



BIS Shrapnel New Economics Subscription Report

Wages Outlook 2012/13 – 2017/18



ECONOMICS

Budgeting for wage inflation based on Consumer Price Index (CPI) inflation may prove costly for your business. There are material differences between CPI inflation, 'all industries' average wage inflation, wage inflation by industry, and by pay-setting method.

BIS Shrapnel's new **Wages Outlook** report provides forecasts of CPI inflation and wage inflation (by industry sector) at the national level over the next five years. It is the only annual publication that provides wage escalation by industry by pay-setting method (ie differentiated by those on awards, enterprise bargaining agreements and individual contracts) at the Australia level.

The **Wages Outlook** study is the culmination of more than a decade's experience in researching wage inflation by industry and by pay setting method for blue-chip clients in the utilities, construction and mining industries. These companies have used our data, analysis and forecasts to escalate wage costs for planned capital and operating expenditures, to support pre-feasibility studies and for ongoing monitoring of labour costs associated with large capital projects.

The new **Wages Outlook** report is a must for businesses requiring more accurate information on future wage costs to forecast their operating and capital expenditures, to prepare budgets for large scale investment projects and for use in wage negotiations.

COVERAGE

The report provides wage forecasts for 18 industries as defined by the Australian and New Zealand Standard Industrial Classification (ANZSIC 2006), along with the national 'all industries' average. Annual five-year forecasts are provided for the following:

- ▶ Nominal AWOTE (average weekly ordinary time earnings) and WPI (wage price index) inflation by pay setting method (see back page for examples of tabular presentation of forecasts and historical data)
- ▶ Real or CPI Inflation adjusted AWOTE and WPI wages growth
- ▶ Productivity adjusted nominal and real AWOTE and WPI inflation



Pre-Subscription Offer New Economics Subscription Report: Wages Outlook 2012/13 – 2017/18

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Electricity, Gas, Water and Waste Services Wage Forecasts – Australia

Year Ended June	Year Average Per Cent Change											Averages	
	2006	2007	2008	2009	2010	2011	Forecast						
Proportion of Workforce by Pay setting Method (a)													
Awards Only	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Collective Agreements	67.7%	67.7%	67.7%	67.7%	67.7%	67.7%	67.7%	67.7%	67.7%	67.7%	67.7%	67.7%	67.7%
Individual Arrangements	29.6%	29.6%	29.6%	29.6%	29.6%	29.6%	29.6%	29.6%	29.6%	29.6%	29.6%	29.6%	29.6%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100.0%	100.0%
AWOTE													
Awards Only	2.3	2.7	1.9	2.4	0.7	3.2	3.4	2.9	2.9	3.1	3.4	2.3	3.1
Collective Agreements	4.4	4.5	4.7	4.8	4.8	4.4	4.2	4.4	4.7	4.8	4.7	4.4	4.6
Individual Arrangements (b)	-12.6	1.0	-2.1	10.0	14.0	18.7	-0.6	4.6	5.9	7.8	7.1	5.0	5.0
AWOTE (Persons)(c)	1.9	3.7	2.7	6.1	7.6	9.1	2.5	4.4	5.1	5.8	5.5	4.9	4.7
Wage Price Index													
Awards Only	2.3	2.7	1.9	2.4	0.7	3.2	3.4	2.9	2.9	3.1	3.4	2.3	3.1
Collective Agreements	4.4	4.5	4.7	4.8	4.8	4.4	4.2	4.4	4.7	4.8	4.7	4.4	4.6
Individual Arrangements (b)	10.2	6.3	3.5	4.3	3.7	3.7	1.9	3.1	4.4	5.8	5.7	4.9	4.2
Wage Price Index (Ord. Time)	5.2	4.8	4.2	4.5	4.3	4.2	3.5	4.0	4.6	5.0	5.0	4.4	4.4
Compositional Effects + Bonuses, etc	-3.4	-1.1	-1.5	1.6	3.2	4.9	-1.0	0.5	0.5	0.8	0.6	0.5	0.3

(a) Full-time Adult Persons

Source: BIS Shrapnel, ABS, DEEWR

(b) Indiv Agreements picks up all the standard errors of WPI and AWOTE estimates by the ABS

