What is Australia's Minimum Wage in 2019?

Australia's minimum wage is the legal minimum pay rate per hour that must be paid to all adult employees (aged 21 years or older). It is set by the Fair Work Commission (FWC) and is reviewed annually.

From 1 July 2019, Australia's minimum wage is **$19.49 per hour**, or $740.80 for a full-time adult employee working 38 hours per week. This is a pre-tax base rate for permanent employees. It does not include casual work loadings, penalty rates, superannuation or employer on-costs.

Young employees (under 21 years) are paid at junior, apprenticeship or traineeship rates that are specified separately to the adult minimum wage. These junior rates are reviewed by the FWC annually as part of the annual review of the adult minimum wage.

How many Australian workers are paid the minimum wage in 2019?

The FWC estimates that 180,200 employees are paid the adult minimum wage rate (1.7% of all employees). Permanent employees are paid the minimum wage rate. Casual employees are paid the minimum wage rate plus a 'casual loading' of 25% of the minimum wage, as specified in the FWC's minimum wage determination and in most modern awards.

How does the minimum wage affect other workers?

The FWC estimates that 2.2 million employees have their base pay set by an award that is linked to the minimum wage in 2019 (20% of employees). Casual loadings (currently 25%), penalty rates for overtime, shifts, weekends and other additions are specified in awards with reference to the base rate.

Employees whose pay rates are set by an enterprise or collective agreement are affected by the minimum wage (and the annual changes to it) if their agreed pay rates are linked to an award rate or the minimum wage (e.g., if they are paid a multiple of an award rate). The RBA estimates that 40% of employees are covered by an enterprise bargaining agreement (EBA) in 2019, including 80% of public sector employees. EBAs are common in large businesses and in public sector healthcare, education and emergency services. A further 40% of employees negotiate their pay directly with their employer using an individual agreement. The majority of these workers are employed on a permanent or fixed-term basis. Individual agreements are prevalent in smaller firms, in business services sectors and among managers and professional employees.
Workers who are self-employed and are not employees (i.e. anyone operating their own business) are not bound by minimum wages, awards or agreements. The ABS estimates that 3.5 million workers (16% of the total national workforce of 13 million people) are business owners with or without employees in 2019.

How does Australia’s minimum wage compare to other pay rates and to living standards?

Australia’s minimum wage has risen at a stronger annual rate than average pay rates for all workers (as measured by the Wage Price Index, or WPI) in each of the past six years. In the longer term, annual increases in the minimum wage have varied greatly from year to year, but have averaged 3.3% since 1998, slightly greater than the average annual increase of 3.2% for all wages (WPI) since 1998. This faster rate of growth for minimum wages has seen the gap or ‘bite’ between the minimum wage and median wages shrink over time and especially over the past six years. The FWC calculates that Australia’s minimum wage was equal to 54.1% of the median earnings of all full-time employees in August 2018 (that is, prior to the minimum wage increase of 3% from 1 July 2019), up from 52.2% in August 2008.

All measures of wages have risen faster than inflation over the long term, with headline inflation averaging 2.6% p.a. from 1998 to 2019 and ‘core’ inflation (which removes especially volatile items) averaging 2.7% p.a. This gap between wage inflation and price inflation confirms that real wages have grown over time.

National measures of poverty and poverty lines can be calculated on an absolute or relative basis. Assuming a relative poverty line of 60% of median full-time income (a commonly cited measure globally), the FWC calculates that a single adult working full time at Australia’s minimum wage would have had a disposable household income that was 1.23 times the relative poverty line in September 2018, up from 1.13 times the relative poverty line in 2013. Disposable income for other types of households (one or two adults working full-time or part-time, with or without dependents) varies due to welfare payments in addition to wage income.

How does Australia’s minimum wage compare to minimum wages in other countries?

Not all countries have a national minimum wage. Even among high-income and highly developed countries, some have state or regional minimum wages but no national rate, while others use agreements or other methods to ensure that minimum employment conditions are met.

Australia regained its place as the country with the highest hourly minimum wage in the world in 2018, according to the OECD (calculated in constant 2018 US dollars at ‘purchasing power parity’, which adjusts for differences in living costs across countries as well as for inflation rates and exchange rates over time). This estimate does not include the rise of 3% in Australia from 1 July 2019. Australia has been neck and neck with Luxembourg and France for world’s highest minimum wage since 2006. Australia had the highest minimum wage globally from 2001 to 2006, when calculated on the OECD’s purchasing power parity basis.

Chart 2: International minimum wages per hour, $US PPP, 2001 to 2018

Data sources and further information

ABS 6345.0 Wage Price Index, Mar 2019
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