

5 July 2007

FAIR AND RESPONSIBLE DECISION – PRECISELY WHAT Ai GROUP PROPOSED

Statement by Heather Ridout
Chief Executive, Australian Industry Group

“The Fair Pay Commission decision announced today is fair and responsible and precisely reflects the key elements of the proposal put to the Commission by the Ai Group”, Australian Industry Group Chief Executive Heather Ridout said today.

“In our submission to the Fair Pay Commission Ai Group proposed a wage increase of 27 cents per hour (\$10.26 per week) and three months lead time between the date of the decision and the date of operation. This is what the Fair Pay Commission has delivered to lower income employees today.

“As also proposed by Ai Group, the Fair Pay Commission has given close consideration to how income tax changes announced in the May Budget have impacted favourably on disposable incomes. In the Budget, the Government delivered substantial tax cuts to low income workers, as proposed by Ai Group in our pre-budget submission.

“Taking into account both the tax changes effective from 1 July and the wage increase announced today, a full-time single person earning the standard Federal Minimum Wage will enjoy an increase in disposable income of over \$17.50 per week. This is an increase of 3.8%, Mrs Ridout said.

“On top of the increase in minimum wages and income tax changes, families with children have received additional increases in disposable income through higher levels of Family Tax Benefit. For many families, further improvements in disposable income have flowed from the Budget announcements of higher Child Care Benefits and the more timely payment of the Child Care Tax Rebate.

“The Commission has also adopted Ai Group’s sensible proposal to address a significant practical difficulty which arose with last year’s decision. We called on the Commission to ensure that the increase was operative from the first full pay period to commence on or after the date of effect – not midnight on a particular date. Last year’s approach imposed substantial additional administrative costs upon employers as set out in a series of affidavits of Ai Group member companies annexed to our submission. Again, the Fair Pay Commission has listened to the arguments of Ai Group and adopted a practical approach. The decision is operative from the commencement of each employee’s first pay period on or after 1 October 2007,” Mrs Ridout said.

“The announcement by the Fair Pay Commission within its decision that wage-setting decisions will be handed down in July each year with effect from October that year is most reasonable and should be applauded by all parties,” she said.

Further Comment:

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