



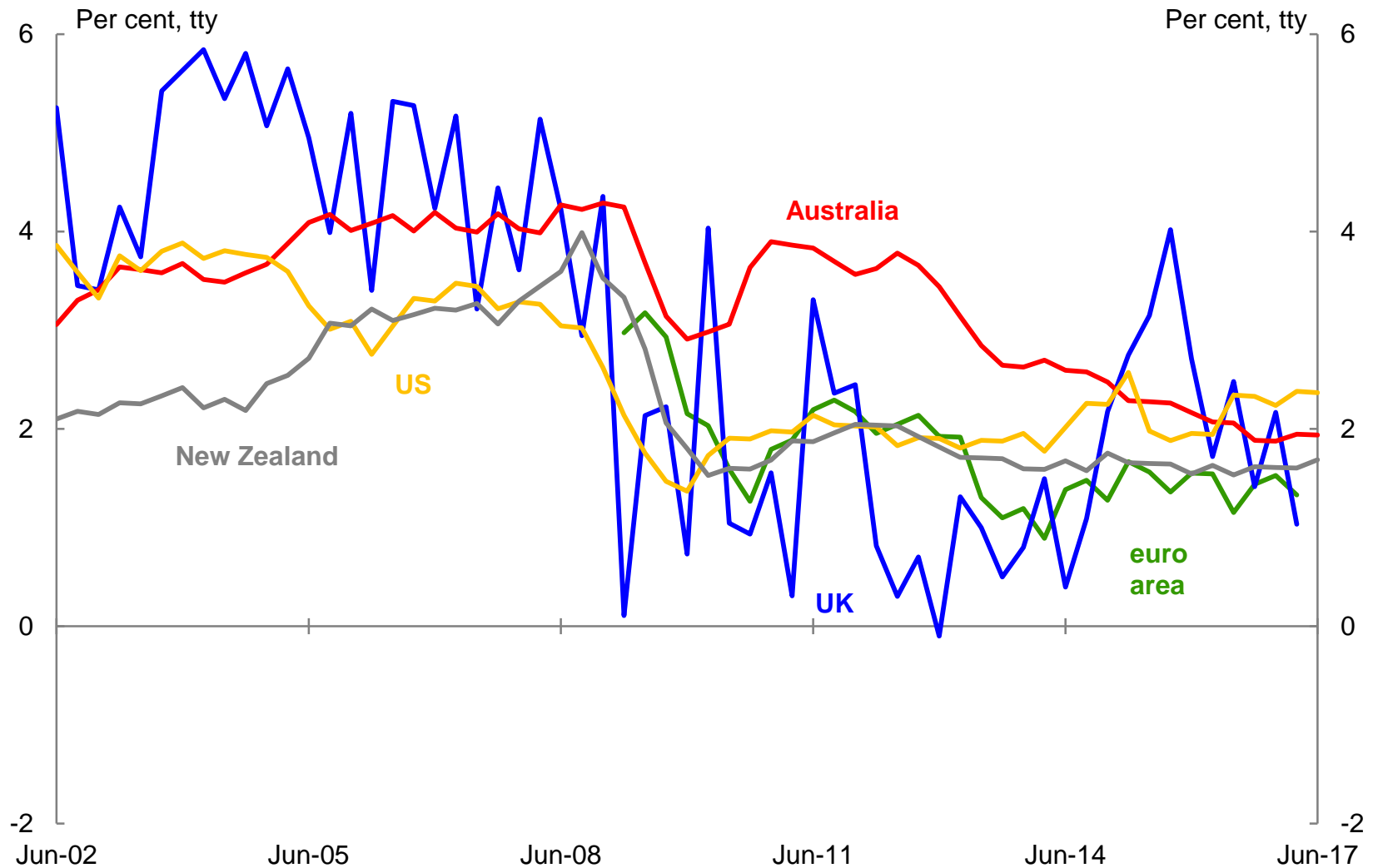
More and better paid jobs

Address to the BCA

28 September 2017

The Hon Scott Morrison MP
Treasurer

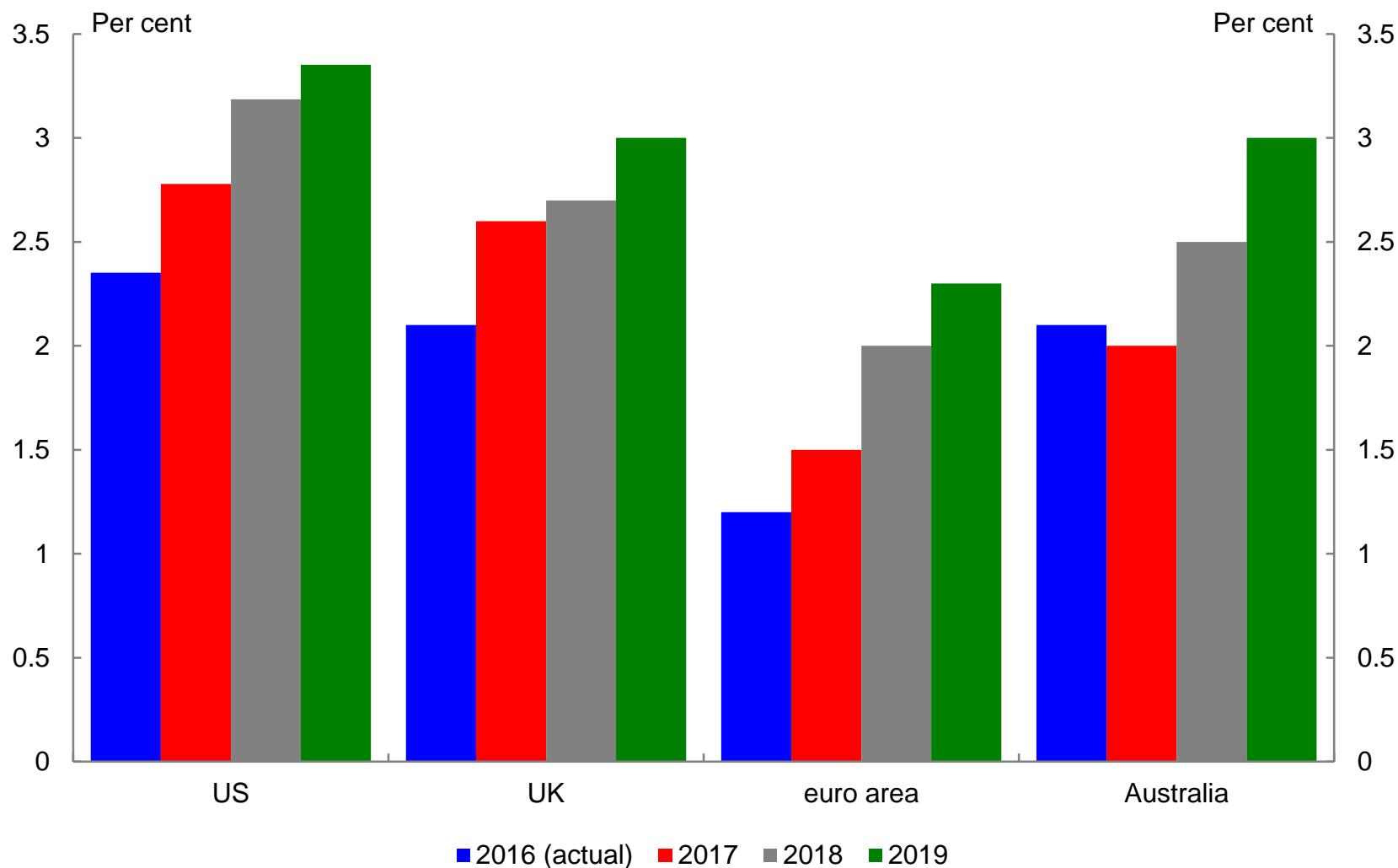
Many advanced economies have experienced low wage growth



