

Tuesday 18 September, 2018

Australia needs a pay rise – there’s no way around it

Reports in today’s *Australian* that real wages are rising relative to the cost of living are wrong. Real wages are going backwards for more than four in five workers.

The wages crisis in Australia has become acute under the Abbott/Turnbull/Morrison government. In June 2011 real disposable income was \$12,066 and in June 2018 it was \$11,987. Since the 2013 federal election, average weekly ordinary time earnings have barely risen, growing only 0.3 percent per year.

The costs of childcare, petrol, power, transport and housing – which form a large part of a working family’s budget – are growing up to eight times faster than wages. Working people on lower incomes are disproportionately affected by increases in these unavoidable costs, which are rising far more quickly than headline inflation figures.

National accounts and other ABS data shows that company profits are growing five times as quickly as wages. Even that ratio does not reveal the true extent of the gap between a very small number of high earners and rest in our society because the measurement of total wages in the national accounts is inflated by the salaries and bonuses of high-income individuals.

Today’s report flies in the face of local and international consensus on the need for pay rises and wage growth for working people. Those calling for sustained pay rises to keep our economy on track include Reserve Bank Governor Phillip Lowe, the OECD and the IMF.

The labour share of national income – a good measure of how fairly the nation’s resources are being divided – is close to its lowest point in half a century. It fell 0.3 percent over the past year and more than two percent over the last two years.

Quotes attributable to ACTU Secretary Sally McManus:

“Every working person in this country knows that Australia needs a pay rise, and that our pay isn’t keeping us on top of the cost of living. It’s only conservative economists, corporate executives and the Morrison Government who are yet to be convinced.

“To say that because the price of things like flat-screen TVs and new cars is falling, working people should be able to cope with massive increases in petrol, electricity, health insurance, childcare and housing shows a fundamental misunderstanding of working people’s household budgets and needs.

“This misleading report tries to convince working people that their lived experience of not getting fair pay rises that keep up with the cost of living is untrue. It won’t work.

“We will continue to campaign for fair pay rises and more secure jobs for working people.”

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