

Wage Price Index Q3 2024

The wage price index, measuring total hourly rates of pay excluding bonuses, increased a seasonally adjusted 0.8% in Q3 2024, slightly less than the 0.9% expected by market participants.

The annual rate of wages growth decelerated to 3.5% (mkt exp. 3.6%), which is the slowest since Q4 2022.

Trend wage price index, which looks through the quarter-to-quarter volatility, rose 0.8% QoQ and 3.6% YoY.

Seasonally adjusted private and public sector wages both picked up by 0.8% in the quarter, while the annual rates of growth declined to 3.5% and 3.7%, respectively.

Annual private sector wages growth was the slowest in three years.

%	QoQ	YoY
WPI Seasonally Adjusted	0.8	3.5
WPI Unadjusted	1.3	3.5
WPI Private Seasonally Adjusted	0.8	3.5
WPI Public Seasonally Adjusted	0.8	3.7

Industry Sectors (Unadjusted)

The strongest quarterly gain in wages was recorded in accommodation and food services (+2.5%), followed by retail trade and admin support workers (+2.1%) linked to the Fair Work Commission Wage Review decision.

However, given its large size, the 1.7% quarterly increase in health care and social assistance made the strongest contribution to wages growth in Q3, with workers in the sector also benefiting from the increase in award wages from July 2024.

The slowest quarterly growth rates were recorded in financial and insurance (+0.5%) as well as mining (+0.6%), which led the gains in the previous quarter.

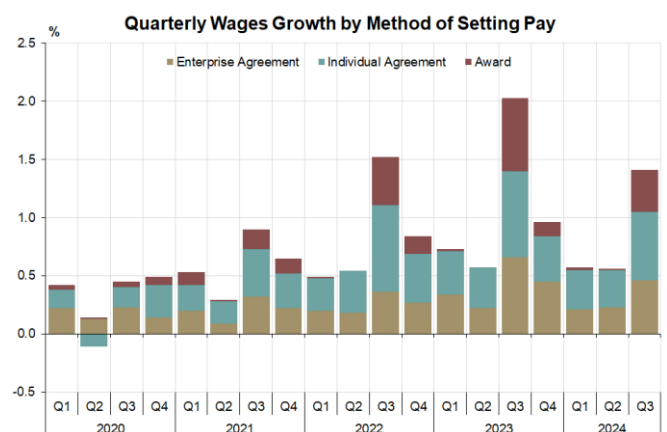
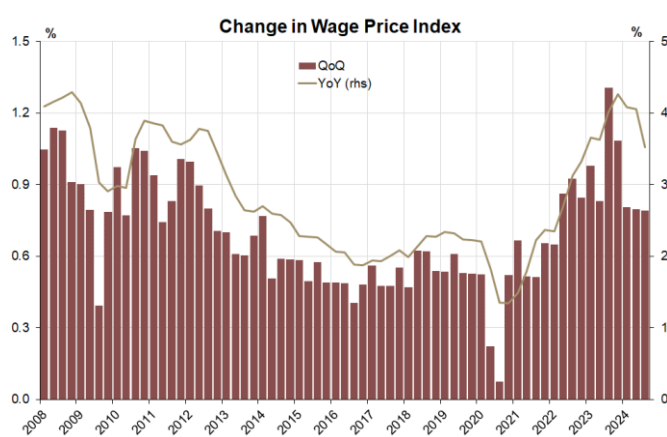
The strongest annual wage gains were in electricity, gas, water and waste services (+5.0% YoY) as well as education and training (+4.4% YoY). Arts and recreation services saw the smallest annual gain of 2.9%.

States (Unadjusted)

Among the states, quarterly wages growth ranged between 1.1% in Tasmania and 1.6% in Queensland. However, Tasmania saw the fastest annual rate of wages growth of 4.0% YoY, while Victoria and South Australia saw the slowest annual wages growth of 3.2%.

In Western Australia, the wage price index rose by 1.2% in Q3, to be up 3.5% through the year, the least in three years. Private sector wages rose by 1.3% QoQ and 3.7% YoY, while public sector wages increased 0.5% QoQ and 2.2% YoY.

WPI (Unadjusted, %)	QoQ	YoY
Western Australia	1.2	3.5
New South Wales	1.2	3.6
Victoria	1.4	3.2
Queensland	1.6	3.9
South Australia	1.3	3.2
Tasmania	1.1	4.0
Australia	1.3	3.5



Comments

Annual wages growth decelerated sharply to the slowest pace in three years, helped by base effects as the Fair Work Commission decided to increase the minimum and award wage by less than the previous year. Award wages contributed 0.4ppts to quarterly wage growth in Q3, compared to 0.6ppts a year ago.

Growth in individual and enterprise agreements also slowed markedly from Q3 2023, reflecting the general easing in labour market conditions. 45% of all jobs saw a change in wages in Q3 2024, the same as a year earlier. Within this group, the average size of the hourly wage increase was 3.7% compared to 5.4% in Q3 2023.

A new set of labour market figures will be released November 14. Employment growth has reaccelerated in recent months, with government dominated industries such as health and education, among the strongest contributors. Some measures of labour market underutilisation, such as the underemployment rate, suggest that labour market conditions ceased to ease.

The SEEK employment report saw the number of applications per job ad decrease for the first time in two years in September. Growth in advertised salaries moderated to 3.6% in September.

The wages report had no major market impact, with the first 25bps cut not fully priced in until August 2025.

13 November 2024