Note: Measures used are Wage Price Index for Australia, Employment Cost Index for the US, and Labour Cost Index for the euro area, the UK and New Zealand

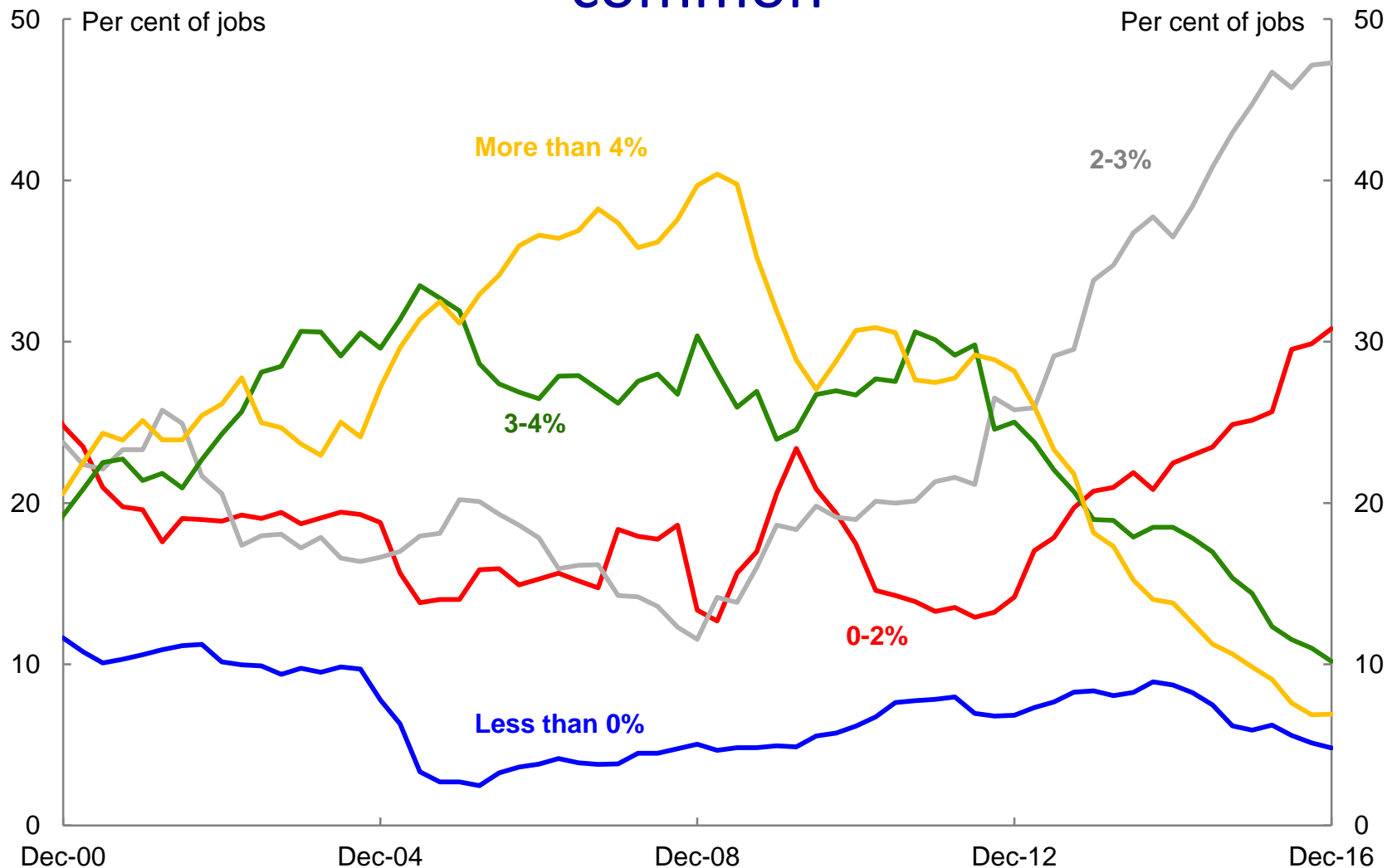
Source: Eurostat, Thomson Reuters

Authorities' forecasts for wage growth



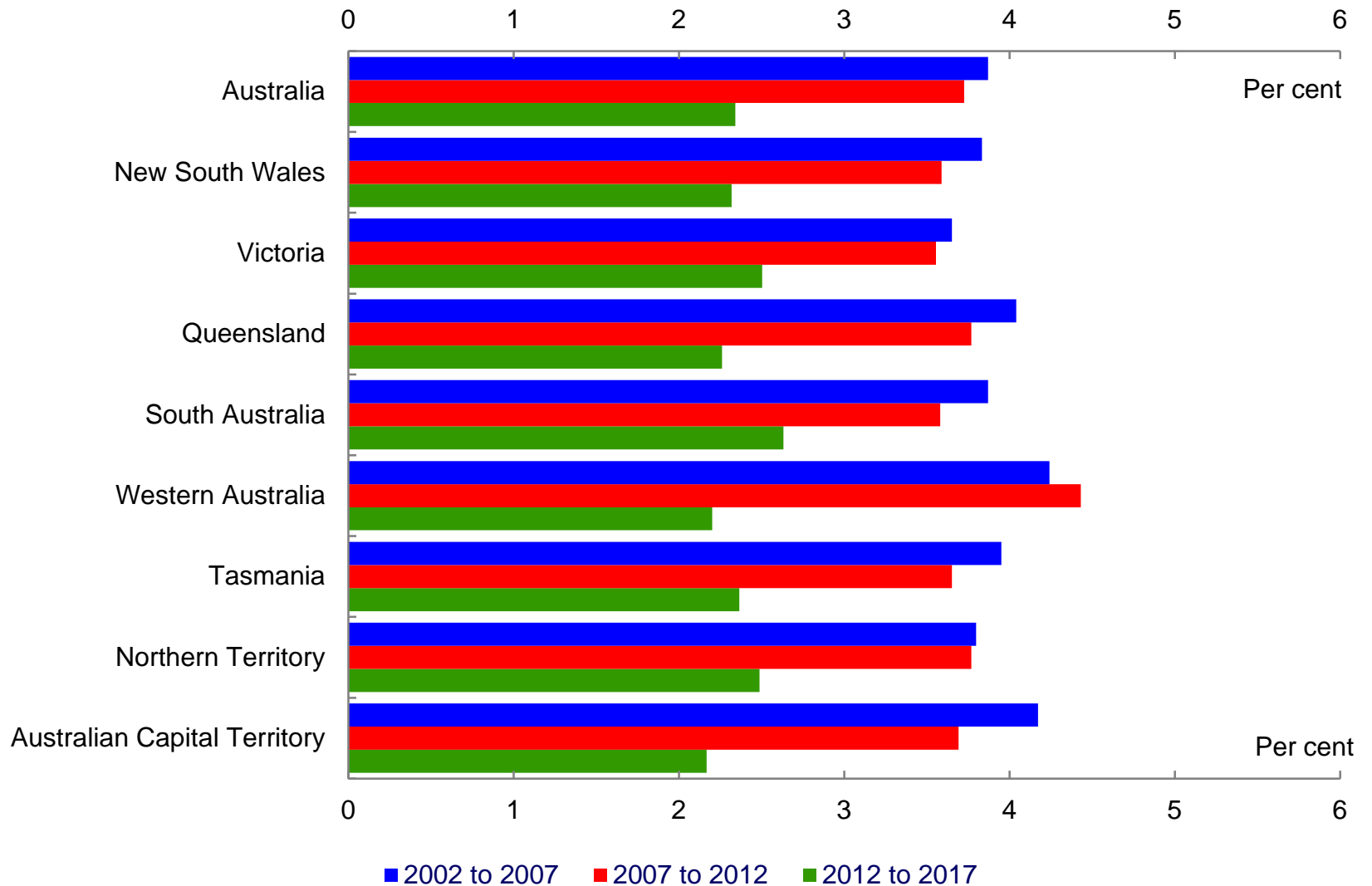
Note: Australian figures are for fiscal year 2015-16 onwards. Measures used are Wage Price Index for Australia, Employment Cost Index for the US, Labour Cost Index for the UK and compensation per employee for the euro area.
