

The Lost Decade

How low wage growth stopped young Australians buying a home



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About Per Capita

Per Capita is an independent public policy think tank, dedicated to fighting inequality in Australia. We work to build a new vision for Australia based on fairness, shared prosperity, community and social justice.

Our research is rigorous, evidence-based and long-term in its outlook. We consider the national challenges of the next decade rather than the next election cycle. We ask original questions and offer fresh solutions, drawing on new thinking in social science, economics and public policy.

Our audience is the interested public, not just experts and policymakers. We engage all Australians who want to see rigorous thinking and evidence-based analysis applied to the issues facing our country.

Emma Dawson, Executive Director

Emma is the Executive Director of Per Capita. She has worked as a researcher at Monash University and the University of Melbourne; in policy and public affairs for SBS and Telstra; and as a senior policy adviser in the Rudd and Gillard Governments.

She has a research background and policy expertise in the areas of economic inequality, immigration and social cohesion, gender equality, tax and transfer reform, housing policy and public sector service delivery.

Emma has published reports, articles and opinion pieces on a wide range of public policy issues. She is a regular contributor to Guardian Australia and the Nine papers, a frequent guest on various radio and television programs nationally and is anchor guest of the Talking Economics segment on ABC Radio Melbourne every Tuesday afternoon. She appears regularly as an expert witness before parliamentary inquiries and often speaks at public events and conferences in Australia and internationally.

Emma is the co-editor, with Professor Janet McCalman, of *What happens next? Reconstructing Australia after COVID-19*, published by Melbourne University Press in September 2020. She is an Adjunct Professor at UTS Business School and a Fellow of the Women's Leadership Institute of Australia.

Dr Margaret McKenzie, Chief Economist

Prior to joining Per Capita Margaret held the position of Economist at the Australian Council of Trade Unions, preparing the submissions to the annual review of the minimum wage. She has held academic positions in Australia and the UK, most recently as lecturer in economics at Deakin University, and as an Honorary Research Fellow at Federation University. She has worked in economic policy in the Australian public service, mainly at the Australian Competition and Consumer Commission.

Her research focuses on empirical aspects of macroeconomics, market failure, regulation and economic policy, working within labour economics and industrial relations, privatisation and outsourcing, technology, industry and trade policy, development, housing, and applied econometrics.

She has a PhD and MSc in economics from Birkbeck College London and a BA (hons) in anthropology from Monash. She is a member of the Executive Committee of the Australian Institute of Employment Rights. She has presented widely in the media, including on regular economic expert panels for The Conversation and The Age / SMH Scope surveys.

Executive Summary

This report examines the impact of a *Lost Decade*, during which real wages barely grew. It explores how this has affected young Australians setting out on their careers, trying to build the financial security needed to buy a home and start a family, and grasp the now elusive great Australian dream of home ownership.

Per Capita's research reveals that workers' purchasing power barely shifted in the ten years from 2012 to 2022, increasing by just 2.6% in total over that decade. On average, nominal wages grew 2.3% per annum, but adjusted for inflation, *real wages* increased just 0.2% per annum.

In contrast, the purchasing power of workers increased by over 16% each decade in the 20 years prior (1991 – 2011). Over this period nominal wages increased on average by 4% per annum, and real wages by 1.4% per annum.

Our analysis shows that, if wages in the decade between 2012 and 2022 had maintained the growth rate of the previous two decades, the average full-time worker would be earning an extra \$11,900 per annum today.

We find that the income lost by an average worker between 2012 and 2022 amounts to \$54,000 in current dollar terms. For a young couple, the combined loss is roughly the equivalent to a 20% deposit on a \$500,000 first home.

This amounts to more than \$60 billion in current dollar terms per year in lost wages over the decade 2012 to 2022, representing over 3% of GDP per annum on average.

Extraordinarily this means more than \$600 billion in wages were lost over the whole decade.

Those lost wages went to profits. The wages share fell approximately 3.6 percentage points of income from 2012 to 2022, while the profit share rose about 6.9 percentage points of income over the decade.

That trend has since been reversed, with wages increasing their share of national income by 3.8 percentage points between September 2022 and December 2024, while the profit share of income fell by 4.6 percentage points.

Over the same period, from September 2022 to December 2024, nominal wage growth has recovered to 4.4%, and wages have begun to grow in real terms while dwelling prices have moderated.

As a result, housing affordability is slowly improving for the first time in decades.

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Introduction

Owning one's own home has long been regarded as the *Great Australian Dream*, but that dream is fading for young Australians.



