

Wages Price Index Q1 2025

The wage price index, measuring total hourly rates of pay excluding bonuses, rose a seasonally adjusted 0.9% in Q1 2025 (mkt exp 0.8%), the fastest quarterly rise since Q4 2023.

The Q1 rise followed a 0.7% increase in Q4 2024, which was the slowest increase in almost three years.

Annual wages growth accelerated to 3.4% from a two-year low of 3.2% in Q4 2024 and was the first increase in annual growth in three quarters.

Seasonally adjusted private sector wages growth accelerated to 0.9% from 0.7% (+3.3% YoY), while public sector wages growth was 0.3ppts higher at 1.0% (+3.6% YoY).

%	QoQ	YoY
WPI Seasonally Adjusted	0.9	3.4
WPI Unadjusted	0.8	3.4
WPI Private Seasonally Adjusted	0.9	3.3
WPI Public Seasonally Adjusted	1.0	3.6

Industry Sectors (Unadjusted)

The industries to see the fastest quarterly rises in the wage price index were healthcare and social assistance (1.4%), education and training (1.3%) and public administration and safety (1.0%).

Industries with the smallest increases were retail, accommodation and food services, and information media and telecommunications (0.1%).

Over the past year, the strongest increases were in electricity, gas, water and waste services (4.4%), followed by healthcare and social assistance (3.8%), and education and training (3.8%).

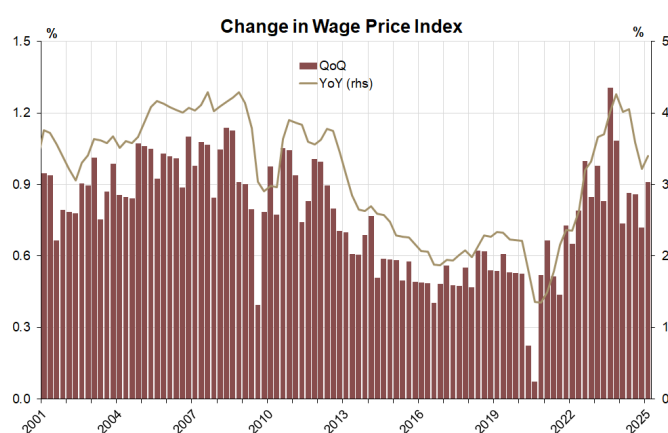
The weakest annual growth was in financial and insurance services (2.5%), professional, scientific and technical services (2.9%), and arts and recreation (2.9%).

States (Unadjusted)

Western Australia saw the fastest unadjusted quarterly wages growth among the states, with a 1.0% increase driven by state-based public sector enterprise agreements. Queensland saw the slowest quarterly growth.

Western Australian wages also saw the strongest annual gain of 3.7%, and New South Wales the slowest with 3.1%.

WPI (Unadjusted, %)	QoQ	YoY
Western Australia	1.0	3.7
New South Wales	0.8	3.1
Victoria	0.7	3.3
Queensland	0.6	3.6
South Australia	0.8	3.5
Tasmania	0.9	3.2



Comments

The Q1 wage price index report suggests wages growth picked up in early 2025.

However, the acceleration in private sector wages growth was heavily influenced by the State 3 Aged Care Work Value Case and the Early Childhood Education and Care Worker Retention Payment, while public sector wages growth was lifted by state-based enterprise agreements and increases in wages paid to aged care workers.

Public sector wage agreements saw enterprise agreements contribute over half of all quarterly growth in the wage price index for the first time since Q3 2020.

As a result, the industries largely impacted by these wage adjustments and public sector enterprise agreements saw the largest quarterly increases. These non-market services have also made by far the largest contribution to employment growth over the past two years.

There was some volatility in interest rate markets on the release of the wage price index report as the headline exceeded expectations. However, interest rates have since settled back to where they were before the release as traders absorbed the details. The market remains fully priced for a 25bps rate cut from the RBA next week.

14 May 2025