

WAGES MUST RISE

Last year there was an attempt by some employers to argue for a 'wage freeze' because of the recession. This attempt failed – as it should have.

This year there is an attempt to keep wage expectations as low as possible. But wages need to rise – for the benefit of the country's 2 million workers, sure. But also for the whole economy.

There are plenty of good reasons why wages must continue to rise.

Unions are campaigning for a \$15 minimum wage and supporting a petition for a referendum on this issue. Go to www.unite.org.nz/livingwage for more information on this campaign.

1. The recession was not caused by wages being too high. But wages were held down last year unfairly.

2. Wage increases are more likely to stimulate the economy than tax cuts.

3. The prices of key items (e.g. food, housing) are still high. Food prices have gone up by 10% in the last 2 years.

4. A 20% increase in GST could mean inflation spikes up to 5% next year. Workers will not be convinced that other tax changes will compensate them for GST changes and will want wages to rise due to the higher cost of living. And in some cases, wage increases are already linked to CPI changes.

5. There are still skill shortages and this is only likely to worsen as the country emerges from the recession and as workers are attracted to Australia.

6. We should not abandon the vision of the high wage, high skill, high productivity economy because of the recession.

7. The Government has set a target of wage parity with Australia by 2025. Closing the 30% wage gap between the two countries over the next 15 years, assuming wages in Australia rise by 3% per year, will require annual wage increases of 4.82% in New Zealand. We are actually falling further and further behind. According to Statistics New Zealand data, between December 2008 and December 2009, the average New Zealand wage increased 2.86% after being adjusted for inflation, up from \$891 a week to \$934 a week. In Australia, from November 2008 to November 2009, the average wage went up 3.6% from \$1159 a week to \$1226.

8. The 'social wage' is under attack. The 'social wage' is provided through cheaper doctor's visits, subsidies for transport, free education and so on. But this Government is intent on reducing important parts of this social support.

