

# **IPA MEDIA RELEASE**

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## **IPA WELCOMES MINIMUM WAGE INQUIRY**

“A Productivity Commission investigation of the harm caused by the minimum wage will hopefully be the first step towards its eventual abolition,” says Dr Mikayla Novak, Senior Research Fellow at the free-market think tank the Institute of Public Affairs.

The Productivity Commission will be looking at the costs and benefits of Australia’s minimum wage as part of its broader inquiry into workplace relations law.

“The economic evidence is clear – the minimum wage costs jobs, excludes vulnerable people from the workforce, and reduces living standards,” says Dr Novak.

An IPA Submission to the Fair Work Commission, co-authored by Dr Novak in 2014, found that the rise of the minimum wage in 2013 cost the country approximately 87,900 jobs.

“In a free and prosperous country, the government should not be fixing any price in the economy – and that includes the price at which we choose to sell our labour,” says Dr Novak.

“Minimum wages presume that workers are incapable of judging whether the compensation offered is sufficient for their work.”

“Excluding low productivity workers from the employment market, minimum wages prevents those workers from getting the foothold necessary to gain experience and skills.”

“In other words, the minimum wage is a key driver of Australia’s poverty trap.”

“The statutory minimum wage should be abolished. This is the advice the Institute of Public Affairs shall be providing to the Productivity Commission review,” says Dr Novak.

The IPA’s submission to the Fair Work Commission in 2014 can be downloaded here:

<https://ipa.org.au/publications/2255/submission-to-the-fair-work-commission>

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