Since the turn of the 21st Century, home prices have skyrocketed, far outpacing the ability of ordinary wage earners to save. As a result, many younger Australians – Millennials and Gen Z – have lost hope of ever owning their own home.

Per Capita's *Australian Housing Monitor* found that, in late 2022, 85% of non-homeowners in Australia still hoped to buy a home at some point, but fewer than one in four (24%) expected to achieve this important milestone. Almost two-thirds of people we surveyed who were yet to buy a home said that the only way they would ever be able to do so would be by receiving a large inheritance.¹ In other words, someone they love first needs to die for them to live out *the great Australian dream*.

This is a damning indictment of the loss of social mobility in a country long considered *the land of the fair go*. Unlike the class-bound societies many non-Indigenous Australians left behind, Australia was a place where it mattered little who your parents were, offering the opportunity to build a good and secure life from your own enterprise and effort.

Housing affordability has become a hot topic over recent years, as the ability to save for a deposit and borrow enough to buy a first home has become out of reach for all but the most high-income young people unless they have family wealth to draw upon.

The housing crisis – a lack of secure and affordable accommodation – that has long restricted the life chances of low-income Australians has now spread to the middle class. Interest rate rises have driven mortgage repayments sky-high, while sharp rental price increases have followed, driven by low vacancy rates due to high population growth and low construction rates across the country.

Public debate has often been heated. On one side young activists accuse baby boomers of hoarding wealth and declare landlords an enemy class in a nation of “masters and servants” divided by property ownership.²

On the other, home owning Baby Boomers have decried younger people as spoilt and entitled. They point to the double-digit interest rates many of them suffered in the 1980s as evidence that it has always been a struggle to afford your first home.³

In the heat of this argument, which is focused on home prices, interest rates and tax advantages, one key factor is largely missing: the role of stagnant wage growth for Millennial and Gen Z workers in the critical early years of their working lives.

1 Lloyd-Cape, M, *The Australian Housing Monitor: Housing affordability experiences, attitudes and appetite for change*, Per Capita, March 2023. P. 6.

2 Van den Berg, J. (2023, November 29). *Conflicts of classes and interests: Why it's vital for renters to organise — and tell our stories*. Overland.

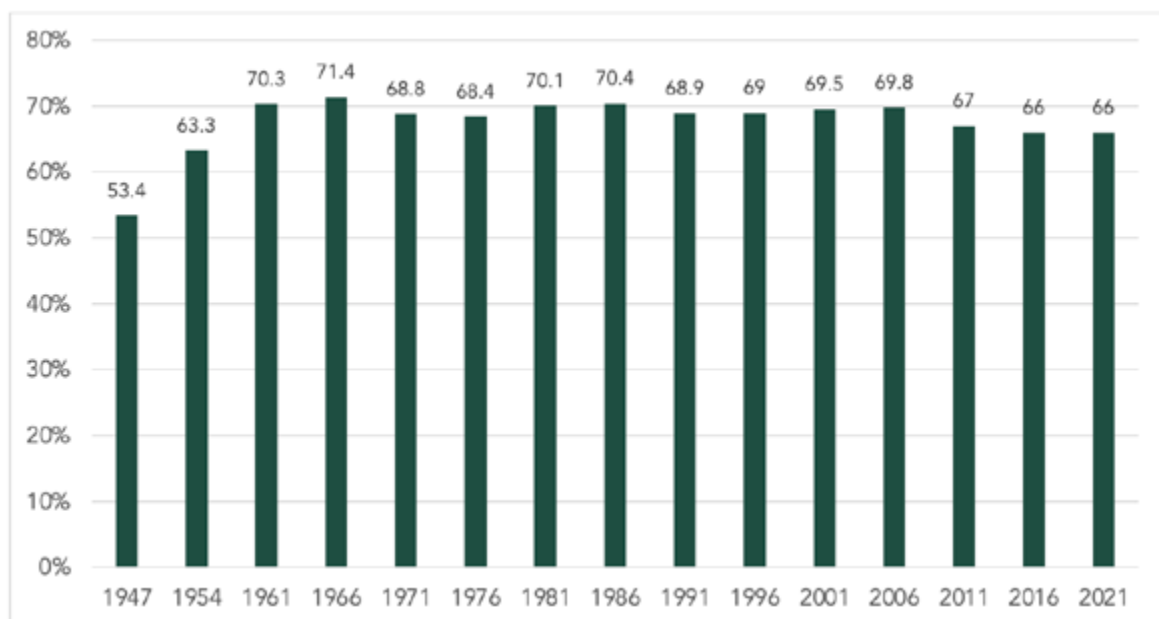
3 Devine, V. (2024, July 7). *Boomers, don't say you had it worse, even if you mean well*. The Sydney Morning Herald.

