

Australia: Fair Work Commission hands down miserly minimum wage increase

Martin Scott
4 June 2024

The Fair Work Commission (FWC) yesterday announced a 3.75 percent nominal increase to the national minimum wage and award rates, starting July 1. The ruling will see around 25 percent of Australian workers—mostly low-paid—fall further behind the soaring cost of living over the next year.

Neither the FWC nor the Labor government knows how many workers are actually paid the minimum wage (now \$24.10 per hour), with the best estimates placing it at less than 1 percent of the workforce. The per-industry award rates, many of them barely higher than the overall minimum, directly or indirectly determine the pay of around 2.9 million workers, or about a quarter of the national workforce.

Two-thirds of award-reliant workers work part-time hours and almost half are employed as casuals, with no guarantee of consistent or ongoing work and no entitlement to paid sick leave, holidays or other basic workplace rights.

The average hourly wage of workers whose pay and conditions are set by awards is \$28.60, less than two-thirds of the \$46.20 average across the national workforce.

With monthly inflation figures on the rise, the 3.75 percent “increase” will likely amount to a real wage cut, even according to official measures that massively understate the rising cost-of-living for most workers. While currently at 3.6 percent, the Reserve Bank of Australia (RBA) expects inflation to reach 3.8 percent by the end of the year.

The cost of non-discretionary goods and services—basic essentials that make up a disproportionately large share of spending for low-income households, rose by 4.2 percent over the 12 months to March. The cost of rent has been a major driver of this, increasing 7.8 percent over the same period.

The employee living cost index (LCI), which, unlike the

CPI, accounts for mortgage interest rate increases, rose 6.5 percent over the 12 months ending March, following a 9.6 percent increase the previous year. This is a direct result of the Reserve Bank’s repeated interest rate rises, implemented with the full support of the Labor government.

The FWC acknowledged that award rates “remain, in real terms, lower than they were five years ago,” placing working-class households under “financial stress.” Not included in the announcement was the fact that this dire predicament is the direct result of the pro-business industrial tribunal’s rulings in previous years.

Last year, with CPI at 7 percent, the FWC increased award rates by just 5.75 percent. In 2022, a 4.6 percent nominal pay “rise” was handed down when inflation was 5.1 percent.

This exposes as a fraud the FWC claim that the rising cost of living was the “primary consideration” of its wage review.

In fact, the real driver of the FWC decisions was “the performance and competitiveness of the national economy.” Despite noting that “labour market and business profit growth overall remains strong,” the FWC lamented that “labour productivity is no higher than it was four years ago.”

The Albanese Labor government hailed the FWC decision. In a joint press release, Workplace Relations Minister Tony Burke and Treasurer Jim Chalmers absurdly declared it “a win for workers” that would lead to “strong and sustainable wages growth.”

“After a decade of deliberate wage stagnation and suppression under the Coalition, under Labor, real wages are growing again,” they wrote. “Since the [May 2022] election, nominal wages have been growing at an annualised average of 3.9 percent.”

“Nominal” is the key word here. Deliberately omitted from this claim is the fact that inflation has averaged more

than 5 percent during Labor's term, meaning workers have, in real terms, experienced a substantial cut to wages.

The real wage cuts imposed by the FWC in successive annual reviews are a component of a broader wage offensive demanded by the corporate and financial elite and spearheaded by Labor governments, state, territory and federal.

This is starkly expressed in the fact that nominal wage growth has been lowest in the public sector—3.8 percent, compared with 4.1 percent in the private sector. The fact that real pay cuts have been sharpest in the public sector, where union density is highest, stands as an indictment of the Labor governments and the union apparatus, which is playing the leading role in enforcing Labor's wage-slashing agenda.

In lock-step with the Labor government, the Australian Council of Trade Unions (ACTU) falsely stated the FWC decision would deliver "real wage rises for 2.6 million workers." ACTU secretary Sally McManus claimed the ruling would allow "people to keep up with inflation and have a small real wage increase."

McManus declared: "July will be a very positive month for Australian workers. Every working person will have significantly more in their bank accounts because of the federal government's cost-of-living bonus, through tax cuts, and for over 20 percent of the workforce, this 3.75 percent increase."

McManus was uncritically aping the decision by the FWC, which declared it "had taken into account that modern-award reliant employees will shortly receive the benefit of the 'Stage Three' tax cuts and the budget cost-of-living measures."

In fact, the "Stage Three" income tax cuts will largely benefit the most affluent 4 percent of the population, earning \$200,000 or more per year. They will get \$4,529, or \$87 a week. That is about seven times as much as low-wage workers on \$40,000 a year, who will get a \$654 tax cut, or less than \$14 a week.

McManus' phoney claims were exposed by the ACTU's own comments ahead of the FWC announcement. On May 22, ACTU president Michele O'Neil said: "For the employer groups to jump on cost-of-living measures like the \$300 energy rebate to argue for lower wages is an insult."

O'Neil also declared on May 22 that workers needed a "5 percent pay rise to start getting ahead again." In fact, this would be insufficient to keep up with the current increase in the cost of living, let alone make up for past

losses. The fact that even this meagre demand has been so easily discarded, and an "insult" transformed into a "win," demonstrates that the union bureaucracy is completely on board with the further cutting of wages.

The unions' endorsement of the award wage cut should serve as a warning to the broader working class of the sell-out deals they will seek to ram through in the coming period. It is also yet another demonstration of the unions' unwavering support for the pro-business FWC, which they falsely claim is an "independent umpire."

It is, in reality, an anti-worker industrial tribunal that enforces Australia's draconian anti-strike laws in league with the unions. These "enterprise bargaining" laws were reinforced by the union-backed Rudd-Gillard Labor government in 2008, and have been relied upon by the union apparatus ever since as a means of suppressing workers' opposition to attacks on their jobs, wages and conditions.

Under this union-backed framework, the 2.9 million workers whose pay is set by industrial awards, rather than enterprise agreements, have no legal right to carry out industrial action and those covered by enterprise agreements are only permitted to take industrial action during narrow union-controlled bargaining periods.

Increasingly in recent years, unions covering workers in large, low-paid, award-reliant sectors such as aged care, health and early childhood education have sought to channel workers' opposition to their pay and conditions into courtroom proceedings through the FWC. While in some cases, most notably in aged care, this has resulted in large nominal wage increases, these have done nothing to make up for the cuts endured in previous years.

The fight for secure jobs with decent pay and conditions for all workers, whether covered by the minimum wage, an industrial award or an enterprise agreement, cannot be taken forward within the stranglehold of the union bureaucracy.

Instead, workers need to build rank-and-file committees to democratically plan and take up a political and industrial fight against the corporations, Labor, the unions and the industrial courts, on the basis of a socialist perspective.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact