

Wednesday, 22 April, 2015

Business misleading public about impact of minimum wage rises

Business is being disingenuous over claims a \$27 increase would force employers to cut hours and lead to job losses.

Such claims don't stack up beside current optimism in the economic outlook with forecasters (RBA/IMF/OECD)* expecting growth this year to be better than last year, and next year to be better than this year.

Employers have contradicted their own doomsday predictions that wage increases are detrimental for businesses and will cause the sky to fall in.

Today Restaurant and Catering Australia said the rate of employment growth is expected to be higher than any other industry in the Australian economy.

This confirms what we already know, that a \$27 minimum wage increase is affordable particularly when industry is enjoying high growth.

There was strong growth in each of the four most award-reliant industries in 2014, including a very strong 8 per cent in Accommodation and Food Services.

Consumer spending also grew faster than households' incomes in 2014.

The Australian economy rose by 2.5 per cent in 2014, which was faster than many OECD countries.

It's time that a strong economic growth for business resulted in an equitable wage increase for low paid workers, many of who are struggling.

This is reasonable considering the current positive business environment where bankruptcies have fallen to their lowest level in the post-GFC era, the number of new businesses rose in 2013-14, and the exit rate for existing businesses fell.

The Fair Work Commission must pass the full \$27 increase to the wages of low earners – without compromise.

The full increase will deliver a \$3.1 billion** per year economic stimulus which will add to business growth considering that workers are consumers too.

The gap between low paid workers and the rest of the workforce is as big as it has ever been, with the minimum wage being just 43.4 of average full-time earnings.

A myriad of international research shows there is no evidence that raising the minimum wage leads to job losses.

Key facts:

- 1.86 million Australians (18.8% of the workforce) are paid the national minimum wage or an award minimum wage
- The ACTU is seeking a \$27 per week increase to the minimum wage from \$640.90 per week to \$667.90 (from \$16.87 to \$17.58 per hour)
- Award-only workers are: 57.5% female, 59.2% work part-time and 90.5% work in private sector.
- Two-thirds or 61.6% of all award-only workers are employed in four key industries: 17.2% Retail trade, 17% in Accommodation and food services, 15.1%

in Health care and social assistance and 12.2% in Administrative and support services.

Quotes attributable to ACTU Secretary Dave Oliver:

"This is a cash grab by employers who simply want to keep wages low despite a positive economy.

We want a country that gives everyone a fair go, dignity and a right to a reasonable and decent quality of living. That's the Australian way.

"Business use negative growth periods as an excuse as to why they shouldn't pay their workforce more. They can't have it both ways.

"The economic outlook is good for industries where the majority of low income earners are employed and this should be passed on the workers.

"Australia is a high cost country to live in and for low paid workers it's getting harder and harder to get by.

"Allowing the gap between average wage earners and low paid workers to increase will take us down a road towards an American working-poor scenario which is not what anyone wants.

*ACTU Submission:

https://www.fwc.gov.au/documents/sites/wagereview2015/submissions/ACTU_sub_awr1415.pdf

** ACTU reply Submission

https://www.fwc.gov.au/documents/sites/wagereview2015/inreply/ACTU_replsub_awr1415.pdf

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