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Urgent action needed as real wages fall to 2011 level

Wage growth has flatlined, rising by only 0.7 per cent to 2.6 per cent, less than half the rate of inflation at 6.1 per cent, according to data released by the ABS this morning.

Years of stagnant wage growth capped off by deep ongoing real pay cuts mean that real wages have now effectively fallen back to 2011 levels. These cuts are projected to deepen by the end of the year with inflation expected to reach 7.75 per cent.

Wage growth must be the number one priority for the jobs summit, its essential not only for working people but for the health of the entire economy, and we need structural change to ensure that our bargaining system is fit for purpose and producing the wage rises that we need.

While business profits are at record highs and the unemployment rate is historically low, real wages are nevertheless falling quickly, and many domestic and international indicators point to a risk of downgrading economic growth.

Quotes attributable to ACTU Secretary Sally McManus:

“The upcoming Job Summit must address the serious failure of our wages system as today’s figures show workers’ wages have now fallen backwards to 2011 levels.

“It is clear that we have a serious systemic problem. We have been promised wages would go up when productivity goes up – they have not. We were promised that when business does well pay rises will come – they have not. And the RBA as well as old-style economists have insisted low unemployment will bring wages growth – it has not. For six months unemployment has been low, yet wages are continuing to flatline.

“The fearmongering about a wage-price spiral has once again been discredited – inflation is growing real wage cuts across the economy, and many indicators point to a risk of downgraded economic growth. If we want to get the economy moving, workers need enough money in their pockets to spend.

“Living standards are going backwards, and workers now have the lowest share of GDP in recorded history, it’s critical that the Albanese Government prioritises kick-starting wage growth at the upcoming jobs summit.

“Our bargaining system is the engine of wage growth – the engine has conked out, our country needs urgent reform to our wages system to get wage growth back on track”.

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