

Real wages to continue falling in Australia

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New data released by the Australian Bureau of Statistics (ABS) on February 18 confirms that real wages in Australia have gone backwards over the past year, as major corporations announce billions in profits, boost shareholder dividends and slash thousands of jobs.

The ABS Wage Price Index (WPI) for the December quarter 2025 showed nominal wages grew by just 3.4 percent over the year, well below the annual inflation rate of 3.8 percent. This means that the real value of Australian workers' wages, compared with inflation, has fallen to the same level as 15 years ago.

In fact, official inflation figures understate by a wide margin the real impact of soaring costs on working-class households, especially for housing. While the Consumer Price Index (CPI) and WPI have both increased by just under 50 percent since December 2010, the average asking price for houses and units has risen by 137 percent over the same period, according to SQM Research data. Average rents have increased by 95 percent.

The ABS data was released just weeks after the Reserve Bank of Australia (RBA) warned of deepening real wage cuts for at least the next two years. The RBA predicted that, while the annual inflation rate would reach 4.2 percent by June and stay above 3 percent until mid-2027, wages would "increase" by just 3.1 percent per annum.

The RBA is not a passive observer. Its threat of declining living standards for workers was made in the course of hiking interest rates, a measure aimed at increasing unemployment in order to drive down wages. This was spelled out in the RBA board's meeting minutes, which noted that the labour market was "a little tight"—i.e., unemployment was too low—and that wage growth had "slowed only gradually."

Federal Labor Treasurer Jim Chalmers sought to

downplay the plummeting real wages, saying, "Workers are earning much higher nominal wages now than they were a few years ago.... While we would have liked to have seen real wage growth, today's result is better than what we inherited."

The reality is that, since taking office in May 2022, the Labor government of Anthony Albanese, together with its counterparts at the state level, has spearheaded the attack on wages. Over that period, while the CPI has risen by 16.58 percent, nominal public sector wages have increased by an average of 13.61 percent, compared with private sector pay rises totalling an average of 14.75 percent.

Labor's attack on the public sector, which has included sweeping job cuts in addition to successive real wage cuts, would not have been possible without the aid of the trade unions. In one dispute after another involving health workers, educators, rail workers and other parts of the public sector workforce, unions have shut down or entirely prevented strikes, or mired workers in protracted dead-end court proceedings, in order to impose Labor's punitive wage policies over strong opposition.

Just yesterday, the South Australian branch of the Australian Nursing and Midwifery Federation, which had earlier "postponed" a strike planned for Thursday, announced it had struck a deal with the state Labor government and all industrial action was off. The union claimed this would deliver a "6 percent" pay rise this year. But this was quickly exposed as a fraud by furious nurses, who calculated the real increase at barely more than 3 percent, due to the lack of backpay and the fact that part of the pay rise will not start until October.

Like Chalmers and Labor, the Australian Council of Trade Unions (ACTU) scrambled to put a positive spin on the dire news from the ABS. The peak union body's secretary Sally McManus claimed, "Workers on union-negotiated agreements continue to be the winners," on

the basis that nominal wage growth in that category over the past year came in at 4.1 percent.

In other words, amid an ongoing cost-of-living crisis, and with at least 1.3 million households in housing stress, Australia's leading union official is using the news confirming that the situation has got even worse for the majority of workers as a membership drive.

The truth is that the ACTU's claim that any section of the working class is "winning" is a diversionary fraud. The 4.1 percent average pay rise in union enterprise agreements touted by McManus does not come close to making up for losses in previous years.

Workers who have received the average annual wage increase for union-brokered agreements over the past five years—according to Department of Workplace Relations data—have endured a 2.57 percent real wage cut. For a worker who was earning \$90,000 in December 2020, that means they are now paid \$2,780 a year less than if their wages had grown in line with inflation. The total deficit over five years is \$17,115. That is the reality for McManus' "winners."

The corporate elite and its media mouthpieces have seized on the wage data to intensify demands for "productivity reforms."

National Australia Bank CEO Andrew Irvine proclaimed "how we're living now in 2026 is, frankly, as good as it gets, unless we lift productivity. This is peak Australia."

Business Council of Australia CEO Bran Black said the wages data "shines a light on the burning platform that is our nation's productivity."

When these representatives of the financial elite speak about lifting "productivity," what they really mean is increasing profit, through job cuts and speed-ups within corporations, as well as through deeper government cuts to social spending.

Big business is demanding a full-frontal assault on the working class, even as corporations report record profits. Irvine made his "peak Australia" comment as he was announcing the bank's net profits had soared 30 percent to \$2.21 billion in the December quarter.

The same day the wages data was released, Telstra reported a \$1.2 billion half-year profit, up 8 percent, achieved in part through the slashing of 2,356 jobs—almost 8 percent of its workforce. The telecommunications company has already announced further cuts, with some 650 jobs earmarked for

elimination in a "sweeping offshoring exercise," according to the Communication Workers Union.

Australian corporations have so far been hesitant to openly speak of artificial intelligence (AI) replacing workers. But Labor's recently announced National AI Plan and the ACTU's "framework agreement" with Microsoft provide a green light for the broad-scale destruction of jobs, in line with developments in the US and elsewhere.

The decline of real wages is part of a broader assault on workers demanded by the ruling class, spearheaded by Labor governments and policed by the trade union bureaucracy. This agenda means harsh austerity measures at home, to boost corporate profits and finance the vast expansion of military spending in preparation for imperialist war abroad.

Workers cannot defend their interests within the framework of the existing trade unions and the pro-business industrial relations system. Every significant struggle of the past period—from rail workers, doctors and nurses in New South Wales to warehouse workers at Woolworths—has demonstrated that the unions and function as an arm of management, working to contain and dissipate opposition by workers.

What is needed is a new political strategy. Workers must build independent rank-and-file committees in every workplace, democratically controlled by workers themselves and independent of the trade union apparatus. These committees must coordinate their struggles across industries and link up with workers internationally, who face the same globally coordinated assault on living standards.

The fight for decent wages and conditions cannot be separated from the fight against the capitalist system that is the source of inequality, militarism and war. It requires the building of a mass movement of the working class, fighting for a socialist perspective—the reorganisation of economic life on the basis of social need, not private profit.



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