Home ownership in Australia is falling

In the two decades following the Second World War, Australia's home ownership rate increased rapidly, from 53.4% in 1947 to 71.4% in 1966. This represents an 18 percentage point increase in less than 20 years (see Figure 1).

Home ownership was much more widespread here than in the UK, where a majority of people rented until the 1970s.⁴ Australian home ownership rates remained close to 70% until the census of 2011, which saw a significant drop.

Figure 1
Home Ownership Rates, Australia



Source: Census data, Per Capita's analysis

The 2021 Census showed that home ownership rates had not shifted over the last five years, but a break down by age shows that ownership rates are decreasing markedly for younger Australians (see Figure 2).

In 1971, Census data showed that 64% of people aged between 30 and 34 owned or were buying their home; by the 2021 Census, this had fallen to just 50%. Similarly, while 50% of those aged 25 to 29 were homeowners in 1971, fifty years later just 36% of people in their late twenties were buying a home.

This is usually portrayed as a generational divide, and Baby Boomers are routinely blamed for hoarding the wealth they built up in the post war years and then pulling the ladder of opportunity up behind them.

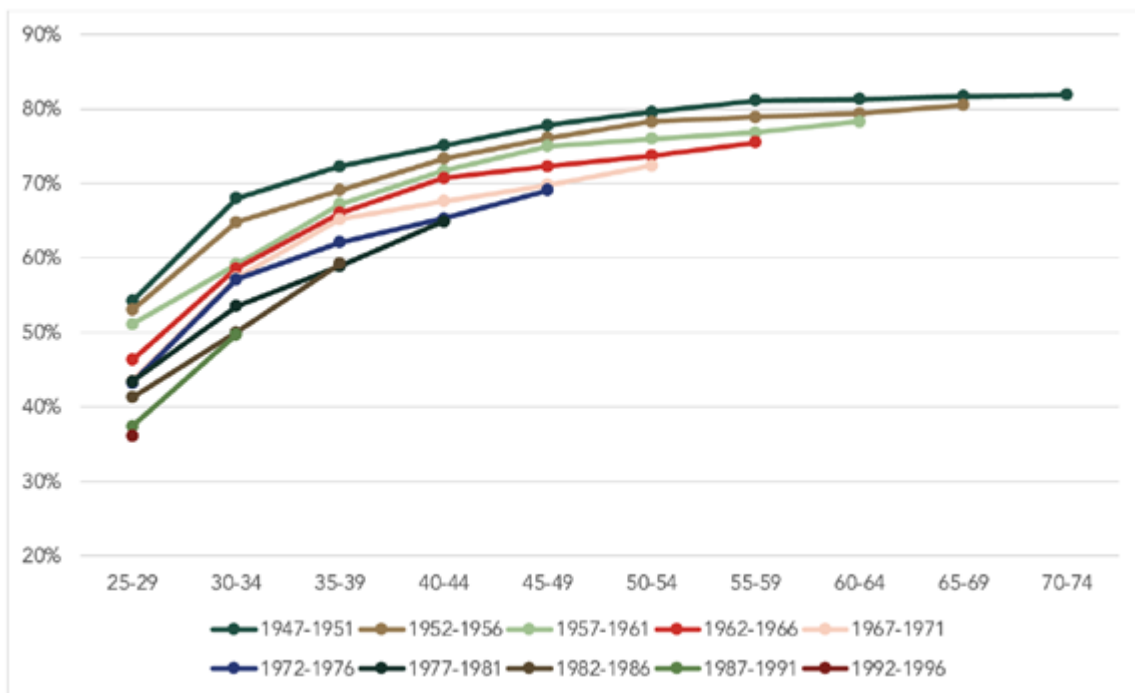
⁴ Lamont, D. (2024, March 6). [What 174 years of data tell us about house price affordability in the UK](#). Schrodgers.

In fact, there are many baby boomers who don't have a lot of wealth – indeed, more than a third of single women in this generation live in permanent income poverty primarily because they don't own a home. This underscores the importance of home ownership to economic security across the life course.⁵

But there is some truth to the generational divide. When we look at Census data by birth year, we find that most boomers had entered into home ownership in their late twenties, with an ownership rate among those aged 25 to 29 of 54% in 1976. This translated to an ownership rate of 82% by the time they reached their seventies at the time of the 2021 Census.