Source: Australian Budget, US CBO, UK OBR, ECB

Smaller wage increases have become more common



Note: As a share of jobs that experience a wage change; smoothed using a four-quarter moving average
Source: Joint ABS and RBA research

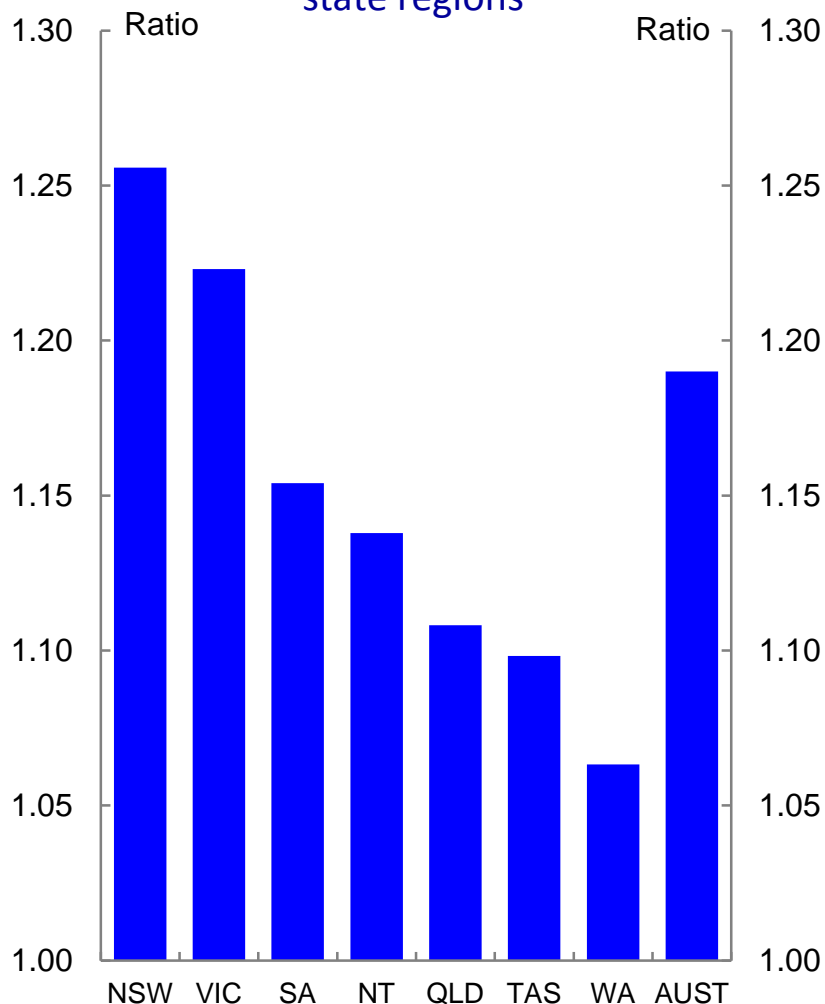
Wage growth by state



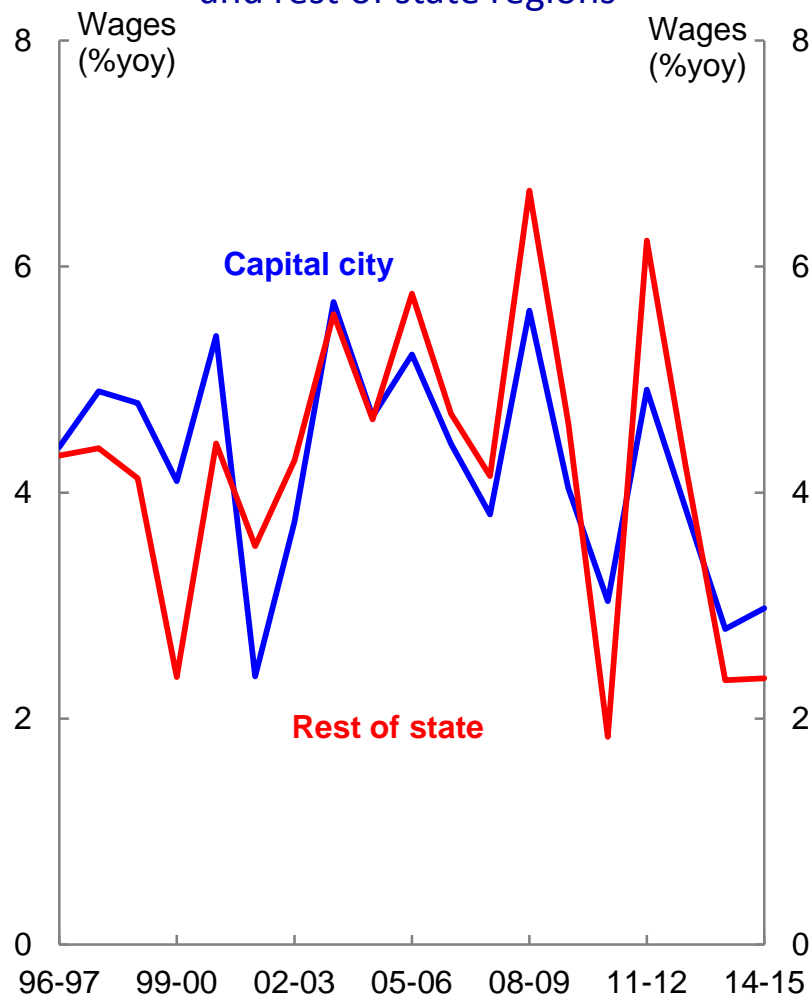
Note: Five-year annual average
 Source: ABS Cat. No. 6345.0

