



2003 MINIMUM WAGES CASE FACT SHEET

The ACTU will seek a \$24.60 a week increase in minimum award pay rates in its 2003 Minimum Wage Case in the Australian Industrial Relations Commission:

- An estimated 1.7 million employees paid under Federal and State industrial Awards, including many part-time and casuals, rely on the claim for a pay rise.
- The ACTU case would increase the rate of the Federal Minimum Wage from \$11.35 per hour to \$12 per hour.
- For full time workers, the claim would increase the Federal Minimum Wage from \$431.40 per week to \$456 per week, or from \$22,433 a year to \$23,712 a year.
- The claim is calculated to add 0.1% to economy wide wage costs (net impact on Total Ordinary Time Earnings), 0.05% to inflation (Consumer Price Index), and to have a negligible impact on employment.
- The 23% of Australian workers who rely solely on the on the Minimum Wages Case for a pay rise receive only 12% of the national wages bill so minimum award wage increases have a negligible effect on overall wages growth.
- For full time workers, the average percentage pay rise from the claim would be 4.2%, compared to 5.2% in average earnings (ABS AWOTE June quarter 2002); 4.2% in enterprise bargaining outcomes (ACIRRT ADAM Report June quarter); and 7.1% for CEO income including retirement benefits in the year to June (*Australian Financial Review* annual executive salaries survey Nov 6, 2002).
- During the 1990s, the real incomes of the top one-fifth of households increased by almost 14%, while the incomes of the bottom one-fifth of households grew by only 1.5% (NATSEM – National Centre for Social and Economic Modelling, *Trends in Income and Expenditure Inequality*, 2002)
- The total cost of this year's 2002 minimum wage increase for 1.7 million workers is roughly equivalent to the remuneration available to Australia's top 150 CEOs.

ACTU Minimum Wages Claims since 1996:

- Since 1996, the ACTU's annual wage cases have increased the Federal Minimum Wage by \$82 a week or \$4,264 per annum.
- Allowing for inflation, the ACTU cases have increased the Federal Minimum Wage by 7.6% in real terms since 1996.
- Since 1996, the Howard Government has opposed every increase in minimum wages sought by the ACTU, instead offering \$8 or \$10 a week.
- Allowing for inflation, if the Howard Government had had its way, the Minimum Wage would have decreased in real terms by 0.8% since 1996.
- If the Howard Government had had its way, employees on the Federal Minimum Wage would be \$30 a week, or \$1,560 a year worse off than they are now.



The gap between rich and poor Australians is increasing:

- Australian Bureau of Statistics data shows that during the 1990s, the real incomes of the top one-fifth of households increased by almost 14%, while the incomes of the bottom one-fifth of households grew by only 1.5% (NATSEM – National Centre for Social and Economic Modelling, *Trends in Income and Expenditure Inequality*, 2002)
- Australian Taxation Office postcode data shows that in the four years to 1998-99, average real incomes in the richest 10% of postcode areas grew by 15% compared to 7% in the poorest 10% of postcode areas. (NATSEM AMP Report 2002)
- The 20% of Australian households on lowest incomes receive 3.8% of total gross household income and the top 20% receive 48.5%. (ABS data)
- For all occupations other than managers and professionals, the net increase in jobs during the 1990s consisted entirely of part-time and casual jobs. Middle income jobs declined. (*Borland, Gregory and Sheehan 2001*).
- 87% of the net jobs created during the 1990s paid less than \$26,000 per year. 48% of net new jobs paid less than \$15,600 per year. (*Borland, Gregory and Sheehan 2001*).
- Senior executive remuneration including severance packages increased by 7.1% last year (*Australian Financial Review* annual Executive Salaries Survey November 2002).

Many working people and their families are under financial stress:

- An ACTU survey of more than 8,000 employees nationally found 70% experienced financial difficulty in the year to August 2002 and 63% said they were worse off since the introduction of the GST in 2000.
- Household debt, including record credit card debt, increased to a record \$597 billion in the year to June 2002, or \$81,000 for each Australian household – almost double the \$41,450 level in 1996. (*National Accounts Financial Accounts 2002*)
- 1.2 million wage and salary-earning households are suffering financial stress. (*ABS Household Expenditure Survey 2000*)
- 30,000 low-income working households went without meals or could not afford to heat their homes due to shortages of money (*ABS Household Expenditure Survey 2000*).