By contrast, just 36% of late Millennials (people born between 1992 and 1996) had become homeowners at the time of the 2021 Census, when they were aged between 25 and 29. On current trends, we project that only around two-thirds of Millennials have the prospect of being homeowners in retirement, which will likely lead to increased rates of poverty and significant pressure on the retirement income and social housing systems in the years ahead.

Figure 2
Home ownership rates by birth year



Source: Census data, Per Capita's analysis.

5 Dawson, E, Kovac, T and Lewis, A, Measure for Measure: gender equality in Australia, Per Capita, March 2020. P. 66

Boomers aren't to blame

There are many intersecting factors responsible for this surge in home prices, not least of which was the introduction of the Capital Gains Tax (CGT) discount in 2000. As we noted in 2022,⁶ this saw investors use a potent combination of negative gearing to reduce taxable income and the CGT changes to enter the property market *en masse*, leveraging debt to chase heavily discounted short term capital gains by speculating on property prices.

It is incontrovertible that these tax changes supercharged property speculation in Australia. With the ability to negatively gear investments, ordinary households comprised of wage earners without significant assets beyond equity in their own home began to buy lower-value homes as a form of asset building.

This led to the creation of a large pool of so-called "mum and dad investors": people who use favourable tax arrangements, leveraging debt to build wealth, relying on tenants to contribute to their mortgage repayment and negative gearing to offset the remaining costs of buying an asset with borrowed funds.

The prospect of a significant capital gain, only half of which is taxed at the owner's marginal tax rate, encouraged working families to buy property: indeed, there is little incentive to invest in anything else in our relatively shallow, resource-dependent economy despite the bold predictions by the designers of the CGT discount that halving the capital gains tax would turn us into a nation of shareholders and entrepreneurs.⁷

Given many working people in middle age in the early 2000s expected to have very little superannuation in retirement, a property investment was a rational means by which to secure a nest egg to supplement the age



pension. *Mum and dad* investors have done only what our economic system has essentially forced them to do to provide for themselves in old age: become landlords.

These tax settings must be addressed: they have undoubtedly led to property speculation and the ensuing insecurity of tenants and highly leveraged "hobby" landlords, and the benefits go overwhelmingly to the wealthiest 10% of households.⁸ But even if they were to be completely abolished tomorrow, home affordability for first time buyers would not markedly improve, at least in the short run.

What is needed for Australians without family or inherited wealth to more comfortably afford their first home is for dwelling prices to come back into line with wages. If home prices are not to crash, destroying the financial security of millions of people, then an important and overlooked part of the answer is improving wage growth. This is a policy problem, and it has a policy solution.

⁶ Dawson, E, D’Rosario, M, Falzon, J and Lloyd-Cape, M, *Housing Affordability in Australia: Tackling a Wicked Problem*, Per Capita, May 2022. P. 25.

⁷ Secombe, M, *The men and decisions behind Australia’s housing crisis*, The Saturday Paper, 13th of April 2024.

⁸ Commonwealth of Australia, *2024 – 2025 Tax Expenditures and Insights Statement*, January 2025. P 18.

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Wages and home prices in the lost decade

Boomers are right: it has always been difficult for working and middle-class people to buy their first home.

Young people at the start of their working lives typically earn less than the average income as they build skills and experience that leads to higher paying jobs in their 30s and 40s. So, saving for the downpayment on a mortgage, and then meeting the cost of repayments, has always been a significant financial challenge for the first few years.

The typical pathway to home ownership for almost half a century after the second world war was to save a 10 to 20% deposit on a modest first home and then borrow as much as your household income would allow to take on a 25 year mortgage.

While wages kept pace with home prices it was possible to save a deposit on a first home within three to five years, and this required prospective buyers to save diligently towards that goal. Then, at the outset of the mortgage journey, young homebuyers would be required to devote the maximum amount they could afford from their disposable income towards repayments, as assessed by the lending institution.

Over time, though, these repayments would reduce as a proportion of household income as wages grew ahead of inflation, so that after 10 years or so, what was costing a young family 30% of its take-home pay would become more like 20%, and less than the amount it would take to rent a similar property.

This allowed people to build equity in their home which they could then use to refinance in order to upgrade to a second, more family-suitable home. Even a low rate of inflation meant that paying off the mortgage was entirely possible within the standard 25 year loan term, so that only a small proportion of people retired from the workforce still owing money on their home.

The journey to home ownership and financial security across the life course clearly relied on a certain social compact: that wage growth would consistently outstrip inflation and keep pace with increases in home prices during a person's working life.

This was both the expectation and experience of generations of Australians after the second world war, until the impact and aftermath of the Global Financial Crisis (GFC), which broke that social compact and led to a *Lost Decade* in which wage growth stalled completely.

