E-GUIDE

Interest rates & labour costs

A 2026 planning guide

A clear, Australian-focused guide for shift-based businesses on the June 2026 RBA decision, the rising cost of labour, and a practical rostering playbook to protect your margins.

Contents

The June 2026 RBA decision

4.35%

Cash rate held in June 2026

The RBA paused after three consecutive hikes, on an 8-1 vote to hold.

At its June 2026 meeting, the Reserve Bank of Australia held the cash rate at 4.35%, pausing after three consecutive increases. The board voted 8-1 to hold, signalling caution rather than a clear change of direction.

The pause does not rule out further tightening. A further rise remains possible at the August 2026 meeting, depending on the late-July CPI (inflation) data. In other words, the next move is data-dependent and could still be up.

For business owners, the takeaway is to read June as a window to prepare — not a signal that rate pressure has passed. The sections that follow explain how higher rates feed into your costs and what you can do about it.

Watch the calendar

The late-July CPI release and the August 2026 RBA meeting are the two dates to keep on your radar this quarter.

Why a rate hold still matters

A pause holds rates where they are — it does not lower them. After three consecutive hikes, the higher cost of money is already baked into your business.

1. Your costs

Variable-rate business loans and overdrafts are more expensive at 4.35%. Higher repayments tighten cash flow, leaving less buffer for wages, stock and quiet trading periods.

2. Your customers

Mortgage-holding customers cut discretionary spending when repayments stay high. That softens hospitality and retail trade — fewer covers, smaller baskets, quieter shifts.

The squeeze from both sides

Shift-based businesses feel higher rates twice over: costs rise on one side while demand softens on the other. A rate hold keeps both pressures in place, so the case for tighter cost control does not go away just because the RBA paused.

Bottom line

Treat the June pause as a planning window, not a holiday. Use the breathing room to get ahead of your costs.

The labour-cost squeeze

On top of higher rates, the cost of labour itself rose this financial year — compounding the pressure on margins.

4.75%

Award wage rise from 1 July 2026

The national minimum wage rose to $26.44 per hour.

Labour is your largest controllable cost

For most shift-based businesses, labour is typically 25-35% of revenue — usually the single largest cost you can actually control. When award wages rise 4.75% and rates stay high, even small inefficiencies in how you roster add up quickly.

- Award wages rose 4.75% from 1 July 2026 — a direct lift in your hourly costs
- The national minimum wage is now $26.44 per hour
- Labour is typically 25-35% of revenue, the largest cost you control

Where to focus

Because labour is large and controllable, smarter rostering is the fastest lever to protect margins without cutting service.

Rostering playbook

Six moves to protect your margins

Work through these six moves to tighten labour costs without sacrificing service.

1

Audit rosters against actual demand

Compare your rosters to real trading patterns to find overstaffing and service gaps.

2

Roster to forecast demand

Match staff to forecast demand using your sales and foot-traffic data, not habit.

3

Track labour cost as a live % of sales

Watch labour cost as a percentage of sales while you build the roster, before you publish it.

Continued on the next page

Moves 4 to 6 cover flexibility, overtime and your cash-flow forecast.

Rostering playbook

Moves 4 to 6

4

Cross-train staff for flexibility

Staff who can cover multiple roles let you run leaner rosters and absorb demand swings.

5

Cut avoidable overtime and reshape shifts

Reduce avoidable overtime and reshape shifts to lower penalty-rate exposure — always within the award.

6

Refresh your cash-flow forecast

Update the forecast for variable-rate debt, including an August-hike stress case.

Small changes compound

Across an entire roster, trimming overstaffed hours and avoidable overtime can recover a meaningful share of your largest controllable cost.

Staying compliant while cutting costs

Cost control must stay inside the rules. Reducing penalty-rate exposure and overtime is legitimate — only when it is done within the relevant award.

Reshape shifts, do not cut entitlements

Lowering penalty-rate exposure means rostering smarter — for example, reshaping when shifts fall — not underpaying staff. Overtime, penalties and minimum entitlements set by the award still apply in full.

Keep these in mind:

- Reshape shifts within the award — never below minimum entitlements
- The national minimum wage is $26.44 per hour from 1 July 2026
- Award wages rose 4.75%; pay rates and penalties must reflect this
- Avoidable overtime can be reduced, but worked overtime must be paid

Confirm current rules

Always check current award rates and conditions against Fair Work before changing rosters.

Preparing for August

The June pause may not be the last word. A further rise remains possible at the August 2026 meeting, depending on the late-July CPI data — so plan for it now.

Late July 2026

CPI (inflation) data is released — the key input to the RBA decision.

August 2026

The RBA meets; a further rate rise remains on the table.

Your move now

Build an August-hike stress case into your cash-flow forecast.

Stress-test your variable-rate debt

Refresh your cash-flow forecast for variable-rate loans and overdrafts, and model what another increase would do to repayments. If the numbers get tight, tighter rostering and an updated forecast give you room to respond before, not after, any hike.

Use the window

Treat the June pause as a planning window, not a holiday. The businesses that prepare now will be the most resilient if August brings another rise.

Disclaimer & next steps

Important

This guide provides general information only. It is not financial or legal advice. Interest rates and award conditions change, so always confirm current rates against the Reserve Bank of Australia (RBA) and current pay rates and conditions against Fair Work before acting.

Quick recap

- The RBA held the cash rate at 4.35% in June 2026 (8-1 vote to hold)
- A further rise is possible in August, depending on late-July CPI data
- Higher rates lift your costs and soften customer spending at once
- Award wages rose 4.75%; the minimum wage is now $26.44 per hour
- Smarter rostering is the fastest lever on your largest controllable cost

Control labour costs with RosterElf

Roster to demand, track labour cost as a live percentage of sales, and rein in avoidable overtime — built for Australian businesses.
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