(c) Full-time Adult Persons, excluding overtime

Wage Price Index Growth by Industry Sector and by State

Sector	% of Total Employment May '12	Wage Price Index ⁽¹⁾										Five-Year Average
		Annual Per Cent Change										
		Mar'08	Mar'09	Mar'10	Mar'11	Jun'11	Sep'11	Dec'11	Mar'12	Jun'12		
Private		4.2	4.0	2.6	4.0	3.9	3.7	3.8	3.7	3.8	3.7	
Public		4.0	4.4	4.3	3.6	3.7	3.3	3.2	3.1	3.3	3.9	
Industry												
Mining	2.4	5.9	5.8	3.4	4.6	4.1	4.1	3.6	4.6	5.2	4.8	
Manufacturing	8.3	4.3	3.5	2.2	3.9	4.1	3.6	3.8	3.8	3.8	3.5	
Electricity, Gas, Water and Waste Services	1.3	4.7	4.8	4.6	3.7	3.7	3.6	3.2	3.4	3.7	4.1	
Construction	8.6	4.5	4.9	2.9	4.4	4.0	3.9	4.0	4.2	4.1	4.1	
Wholesale Trade	3.5	3.0	4.2	2.1	4.4	4.8	4.4	4.4	4.0	4.8	3.8	
Retail Trade	10.5	4.8	3.8	2.4	3.3	3.3	3.0	3.0	3.0	2.7	3.4	
Accommodation and Food Services	6.7	2.4	3.5	1.8	3.3	3.0	3.1	3.8	3.3	3.3	2.8	
Transport, Postal and Warehousing	4.8	4.2	4.7	3.4	3.6	4.0	3.7	3.4	3.3	3.8	3.9	
Information Media and Telecommunications	2.0	3.9	2.9	2.0	3.5	3.2	3.8	4.2	3.4	3.5	3.1	
Finance and Insurance Services	3.7	4.1	4.0	2.9	4.3	4.5	3.8	4.0	4.1	4.1	3.7	
Rental, Hiring and Real Estate services	1.9	4.2	3.6	2.2	3.0	3.6	3.6	4.0	4.2	3.5	3.4	
Professional, Scientific and Technical Services	8.1	4.5	5.2	3.0	4.7	4.0	4.2	4.7	4.3	4.6	4.3	
Administration and Support Services	3.4	4.8	4.0	1.9	3.8	3.7	3.2	3.0	3.3	3.6	3.5	
Public Administration and Safety	6.1	4.1	4.4	3.9	3.6	3.4	2.8	2.9	3.0	3.6	3.8	
Education	7.8	3.9	4.6	4.3	3.9	3.8	3.9	3.6	3.5	3.6	4.0	
Health Care and Social Assistance	11.8	3.4	4.1	3.7	3.3	3.6	3.2	3.0	3.1	2.6	3.5	
Arts and Recreation Services	1.9	3.3	3.8	3.0	3.1	3.4	3.3	4.2	3.7	3.5	3.4	
Other Services	3.9	3.8	3.3	2.5	3.0	3.6	4.6	4.4	4.0	3.8	3.2	
State/Territory												
New South Wales	31.5	3.8	3.8	3.2	3.8	3.7	3.6	3.8	3.5	3.6	3.6	
Victoria	25.2	3.9	3.9	2.7	3.9	4.1	3.5	3.5	3.4	3.5	3.6	
Queensland	20.3	4.1	4.2	3.2	3.9	3.9	3.8	3.6	3.6	3.8	3.8	
South Australia	7.1	4.9	3.9	2.5	3.6	3.3	3.4	3.3	3.4	3.4	3.6	
Western Australia	11.2	5.9	5.3	3.0	4.1	3.8	4.0	4.0	4.5	4.8	4.4	
Tasmania	2.0	3.5	4.6	3.6	3.5	3.5	3.9	3.6	3.2	3.2	3.6	
Northern Territory	1.1	3.7	5.1	3.2	4.1	3.9	3.9	4.3	3.6	3.6	3.8	
Australian Capital Territory (ACT)	1.8	4.1	4.0	3.4	3.7	3.5	3.0	3.0	3.3	3.9	3.7	
Total All⁽²⁾	100	4.1	4.2	2.9	3.9	3.8	3.6	3.7	3.6	3.7	3.7	

(1) Measures changes in the price of labour. Ordinary hourly rates of pay (excludes overtime and bonuses)

Source: BIS Shrapnel, ABS data

(2) Excludes Agriculture, Forestry and Fishing sector