The collapse in wage growth over the decade from 2012 to 2022 has hit young Australians particularly hard, making finding an affordable first home unreasonably difficult for working people without accumulated or inherited wealth. It has trapped even those who were lucky enough to get into the market during this *Lost Decade* in their first home, unable to upgrade to a family home in which they can comfortably and securely raise children. Today, the standard loan term has also blown out to 30 years.

So. What happened to wage growth in the *Lost Decade*, and how has it affected younger Australians' ability to buy their first home?

We looked at wage growth between 2012 and 2022, when Millennials and Gen Z Australians were in the first decade or so of their working lives, and found that the suppression of wages during this time not only robbed the average younger person of their first home deposit, but reduced their borrowing power.



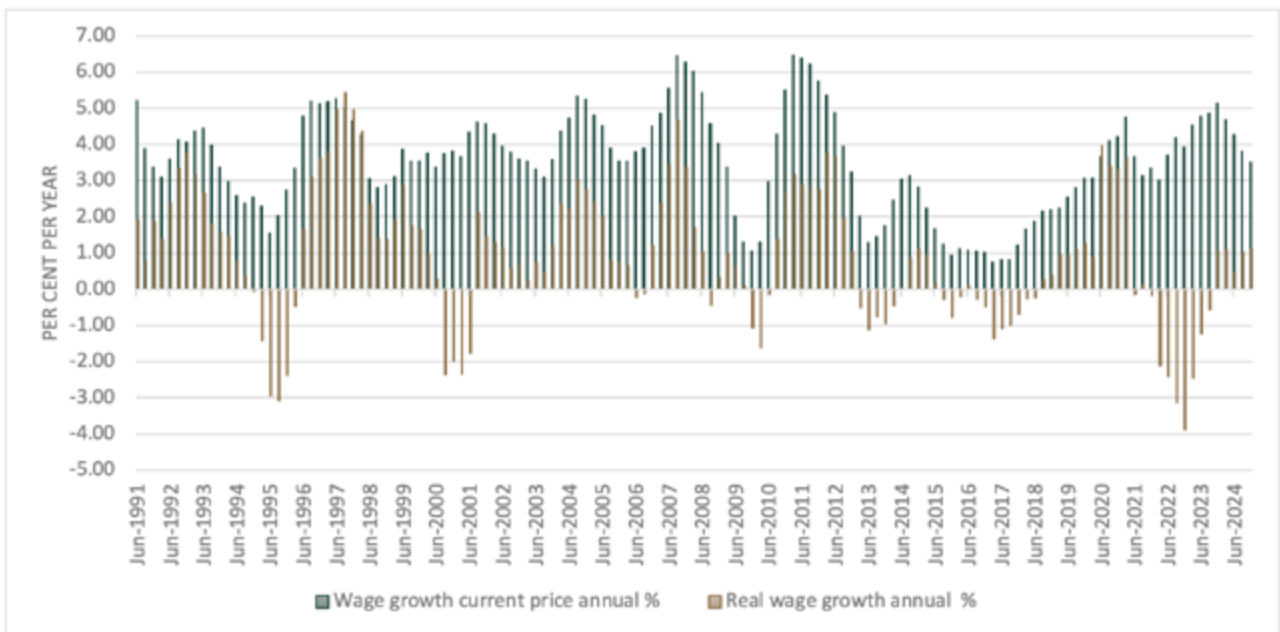
Wage growth and inflation

Nominal wages grew at just 2.3% per annum in the decade from 2012 to 2022, based on AENA, average earnings in the ABS National Accounts.⁹ This compares with 4.0% per annum for September 1991 to June 2021, and 4.4% for September 2022 to December 2024. The nominal and real wage growth presented in Figure 3 shows the slower wage growth over the period 2012 to 2022.

With an average annual rate of inflation as measured by CPI¹⁰ of 2.1% over the decade 2012 to 2022, real wages increased by a bare 0.2 per cent per annum.

Nominal dollar increases in wages barely covered inflation over the decade from 2012 to 2022. Real wages – which means purchasing power - barely shifted over the decade, increasing by just 2.6% in total over the whole decade.

Figure 3
Growth in average wage per year, nominal and real, percent



Source: AENA: ABS 5206024, CPI ABS 6401, Per Capita calculations

⁹ Australian Bureau of Statistics. (2024). Australian national accounts: National income, expenditure and product (5206.0). Australian Bureau of Statistics.. AENA (Average Earnings National Accounts basis). This is compensation per employee which as well as salaries also includes bonuses, commissions and tips, and importantly, employers' social contributions and therefore a higher rate than other measures of wages. This offers a long series for average wages and is comparable to other average wage measures.

