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Wages and sustainability

Do you consider the National Wages Council's latest recommendations fair and appropriate given the current economic climate? What are the guidelines most likely to have the strongest impact on workers, and companies themselves?

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WITH inflation possibly undercutting wage increases in recent years, NWC's latest recommendations with focus on the low wage earners group are fair especially from a socio-economic perspective. The low wage earners group is largely a non-skilled workforce where raising productivity is a challenge due to job designs and processes. However, giving a minimum raise could be motivational in pushing the boundaries of limited productivity while assisting in employees managing inflation.

From the viewpoint of the current economic climate where companies are restructuring business models to shift focus from labour growth to labour productivity, in an attempt to counteract new foreign talent policies as well as increased costs of operations, NWC's recommendations could bring about added financial stress in an already challenging climate. This is especially pronounced in non-skilled, labour intensive industries where the bulk of operation costs hinges on headcount. Sustainability will be questioned in the long run. The latest recommendation of a minimum raise of $60 could put companies in a catch 22 situation; if the recommendation is not heeded, companies face the peril of losing headcount and this ultimately affects output and productivity. Likewise, with the raise, the added costs may result in an unenviable situation, or business termination at worst.