

**Embargoed** until 1am, Tuesday 19 October 2010

## Wages for workers fall below cost of living as company profits rebound strongly post-GFC

Wages for working Australians are failing to keep pace with the rising cost of living despite company profits rebounding strongly from the Global Financial Crisis, says the Australian Council of Trade Unions.

A new analysis of key economic data released today shows company profits have risen by 27.5% in the past year – more than ten times the rate of wages for private sector employees which have risen by just 2.7%.

ABS data shows that half (50%) the Australian workforce – more than four million people – earn just \$850 a week or less.

And living costs for working households have risen by 4.5% – well above the overall Consumer Price Index and the rate of pay rises enjoyed by most Australian workers in the past year.

**In his address to the Ai Group's National Conference in Canberra today (11 am Tuesday 19 October), Mr Lawrence warns that the strong growth in company profits relative to wages shows unions are justified in pursuing significant pay rises in companies that can afford it.**

“Workers in the sectors that are growing strongly should be seeing more of the benefits.

“It’s clear that the Australian economy has emerged from the global recession in a better position than almost any other developed nation,” said Mr Lawrence.

“Our unemployment rate is at 5.1%, almost half the rate in the US (9.6%), and substantially lower than the UK (7.8%) and the OECD average (8.5%).

“Overall business is doing well from the resurgent economy and there are absolutely no grounds for big business lobby groups to be agitating to wind back workers’ rights under the Fair Work laws.

“Corporate profits are up strongly, helped by a big increase in the price of Australian exports relative to imports (the terms of trade).

“The profit share of national income is now near the record highs it reached in 2008, while the wages share of income is the lowest since 1964.

“Profits in industries such as mining and construction industries have risen by more than 55% in the past year, more than fifteen times the rise in wages for employees in those industries.

“But while the booming resources industry is helping some industries and regions, it is also putting financial pressure on working people through the likelihood of higher interest rates and is leading to reduced activity in non-mining export sectors.

“The three sectors of economy where workers’ wages have been held down the most by employers in the past year are the wholesale trade, accommodation and food services and the information, media and telecommunications industries.

“Across the workforce, the data shows workers on union-negotiated collective agreements continue to enjoy significantly higher pay rises compared to employees on awards or non-union job contracts,” said Mr Lawrence.

**Media contact:**

Mark Phillips ph (03) 8676 7266 or 0422 009 011 [mphillips@actu.org.au](mailto:mphillips@actu.org.au)