

Australian Labor government and unions impose historic cut to workers' real wages

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15 November 2024

Both the Albanese government and its partners in the Australian Council of Trade Unions (ACTU) are falsely claiming that this week's official Wage Price Index figures show a rise in workers' real wages since Labor took office in May 2022.

Facing deepening working-class anger over the devastating cost-of-living and housing crisis, Treasurer Jim Chalmers and Employment and Workplace Relations Minister Murray Watt declared in a joint media release:

“New data released by the ABS [Australian Bureau of Statistics] today shows that real wages have now grown for four consecutive quarters under the Albanese Labor Government.”

Speaking on behalf of the union bureaucracy, ACTU president Michele O'Neil echoed Labor's propaganda. “Real wages are growing for working people who have struggled in the cost-of-living crisis,” she said in an ACTU media statement.

The truth is the exact opposite. The statistics released on Wednesday demonstrate that the federal and state Labor governments and the union bureaucrats are working hand-in-glove to further cut the real wages of workers, which have declined since 2016.

Since the Albanese government took office in May 2022, there has been a 155 percent rise in the average cost of repaying a home mortgage, effectively slashing wages. Workers have lost about 9 percent of their purchasing power over the past three years—a historic cut to working-class living standards.

This is a direct result of the Labor government backing the Reserve Bank of Australia in hiking interest rates 13 times to drive up unemployment and suppress pent-up wage demands. The union apparatuses have policed that austerity by selling out strikes and imposing below-inflation agreements on workers.

The statistics released on Wednesday revealed that in the past year to September wages nominally rose just 3.5

percent, down from 4.1 percent in the June quarter. That is the biggest one quarter fall in nominal pay growth since the global financial crisis in 2008-09.

The 3.5 percent wages growth was above the 2.8 percent increase in the official inflation rate, as measured by the Consumer Price Index (CPI) over the same period. But the CPI does not count mortgage costs!

Because interest rates still increased in the past year, the ABS “employee household” cost of living rose 4.7 percent during the year to September. On that measure, workers suffered, on average, another 1.2 percent real pay cut over the 12 months.

Even this average result hides the impact of still-soaring prices for rents and services that affect lower-paid workers and young people the most. As measured by the CPI, rents rose 6.7 percent over the year to September, health costs by 4.8 percent, education expenses by 6.4 percent and insurance premiums by 14 percent.

Repeated surveys have shown that most workers, including nurses and teachers, cannot afford to buy a house in the major cities. Home prices have sky-rocketed for the past two decades, driven up by property developers and speculators.

During the September quarter the fall in real wages was fastest in the public sector. Pay levels nominally rose 0.8 percent, but that was down from 0.9 percent in the previous quarter and lower than the 1.0 percent recorded in September 2023.

Private sector wages also “rose” 0.8 percent in the latest September quarter. That was consistent with the previous quarter, but lower than the 1.4 percent recorded in the same period last year.

These results shows that the union leaders kept rises down to a sub-inflation level in the public services, such as health, welfare and education, where union membership has not collapsed as much as in the private sector over the past four decades.

This underscores the lie in the ACTU media claim that: “The results also show the strong contribution of collective bargaining to delivering good wage outcomes. Since the government reforms, unions have fought hard to get more workers covered by collective agreements which are securing better pay rises.”

In fact, Labor’s workplace legislation “reforms” have, as intended, sought to reinforce the control that the union bureaucrats exercise through the enterprise and collective bargaining laws.

At present, for example, the Nurses and Midwives’ Association in the state of New South Wales is trying to shut down its members’ rebellion, after three major stoppages this year, against the state Labor government’s sub-inflationary offer of just 9.5 percent over three years. That “offer” matches the one recently imposed by the public school teachers union.

The latest statistics further expose the declarations by the employer groups and the central bank, supported by the Albanese government, that interest rates had to rise to prevent a “wages-prices spiral.”

Just last week, citing “wages pressures,” the Reserve Bank board declared that interest rate relief could be delayed until mid-to-late 2025, or even 2026. It said it remained “resolute in its determination to return inflation to target,” despite already achieving cuts to “real disposable incomes” and household consumption.

Workers are being made to bear the burden of the global inflationary spiral that began in 2020. That has been driven primarily by supply blockages caused by the unchecked COVID-19 pandemic, massive corporate bailouts and the US-NATO war against Russia in Ukraine. Companies have taken advantage of these conditions to increase price margins.

Various reports internationally and in Australia have documented this corporate profiteering. Most recently, a Brookings Institute study in the US concluded that profit margins have accounted for the “vast majority” of the inflation surge.

In their media releases, both the government and the ACTU contemptuously insisted that workers were better off than they had been under the previous Liberal-National Coalition government. According to Chalmers and Watt:

“This is the strongest rate of real wage growth in four years. In stark contrast, real wages were going backwards by 3.4 percent, and went backwards in the five quarters leading up to the last election.”

The truth is that the data shows that the Albanese

government and the union leaders have deepened the decades-long attack on working-class living standards. Chalmers and Watt nervously admitted “we know that people are still under pressure.”

They said that was why the government was rolling out “responsible” cost of living relief. They said this consisted of “a tax cut for every taxpayer, energy bill relief for every household, cheaper medicines, cheaper childcare and cutting student debt.”

These measures—“responsible” in the eyes of the financial markets—are completely inadequate to offset the soaring cost of living for working-class families. Most of the benefit is going to households in higher income tax brackets.

The acute social crisis is intensifying the implosion of popular support for the Labor government, which barely scraped into office in 2022 with 32.5 percent of the vote nationally.

This is compounded by Labor’s escalating military spending and its support for US militarism, from its arming of the Israeli barbarism in Gaza, Lebanon and across the Middle East, to the war against Russia in Ukraine and the AUKUS pact plans for war against China.

This program of war and austerity, policed by the trade union bureaucrats, demonstrates the necessity for the building of rank-and-file committees, independent of the unions, in which workers can democratically discuss and organise against the government-corporate assault, and link up with their fellow workers worldwide who face the same offensive.

Workers need to draw conclusions from their experiences. They are in a political fight against the Labor government, the union bureaucracy and the capitalist profit system itself, which is a dictatorship of the banks and the billionaires.

This means that the only alternative is a socialist program aimed at establishing a workers’ government that would place the banks and major corporations under public ownership and democratic workers’ control, and halt the plunge into another catastrophic world war.



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