

Thursday 20 June 2019

RBA Governor concerned about underemployment and low wage growth, warns cutting rates won't be enough

The Governor of the Reserve Bank has reiterated his concerns about the high rate of underemployment, low wage growth and limited ability of the RBA to cut rates any lower in a speech today.

The RBA has repeatedly drawn attention to the high underemployment rate, caused primarily by insecure work, and the ongoing stretch of near-record low wage growth.

The rising underemployment rate under the Liberal Government remains a serious concern and highlights the structural issues the labour market is facing, having jumped to 8.6 per cent.

Coupled with increasing insecure work, this is leaving too many Australians struggling to keep up with the cost of living. There are more than 1.8 million Australians looking for work, or more work, but unable to find it.

Australian wages are experiencing an unusual and prolonged period of weakness. In fact, Australia has seen wages growth at the slowest of any sustained period since World War II.

As a result household saving levels, consumption expenditure levels and economic confidence are well below their desired levels

The Morrison Government has no plan to address wage growth or address the insecure work crisis and is instead about to oversee more cuts to penalty rates on the same day that politicians will receive a pay rise.

Quotes attributable to ACTU Secretary Sally McManus:

“The Reserve Bank continues to call on the Government to act, but the Morrison Government refuses to do anything to end the low wage growth crisis or address rampant insecure work.

“Working people need better bargaining power to win the pay rises that they need, and which the RBA has observed are essential to increase economic growth.

“Insecure work puts working people in a weak bargaining position. This is the time to join your union, increase your power and fight for better pay and conditions.

“We can't wait any longer for the Morrison Government to act in the interests of working people. We need to stand together and demand an end to the insecure work and wage growth crises.

“Instead of taking to address low wage growth, in a fortnight the Morrison Government will cut penalty rates again, on the same day that politicians will be granted a pay rise.”

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