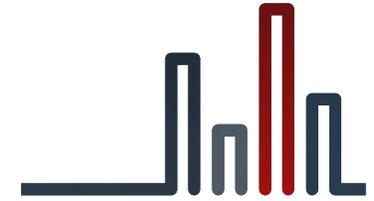


# ECONOMICS FACTSHEET

## Wage Price Index (WPI), Q4 2018



The ABS Wage Price Index (WPI) grew by 0.5% q/q and 2.3% p.a. in the December quarter (Q4) of 2018. This was the same annual pace as in Q3 of 2018 but a slightly slower quarterly rate of change than in Q3 (0.6% q/q in Q3).

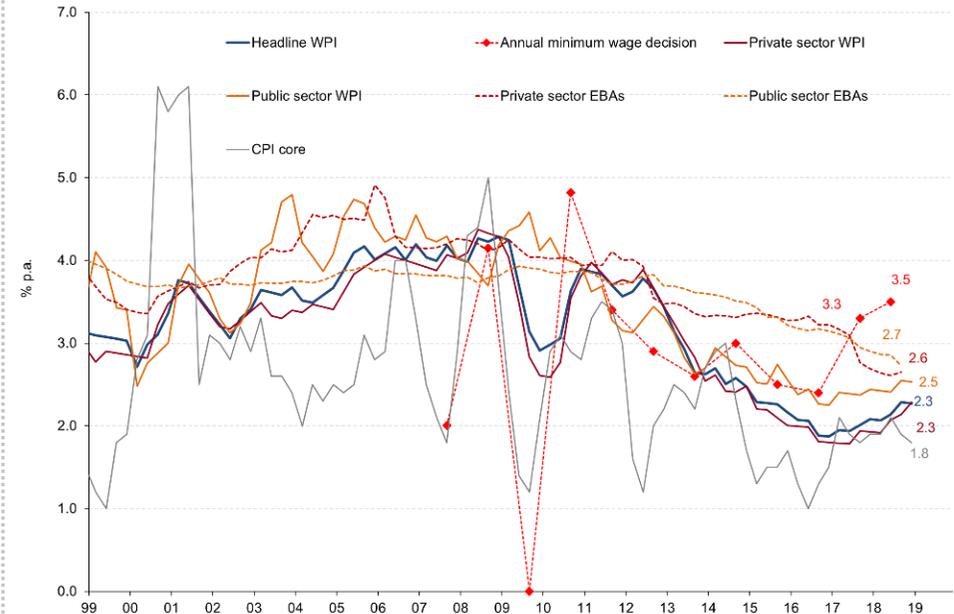
Australia's various measures of wage growth all indicate that average national wage growth is accelerating very mildly but remains relatively subdued (chart 1). The ABS Wage Price Index (WPI) grew by 0.5% q/q in the December quarter (Q4) of 2018 following growth of 0.6% q/q in Q3 2018, which had included the effects of this year's minimum wage rise of 3.5% from 1 July 2018.

Annual growth in private sector WPI accelerated mildly to 0.6% q/q and 2.3% p.a. in Q4, up from 0.5% q/q and 2.1% p.a. in Q3, and a recent low of 1.8% p.a. in 2016. This was the fastest rate of annual growth in private sector WPI since Q4 2014. Growth in private sector WPI has been accelerating mildly since 2017. This may be due to several factors including a mildly tighter labour market (lower unemployment and underemployment rates) and the effects of two relatively large rises in the statutory minimum wage in 2017 and 2018 (chart 6). Public sector wages grew by 0.6% q/q and 2.5% p.a. in Q4 2018 and have been stronger than wage increases in the private sector since 2014, although the gap is narrowing.

With headline and core inflation at just 1.8% p.a. in Q4 2018, these latest wages data confirm that in real terms, average wages are growing across most industries. In Q4 2018, only the IT, media and telecommunications industry experienced average wage growth lower than the current CPI rate (chart 2).

In nominal dollar terms, the ABS estimates that nominal Full-time Average Weekly Ordinary Time Earnings for full-time workers (AWOTE) increased to \$1,605.50 in November 2018, up by 1.3% over the previous six months and 2.3% over the previous year (see table 1). The annual rate of growth was slower than six months earlier (+2.7% p.a. over the year to May 2018). Nominal AWOTE rose in all industries over the year to November 2018, except in construction (-3.3% p.a.), healthcare (-0.8% p.a.) and utilities (unchanged). On average, private sector employees in mining remain the highest paid workers, even though their average pay rises have flattened since the recent mining boom. Across the states and territories, the highest full-time AWOTE in May 2018 was in the ACT at \$1,813.30, where there is a high proportion of public sector workers. This was followed by Western Australia at \$1,757.10 and the Northern Territory at \$1,643.30, reflecting their higher proportion of mining workers.

Chart 1: Australian wage and inflation indicators, % change p.a.