¹⁰ Australian Bureau of Statistics. (2024). Consumer price index, Australia (6401.0). Australian Bureau of Statistics.

By contrast the previous two decades, from 1991 to 2011, saw average annual increases in nominal wages of 4% and inflation of 2.5%. This meant that real wages grew 1.5% per annum on average and by more than a total of 15% for each of the two decades between 1991 and 2011 (see Figure 4).

Figure 4 shows annual average wage level data based on AENA - ABS National Accounts average compensation per employee and reveals the flat level of real wages between 2012 and 2022.¹¹

Figure 4
Nominal and real wage per employee per quarter, 1991 to 2024



Source: AENA: ABS 5206024, CPI ABS 6401, Per Capita calculations

This means that the purchasing power of the average wage earner remained unchanged or slightly declined over that decade.

In other words, living standards flatlined and households ended the decade with no more disposable income to save towards a home deposit for those yet to buy, or to put to higher mortgage repayments for those trying to build equity that would allow them to upgrade to a larger, more family-friendly home.

Working people setting out on the journey towards home ownership and financial security in the ten years between 2012 and 2022 received none of the expected increases in disposable income compared to the costs of goods and services that their parents enjoyed in the two decades from 1991 to 2011. They worked hard for a decade just to stand still while, as we shall see, the productivity gains that came from their hard work went to the profits of their employers rather than into their wages.

¹¹ The data are presented in current dollar or nominal terms, the dollar values at each year, and in real terms, taking account of inflation based on CPI, dating back to 1991. The lower line in Figure 4 shows the nominal, current dollar average wage for comparison with the upper line which shows the real (purchasing power) wage in terms of 2024 dollars.

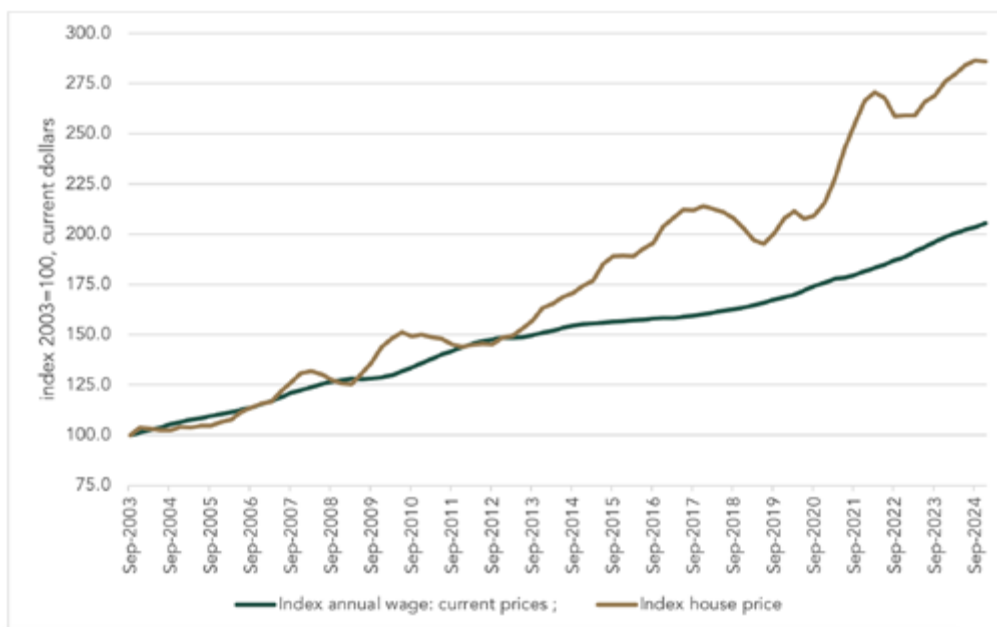
Wage growth and home prices

We then examine the increase in home, or dwelling, prices compared to the movement in wages over the decade from 2012 to 2022.

We compare the movement in dwelling prices with the movement in the average annual wage earned in current dollar terms in the period between 2003 and 2024. This is the period over which reasonable data can be obtained for comparison between wages and house prices for all dwellings¹² (see Figure 5).

In the two decades between 2003 and 2024, while wages in current dollar terms doubled, house prices increased by nearly three times.

Figure 5
Annual wage increases in current dollar terms,
and dwelling prices, indexed 2003=100



Source: ABS 5206, 6416, 6431, Per Capita calculations

Almost all of the divergence of house prices from wages dates from 2012.

