

Wednesday, 20 May 2015

Business budget win to help fund minimum wage increase

Last week's Federal Budget offered a \$5.5 billion bonanza for small business and this windfall must now flow to low paid employees.

The ACTU Submission with the Annual Wage Review – lodged to the Fair Work Commission on Friday – outlines how individually and collectively, these small business tax measures will dramatically improve the affordability of a National Minimum Wage increase for this relatively award reliant sector.

Small business employs nearly 38 per cent of award-reliant workers and has a responsibility to share benefits with this low paid workforce.

Hearings for the Annual Wage Review were held in Melbourne yesterday with the ACTU making its case for a \$27 per week increase to the minimum wage.

It's imperative that employers do the right thing and support wage increases, especially considering it is unlikely the budget cash will boost any sort of growth in employment.

The government made the \$5.5 billion Jobs and Small Business Package the centrepiece of the federal budget – yet \$5 billion of that package is a tax cut for small businesses that will save the average small business around \$3000 a year – not enough to hire new staff.

Since the tax changes will be too small see any real job growth, employers are likely to either keep the money, pay bills or buy a new computer which, in many cases, will benefit overseas producers.

Increasing Minimum wages on the other hand will have a stimulating effect on the economy.

Small business owners must support a wage rise that assists their workforce to keep up with the rest of the economy.

Australian families will be worse off under this budget with cuts to paid parental leave and family tax benefits that are far greater than the government's investment in childcare.

Raising the minimum wage is one way to counter these unfair policies, especially for women who make up the majority of award-reliant workers.

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.

Minimum wages are now just 43.3% of average full time wages, the lowest proportion on record.

Quotes attributable to ACTU Secretary Dave Oliver:

"Small business owners now have no excuse to oppose an increase to the wages of their employees.

"A \$27 per week pay rise for the 1.86 million Australian workers on minimum wages will provide a \$3.1 billion economic stimulus.

“That means a pay rise for cleaners, people who work in shops and restaurants and other lowest paid workers will flow back into the economy and increase consumer spending.

“It’s shocking that in this era of slow wage growth the Abbott Government is siding with business over workers again and is calling for the Fair Work Commission to hold back growth on the wages of lowest paid workers.

“Failure to lift wages will result in creating an underclass of working poor in Australia and no one wants that.

“There are already signs that Australia is developing a working poor with financial stress, deprivation and poverty on the rise among low paid workers.

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