

June 2011

Annual Wage Review Decision 2011

The decision

The Fair Work Australia Minimum Wage Panel has handed down a pay rise of 3.4% to about 1.4 million award dependent workers.

This equates to an increase of \$19.40 a week, or 51c an hour to the National Minimum Wage, which will be \$589.30 or \$15.51 an hour from 1 July.

The benchmark Tradesperson's (C10) rate will increase to \$686.20 a week, or \$18.06 an hour. (See the table below for more details.)

In its decision, the Panel said "a significant increase is appropriate which will improve the real value of award wages and assist the living standards of the low paid".

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

Who is affected?

There are about 1.4 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 Australian economy is performing reasonably well. It says labour productivity is growing, the profit share remains at historically high levels and underlying inflation is well within the RBA's medium-term target band.

Economic forecasts for 2010-11 suggest Australia's immediate overall outlook is positive.

The increase to minimum wages in 2010 provided welcome assistance to minimum wage workers, but it merely restored the real value of the National Minimum Wage to its 2006 level. Over the past five years, productivity has grown and average earnings have increased in real terms, but real minimum wages have stagnated. This decision increases the real value of the National Minimum Wage above its 2006 level for the first time.



Impact on the low paid

The panel's decision of an across-the-board increase to award wages of 3.4% compares to projected inflation of 3.25% to June 2011 and 2.75% to June 2012.

Average weekly earnings increased by 3.8 per cent in the 12 months to February and the Wage Price Index rose by 3.8 per cent in the 12 months to the March quarter 2011.

The new National Minimum Wage of \$589.30 is less than half average weekly full-time earnings of \$1288.80.

In 2010, award-dependent workers received a pay rise of \$26, a 4.8% increase to the National Minimum Wage. This came after a pay freeze in 2009 imposed by the Australian Fair Pay Commission.

The average pay for CEOs of ASX top 50 companies rose 17.2% last year to \$6.4 million and is now more than 200 times the minimum wage.

Classification level	Old weekly wage	New weekly wage	Increase (dollars per week)	New hourly wage
C14	\$569.90	\$589.30	\$19.40	\$15.51
C13	\$586.50	\$606.40	\$19.90	\$15.96
C12	\$609.00	\$629.70	\$20.70	\$16.57
C11	\$629.90	\$651.30	\$21.40	\$17.14
C10	\$663.60	\$686.20	\$22.60	\$18.06
C9	\$684.50	\$707.80	\$23.30	\$18.63
C8	\$705.30	\$729.30	\$24.00	\$19.19
C7	\$724.20	\$748.80	\$24.60	\$19.71
C6	\$760.90	\$786.80	\$25.90	\$20.71
C5	\$776.40	\$802.80	\$26.40	\$21.13
C4	\$797.20	\$824.30	\$27.10	\$21.69
C3	\$838.90	\$867.40	\$28.50	\$22.83
C2(a)	\$859.80	\$889.00	\$29.20	\$23.39
C2(b)	\$897.50	\$928.00	\$30.50	\$24.42

Media contact:

Rebecca Tucker ph (03) 9664 7359 or 0408 031 269; rtucker@actu.org.au