

Labour Price Index September quarter 2010

ECONOMIC ALERT

17 November 2010

KEY POINTS

Labour Price Index

- The Labour Price Index (LPI) for the September quarter 2010 showed that annual wages growth lifted by 0.5 percentage points to 3.5%
- Growth in the aggregate LPI in the September quarter was 1.1% up from 0.8% in the June quarter 2010.

Public/private sectors

- Annual wages growth in the private sector lifted marginally from 2.8% in the June quarter 2010 to 3.5% (seasonally adjusted).
- Annual wages growth in the public sector remained steady at 4.0%.

Industry sectors

- By sector, in original terms, the highest annual wage adjustments were financial and insurance services (4.3%); health care & social assistance (4.3%); education & training (3.9%); mining (3.9%); Electricity, gas, water and waste services (3.7%) and construction (3.7%).
- The sectors with the lowest growth were wholesale trade (2.4%); information media & telecommunications (2.4%); and rental, hiring and real estate (2.6%).
- Manufacturing hourly rates of pay grew by 3.2% in the year to the September quarter 2010, up from 2.5% in the previous quarter.

Policy implications

- The September quarter 2010 labour price data shows that annual wages growth picked up in the September quarter, consistent with the strengthening of the labour market.
- Wages pressures are set to rise further in 2011 as labour market conditions tighten along with the economic recovery.
- Strong wage growth provides further impetus for the RBA to tighten monetary policy in 2011.

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Chart: Annual growth total and manufacturing LPI (original terms)