Headline wage price index growth rates, Q4 2018

**+0.5%**

WPI QUARTER GROWTH

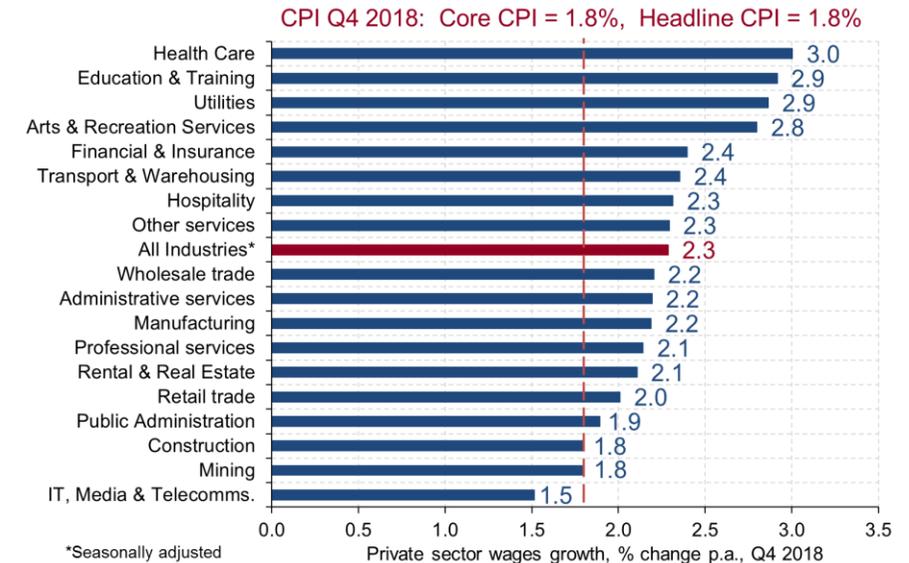
**+2.3%**

WPI ANNUAL GROWTH

**Table 1: ABS wage measures by sector, state and industry**

	Wage price index (WPI), Q4 2018		Full time adult average weekly ordinary time earnings (AWOTE), Nov 2018
	q/q %	y/y %	\$ per week
<b>Seasonally adjusted data</b>			
Private sector	0.6	2.3	1,563.50
Public sector	0.6	2.5	1,762.10
<b>All sectors</b>	<b>0.5</b>	<b>2.3</b>	<b>1,605.50</b>
<b>Original data (not adjusted)</b>			
	<b>Private sector</b>		<b>All sectors</b>
New South Wales	0.4	2.3	1,622.10
Victoria	0.8	2.5	1,568.80
Queensland	0.3	2.3	1,574.00
South Australia	0.5	2.3	1,462.20
Western Australia	0.4	1.7	1,757.10
Tasmania	0.3	2.9	1,399.50
Mining	0.4	1.8	2,611.70
Manufacturing	0.4	2.2	1,429.40
Utilities	0.4	2.9	1,823.30
Construction	0.5	1.8	1,507.20
Wholesale trade	0.2	2.2	1,553.80
Retail trade	0.5	2.0	1,184.90
Hospitality	0.1	2.3	1,161.00
Transport & Warehousing	0.5	2.4	1,610.20
IT, Media & Telecomms.	0.7	1.5	1,978.00
Financial & Insurance	0.9	2.4	1,940.80
Rental & Real Estate	0.4	2.1	1,458.20
Professional services	0.5	2.1	1,880.50
Administrative services	0.6	2.2	1,491.70
Public Administration	0.3	1.9	1,686.70
Education & Training	0.4	2.9	1,741.30
Health Care	0.3	3.0	1,511.30
Arts & Recreation Services	0.8	2.8	1,540.30
Other services	0.3	2.3	1,288.30

**Chart 2: Wage indexes by industry, private sector, % p.a. in Q4 2018**



**What is the WPI and AWOTE?**

The ABS publishes two main data series that indicate national wage growth. The quarterly Wages Price Index (WPI) is generally seen to be the timeliest and most reliable indicator of the rate of change in wages across the economy, while the Average Weekly Earnings data (AWE, which is published twice per year) are useful for comparing the absolute level of average earnings across states and across industries.

Average Weekly Ordinary Time Earnings (AWOTE) is one of three series produced from the AWE data and excludes overtime. The AWOTE for full-time adult employees data are generally considered the most stable earnings data due to the exclusion of overtime, part-time and junior employees. For more information about the AWOTE please visit the [ABS website](#).

**Next AWOTE release date:** May 2019 half-yearly data is due for release 15 August 2019.

The Wage Price Index (WPI) measures changes in the wages and salaries of Australians across the economy. It is calculated using a similar methodology to the Consumer Price Index. The WPI is released each quarter in February, May, August and November. For more information about the WPI please visit the [ABS website](#).

**Next WPI release date:** March Quarter (Q1) 2019 is due for release on 15 May 2019.

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