

IPA MEDIA RELEASE

Institute of Public Affairs | Australia's leading free market think tank

Wednesday, 4 June 2014

MINIMUM WAGE HIKE TO COST 100,000 JOBS: IPA

“Today’s minimum wage hike will continue to hurt low income households, young workers and the unemployed,” said Aaron Lane, Research Fellow at the free market think tank the Institute of Public Affairs.

Today an expert panel of the Fair Work Commission handed down its decision for the 2013-2014 Annual Wage Review. The Commission decided to increase the minimum wage by \$18.70 per week. On an hourly basis, this will increase the minimum wage from \$16.37 per hour to \$16.87 per hour.

“While today’s increase in the minimum wage may seem modest, applying the 2003 modelling from the now Labor frontbencher Andrew Leigh, it is estimated that today’s decision will cost around 100,000 jobs – principally the jobs of the low skilled. The most vulnerable workers will be the hardest hit by this increase, through job losses and slower employment growth,” said Mr Lane.

“The minimum wage is only a safety net for those that have already secured employment. Today’s decision will be of little comfort to those unemployed people who will now find it harder to get a job, or those low paid workers whose hours may be cut as a result of today’s decision. Increasing the minimum wage will guarantee lower living standards for those adversely affected.

“Ultimately individuals should be free to strike their own wage agreements with employers. Greater labour market freedom will best enable individuals to get a job, gain experience and improve their income and living standards in the long run,” said Mr Lane.

The IPA’s submission to the Fair Work Commission was co-authored by Aaron Lane, Research Fellow, and Dr Julie Novak, Senior Fellow. A copy of the submission is available to be downloaded at: <http://ipa.org.au/publications/2255/submission-to-the-fair-work-commission>

For media and comment: Aaron Lane, Research Fellow, 0400 838 630, alane@ipa.org.au OR Dr Julie Novak, Senior Fellow, 0408 873 739, jnovak@ipa.org.au