

Miserly Australian award wage rise leaves low-income workers behind in real terms

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Australia's pro-business industrial tribunal, the Fair Work Commission (FWC), on Tuesday handed down its annual wage review, delivering a nominal 3.5 percent increase to the national minimum wage and award rates, starting July 1. The ruling will mean around one-quarter of Australian workers will continue to earn less in real terms than in September 2020.

The miserly increase will raise the minimum wage by just 85 cents per hour to \$24.95. A full-time minimum-wage worker will receive an extra \$32 a week, for a total of \$948. This amounts to just \$49,426 per year, less than two-thirds of the median wage for all workers.

While the Labor government claimed last year that less than 1 percent of the workforce is paid the minimum wage, research by the Australian Council of Trade Unions (ACTU) places the figure at 9.7 percent of adult workers, more than 1 million in total.

The per-industry award rates, many of them barely higher than the overall minimum, directly determine the pay of around 20.7 percent of the national workforce. Moreover, enterprise agreements, especially in low-paid industries such as fast food, retail, hospitality and the care sector, are often closely linked to the minimum legal pay and conditions set out in the awards.

The FWC decision will therefore deal a further blow to the already precarious living standards of more than 3 million workers, most of whom are employed on a part-time casual basis and among the lowest-paid sections of the working class. Yet the news has been received with whoops and cheers from the country's leading trade union bureaucrats.

ACTU secretary Sally McManus falsely declared this was "one of the largest real wage increases the Fair Work Commission has awarded," and meant "those who are paid award wages will start to get ahead again."

This is a fraud, exposed by the ACTU's own calculations. The peak body's initial submission to the review showed "a 5.79 percent decline in the real value of award wages" from June 2020 to June 2024, and called for the commission to hand down a 4.5 percent increase to the awards.

The Australia Institute stated in April that award rates needed to be increased by at least 5.8 percent just to return real wages to September 2020 levels. To overcome the past five years of meagre rises, in the face of soaring inflation, and deliver any sort of real wage rise, the award rates needed to increase by 9.2 percent.

The union-backed think tank also noted the protracted decline—"for two decades now"—of minimum wage relative to median earnings in Australia, which has been "one of the exceptions among OECD countries in reducing" the so-called "minimum wage bite." This stark measure of income inequality reflects a longstanding bipartisan assault on the most vulnerable and exploited sections of the working class, which is continuing under the Albanese Labor government with the full-throated backing of the trade union bureaucracy.

Having clearly explained that anything less than a 5.8 percent was woefully inadequate, the Australia Institute nevertheless declared on Tuesday that the FWC's 3.5 percent rise was an "appropriate reward to Australia's lowest-paid workers." This is a blatant and shameless attempt to cover over the role of Labor and the trade unions in continuing to drive down wages and conditions throughout the working class.

McManus said this year's increase was "only possible because the [Anthony] Albanese Labor government delivered on their election promise and joined unions in arguing for a real wage increase."

The federal government's "argument" consisted of a mealy-mouthed recommendation that the FWC "award an economically sustainable real wage increase to Australia's award workers." Labor's submission to the review also stated that "The government recognises the importance of lifting productivity to drive real wages growth over the long term and is implementing a significant productivity agenda."

In other words, the Labor government is preparing to step up its assault on jobs and conditions to ensure that the working class foots the bill for this derisory award wage increase, which will not begin to reverse the losses incurred

over the past five years.

This is in line with the demands of big business, that any wage increase must be tied to “productivity” gains, that is, the greater extraction of profits from workers’ labour. Industry lobbyists and the financial press have denounced the 3.5 percent award wage rise as “unaffordable,” especially in the wake of economic data showing Australia is in a per-capita recession.

In fact, the figures showed that the cuts already imposed by state and federal governments were a major component of the negligible nominal growth in GDP.

On top of the FWC’s successive sub-inflationary award pay “rises,” Labor governments around the country have spearheaded the broader assault on real wages through punitive public sector pay caps, slashing the living standards of teachers, nurses, transport workers and others.

The federal Labor government has also intervened to drive down wages and conditions in the private sector, most notably through its imposition of quasi-dictatorial administration on the construction division of the Construction, Forestry and Maritime Employees Union (CFMEU) in August last year.

The Albanese government also played a key role in the shutting down and selling out of the significant 17-day strike late last year by 1,800 workers at five warehouses owned by Woolworths and its supplier, Lineage. Demanding from day one that the dispute be wrapped up quickly, the federal Labor government was closely involved in backroom discussions with the supermarket chain and the United Workers Union (UWU) bureaucracy.

None of this would have been possible if not for the complicity of the trade unions. In one public sector dispute after another, union officials have limited workers to token industrial bans and occasional sporadic rallies, centred on appeals to the same parliamentarians seeking to slash their wages and conditions.

The ACTU, and almost all unions in the country, fully backed Labor’s anti-democratic attack on the CFMEU, while the ousted construction union officials and their cronies in the other building industry union bureaucracies ensured that the strong opposition among workers to the administration was limited to a handful of protests after the legislation was passed and ultimately curtailed entirely.

The UWU leadership seized upon a FWC ruling against picketing at one of the Woolworths sites as an opportunity to shut down the strike entirely and ram through a rotten deal scarcely better than the original management offer.

Spearheaded by Labor governments at state and federal level and enforced by the unions, working-class wages in Australia have plummeted by around 5 percent in real terms since 2020. Far from the ACTU’s claim that Labor is

“getting wages moving,” further attacks are coming.

The re-election of Labor in the May 3 federal election reflected mass opposition to the program of austerity, authoritarianism and war exemplified by US President Donald Trump, and identified by Australian voters with former Liberal Party leader Peter Dutton.

But within the framework of so-called “democracy” under capitalism, the result is the return to power of a Labor government that is compelled by the same global processes behind the elevation of Trump—the highly advanced crisis of world capitalism—to implement the same program of imperialist war, accompanied by harsh cuts to social spending, wages and democratic rights.

The unions’ fraudulent promotion of the FWC’s miserly increase to award wages is a further sign that they are fully committed to aiding the Albanese Labor government in enforcing this agenda.

To defeat this, new organisations of struggle must be built. Rank-and-file committees, democratically run by workers themselves and politically and organisationally independent of the union bureaucracy and Labor, must be established in workplaces across the country as a matter of urgency.

But none of the major issues workers face can be resolved on a national basis. That is why the International Committee of the Fourth International, the world Trotskyist movement, has established the International Workers’ Alliance of Rank-and-File Committees, to unite the common struggles of workers worldwide against attacks on their jobs, wages and conditions and fight the growing threat of world war.

Such a struggle demands a revolutionary socialist perspective, directed against the root cause of war and austerity, the capitalist system.



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