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Australia: the country of the fair go... for some

Australia risks losing its claim as the country of the fair go if the alarming decline in the relative earnings of low paid workers continues Unions said today.

ACTU Secretary Dave Oliver said the national minimum wage is now just 43.3% of average full time wages, the lowest proportion on record.

“The gap between low paid workers and the rest is the biggest it’s ever been,” Mr Oliver said.

“Only twenty years ago Australia's minimum wage was nearly 60% of average full time wages yet it has declined during both economic booms and times of slower growth with the net result being that low paid workers are being left behind.

“The fact that nearly 19% of Australian workers meet the OECD definition of low pay – those with earnings below two thirds of the median – is equally alarming.

“Australia is meant to be the country of the fair go but the stats speak for themselves – we’re going down the path of the ‘haves’ and the ‘have-nots’ – with the ‘have-not’ population growing.”

Mr Oliver said the ACTU will lodge a submission to the Fair Work Commission (FWC) on Friday March 28 calling for a wage increase for Australia’s lowest paid including cleaners, retail and hospitality staff, child care workers, farm labourers, and some factory workers.

“The annual minimum wage review is the only chance for a pay increase for 1.5 million of Australia’s lowest paid workers, and helps set the pay and pay increases of many more” Mr Oliver said.

“Someone on a minimum wage of \$622 per week barely has enough to cover their basic costs.

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

“We know that households with low paid adults have experienced a rise in financial stress and deprivation with the number of people seeking welfare assistance nearly doubling.

“If the gap continues to widen, Australians will need to work multiple jobs just to afford the basics moving us towards the ‘working poor’ scenario they have in the US – something Australians have made very clear they don’t want.

“Australians pride themselves on the fair go and enshrined in our laws is a requirement to maintain a safety net of fair minimum wages taking into account relative living standards and the needs of the low paid.

“It is essential that the Fair Work Commission increase the minimum wage to stop the alarming decline in the relative earnings of low paid workers.”

Mr Oliver said the FWC has already acknowledged that if rising earnings inequality is not addressed there may be ‘broader implications both for our economy and for the maintenance of social cohesion in Australia’.

“The best outcome for workers will be one that stops the gap growing between low paid workers and the rest of the community.”

Key Facts:

- The Minimum wage is currently \$622.20 or \$32,355.44 a year
- The Minimum Wage is now just 43.3% of the average full-time wage (AWOTE), the lowest minimum wage ‘bite’ on record. Five years ago, the Minimum Wage was 46.9% of the average. Five years before that, the ratio was 48.2%.
- Two decades ago, Australia's minimum wage was nearly 60% of average full time wages, ten years on it was hovering around 50%.
- The rise in the incidence of low pay is particularly sharp and concerning. In 2002, 13.8% of Australian full-time workers had earnings below two-thirds of the median; by 2012 this had risen to 18.9%.
- Over the past ten years, average full-time wages rose by \$211.30 per week in real terms, or 17.2%. The Minimum Wage was increased by just \$31.10 in inflation-adjusted terms, a real increase of 5.3% over the past decade.
- The Minimum Wage is only slightly higher in inflation-adjusted terms than it was in 2006.
- Statistics show that households with low paid adult employees have experienced a rise in financial stress and deprivation between 2003-04 and 2009-10.²³ Over that period:
 - The proportion that sought assistance from a welfare/community organisation nearly doubled, from 2.3% to 4.2%. Among households with only low-paid adult employees, the rise was even larger, from 2.4% to 6.5%;
 - The proportion that could not raise \$2000 for something important rose from 13.1% to 17.6%;
 - The proportion that went without meals rose from 2.5% to 3.7%, with the proportion among households with only low-paid adult employees increasing from 3.5% to 6.8%;
 - The proportion that could not afford a holiday for at least one week a year rose 25.7% to 31.4%, or from 33.7% to 38.4% among households with only low-paid adult employees.

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