

# Wages Price Index Q2 2025

The Wage Price Index, measuring total hourly rates of pay excluding bonuses, increased a seasonally adjusted 0.8% in Q2 2025, which was in line with market expectations.

The annual rate of wages growth was steady at 3.4%, against market expectations of a 0.1ppts deceleration to 3.3%.

Private sector wages rose by 0.8% in the quarter, to be up by 3.4% YoY. Public sector wages rose somewhat faster, by 1.0% QoQ and 3.7% YoY.

The faster rise in public sector wages reflected regular scheduled pay hikes and backdated pay rises from the recently approved state-level enterprise agreements.

%	QoQ	YoY
WPI Seasonally Adjusted	0.8	3.4
WPI Unadjusted	0.6	3.4
WPI Private Seasonally Adjusted	0.8	3.4
WPI Public Seasonally Adjusted	1.0	3.7

## Industry Sectors (Unadjusted)

The strongest unadjusted quarterly gain was recorded in mining as well as electricity, gas, water and waste services (+1.3% in both cases), while retail trade saw the weakest increase in wages (only +0.2%).

However, due to their relatively large size, professional, scientific and technical services as well as public administration and safety were the major drivers of quarterly wages growth.

Electricity, gas, water and waste services also recorded the strongest increase in annual terms (+5.0%), while financial and insurance services saw the smallest annual gain (of 2.6%).

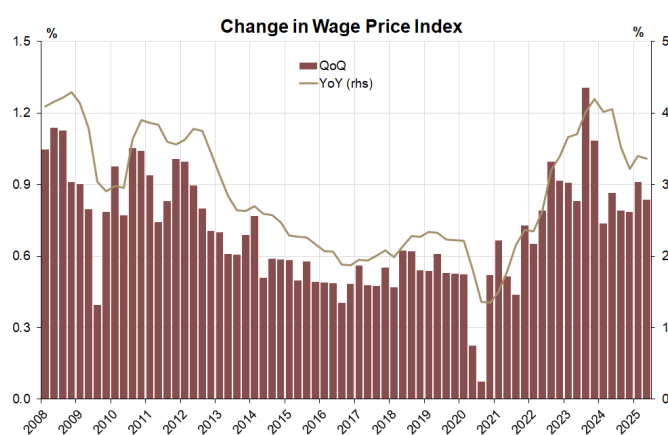
## States (Unadjusted)

Western Australia saw the fastest wages gains of all states in both quarterly and annual terms, of 0.8% and 3.7%, respectively.

The gains in Western Australian wages were relatively large in the public sector (1.1% QoQ and 5.4% YoY), while private sector wages rose by 0.6% QoQ and 3.2% YoY. Annual growth in public sector wages was the strongest since Q3 2009, while private sector wages saw the weakest over-the-year gain in three years.

New South Wales and South Australia recorded the weakest quarterly increase in wages, of 0.5%, while Tasmania saw the smallest annual gain (3.1%).

WPI (Unadjusted, %)	QoQ	YoY
Western Australia	0.8	3.7
New South Wales	0.5	3.2
Victoria	0.6	3.4
Queensland	0.6	3.6
South Australia	0.5	3.4
Tasmania	0.6	3.1
Australia	0.6	3.4



## Comments

Annual wages growth unexpectedly remained at 3.4% in Q2, instead of slowing to 3.3% as expected by the markets. However, the quarterly growth came in line with expectations, slowing by 0.1ppts, back to 0.8%.

The slowdown in quarterly wages growth was driven by fewer wage hikes due to enterprise agreements, while individual agreements were the major driver, adding 0.3ppts to unadjusted growth, the same as the previous quarter.

Private sector wages – which should be more sensitive to labour market conditions – saw steady increases both in annual and quarterly terms. The resilience of wages growth is also evident in advertised wages growth, which has been steady at around 3.5% YoY this year.

In the Statement on Monetary Policy published yesterday, the RBA assessed that while the labour market overall has moved ‘closer to balance’ of late, it remains tight. They also expect that the unemployment rate will remain around the current levels until the end of projection horizon in late 2027. However, they expect wages growth to slow further, to trough at 2.9% in late 2026 and remain there in 2027. This would imply that real wages growth will remain mildly positive for most of the projection horizon.

**13 August 2025**