Between 2012 and 2024, the average wage received in current dollars increased 37.5%, while average house prices increased by 95.1%.

This means that, if a worker’s payment towards a home purchase represented \$20 out of every \$100 earned in 2012, the house price increase by 2024 would represent a minimum \$8.30 increase in outlay on average, so that payments towards a home purchase now takes \$28.30 out of every \$100 earned. This is without accounting for increases to interest rates and insurance costs over the last three years.

12 ABS 5206, ABS 6416 and 6431

What happened to my first home deposit?

In order to understand what first home buyers have lost as a result of the suppression of wages during the *Lost Decade* (2012-22), we model what would have happened to wages over that period if annual real wage growth had matched that of the previous two decades.



How much money did workers lose in the Lost Decade?

We estimate that nominal wage growth would have to have been 0.35% more per quarter, or 1.4% more per year, above inflation over the decade 2012 to 2022 to match the wage growth enjoyed by workers over the previous two decades from 1991 to 2011.

Considering the inflation that occurred in the relevant periods, nominal annual wages were on average 6.4% lower over 2012-22 decade than they would have been if wage growth had been the same as the previous two decades from 1991-2011.

Annual AENA (Average Earnings in the National Accounts) in June 2022 were \$88,800.¹³ If the growth rate in wages over 2012-22 had been as much as it was over the two decades prior, workers would receive an additional \$11,900 in nominal terms in the year to June 2022.

All up, workers were down an average of \$4990 per year over the *Lost Decade* meaning, in nominal terms, \$54,000 was removed from the pockets of working people and their households.

¹³ Our analysis uses ANEA ABS Catalogue No. 5206.0 as the measure of workers' wages.



The impact of lost wages on first home buyers

Having established just how much money working people missed out on in the decade between 2012 and 2022, we can now calculate the impact of the *Lost Decade* on the ability of younger Australians to enter home ownership.

An analysis of submissions from Australia's major retail lending banks to the 2024 Senate Inquiry into *The problem of home ownership and the current regulatory environment*¹⁴, published in the *Australian Financial Review*, showed that the average first home buyer household in Australia last year was a 34 year old couple borrowing an average of \$486,000 with a 20% deposit.¹⁵

We can safely assume that the typical first home buyer couple was born in 1990 and entered the full time workforce somewhere between 2008 and 2012, depending on post-school qualifications. They have

been saving for a deposit or have acquired one supported by a gift or inheritance, and are seeking a modest first home, most likely a two bedroom apartment in a major city.

If that young couple were average income earners and had enjoyed the same wage growth as their parents did when they began their careers, then each of them would have earned an additional \$54,000 over the *Lost Decade*. If they had merely maintained the same standard of living and discretionary spending as they have done, then they could have saved that entire additional income for a total of \$108,000 saved between 2012 and 2022.

Further, assuming still that they were average income earners, with an annual salary of \$97,000 each in June 2022, they would have each reached a salary of \$108,900 per annum, increasing their total household income by \$23,800.

\$108,000 is equivalent to a 20% deposit on a first home costing around \$540,000. This aligns closely with the average first home purchase price as demonstrated by the bank data showing the typical first home loan is

¹⁴ Senate Economics References Committee, *Financial regulatory framework and home ownership* (Report). Australian Parliament House, 2024.

¹⁵ Baird, L, *What the average first home buyer looks like (according to the banks)*. Australian Financial Review, 30 December 2024.

around \$482,000.

Critically, this means that the 34 year old first home buying couple would have been able to save that 20% deposit themselves, with no need for a gift or inheritance and without having reduced their spending on rent or other discretionary items, if only wage growth had not been so badly suppressed in the first decade of their working lives.

Further, we calculate the couple's borrowing capacity based on the differential between their actual annual household income today and what it would have been had they benefitted from historically average wage growth.

With a household income of \$194,000 (2 x full time incomes of \$97,000) they could have borrowed up to \$970,000 approximately.

Had their incomes risen as did those of their parents over the first decade of their working lives, their combined household income at the end of the *Lost Decade* would have been \$217,800, allowing them to borrow up to \$1,102,000 – an additional \$132,000. This clearly would have made it much easier for average income earners to keep pace with rising house prices.¹⁶

So where did that home deposit go?

The wages workers missed out on in the decade between 2012 and 2022 did not vanish into thin air.

We estimate that, at the macro level, on average, the income lost due to wage suppression between 2012 and 2022 amounts to more than \$60 billion per year in lost wages across the Australian economy.¹⁷

Extraordinarily, this estimate amounts to more than \$600 billion in nominal dollars lost over the whole So where did that lost wealth go?

