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Unions push for 6% minimum wage boost as case starts in Sydney today

Australian Unions will press the case for a 6% wage rise for 3 million of the country's lower-paid workers when this year's Annual Wage Review case gets underway in Sydney today.

Unions increased their wage claim from 5% to 6% after last week's Budget forecast inflation is expected to reach 5% by the middle of the year or go higher if the fallout from the US-led Iran conflict drags on.

Unions will today argue that the 6% wage rise is affordable and essential to shield lower-paid workers from the worst inflationary impacts of Donald Trump's war.

If granted in full, the wage claim would add 0.64% to the national payroll while providing a financial buffer to lower-paid workers. Minimum wages would increase to \$26.45 per hour, lifting the weekly rate to \$1,004.88.

Unions will urge the Fair Work Commission to reject employer group claims of only lifting wages by between 3% to 3.9%, which in the worst case would result in a \$1,600 cut to the real wages of an award-reliant worker on \$50,000 a year.

The Council of Small Business Organisations is also calling for a 5-month wage freeze, which would cause unacceptable hardship among lower-paid workers.

Employer groups have also said that the cost-of-living relief for workers, through the 1% reduction in the lowest tax rate, should be effectively passed on to them. They are arguing that minimum and award wages should effectively be reduced by the amount of this tax cut.

Australian workers' real wages are already 4.5% behind where they were in March 2021 after the last prices spike due to COVID, according to ABS data.

One in four workers in Australia rely on minimum award wages, particularly those working in hospitality, retail, fast food, administration, and care industries.

The Fair Work Commission's decision is expected in the coming weeks. The outcome directly set the wages of 3 million workers whose pay is set by awards and benefits all working Australians by setting a minimum wages floor under the national wages system that people bargain from.

Quotes attributable to ACTU Secretary, Sally McManus:

"Unions will press hard for a 6% pay rise, so low-paid workers like those in the hospo, retail and care industries, can afford to pay their bills and stay afloat during this tough inflationary period.

"The Fair Work Commission must not allow 3 million of our lower-paid workers to go backwards and even accept real wage cuts, as would happen if employer groups get their way and are able to limit wages effectively to below inflation.

"Workers on minimum and award wages do not have the chance to save money. That means if inflation overtakes the pay rise the Fair Work Commission awards, as it did in the post-COVID era, they go backwards.

“Then they have got no choice other than to cut back on essentials; things they can control, and unfortunately, that’s often things like food or going to see the doctor, because rents, mortgages and bills are already locked in.

“Unions will urge the Fair Work Commission to reject real pay cuts the employer groups are proposing. For an award-reliant worker earning around \$50,000 a year, that would be a real wage cut of about \$1,600.

“Employer groups have even argued that cost-of-living relief for workers, including the 1% cut to the lowest tax rate, should effectively be passed back to employers. That would mean reducing minimum and award wages to offset a tax cut meant to help working people.”

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