While there is a premium for working in **capital cities** wage growth in **regional areas** is relatively similar

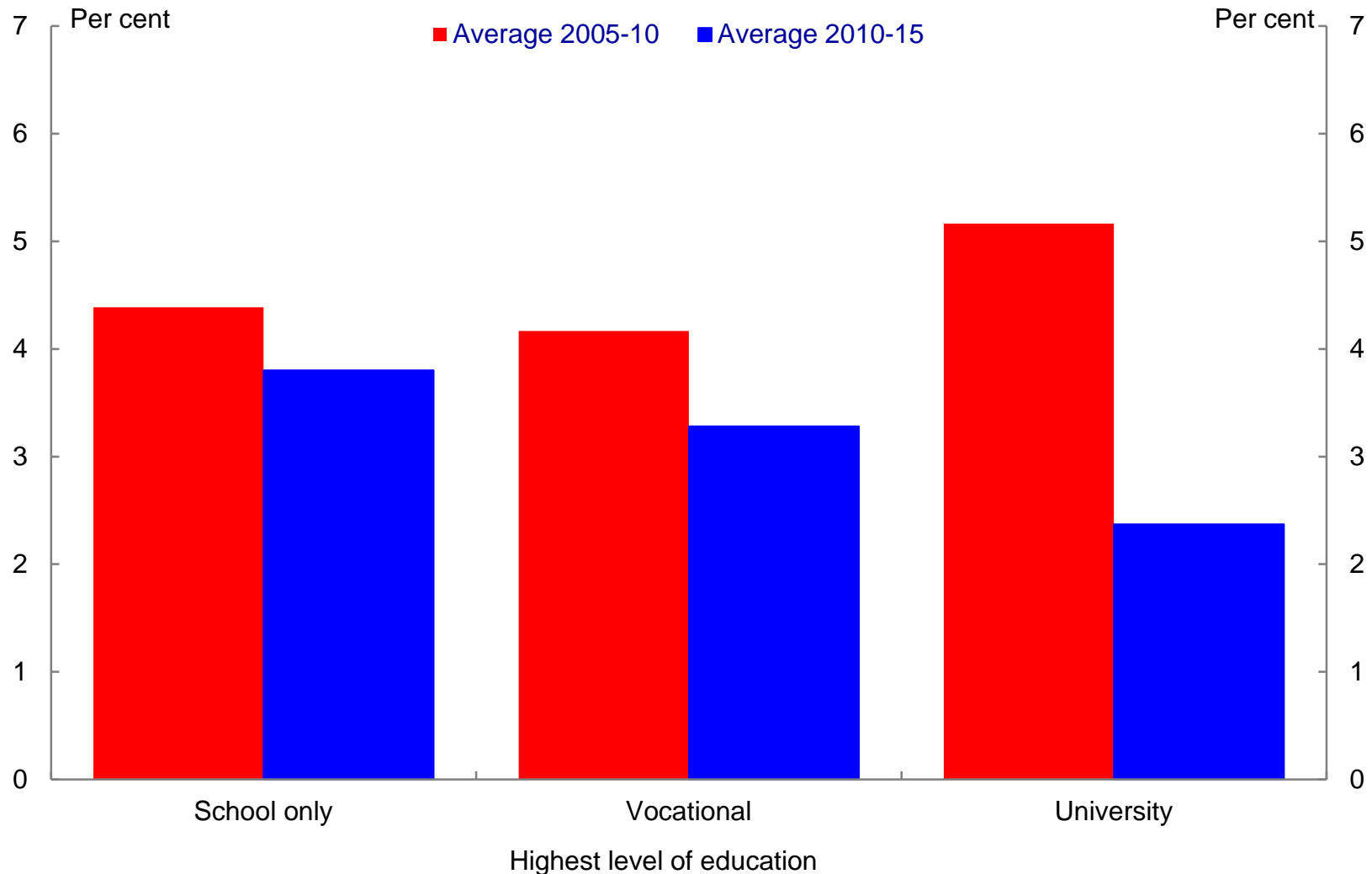
Ratio of capital city wage level over rest of state regions



