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‘Mathematically impossible’ for tax cuts to replace real wage growth

Regular, real wage rises would provide a financial boost for struggling workers ‘dozens of times’ larger than income tax cuts likely to be announced in the federal budget tonight according to new research from the Centre for Future Work.

The report finds that all 14 budget wages forecasts made by the Morrison Government have been inaccurate.

If the Morrison Government had actually delivered the wage growth it projected in previous budgets, the average person working full-time would be \$4,000 better off.

Someone on \$60,000 a year would have an extra \$1400 extra disposable income (almost seven times as much) from a single 3.5% wage increase, and close to \$6000 (more than 20 times as much) from three consecutive years of normal wage increases.

The anticipated tax cuts would only deliver an extra \$210 in disposable income to that same person.

Any ‘savings’ produced by the tax cuts will be offset in the long term by the costs for working people of reduced government services and income support which will result from lower tax revenue.

The report also notes the Morrison Government’s appalling record forecasting wage growth, with every single year of every forecast they have released significantly over-estimating wage growth.

Quotes attributable to ACTU President Michele O’Neil:

“Tax cuts can’t replace wage growth. This Government can’t fix the wage growth crisis because it is a direct result of its own failed economic policies. They’ve admitted that they designed the economy to deny people pay rises.

“It is insulting to all working people that this Government thinks tossing a few dollars to working people as it faces defeat at the upcoming election will make up for years of near-record low wage growth.

“Working people are struggling to make ends meet because of the policies of this government which have devastated their rights and their ability to negotiate fair pay rises.

“We have to change the rules so that working people can negotiate real pay rises. Trickle-down tax cuts being offered by a desperate government will leave many working people worse off in the long run and are not a replacement for fixing our broken system.”

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