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Penalty rate cuts will tear \$760 million out of cities & suburbs

More than 350,000 workers in metropolitan electorates across Australia will collectively lose \$760 million in wages when the penalty rate cuts come into effect in July, new research from the McKell Institute warns.

These workers will lose an average of more than \$2,000 each with the biggest losses occurring in urban NSW and Victoria where a combined \$434 million will be cut from wages of families facing rising cost of living and massive housing affordability problems.

Key facts from this report:

- \$760 million lost in disposable income in urban electorates across the country.
- Biggest losses in the retail sector will be in Lalor and Holt in Victoria – more than \$10 million in combined lost income for retail workers in those electorates.
- Hospitality workers in the seat of Sydney will also lose just under \$5 million, while hospitality workers in Melbourne will lose a further \$4.6 million.
- Workers in urban areas of NSW lose a total of \$231 million, the most in the country, while workers in Victorian cities lose \$213 million.

Quotes attributable to ACTU Secretary Sally McManus:

“This new report shows yet more evidence of the great cost of the penalty rate cuts, and the extent to which they will devastate workers and communities across the country.”

“We know that a lot of this money – more than three quarters of a billion dollars straight out of worker’s pockets in our cities – will not stay in Australia, and will be banked overseas by multinational corporations.”

“Australian workers are already suffering as a result of stagnant wage growth; they can’t afford a \$1.42 billion wage cut.”

“The latest McKell report further confirms what eminent economists have already said – penalty rate cuts will have wide-ranging, negative impacts on the Australian economy.”

“Workers in Australia need a pay rise. They also need a government which understands that corporate tax cuts and slashing wages are not the ways to achieve that.”

“This is a government determined to reinforce the imbalance in power between workers and employers. They won’t even lift a finger to stop a pay cut for hundreds of thousands of low-paid workers.”

“When Parliament next sits, MPs will have to decide whether they support their own communities or Malcolm Turnbull. The first Sunday in July is now less than four weeks away.”

Quotes attributable to The McKell Institute Executive Director Sam Crosby:

“This modelling shows there will be a significant decline in disposable incomes within urban electorates as a direct result of the Fair Work Commission’s decision.”

“If you withdraw \$760 million from the pool of disposable spending it will obviously hurt local businesses, causing knock-on effects to living standards and the urban economy.”

“The people who will lose money as a result of this change are, almost without exception, low income earners. And when you take money from low income earners you are taking money directly out of the local economy.”

“Most of this \$760 million would have been spent on local goods and services. Instead the bulk of this money will now go toward fattening up the bottom line for businesses.”

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