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## ACTU calls on PM to kick-start wage growth

In the week before the cuts to penalty rates take effect, ACTU Secretary Sally McManus has written to Prime Minister Scott Morrison calling for immediate action to kick-start wage growth with new research showing how badly the wages crisis has squeezed household budgets and weakened the economy.

Working people, particularly those on low incomes are struggling to make ends meet and they face rising costs of living. Hundreds of thousands of workers in retail and hospitality sectors will suffer further when their penalty rates are cut on July 1.

In her letter to the Prime Minister, McManus calls on him to strengthen wages by reversing penalty rates cuts, introducing a national living wage, and removing caps on pay rises for Commonwealth public sector workers.

Research by the Centre for Future Work released today shows that already weak Australian wage growth has weakened further over the past 9 months. It projects that these three measures alone would boost national wage growth by a combined 1.25%.

The research carried out by the Centre's Director and economist Dr. Jim Stanford shows three measures would boost household incomes by a combined \$10.2 billion a year, stimulate \$8.5 billion a year in additional consumer spending, and increase government revenues.

### Quotes attributable to ACTU Secretary Sally McManus

"With penalty rates cuts coming into effect next week, we expect to see further pressure on household budgets for thousands of Australian working people which will flow into even lower retail sales figures.

"This Government delivered us six years of near record low wage growth which has weakened the economy and made it harder and harder for people to make ends meet.

"The entire economy is being impacted by the Government's punitive policies like penalty rates cuts, public sector wage rise caps, and their refusal to meaningfully boost the minimum wage.

"I've written to Scott Morrison calling for immediate action to address this wages crisis. Working people need the power to fight for and win pay rises which will boost consumer spending and re-ignite growth.

"To kick-start wage growth the Government needs to reverse penalty rates cuts, introduce a living wage, and remove wage rise caps on the pay of public sector workers'.

"It is grossly unfair that some of our lowest paid and hardest working people will face further penalty rates cuts in July – these cuts have been shown not to generate a single new job.

"We need systemic change, not blind adherence to a broken trickle-down ideology."

### Quotes attributable to Dr. Jim Stanford

"Record-slow wage growth is perhaps the most serious macroeconomic problem facing Australia, and it is a major cause of current weakness in consumer spending, GDP growth, and consumer confidence.

“The government has predicted, in successive budgets, that market forces will automatically drive a quick rebound in wages, but it hasn’t happened. Instead, the government can and should take direct action to support stronger wages.

“While these three measures would not single-handedly solve the whole problem, our simulations confirm they would have a major and positive effect in supporting a return to normal wage trends across the labour market.”

ENDS

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