

2 June 2026

## **Wage rise to increase pressure on business**

Substantial increases to the national minimum wage will intensify challenges for businesses already facing significant cost pressures, Business Hunter said today.

The Fair Work Commission has handed down a decision increasing the minimum wage by 4.75 per cent for most award classifications and 6 per cent for the lowest earners – higher than the 3.5 per cent the business community had recommended.

Business Hunter CEO Bob Hawes said the timing of the decision, set to cost businesses nationally an estimated \$11.7 billion, could not be worse.

“This wage increase comes at a time when our quarterly surveys show business confidence is low and a growing proportion of businesses are considering cutting staff,” Mr Hawes said.

“Businesses are already tackling the impacts of the fuel crisis and subsequent cost increases on top of interest rate volatility, inflation, labour supply problems, rising insurance costs and energy price spikes.”

Mr Hawes said it was a balancing act to get pay increases right without triggering flow-on impacts in the broader economy that threatened to negate workers’ individual gains.

“This decision will increase spending power of young workers and others in lower-paid roles, but that benefit can be offset by the inflationary impact – with higher labour costs likely to be passed on to customers and more discretionary spending resulting in interest rates staying high,” he said.

“It may also restrict employment opportunities, especially in entry-level jobs, by deterring those businesses currently operating on tight margins from taking on new staff.”

Mr Hawes said prominent sectors in the regional economy, including healthcare and social assistance, retail, and accommodation and food services, were traditionally the industries most affected by changes to the minimum award wage.

“The impacts will be felt unevenly across the region, and may be minimal for many employers already paying above award conditions, but it can also trigger broader requests for pay rises within the workforce, with much wider implications for business and industry.”

**Media enquiries: Bob Hawes 0418 496 745**