

## Women emerge as winners in the pay stakes

### Average weekly earnings

- **Wages lift:** Average weekly ordinary time earnings (AWOTE) rose by 2.4 per cent in the year to November. Female AWOTE rose by 3 per cent with male AWOTE up 2 per cent. The ratio between female and male wages has lifted to the highest levels in 11½ years
- **Industry wages:** The average wage across Australia stands at \$81,619. The highest average wage can be found in the Mining sector at \$134,196 per year.
- **Wage winners:** Wages rose most over the year in Administrative and Support Services (up 6.5 per cent), Arts and Recreation services (up 5.3 per cent); and Rental, Hiring and Real Estate Services (up 4.4 per cent).
- **Wage losers:** Wages were weakest over the past year in Mining (up 0.3 per cent), Accommodation and Food Services (up 0.4 per cent) and Retail Trade (up 0.8 per cent).

*The dollar figures on wages are important in assessing the outlook for spending at consumer-focussed businesses.*

### What does it all mean?

- The assumption is that wages are barely growing across Australia. But that seems to depend on where you live and what industry you work in. According to the latest average weekly earnings data (showing the dollar figures on wages), wages rose by 2.4 per cent over the past year, above the 1.9 per cent inflation rate. If you live in NSW, wages are growing at a 3.3 per cent annual rate. But if you live in South Australia, wages apparently eased by 0.3 per cent over the year. If your job is an admin or support position, the data says that wages have lifted 6.5 per cent over the past year. But wages in Mining advanced just 0.3 per cent.
- Clearly the average earnings data has its problems. There can be compositional issues: movements from part-time to full-time; cashing out of bonuses; enterprise bargaining agreements; and different pay rises and agreements in private and public sectors can all affect the results.
- The good news is that the ratio between the female and male wage has lifted to the highest levels in 11½ years. In fact the ratio of the female to male wage is approaching the 30-year highs recorded back in 2005. Further, the ratio of the female to male wage in the mining sector has already lifted to the highest levels on record. More women are in the workforce than ever before and the female wage continues to rise at a faster rate than the male wage – a trend in place for three years now.

### What do the figures show?

#### Average Weekly Earnings:

- Average weekly ordinary time earnings (AWOTE) rose by 1.7 per cent in the six months to November 2017 to be 2.4 per cent higher than a year ago. It was the biggest six-month lift in wages since May 2013. And it was the biggest annual lift in wages since November 2014.



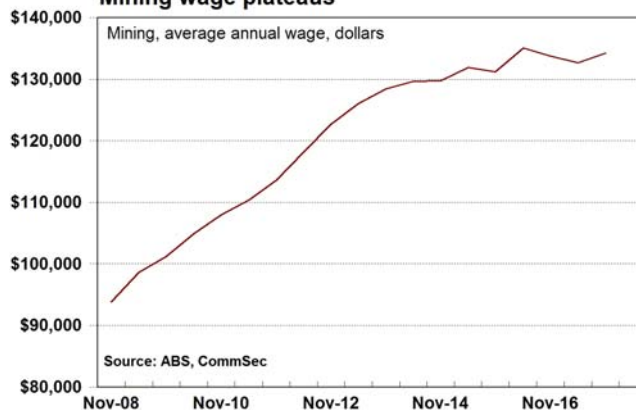
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- Male wages rose by 2.0 per cent over the year while female wages rose by 3.0 per cent.
- Average weekly total earnings for adults rose by 2.3 per cent over the year. And total earnings for all wage earners rose by 2.4 per cent over the year.
- Across States & Territories over the year to November: NSW (+3.3 per cent); Victoria (+1.6 per cent); Queensland (+3.1 per cent); South Australia (-0.3 per cent); Western Australia (+2.3 per cent); Tasmania (+0.8 per cent); Northern Territory (+0.6 per cent); ACT (+3.2 per cent).
- The average wage in November 2017 was \$81,619.
- Across states & territories, we have calculated average annual wages as follows: NSW \$82,467, Victoria \$78,946, Queensland \$79,310, South Australia \$74,885, Western Australia \$90,626, Tasmania \$70,439, Northern Territory \$85,691 and ACT \$93,631.
- Wages rose most over the year in Administrative and Support Services (up 6.5 per cent), Arts and Recreation services (up 5.3 per cent); and Rental, Hiring and Real Estate Services (up 4.4 per cent).
- Wages were weakest over the past year in Mining (up 0.3 per cent), Accommodation and Food Services (up 0.4 per cent) and Retail Trade (up 0.8 per cent).
- The highest average annual wage can still be found in the Mining sector at \$134,196 per year. Next highest is Information media & telecommunications (\$99,081), and Finance & insurance services (\$97,162).
- The lowest average annual wage is obtained by workers in the Accommodation and food services sector (\$57,871), followed by Retail trade (\$59,415), "Other services" (\$65,109) and Manufacturing (\$70,720).

Women gaining ground in mining sector



Mining wage plateaus



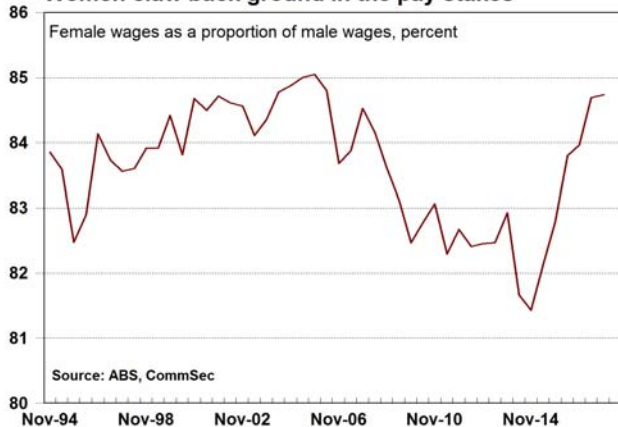
**Why is the data important?**

- The ABS publishes the **Average Weekly Earnings (AWE) series** on a six-monthly 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.

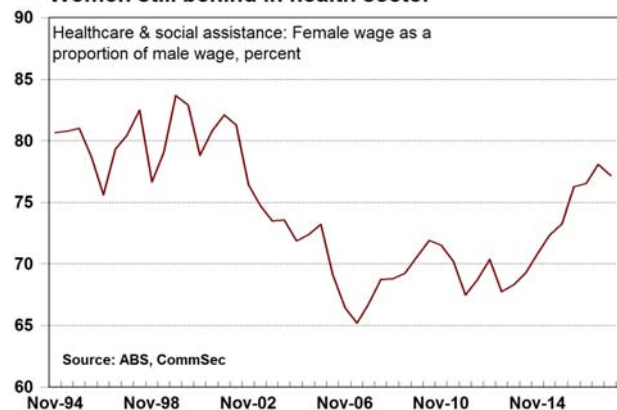
**What are the implications?**

- The Reserve Bank has noted that there are pockets of strength in the job market and this is being reflected in higher wages. The latest average weekly earnings data show that 10 of 18 industry sectors have wage rates

Women claw back ground in the pay stakes



Women still behind in health sector



growing at a faster pace than the economy-wide average. Big employers such as Construction, Manufacturing, Retail Trade and Hospitality (Accommodation and Food Services) are not yet benefitting in the pay stakes to the same extent as some smaller sectors.

- Reserve Bank researchers will no doubt pore over the figures to assess whether they are under-estimating the lift in wages occurring across the economy. The commentary accompanying the next interest decision should be the first opportunity to hear the Reserve Bank’s views on recent trends.
- The Reserve Bank is expected to remain patient on rates.

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