Average wage growth across capital cities and rest of state regions



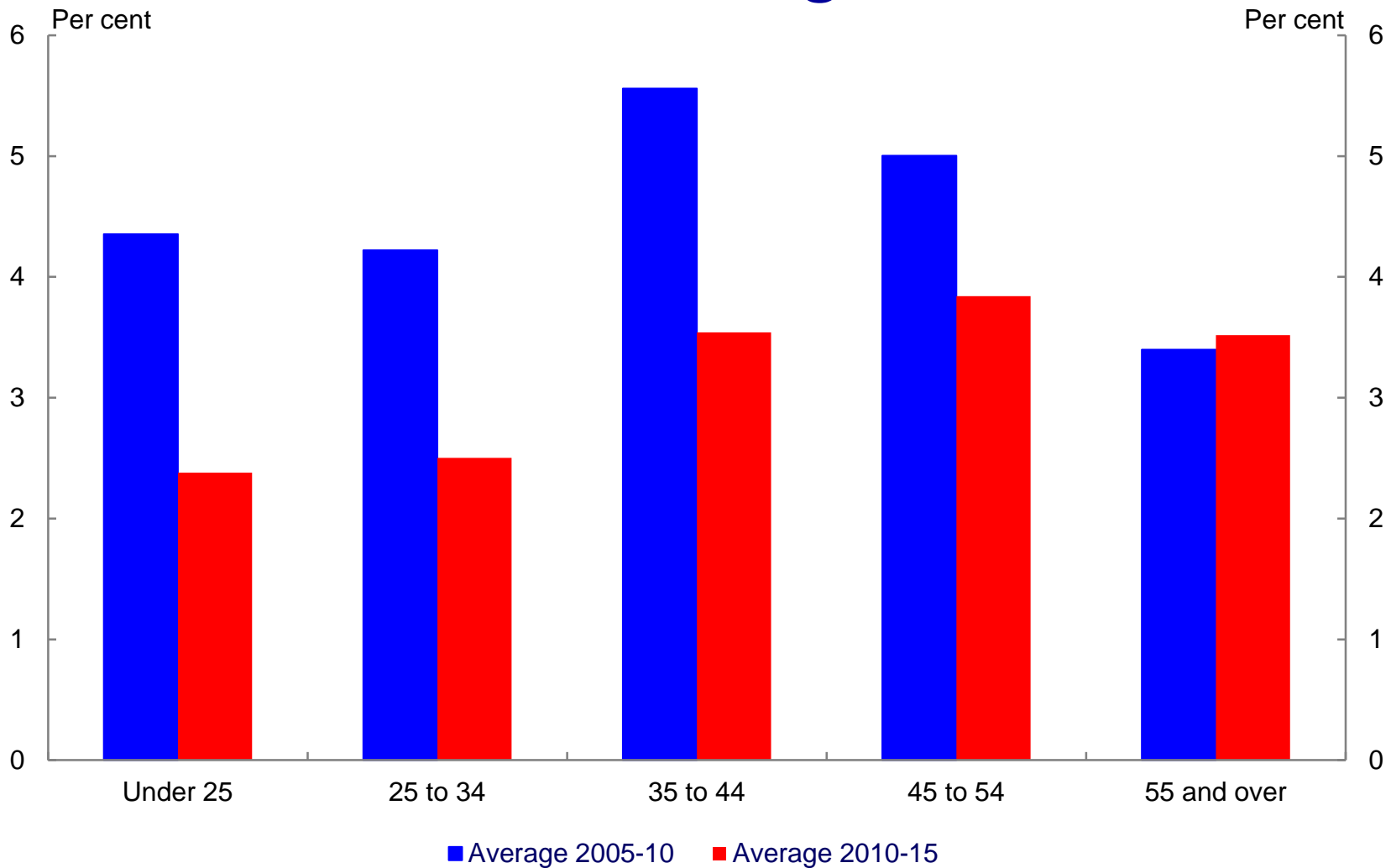
Annual wage growth for full-time employees has dropped for **university graduates**



Note: For employees aged 15-64

Source: Treasury calculations on HILDA Survey data, waves 1 to 15

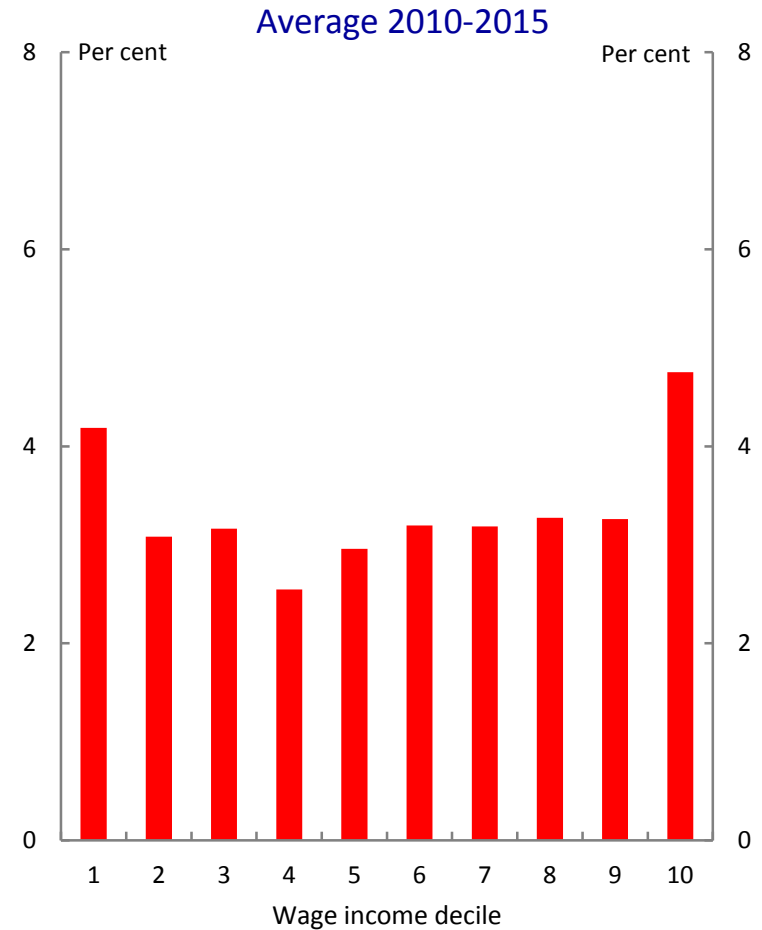
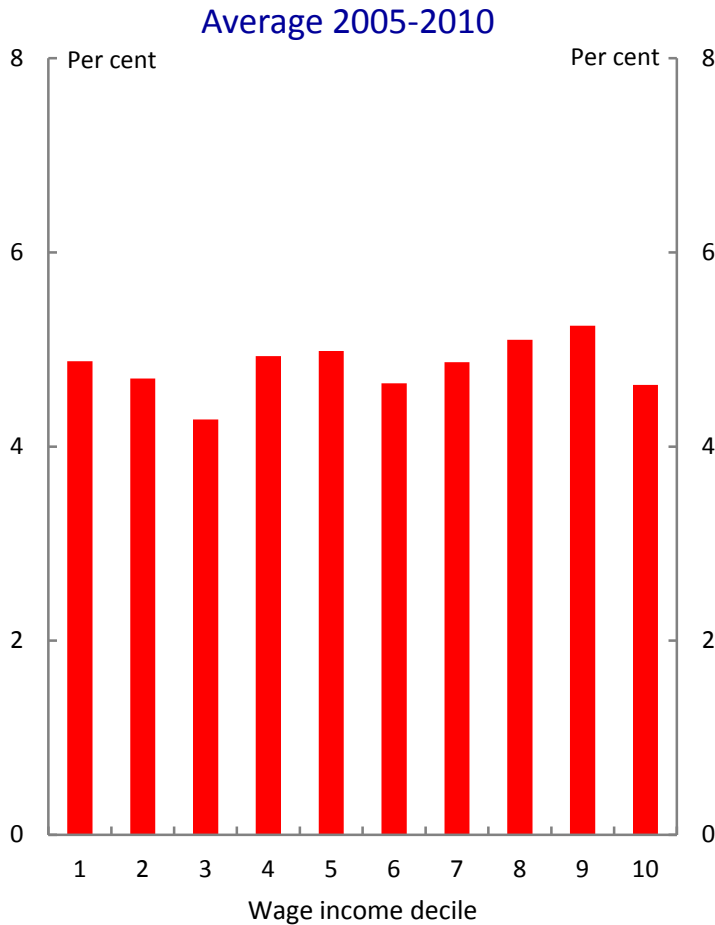
Annual growth in wage income has been weakest for those aged under 35



