

Friday, 1 June 2012

Annual Wage Review Decision 2012

The decision

The Fair Work Australia Minimum Wage Panel has handed down a pay rise of 2.9% to about 1.4 million award dependent workers.

This equates to an increase of \$17.10 a week, or 45c an hour to the National Minimum Wage, which will be \$606.40 or \$15.96 an hour from 1 July.

The benchmark Tradesperson's (C10) rate will increase to \$706.10 a week, or \$18.58 an hour. (See the table below for more details.)

In its decision, the Panel said that conditions warrant "a moderate increase which will improve the real value of award wages and assist the living standards of the low paid".

They did not accept submissions by some employer associations that some awards or some industries should be exempted from the decision or subject to a lower increase, nor that there be any delay beyond 1 July in awarding this increase.

This is the third decision by the new wage-setting body established by the Fair Work Act.

Who is affected?

There are about 1.4 million workers who are dependent on minimum wages.

They include approximately 100,000 workers who are paid the National Minimum Wage (less than one per cent of the workforce). Workers who will benefit from the decision include cleaners, retail and hospitality staff, child care workers, farm labourers, and some factory and production workers.

Low paid workers are more likely to be women, part-time or casual, employed in the private sector in non-managerial positions.

The decision is the only pay rise these workers receive each year.

Impact on the economy

The Panel's review of economic conditions indicated that Australian economy's performance has been "reasonably strong" over the past year. It says labour productivity growth has improved, the profit share remains near its record high levels and underlying inflation is well contained.

The Panel said that "the Australian economy is expected to perform well in 2012-13".

Impact on the low paid

The panel's decision of an across-the-board increase to award wages of 2.9% compares to projected Wage Price Index growth of 3.5% to June 2012 and 3.75% to June 2013.

Average weekly earnings increased by 4.4 per cent in the 12 months to February and the Wage Price Index rose by 3.6 per cent in the 12 months to the March quarter 2012.

The new National Minimum Wage of \$606.40 is less than half average weekly full-time earnings of \$1346.00.

In 2011, award-dependent workers received a pay rise of 3.4%, which was a \$19.40 increase to the National Minimum Wage. With inflation of 3.6% over the year to September 2011, this in fact was a real pay cut for those 1.4 million workers.

The average pay for CEOs of ASX top 300 companies rose 4% last year to \$2.33 million. This is 76 times the minimum wage.

Classification level	Old weekly wage	New weekly wage	Increase (dollars per week)	New hourly wage
C14	\$589.30	\$606.40	\$17.10	\$15.96
C13	\$606.40	\$624.00	\$17.60	\$16.42
C12	\$629.70	\$648.00	\$18.30	\$17.05
C11	\$651.30	\$670.20	\$18.90	\$17.64
C10	\$686.20	\$706.10	\$19.90	\$18.58
C9	\$707.80	\$728.30	\$20.50	\$19.17
C8	\$729.30	\$750.40	\$21.10	\$19.75
C7	\$748.80	\$770.50	\$21.70	\$20.28
C6	\$786.80	\$809.60	\$22.80	\$21.31
C5	\$802.80	\$826.10	\$23.30	\$21.74
C4	\$824.30	\$848.20	\$23.90	\$22.32
C3	\$867.40	\$892.60	\$25.20	\$23.49
C2(a)	\$889.00	\$914.80	\$25.80	\$24.07
C2(b)	\$928.00	\$954.90	\$26.90	\$25.13

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