

## ALP urges Fair Work Commission to give “substantial” minimum wage increase

Written by Michelle Grattan, Professorial Fellow, University of Canberra

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The Labor opposition has called for a “substantial” increase in the minimum wage, in a submission lodged with the Fair Work Commission’s annual wage review.

But the ALP has not put a figure on the amount it believes would be appropriate.

With Bill Shorten making wages one of the centrepieces of his election pitch, the submission flags that an ALP government would rewrite the guidelines used by the commission in its wage setting.

“The Opposition accepts that the panel is constrained by the current legislative provisions, but no longer has confidence that these provisions have the capacity to deliver the wages growth that the lowest paid workers, and our economy, require,” the submission says.

The national minimum wage at present is \$18.93 an hour, which is \$719.20 for a 38-hour working week.

The ACTU wants rises brought in over two years amounting to an increase of 11.5%, that would take the minimum wage to nearly \$42,000 a year.

It proposes a “living wage” of 60% of the median wage.

Under its proposal to the commission the minimum hourly rate would rise this year to \$20.07, with the subsequent increase taking it to \$21.17.

Labor has not yet released its full wages policy but while Shorten has spoken of a living wage, the opposition is not embracing the ACTU position, preferring to leave the onus on the FWC, under changed guidelines that would see the minimum wage boosted.

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**Read more:** [Explainer: what exactly is a living wage?](#)

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In its submission, the opposition says too many people are not getting a fair day’s pay for a fair day’s work. It points to years of wage stagnation, the collapse of bargaining, insecure work and exploitation, and a minimum wage that traps people in poverty.

“A fair wage system is fundamental to a stronger economy too,” the submission says. “Because the incomes of working people are what drives confidence, demand and growth.

“The people most affected by this tribunal’s decision spend every single dollar they earn. It’s their wages and their purchasing power that helps keep small businesses afloat”.

Labor says the FWC should recognise in its decision a number of factors, including that “everything is going up except for wages”.

It points out that “since 2013 productivity has grown four times faster than wages” and “since 2016 company profits have grown five times faster than wages”.

The opposition argues that experience overseas shows significant increases in the minimum wage can be made without costing jobs, and says persistent low wages growth is a “threat to consumer demand and the broader economy”.

The submission says that in the last five years the minimum wage averaged 54.3% of median wages.

Shorten on Thursday said that apart from having a higher minimum wage, other initiative by a Labor government to improve wages would include restoring penalty rates, pressing for pay equity in feminised industries, and protecting labour hire workers and sub-contractors.

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Scott Morrison said Shorten was either lying to people in saying he could do something about their wages - because he hadn't explained how - or “if he's telling the truth, then he is putting an enormous cost on small and family businesses that will force them to lay off staff. That is not good for the Australian economy.”

*Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond their academic appointment.*

Authors: Michelle Grattan, Professorial Fellow, University of Canberra

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