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Minimum wage increase essential to economic recovery

The ACTU will argue for an increase in the minimum wage and awards of 3.5 per cent – or \$26.38 per week for a full-time minimum wage worker - in its submission to the National Minimum Wage Review on Friday.

One in five workers in Australia receive the minimum wage or an award wage and rely on the annual review for pay increases.

Last year's very low increase of just 1.75 per cent – delayed at least three months for 75 per cent of recipients - means that we have fallen behind other countries in trying to establish a living wage at 60 per cent of median income.

The UK and New Zealand are already above 60 per cent and the proposed increase to \$15 in the US would take them over. Australia currently sits at 52 per cent.

The recovery should be an opportunity to address underlying problems in the workforce like low wage growth and insecure work. The Minimum Wage Review is a critical opportunity to generate wage growth and keep the recovery going.

The Reserve Bank has repeatedly made clear that wage growth is too low and this is a brake on economic growth. The recovery from the pandemic has so far increased profits but not wages, and labour's share of GDP has fallen to historic lows.

Quotes attributable to ACTU Secretary Sally McManus:

“If wages don't increase it threatens the entire recovery. Money in the hands of working people is what will create sustainable economic growth, not bigger profits for big business.

“If it is a “V” shaped recovery for profits it needs to be for wages as well. Profits rose 8.9 per cent through 2020 and the Reserve Bank says wages growth should be above 3 per cent.

“A 3.5 per cent increase in the minimum wage will flow through to one in five workers – 2.3 million people, 61 per cent of whom are women. Almost half of all casual employees rely on the annual minimum wage outcome for any pay rise.

“We have fallen behind the UK and New Zealand in establishing a living wage at 60 per cent of median incomes. We cannot tolerate a minimum wage which leaves full-time workers in poverty.

“Everyone suffers if wage growth doesn't bounce back. If minimum wage workers do not have money to spend, local businesses feel it the most.”

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