharmacists (full-time/part-time) will fall by a similar amount as in retail (nearly 25 per cent).

Read the full report here: http://www.futurework.org.au/penalty_rate_transition_update

Quotes attributable to ACTU Secretary Sally McManus:

“Working people need better and stronger rights at work. Working people are going to see double digit wage decline because of the penalty rate cuts, rising inflation and a substandard minimum wage.”

“Business groups, commentators and the Government have said that minimum wage rises would offset the large Sunday penalty rate cuts, but we now know this is a lie – workers are going to see their wages fall dramatically.”

“Our workplace laws are meant to protect and increase wages and conditions to keep up with the cost of living and community expectations – not cut them.”

“Working people across Australia, from Townsville to Wollongong and Fremantle, are doing it tough. We’ve heard stories of widowed grandmothers, who have no choice but to work on Sundays to survive, rationing their petrol so they can visit their grandchildren. How did it come to this in the land of the fair go?”

“One of the starkest examples of our broken work rules is the penalty rates decision.”

“Working people can defend their pay and campaign for better rights by joining their union. We are determined to change the rules so working people get a fair go again, the pendulum has swung too far towards employers.”

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