We find that it is reflected in the shift of national income from wages to profits over that period. Between 2012 and 2022, the wages share of national income fell approximately 3.6 percentage points of national income while the profit share rose about 6.9 percentage points.

The trend has since been reversed, with wages increasing their share of national income by 3.8 percentage points between September 2022 and December 2024, while the profit share of income fell by 4.6 percentage points.



16 Commonwealth Bank of Australia. *How much can I borrow?* [Online calculator]. Commonwealth Bank.

17 ABS 6202

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Conclusion



As we outlined in our 2022 report, *Housing Affordability in Australia: tackling a wicked problem*, the causes of our country's increasingly unaffordable home prices are complex and intertwined, but this paper has shown that the collapse of wage growth in the *Lost Decade* between 2012 and 2022 was a significant contributing factor.

It is important to note that property prices are more variable than wages, without any consistent relationship in movement between the two. The data do not suggest that bigger wage increases drive higher home prices or vice versa. Therefore, it is highly likely that higher wage growth during the *Lost Decade* would have improved housing affordability by a considerable margin.

The reasons for the flatlining of wages and rapidly escalating house prices between 2012 and 2022 are complex. The impact of the GFC smashed business investment and created a drop in productivity gains that continues today, while the response of Central Banks created a sustained period of very low interest rates. This contributed to a rapid increase in property values, as people took advantage of access to what was very cheap, or even "free", debt to purchase larger homes or buy additional properties as investments.

However, we find that a significant factor in the low wage growth of the *Lost Decade* was the introduction of *WorkChoices* legislation and its influence through the *Fair Work Act*.

The Australian industrial relations (IR) system was a repressive outlier compared to other OECD countries in the early years of the 21st Century, when Millennials began their full-time working lives. Changes to IR laws

with the introduction of the *Fair Work Act* in 2009 failed to reverse the power imbalance between workers and employers and did not restore workers' bargaining power sufficiently to prevent real wage stagnation in the ensuing decade.

The suppression of wages between 2012 and 2022 has combined with years of low interest rates and cheap debt, a lack of investment in non-market housing, low construction rates in the private market, tax incentives that encourage property speculation and rapid population growth to cruel the chances of Millennials and the Gen Z workers following them into the labour force of being able to save independently to buy a home.

In contrast, recent changes to IR laws by the Albanese Government¹⁸ have removed many of the injustices in the *Fair Work Act* that stemmed from *WorkChoices*, and real wages have begun to grow again.

Real wage growth since late 2022, combined with recent moderation in dwelling prices due to higher interest rates, new regulations applied to second homes in some state jurisdictions and a commitment to building more homes, means that housing affordability is improving for the first time in decades.

It will take many years for the damage done in the *Lost Decade* of wage stagnation and soaring home prices to be addressed, but the fact that real wages are once again growing ahead of inflation, and starting to move into line with house prices, is an outcome young Australians cannot afford to risk.

18 *Fair Work Legislation Amendment (Secure Jobs, Better Pay) Act 2022 (Cth)*; *Fair Work Legislation Amendment (Closing Loopholes) Act 2023 (Cth)*; *Fair Work Legislation Amendment (Closing Loopholes No. 2) Act 2024 (Cth)*

Methodology

We model what would have happened to wages if wage growth over the period 2012 to 2022 had been the same on trend as the previous two decades, 1991 to 2012. We make use of AENA (Average Earnings National Accounts) measure of wages to obtain annual average dollar earnings of workers, from ABS.

If wages had grown over 2012-2022 at the same rate as over 1991 to 2012, this would add about 1.4 per cent per year to the wage growth over the period 2012 to 2022, including inflation.

We calculate the amount this represents in dollar terms by increasing average wages per year over 2012 to 2022 by 1.4 percent per annum.

We find that, on average workers would have been earning \$11,900 per year more by 2022. We calculate from adding up the average annual dollar loss in wages over 2012-2022 compared with the previous two decades that on average workers have lost a total of \$54,000 over the decade 2012-2022.

Using ABS Labour Force data for total employment, we find this amounts an average of \$60 billion per year in lost wages over the period 2012 to 2022 due to the halt in wage growth, or 3 per cent of GDP on average, based on ABS National Accounts Data.

We also use ABS National Accounts Data analytical series for the share of national income paid to labour and the share of national income paid as profits to corporations. From these measures we can see that those lost wages went to profits. The wages share fell approximately 3.6 percentage points of income from 2012 to 2022, while the profit share rose about 6.9 percentage points of income over the decade. Mixed income also lost share.



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