Note: For employees aged 15-64 working full time

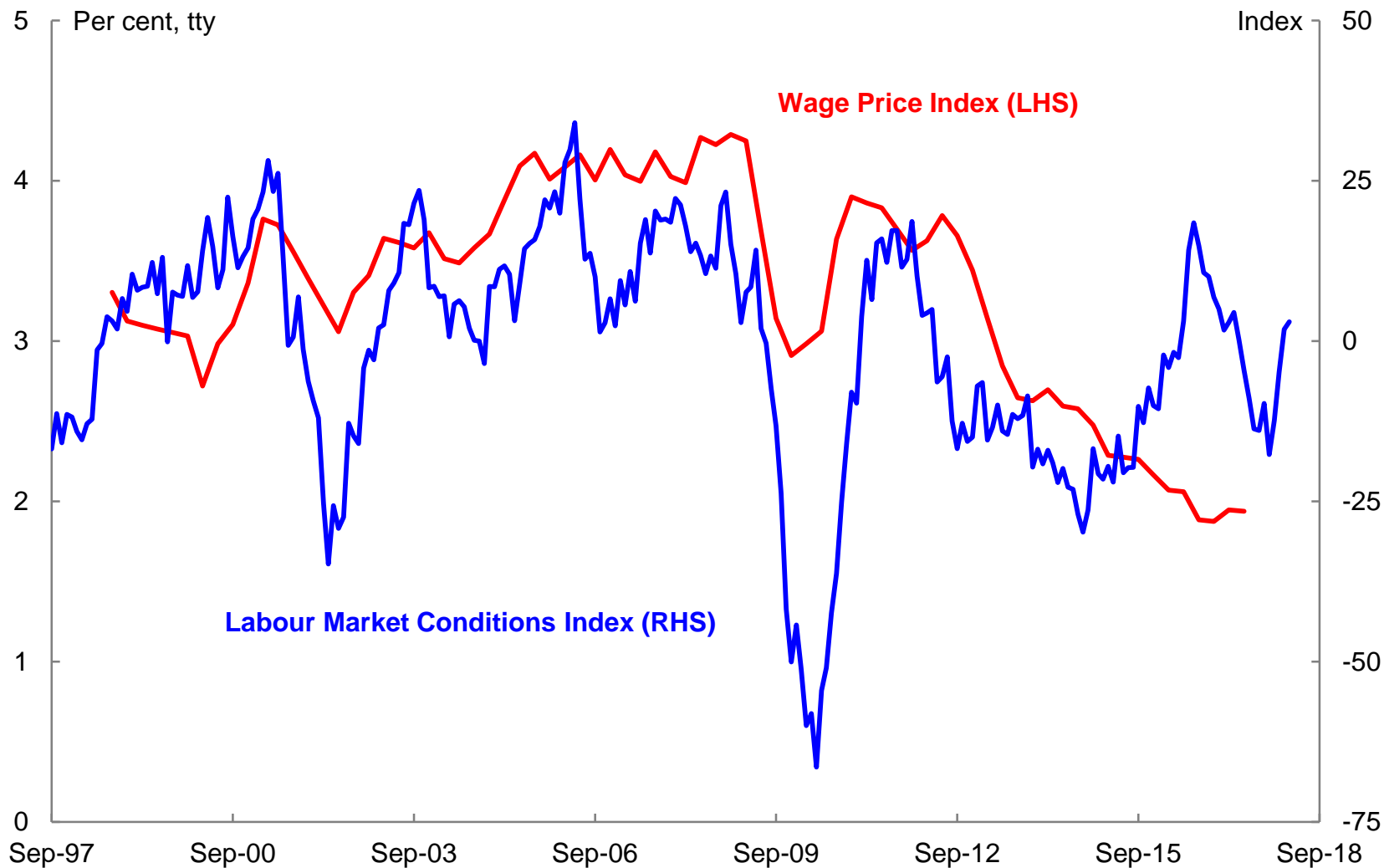
Source: Treasury calculations on HILDA Survey data, waves 1 to 15

Annual growth in weekly wage income for full-time employees across the **income distribution**



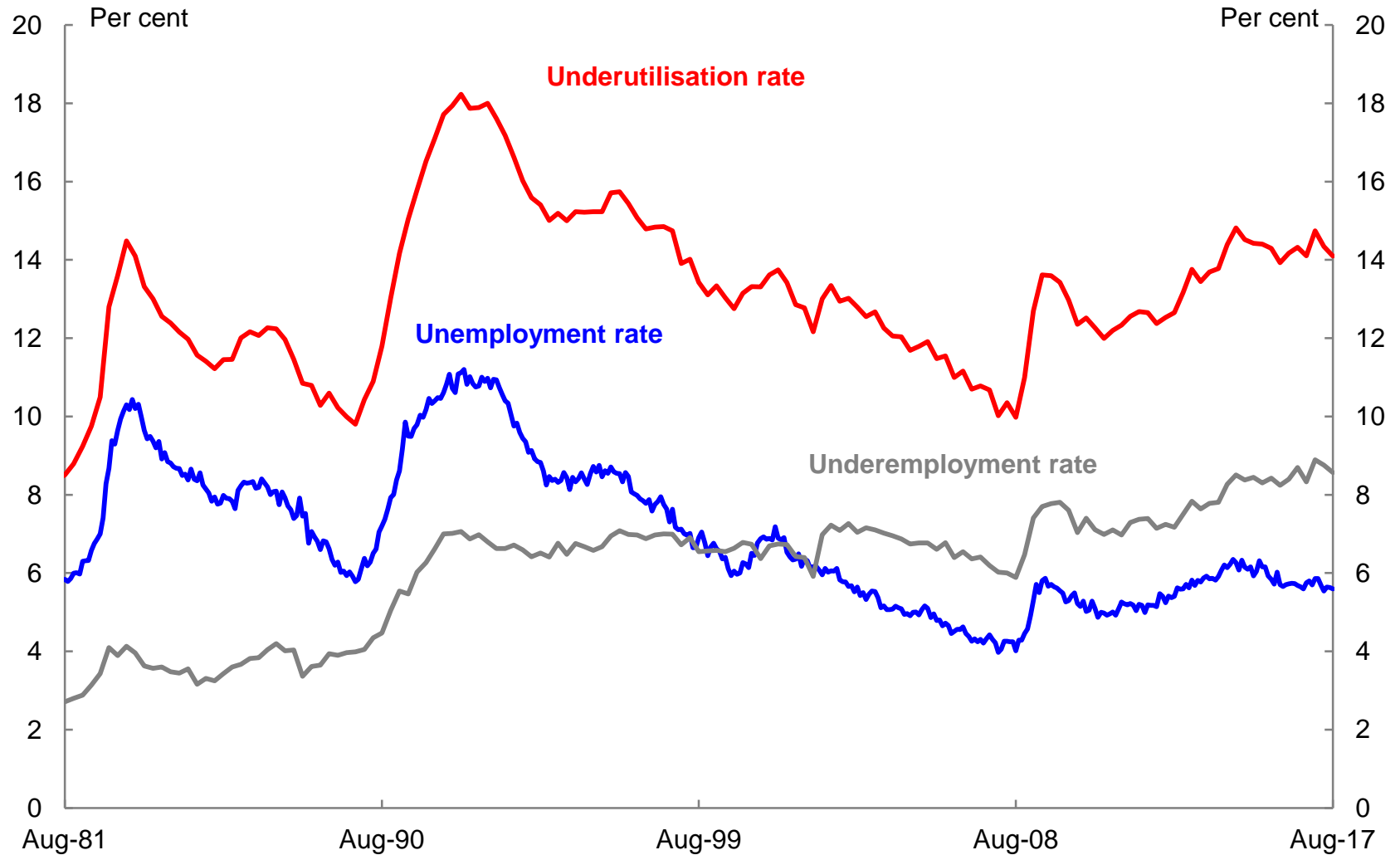
Source: Treasury calculations on HILDA Survey data, waves 1 to 15

