

# How to ask for an inflation pay rise — and how much to ask for

triple j Hack / By [James Purtill](#)

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If your wages aren't going up to match inflation, your finances are going backwards. (Getty: Malte Mueller)

When it comes to negotiating inflation pay rises, for a long time there's been a simple rule: don't mention inflation.

The reasoning has been that, basically, bosses don't care how you're doing financially, and whether or not you can make ends meet.

Pay rise negotiations should be about what you bring to the organisation, and why they need you, rather than what you need.

But with inflation now at its highest rate since 1990, and most Australians worse off, some experts are tweaking their advice.

Many workers are sharing stories of asking their boss for a pay rise.

Emma, 29, a property manager in Melbourne, recently tried her luck.

"I told them that with the cost of everything going up, my salary wasn't viable anymore," she told *Hack*.

"I didn't want to leave, but I was willing to go somewhere closer to home that offered a bit more."

And it worked, after a few days her employer agreed to a 7 per cent pay rise.

Amy, 24, a designer in regional NSW, had a very different experience. She also brought up inflation with her boss — and got knocked back.

"They said they couldn't justify paying me more," she said.

So, how can you go about having the chat?

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### Key points:

- With rising costs and a labour shortage, workers are looking for pay increases
  - A raise of 4.6 – 5.2 per cent is a "good starting point", labour experts say
  - Asking for more money because everything is more expensive can sometimes work, but proceed carefully
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# How much do you ask for?

The annual inflation rate in Australia is currently 6.1 per cent, meaning prices have risen this much over the last 12 months.

If your wage hasn't been bumped up in that time, you're effectively earning less than you were 12 months ago.

So if you've made \$50,000 in the past year, you're \$3,000 worse off.

Most Australians have seen their wages go up a bit — annual wage growth was 2.4 per cent in May — but that increase hasn't been enough to cover inflation.

If you were on \$50,000 one year ago and your wage has gone up 2.4 per cent, you're still down \$1,850.

John Buchanan, a labour market expert from the University of Sydney's Health and Work Research Network, recommends asking for a pay increase of between 4.6 per cent and 5.2 per cent.

These are the amounts the Fair Work Commission (FWC) [increased minimum and award wages this year](#).

The FWC, which is an independent tribunal, arrived at these figures after extensive analysis and consultation, so they're a good starting point, Professor Buchanan said.

"Their decision is on the website. Take it into the negotiation," he said.

"If any worker can achieve that increase in the current situation that is a good result."

## **Check your contract**

The kind of work contract you've signed with your employer affects your ability to negotiate a pay rise.

Enterprise agreements are generally collectively negotiated by an organisation's workforce, typically represented by a union, while employment contracts are negotiated by individual employees.

If you're a casual worker, you're probably on an award rate, which is the minimum amount you have to be paid.

Even if you're on the award rate, you can still negotiate to be paid more.

## **Should I mention inflation?**

Mentioning inflation in her negotiation worked well for Emma from Melbourne, but expert opinion here is divided.

"Don't mention inflation," said Karen Gately, a human resources specialist.

"Employers are thinking about their own books and the growing costs of their business."

That is, if you go to your boss saying you need more money because of inflation, they may say the company's costs have gone up too, and it can't afford a pay rise.

Emily Barnes, a professional mediator, agreed that "traditionally" an employee's financial pressures haven't been "the company's problem."

But there are some exceptions to that, she added.

Workers in sectors with a labour shortage are in a stronger position to negotiate a pay rise, in which case referring to inflation can be helpful.

For one, it can help make the conversation less awkward.

"The benefit of an inflation conversation in that negotiation is it depersonalises it," she said.

"And women in particular, who have traditionally struggled with asking for pay rises on their own behalf, that probably makes them feel more comfortable."

"Wages should always reflect inflation and aggregate productivity," he said.

But proceed carefully, he added.

"Employers get pretty testy when workers start talking about pay."



Workers in hospitality will see a 4.6 per cent increase in the award wage from October. (*Unsplash: Mitchell Hollander*)

# Do your preparation

Whether it's printing out the FWC's recent pay rise decision, researching the average pay range for a similar role, or making a list of reasons why you're good at your job, it pays to be prepared.

"Preparation is key," said Ms Barnes, the mediation expert.

She recommends writing out what you want to say. Even if you don't use this in the conversation, the process will help.

What do you want to achieve? What are you willing to accept? What are you willing to do if your pay rise request is refused?

Are you willing to quit, even if you otherwise like your job?

"Unless you have a really clear idea around those three things, then you have a bit too much of a scattergun approach in terms of the negotiations."

Karen Gateley, the HR specialist, also recommended preparation.

"Always think about the value you're adding to the business," she said.

This applies to any kind of job, even waiting tables.

"You can talk about building strong relationships with regular customers."

# Is this a good time to ask for a pay rise?

Mostly yes.

Australia is in the middle of one of its largest ever labour shortages, with the unemployment rate at its lowest in 48 years.

Workers in most sectors were in a stronger-than-usual position to negotiate pay rises, Ms Barnes said.

That includes hospitality, retail or caring jobs (these are sometimes called low-skilled workers), she added.

"It's really hard to replace workers, she said.

"I would probably argue that low-skilled workers have an improved negotiation position than previous periods."



The national minimum wage increased 5.2 per cent from July 2022. (Getty Images/Andreas Rentz)

Professor Buchanan agreed, but pointed out wage growth remained low.

One reason for this was employers remained "often very reluctant" to pay an employee more, as other employees would demand the same, amplifying the cost for the whole business.

The one exception to this was new workers, who could start at higher pay without rocking the boat.

"Within a workplace there is such a thing as wage relativity — if you move the wage of one person then you have to move wages of others.

"Most workers are getting a wage increase through changing jobs."

He predicted only about 1-2 per cent of the labour market would manage to negotiate a pay increase to match inflation, despite the labour shortage.

Emma from Melbourne, who scored a 7 per cent pay rise without having to leave her job, appears to be among these lucky couple per cent.

She said she framed the pay conversation around what was "viable". She didn't want to leave, but was prepared to do so.

"I said, 'I just need to look at what's viable for me.'"

In the end, her boss was willing to pay an existing employee more than go to the trouble, and take the risk, of hiring a new one

"Investing in new talent and the possibility of changing the dynamic in the office is not always worth it, when someone is only asking for another \$5,000," Emma said.

Amy's story also ends happily. After her pay request was knocked back, she found another job — one with almost double the salary.

"It's ignorant of businesses to say we don't care about your finances," she said.

"If you can't afford to pay employees a living wage, you can also do some inflation and raise your own prices."