

The Wage Price Index, measuring total hourly rates of pay (excluding bonuses), rose a seasonally adjusted 0.5% in Q1, close to both the market and WATC forecast of 0.6%. This follows a 0.5% rise in Q4 (unrevised). Annual wages growth was steady at 2.3% YoY. Quarterly public sector wages growth fell to 0.4%, with annual growth down slightly to 2.4% YoY. The private sector wage index rose by 0.5%, up 2.4% YoY from 2.3% YoY in Q4.

	QoQ	YoY
WPI Seasonally Adjusted	0.5%	2.3%
WPI Not Seasonally Adjusted	0.5%	2.3%
WPI Private Seasonally Adjusted	0.5%	2.4%
WPI Public Seasonally Adjusted	0.4%	2.4%

**Sectors**

The strongest quarterly wages growth (unadjusted) was seen in the education and training sector and transport, postal and storage sector (both up 0.7%). While the weakest growth was experienced across a range of sectors including accommodation and food services, retail trade, arts and recreation, construction, public administration and safety, admin and support services (+0.2%).

In annual terms, the largest increase continued to be in healthcare & social assistance (+3.0%) and utilities (+2.8%). The weakest annual growth was in information, media and telecom and construction (+1.8%).

**States**

For the quarter, the strongest wages growth (unadjusted) was in Victoria and Tasmania, rising by 0.5%. Western Australia (+0.3%) experienced the slowest quarterly growth. Victoria and Tasmania experienced the strongest annual growth, rising by 2.7% and 2.5% respectively. Western Australia continues to have the slowest growth in annual terms, with growth steady at 1.6% YoY for the third consecutive quarter.

WPI (unadjusted)	QoQ	YoY
Western Australia	0.3%	1.6%
New South Wales	0.4%	2.3%
Victoria	0.5%	2.7%
Queensland	0.4%	2.3%
South Australia	0.4%	2.1%
Tasmania	0.5%	2.5%
Australia	0.5%	2.3%



**Comment**

Wage price inflation remains subdued, however, there has been some improvement, with annual growth of 2.3% YoY in each of the past three quarters the highest since September 2015. The main contributors to growth over the quarter were regularly scheduled wage rises in the health and social assistance, and education and training sectors.

Private sector wage growth has continued to make up ground on the public sector, rising by 0.5% vs 0.4% in Q1. On an annual basis, private sector wages growth has matched the public sector, after growth fell below in September 2013. Public sector wages growth YoY has eased for two consecutive quarters.

The RBA still sees a gradual pick-up in wages and inflation over the following year or so, as spare capacity in the economy is likely to be reduced only slowly. However, there are an increasing number of downside risks to the outlook.

**15 MAY 2019**

**DISCLAIMER**

Any opinions, judgments, conclusions, forecasts, predictions or estimations contained in this advice are made in reliance on information provided to Western Australian Treasury Corporation which Western Australian Treasury Corporation believes to be reliable. Western Australian Treasury Corporation, however, cannot guarantee the accuracy of that information. Thus, any recommendations are made in good faith but are provided only to assist you with any decisions which you make. These recommendations are not intended to be a substitute for professional advice on a particular matter. Before accepting or rejecting those recommendations you must discuss your particular needs and circumstances with Western Australian Treasury Corporation.