

MEDIA RELEASE

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### **State Government allergic to wage rises**

The State Government's pre-election budget reveals the Liberals remain allergic to pay rises, despite flatlining wages.

The Budget maintains the public-sector wage cap of 2.5 per cent. That is despite labour market economists insisting the cap is holding back broader wage growth in the private sector.

The Budget papers reveal households are tightening their belts:

Growth in household consumption is expected to be below its long-run average over the next two years as declining house prices, high household debt, modest wage growth and tightening credit conditions see households limit spending. (3-2, Budget Statement 2018-19)

The papers also reveal wages are unlikely to grow significantly in the medium term:

...the tendency for wages to be set by national multi-year agreements suggests wages will lift only gradually. (3-11, Budget Statement 2018-19)

The public sector expenditure dividend will also be increased from 2 to 3 per cent, further extending cuts to public sector jobs and services.

Unions NSW Secretary, Mark Morey said the best way to restore wage growth to both the public and private sectors was to remove the public-sector wage cap.

"The Liberals are callously indifferent to the need for pay rises across the economy. The only jobs they are concerned about are their own," Mr Morey said.

"The Treasurer is happy to splash the cash in the year before an election, but he won't take the steps necessary to stoke wage growth. We desperately need to lift the public-sector wage cap for 400,000 workers and allow wage growth to flow through to the private sector.

"Everyone from the Reserve Bank and the business lobby through to the nation's top economists knows that wages need to rise in this country.

"Yet every time wage data rolls around, incomes remain flat. Wage growth is the slowest it has been in decades.

"There is no evidence that robust wage growth will come from the private sector. It must be led by the public sector.

"The NSW Government is the nation's largest and most diverse employer. It employs economists, zoo keepers, engineers, teachers, nurses, paramedics and all manner of jobs in every corner of the State.

"If any employer can kickstart wage growth and ease the cost of living, it's the NSW Government. Yet they refuse to even consider it."

Pre-election splurge is cynical

Mr Morey also said the concentration of spending announcements in the shadow of an election was deeply cynical.

“The Liberals are busy patting themselves on the back but the State would be far better served by a steady stream of spending, rather than an election deluge.

“Starving our schools and hospitals of staff in non-election years to make flashy election year announcements is bad faith politics.

“This State is growing at a breakneck pace. We need responsible increases in staff, year in, year out, to keep pace with population growth.”

Further comment: Mark Morey 0425 231 812