

Australian unions celebrate real wage cut for 3 million workers

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Australia's pro-business industrial tribunal, the Fair Work Commission (FWC), on Tuesday handed down its 2026 Annual Wage Review, awarding a 4.75 percent nominal increase to award wage rates, effective from 1 July 2026.

By the FWC's own admission, this amounts to a real wage cut for around a quarter of the workforce. The decision stated that the meagre increase would not "be sufficient to close the real wage gap entirely," noting the Reserve Bank of Australia (RBA) forecast that annual inflation will reach 4.8 percent by the end of this month.

Despite this, the Australian Council of Trade Unions (ACTU) immediately declared the decision a triumph, cynically welcoming a ruling that will mean further real wage cuts for nearly 3 million workers, including many of the lowest-paid in the country.

Industrial awards set out the legal minimum wages and conditions for a given occupation and skill/experience level. While some 2.8 million workers are directly covered by awards, their impact is broader, as union-management 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.

At the same time, the FWC decided to raise the national minimum wage by 5.9 percent to \$26.44 per hour, or \$1,004.90 per week—an increase of \$1.49 per hour and \$56.90 per week for a full-time worker. It is estimated that only around 100,000 workers across the country are paid minimum wage.

ACTU secretary Sally McManus described the meagre 4.75 percent award wage rise as "a positive real wage increase," a fraud exposed by her own comments just a week earlier. On May 27, McManus declared that

"Today's [inflation] figures show exactly why Australia's lowest-paid workers need a 6 percent pay rise," and urged the FWC not to "allow workers like those in the hospo, retail and care industries to go backwards."

Now, in response to the FWC doing exactly that, McManus claims that "relief is on the way for lower paid workers to help keep up with price pressures and avoid the need to cut back on essentials like food or seeing a doctor."

This comment from Australia's top union official hints at the dire living conditions confronting the working class, which the award wage decision will only worsen.

The Consumer Price Index (CPI) rose 4.2 percent in the twelve months to April 2026. But this headline figure massively understates the impact of inflation on the working class. The cost of housing rose 6.3 percent and transport 6.6 percent, representing a disproportionate increase in the price of the basic essentials that make up the bulk of spending for lower-income workers.

But inflation in the past 12 months is only the tip of the iceberg. Workers covered by awards have endured a succession of real wage cuts in the face of soaring inflation.

In June 2021, the FWC handed down a 2.5 percent pay "rise" when inflation was at 3.8 percent. A year later, it called for a 4.6 percent increase when inflation was 5.1 percent. In 2023, with the CPI at 7 percent, the FWC increased award rates by just 5.75 percent. In 2024, the 3.75 percent award wage increase came as inflation hit 3.8 percent.

In June 2025 the FWC's 3.5 percent award wage increase, with the CPI at a four-year low of 1.9 percent, was celebrated by McManus as "one of the largest real

wage increases the Fair Work Commission has awarded.” The miserly increase was eclipsed by September, when inflation rose to 3.6 percent.

All but the first of these real wage cuts was delivered under a federal Labor government, in accordance with its demands. This year is no different. Following Tuesday’s announcement, Minister for Employment and Workplace Relations Amanda Rishworth declared the FWC decision “the sustainable real wage increase that we called for.”

As a result of these successive cuts, the real value of award wages is now more than 4 percent lower than in September 2020 and over 9 percent lower than it would be if the pre-COVID pandemic trend had continued, according to the Australia Institute’s Centre for Future Work. The Institute concluded in March that an increase of between 7.5 and 11.1 percent was required merely to restore real wages to pre-pandemic trend levels.

The reality is that even the Australia Institute’s upper figure, well over double what has actually been awarded, would likely be insufficient. The worst economic impacts of the US-led war against Iran have only just begun to be felt.

The federal Labor government’s prediction that inflation will peak at 5 percent is based on the fraud that the war is essentially over. Even an “alternative scenario” buried in the May budget, forecasting a rise to over 7 percent, is based on a relatively quick end to the war.

While the ACTU, FWC and Labor itself claim the soaring cost of living is therefore a product of external factors over which the government has no control, the reality is that the Albanese administration was one of the first worldwide to declare its backing of the US-Israeli assault. Labor continues to provide material and financial support for the war, as part of its broader agreement with US imperialism’s escalating war plans, above all directed against China.

The Labor government has increased military expenditure to a record-high \$60 billion a year, a cost which must be borne by the working class through harsh cuts to social spending and wages.

The ACTU’s celebration of the FWC’s award wage decision provides further confirmation that the union apparatus is in total agreement with this agenda. It follows the unions’ full-throated promotion last month

of the federal government’s war and austerity budget.

Silent on the slashing of \$38 billion over four years from the National Disability Insurance Scheme (NDIS)—a move that will remove more than 240,000 people from the scheme entirely, with no alternative supports in place, and drastically cut the services provided to hundreds of thousands more—the ACTU instead hailed Labor’s minor property tax tweaks and pathetic promise of a one-off payment of \$250 in 2028 to claim the budget would make life “fairer for workers and young people.”

The unions are already working hand-in-glove with Labor and big business to enforce real wage cuts, not just for workers covered by awards, but across the board. Since the March quarter of 2022, the CPI has risen by 18.2 percent, while the Wage Price Index has increased by just 15.1 percent.

The union bureaucracies have imposed these real wages cuts in one enterprise agreement dispute after another, isolating workers within a single workplace, and shutting down and selling out strikes or refusing to call them entirely.

The unions’ suppression of workers’ struggles is not only aimed at keeping wages down, but shutting down the development of opposition to the whole program of war and austerity. Their backing of the Annual Wage Review and the FWC is a component of that, designed to promote the conception that workers need not wage an industrial struggle, but can instead advance their interests through polite submissions and plaintive demands to the courts.

The way forward lies in the construction of rank-and-file committees—independent of the unions and the Labor Party—that can coordinate workers’ struggles across industries and lead a fight for genuine pay increases to recoup previous losses and keep up with inflation. This must be connected with the broader international struggle of the working class against the program of war and austerity being imposed by governments everywhere, and against capitalism itself.



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