media release

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Record low wage growth threatens economic recovery

1.4 per cent rise in wages revealed by the ABS today show that the eight years of record low wage growth which have been endured by Australian workers show no sign of ending.

Wage growth is much lower in sectors like hospitality (0.3%) and admin and support services (0.9%) – this is compounding already low incomes in these areas.

Economic recovery depends on wage growth at much higher levels than we are seeing, which the Reserve Bank of Australia (RBA) believes “are likely to be with us for some time”.

There is no doubt that wages in Australia are facing a crisis. When the Governor of the RBA, the institution responsible for ensuring sound money and macroeconomic stability, thinks that wage inflation is too low alarm bells should be ringing throughout the country. Stretching a static pay packet to meet energy bills, childcare costs, medical expenses, and other necessities of life is an ongoing nightmare for many working families.

For eight years working people have endured anaemic wages growth. This rests squarely on the government that have admitted downward flexibility in the rate of wage growth is ‘a deliberate design feature of our economic architecture’.

Quotes attributable to ACTU Secretary Sally McManus:

“The proposed IR Omnibus Bill will lock in permanent wage suppression because it gives even more power to employers when wage negotiations occur.

“This will put a permanent handbrake on our economy and our recovery.

“Wages are going nowhere. This is a threat to our economic recovery and consumer confidence is directly related to wages growth and we need this to continue to recover.

“The Government should abandon proposals in their IR Omnibus Bill that will lead to lower wages and permanent wage suppression.”

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