Treasury's labour market conditions index



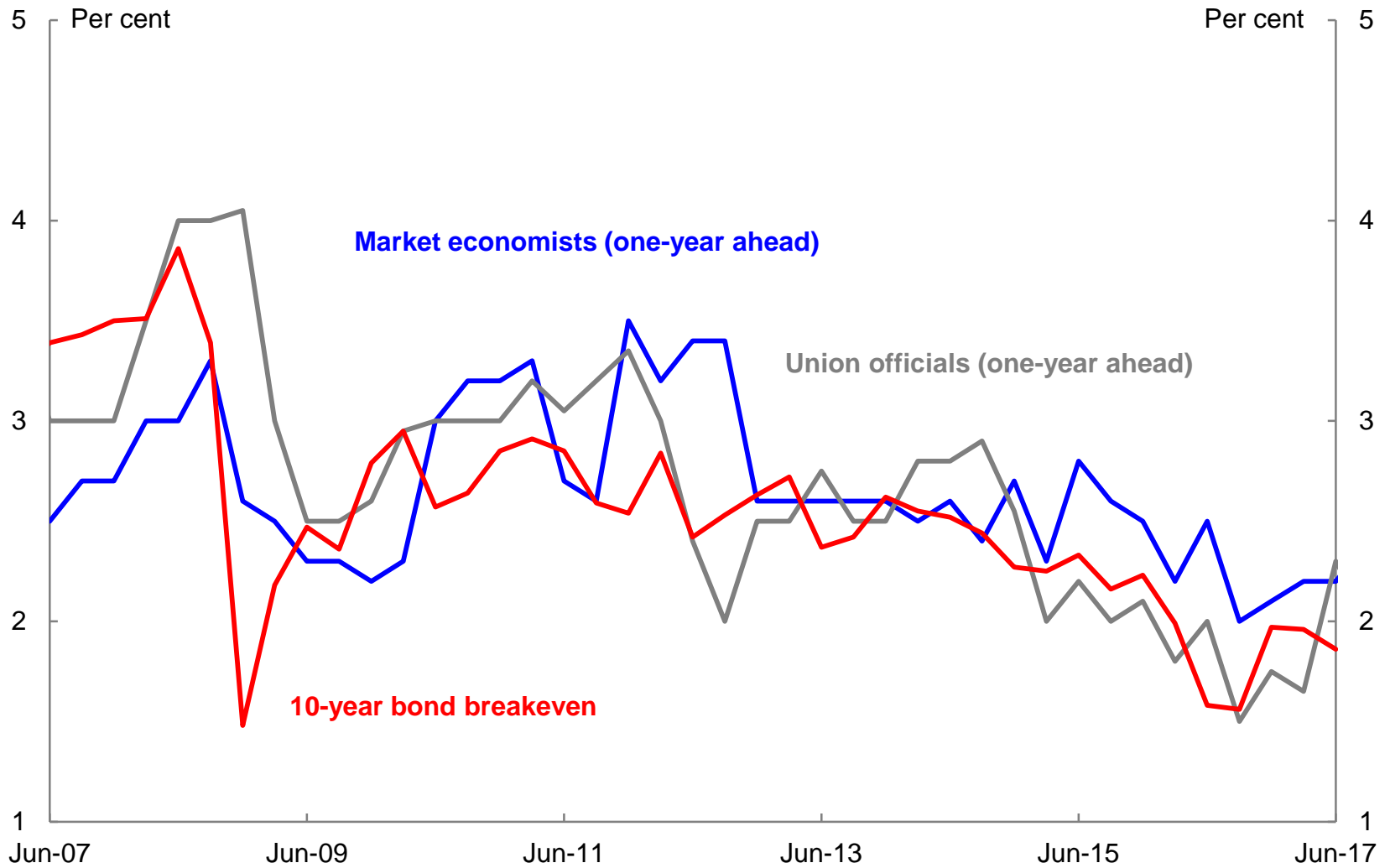
Note: Labour market conditions index is lagged 3 quarters
Source: ABS Cat. no 6345.0; Grant *et al* (2016) and Treasury

