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Wages growth under way but still lagging cost of living

As the Fair Work Commission holds its hearing of the Annual Wage Review today, Wage Price Index figures released today show wages growth is 3.7% for the year to March 23, up from 3.3% for the year to December 2022.

While this is the highest wage growth since September 2012, it is still only just above half the rate of inflation rate of 7% for the year to March 2023. Inflation is still far outpacing wages growth.

Over the past 12 months, workers have faced an average real wage cut of 3.3%.

Private sector wage growth for the quarter was 0.9% and the public sector was 0.8%, underpinned by stronger bargaining laws and changes to public sector wage caps. This is the highest public sector wage growth in a decade, and the highest proportion of public sector workers to receive a wage rise in more than four years.

The ACTU is before the Fair Work Commission today, calling on it lift minimum and award wages by 7%. The decision of the Commission would affect the wages of nearly one in four, mostly low paid workers and comes into effect on 1 July 2023.

Quotes attributable to ACTU Secretary Sally McManus:

“Wages are finally moving in a positive direction, a result of the union movement’s hard work with the Labor Government to fix a serious problem – for a decade, workers’ wages have showed no movement. Now with Labor’s fairer bargaining laws, we are starting to see signs of life with wages starting to lift.

“Good pay outcomes in enterprise agreements has been the biggest driver of improvements in in today’s wage figures.”

“Even with inflation starting to fall, the latest wage growth figures are still growing at barely half the rate of inflation. Measured over the past 12 months, workers have faced an average real wage cut of 3.3%. Whilst wages have started to move they are still a long way behind.

“Wage growth is clearly not contributing to inflation. Any increases over the past year have been swallowed up by price rises, rent rises and interest rate rises. People are skipping meals and avoiding the doctor and dentist, struggling to afford basic necessities and left with next to nothing after paying for food, fuel and electricity. The Fair Work Commission needs to consider this harsh reality in deciding minimum wages and award wages.

“Today’s result also shows more work needs to be done to close loopholes that allow employers to drive wages and conditions down or push workers into insecure jobs.”

ENDS

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