

Friday 5 August 2022

RBA confirms real wage cuts until mid-2024

Wages for Australian workers will continue to be cut in real terms until June 2024, according to projections released this morning by the RBA.

The RBA also predicts that wage growth has barely picked up: only reaching 2.6 per cent for the year to the June quarter, up from 2.4% in the March 22 quarter, despite inflation surging ahead to 6.1 per cent and expected to reach 7.75 per cent by the end of the year.

Workers will also be stung with domestic retail, gas and electricity prices expected to increase by 10 to 15 per cent over the second half of 2022 according to the RBA, on top of steep rises to mortgage repayments.

Big businesses are passing the increased costs on to consumers, while many of them are raking in record profits and refusing to give their workers a proper pay rise. It's critical that the Albanese Government introduce bargaining reform so that workers' wages stop going backwards and the bargaining system can do its job.

Quotes attributable to ACTU President Michele O'Neil:

"June 2024 for real wage growth is too long to wait - wages have stalled at 2.6 per cent growth while inflation is expected to reach 7.75 per cent by the end of the year - the Albanese Government needs to act with urgency.

"This is no "wage-price" spiral that the business lobby argues. This is a downward spiral for the living standards of working people.

"Workers today have the lowest share of GDP in Australian history, and this is no accident. The previous Coalition Government had low wages as a 'deliberate design feature' of the Australian economy, enabling corporate greed to flourish. It's critical that the Albanese Government reform our bargaining laws to deliver wage growth.

"The cost-of-living crisis, and now the rapid and brutal hike in interest rates is forcing many workers to deplete their savings. They simply cannot withstand their wages continuing to go backwards in real terms.

"Workers without money to spend in our economy means we will see a significant decrease in our GDP. Big businesses are worsening our economy by raking in record profits while passing cost increases onto consumers and suppressing wages. This needs to stop."

Media contact: Isabella Hope Tilley 0414 894 040