



ADAM BANDT MP

FEDERAL MEMBER FOR MELBOURNE
LEADER OF THE AUSTRALIAN GREENS

Minimum Wage Case Submission - Lifting the minimum wage to 60% of median weekly earnings

As Leader of the Australian Greens, I write on behalf of my party to make a submission to the Fair Work Commission's Annual Wage Review.

The Australian Greens believe no one should live in poverty and all working people should have a liveable wage.

In undertaking the Annual Wage Review, the panel must take into account the 'minimum wages objective' in the *Fair Work Act 2009*, which includes promoting social inclusion through increased workforce participation, as well as the relative living standards and needs of the low paid. With the rise in inflation and the rising costs of living, the existing minimum wage no longer meets the requirements of the minimum wage objective.

Wage growth has been sluggish and stagnant for over a decade. Before the pandemic, 40% of all people in poverty lived in a household where wages were the main source of income.¹

The recently announced Budget shows the government is not expecting real wages to return to above 2019 levels until 2025. Credible analysts have suggested this is an optimistic outlook given the government's implausible inflation forecasts.

Australia's billionaires increased their collective wealth by 16% from 2021 to 2022, on top of the record breaking 27% increase from 2020 to 2021². Meanwhile, the current national minimum wage is inadequate to cover the costs that people living in Australia face everyday.

For example, for a person renting, the median rent in Australia is 65% of the minimum wage per week. Additionally, it would take a minimum wage worker 16 years to save a deposit for a house in Melbourne at the median price, and even then it would be impossible to pay off the loan over the maximum term of 30 years. For families, out of pocket childcare costs are around 32% of the weekly minimum wage for a single child in care.

¹ ACOSS, submission to the Fair Work Commission Annual Wage Review, March 2021

² <https://www.theaustralian.com.au/business/australias-richest-250>



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Over the last 40 years, the ratio of the minimum wage compared to the median wage has declined significantly. The Greens submit that the Commission should make an order that sets the minimum wage at at least 60% of median weekly earnings, ensuring minimum wage workers are able to cope with the rising cost of living and are not in working poverty. The Commission should determine any appropriate phase-in mechanism.

As has been pointed out in previous submissions and reports by the ACTU, the OECD and other international organisations use this measure as an indicator of “working poverty”. This threshold has also been used by the UK Low Pay Commission in setting their minimum wage.³ The UK Government has set a target exceeding 60% and is working towards a National Living Wage that is two thirds of median earnings by October 2024.⁴

Raising the minimum wage to this level would also make room for increases in income support payments which are currently below poverty lines and should be raised to at least \$88 a day.

Increasing the minimum wage to 60% of the median wage would not only provide a necessary boost to wages, it would reduce inequality and help ensure all working people earn a liveable wage.

Yours faithfully,

Adam Bandt MP
Australian Greens Leader
Federal Member for Melbourne

³ Living up to the promise of Harvester: Time for a Living Wage, ACTU p. 7

⁴ National Minimum Wage Low Pay Commission Report 2021