

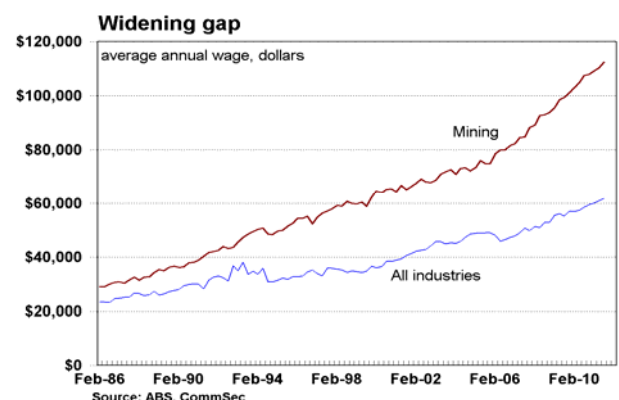
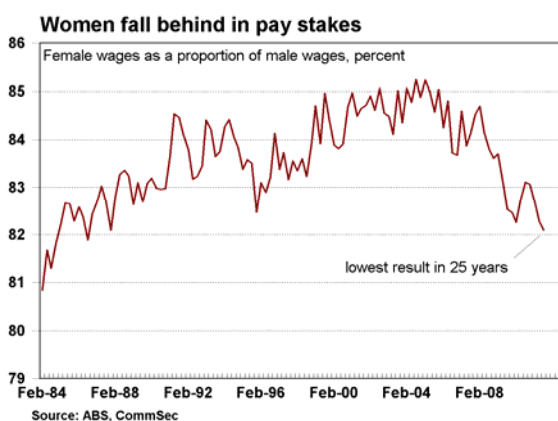
Gender wage gap biggest in 28-years

Average weekly earnings

- Average weekly earnings rose by 1.2 per cent in the three months to September after a 1.4 per cent lift in the previous three months. Wages rose by 5.3 per cent over the year – above yesterday's wage cost index.
- Over the year to September, male wages outstripped female wages by \$13,213 – the highest reading in records going back 28 years. The female wage is 82.1 per cent of the male wage – the smallest proportion in 25 years.
- The average wage stands at \$68,790. The highest average wage can be found in the mining sector, at \$112,392 per year. The lowest average wage is obtained by workers in the accommodation and food services sector (\$49,878), followed by retail trade (\$49,915).
- Across states & territories, we have calculated average annual wages were highest in: Western Australia (\$79,934), followed by the ACT (\$79,513), Northern Territory (\$69,727), and NSW (69,514).

What does it all mean?

- Male wages continue to grow at a far faster rate than female earnings. And the gap between high and low wage industries continues to widen. The gap between male and female earnings has now risen to the highest level in records going back 28 years. On average men are earning \$13,213 more per year than women. One key reason for the disparity is the rising demand for labour in male dominated sectors, such as mining and construction. Still there remains worrying wage disparities in other sectors as well that is clearly worthy of greater investigation.
- The latest data on wages highlights the shift in dynamics within the domestic economy. Even the Reserve Bank has been focusing to a greater degree on the multispeed nature of our economy, and it is no more evident than in the latest batch of wage data.
- Wages in the mining sector are well over double the earnings in food sectors like cafes and restaurants as well as across the retail sector. And the resources states of Western Australia, and Northern Territory are dominating in the pay stakes. It is clear that the industrialisation of emerging economies like China and India will continue to have a major impact on the shift in labour demand.
- The mining states are clearly the major winners over the past year, with Western Australia the undisputed leader. In fact average wage growth in the premier mining state has grown by a staggering 11.3 per cent over the past year - well ahead of its counterparts. However what is even more astounding is the Northern Territory, with the



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average wage now having surpassed NSW, Queensland and Victoria. In fact wage growth in the “top end” has been a robust 7.7 per cent over the past year. The industrialisation of China, and in turn India, are paying dividends, and domestically the reallocation of resources in terms of labour to the mining states will only gain in traction over coming year.

- Interestingly across the sectors, the growth in wages over past year clearly corresponds with the growth in the economy. A whole array of sectors are struggling or going backwards, while mining investment remains the backbone of growth. In fact the more subdued conditions in the housing sector has seen wage growth in rental and real estate services going backwards over the past year. And the volatility in share markets and lacklustre lending has seen wage growth in the financial sector post a paltry 2.3 per cent in annual growth.
- As the investment in mining continues to gather pace the demand for skilled workers to regional Australia will be even more paramount. Excessive wage pressure is exactly what the Reserve Bank is attempting to curtail and the Federal Government will need to play a key role - implementing measures to improve Australia’s productivity and ensuring that skilled migration targets are constantly reviewed and revised.
- The average weekly earnings data tends to overstates the growth in wages, largely due to the compositional changes, such as the shift from full-time to part-time and movements across sectors. But the average weekly earnings data provides useful dollar estimates for wages.

What do the figures show?

Average weekly earnings

- **Average weekly earnings** rose by 1.2 per cent in the three months to September after a 1.4 per cent lift in the previous three months. Wages rose by 5.3 per cent over the year.
- **Private sector wages** rose 1.3 per cent in the quarter and by 5.7 per cent over the year. **Public sector wages** rose by 1.0 per cent in the quarter and by 4.1 per cent over the year. **Male wages** rose 1.2 per cent in the quarter and by 5.7 per cent over the year. **Female wages** rose 1.1 per cent in the quarter and 4.4 per cent over the year.
- Wages rose most over the year in Wholesale trade (up 11.9 per cent), Health Care and Social Assistance (up 6.9 per cent), Arts and recreation services (up 5.5 per cent). Construction (5.4 per cent), and Accommodation & Food Services (5 per cent). Wages were weakest over the past year in Administrative and support services (down 2.8 per cent), followed by Rental Hiring & Real Estate Services (down 0.1 per cent), and Financial & Insurance Services (up 2.3 per cent).
- Across states & territories, we have calculated average annual wages as follows: NSW \$69,514 (up 4.9 per cent over the year), Victoria \$65,608 (up 2.9 per cent), Queensland \$66,882 (up 3.8 per cent), South Australia \$63,305 (up 6.2 per cent), Western Australia \$79,934 (up 11.3 per cent), Tasmania \$60,518 (up 5.9 per cent), Northern Territory \$69,727 (up 7.7 per cent) and ACT \$79,513 (up 4.8 per cent).
- The highest average wage can still be found in the mining sector, at \$112,392 per year. Next highest is scientific & technical services (\$81,817), information media & telecommunications (\$80,855), finance & insurance services (\$80,782). The lowest average wage is obtained by workers in the accommodation and food services sector (\$49,878), followed by retail trade (\$49,915) and “other services” (\$54,392).

What is the importance of the economic data?

- The ABS publishes the Average Weekly Earnings (AWE) series on a quarterly basis. While the Wage Cost Index allows analysis of wage movements from quarter-to-quarter, the AWE series is best seen as a measure of actual dollar figures for wages. But average weekly earnings figures can be distorted by changes such as the relative growth of high-paid to low-paid jobs and the cashing out of bonuses in ordinary earnings.

What are the implications for interest rates and investors?

- It is clear that the industrialisation of emerging economies like China and India will continue to have a major impact on the shift in labour demand. Over the coming year Australia will be riding on the back of the mining sector. And the non-mining states are unlikely to feel the effects of the rise in incomes until the recovery is well and truly in full swing. No doubt as the recovery gains traction the mining states will be in the driver’s seat and continue to enjoy strong investment flows.

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