

Tuesday 5 February 2019

Australia needs a pay rise: Reserve Bank head

Reserve Bank Governor Phillip Lowe has identified low wage growth as a drag on the economy in a speech to the National Press Club, saying “people worry about their own future and that of their children” because of weak and even negative wage growth, combined with globalisation and technological change.

Mr Lowe made it clear that for our economy to run well, working people need fair pay rises – which we are not currently getting.

He also signaled that under current conditions, he does not see a medium-term solution to the problem, with RBA projections showing wage growth was unlikely to hit three percent between now and 2021, despite RBA expectations that wage growth would “pick up gradually”.

Polling conducted by the ACTU in August last year indicated that four in five employed people had not had a pay rise that kept them ahead of living costs in the previous year, with half getting no pay rise at all.

The ACTU is campaigning to change the rules so working people can negotiate fair pay rises on a level playing field with employers.

Our work rules are currently out of balance, and we need to update them so that working people can get the job security and fair pay rises we need to stay ahead of living costs.

Quotes attributable to ACTU Secretary Sally McManus:

“The Reserve Bank Governor has today made it clear that fair pay increase aren’t just good for the people who get them, they’re necessary for our economy to run properly.

“There are a limited number of reasons that employers agree to pay rises. The two key drivers are either that the law requires fair pay rises or that working people have adequate rights to negotiate them.

“Despite rises to legal minimum wages and low unemployment, our unbalanced system means working people can’t negotiate fair pay rises. Meanwhile company profits and CEO bonuses continue to rise.

“We need to update our system so that it works. Fair pay rises will keep working families ahead of living costs and will get our economy running again.”

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Media contact: Lachlan Williams 0447 682 027 ACTU Media: 03 9664 7337