

Wages Price Index Q1 2026

The wage price index, measuring total hourly rates of pay excluding bonuses, increased a seasonally adjusted 0.8% in Q1 2026, in line with market expectations and the same as in the previous quarter.

The annual rate of wages growth slowed by 0.1ppts to 3.3%, as expected. This is the smallest annual wage gain since Q4 2024.

Private sector wages rose by 0.8% in Q1, the same as in the previous four quarters, while public sector wages picked up by 0.5%, the least in precisely two years.

Through the year, private sector wages growth slowed to 3.2%, unseen since mid-2022, while public sector wages growth rate declined to a one-year low of 3.3%.

This was the fifth consecutive quarter in which wages in the public sector rose faster than in the private sector in annual terms, though the gap has almost completely closed.

%	QoQ	YoY
WPI Seasonally Adjusted	0.8	3.3
WPI Unadjusted	0.6	3.2
WPI Private Seasonally Adjusted	0.8	3.2
WPI Public Seasonally Adjusted	0.5	3.3

Industry Sectors (Unadjusted)

The strongest quarterly gain was recorded for electricity, gas, water and waste services (+1.0%), while retail trade, accommodation and food services, as well as information, media and telecommunications saw the weakest increases, of 0.1% each.

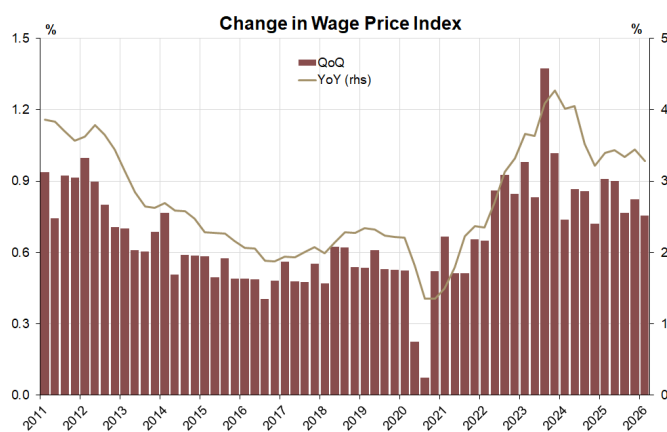
However, due to their large share in employment, it was health care and social assistance, as well as, education and training that contributed most to the Q1 gain in the wage price index.

States (Unadjusted)

Quarterly wages growth ranged between 0.4% in half of the states, including Western Australia, and 0.7% in Queensland. In annual terms, wages rose fastest in Western Australia (3.6%), while Tasmania saw the smallest gain of 2.9%.

This was the fifth straight quarter when Western Australia outpaced all other states in terms of annual wages growth. Western Australia continued to outperform the other states in terms of annual public sector wages growth (+5.0%, down by 2ppts from Q4 2025), while private sector wages growth, at 3.3%, was in line with the national average.

WPI (Unadjusted, %)	QoQ	YoY
Western Australia	0.4	3.6
New South Wales	0.4	3.2
Victoria	0.6	3.1
Queensland	0.7	3.4
South Australia	0.4	3.1
Tasmania	0.5	2.9
Australia	0.6	3.2



Comments

For around a year, wage inflation has been broadly steady at 3.3-3.4%.

However, Q1 2026 was the second quarter in a row where annual consumer price inflation outpaced wages growth, meaning that real wages growth remains negative. Given the further upward pressure on price growth from the Middle East conflict, this will most likely be the case for at least the remainder of 2026.

So far, the uncertainty from the conflict in the Middle East has had a limited impact on the labour market. Job ads declined, but remain elevated, while advertised salary growth actually accelerated in March, both in monthly and annual terms, to the fastest pace in over a year.

The NAB business report released yesterday pointed to slightly faster labour cost growth over the quarter to April, despite a deterioration in employment conditions. That said, faster labour cost growth pales in comparison with the surge in purchase costs.

The labour market typically reacts to weaker economic conditions with a lag, with the March 2020 layoffs in the early stages of COVID restrictions being a notable exception. With wages tending to be sticky, even then they continued to climb, including in quarterly terms. In their latest projection, the RBA expects wages growth to remain around its current levels until late 2027.

13 May 2026