

# RISING PROFITS WHILE WAGES ARE GOING **BACKWARDS**

The cost of living has been increasing but wages aren't keeping up. Company profits are growing and the richest people are getting richer but working people are going backwards. The economic growth that working people have helped build over the last 30 years is benefiting only a small group of wealthy, powerful people. They ask more and more of working people and let us have less and less of what we help create. Job security has been undermined, loopholes have been exploited to trap working people in insecure, outsourced, casualised work. Power has been shifted to the multi-national corporation and the executives making it harder and harder to achieve real wage increases. All while the Liberal/National Coalition government cuts penalty rates, turns a blind eye to worker exploitation and does nothing to improve the bargaining power of working people.

We need to Change The Rules so that working people can come together and collectively negotiate a better deal, fairer pay and more secure work.

Australia needs a pay rise that puts people back in front of the costs of living.

## **Below are some of the key facts;**

- Company profits are growing more than five times faster than wages<sup>1</sup>.
- Living standards are not growing under the Liberals and have actually stayed at the same level since 2011. Real household disposable income is at the same level it was 7 years ago<sup>2</sup>.
- Real wages are going backwards for 80% of workers. Private sector wages grew 2% on the year which is less than inflation (cpi is 2.1%).
- Labour's share of national income is close to the lowest level in around 50 years. It fell 0.3 percentage points over the last year and more than two percentage points over the last two years.
- The latest GDP figures show the continued poor return workers are getting from the economy. While company profits soar, real living standards and incomes continue to fall.
- Household savings are at a 10 and a half year low while consumer debt is at a record high<sup>3</sup>. This is because with such low wage growth many households have to dip into savings or go into debt just to keep food on the table<sup>4</sup>.

## **2.2 Million Australians live in poverty**

- 9 per cent of Australians (2.2 million people) live below the relative income poverty line<sup>5</sup>.
- About half of Australians experienced income poverty at some point between 2001 and 2016.
- There is strong evidence of people cycling in and out of poverty. Of those who were in income poverty in 2001, 30 per cent had returned to (or were still in) income poverty in 2016.
- Material deprivation affects a little under 12 per cent of Australians (over 2.5 million people).

1 ACTU calculations and ABS Catalogue 5206.0 - Australian National Accounts: National Income, Expenditure and Product, Jun 2018

2 Real household disposable income is at the same level it was in 2011

3 Household saving have fallen to only one per cent of disposable incomes in the last quarter

4 This is completely unsustainable. The saving ratio is about to go into negative territory - this is exactly what happened just before the GFC

5 'Rising inequality? A stocktake of the evidence', Productivity Commission Research Paper, August 2018