Measures of labour market spare capacity



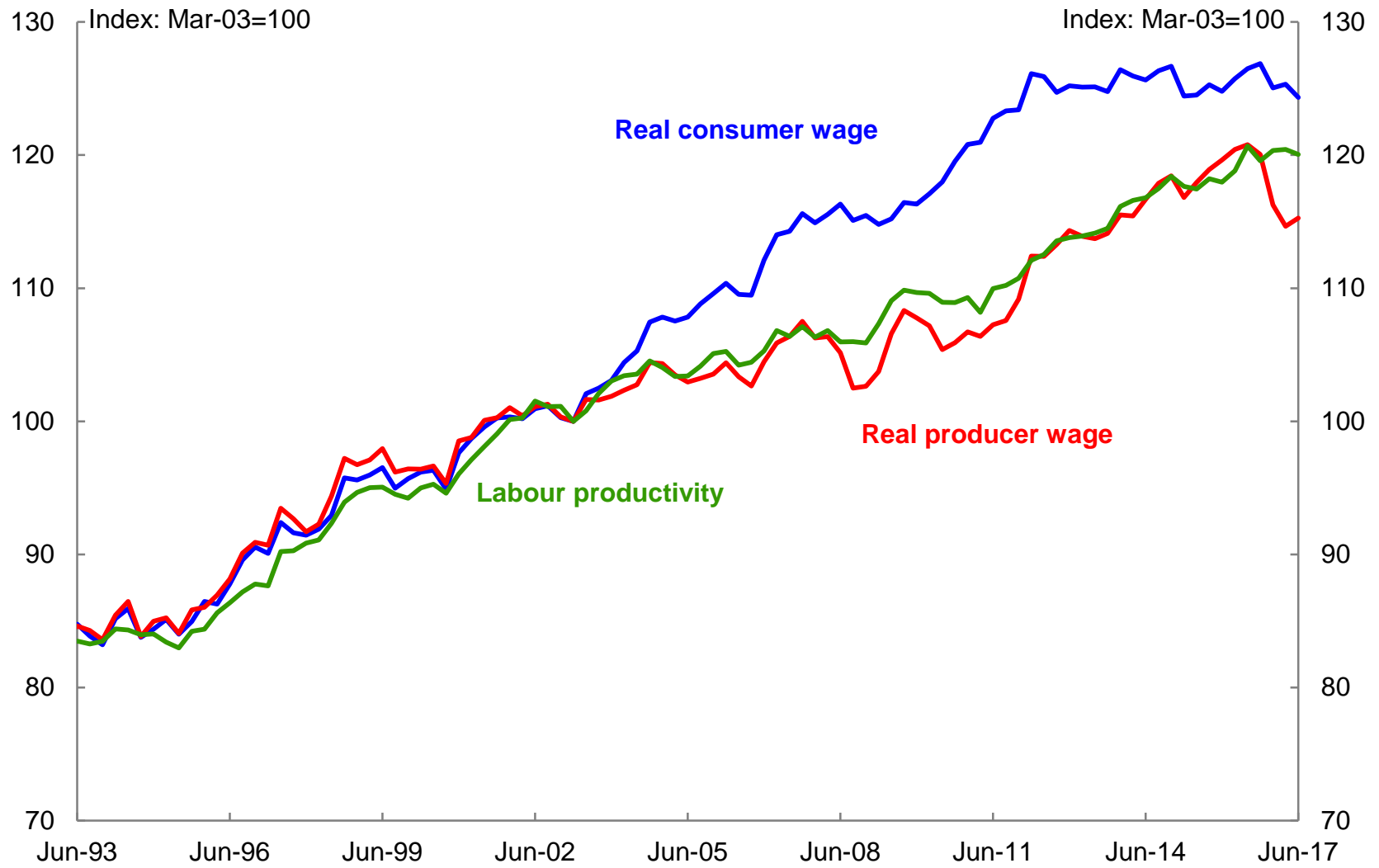
Source: ABS Cat. no. 6202.0

Inflation expectations



Source: RBA

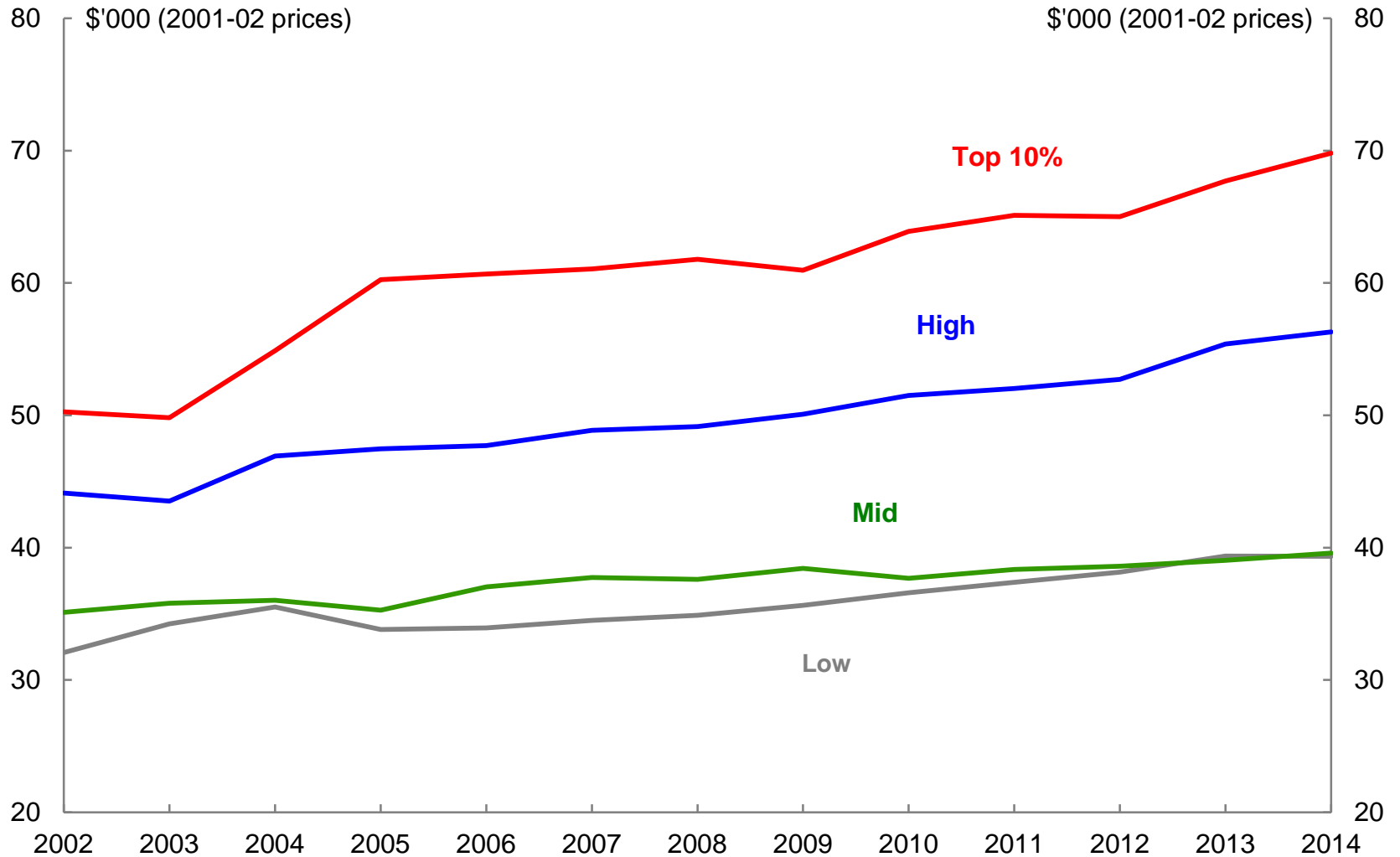
Real wages and productivity



Note: The real producer wage is AENA (per hour) deflated by the GDP deflator; the real consumer wage is AENA (per hour) deflated by the household consumption deflator; labour productivity is per hour

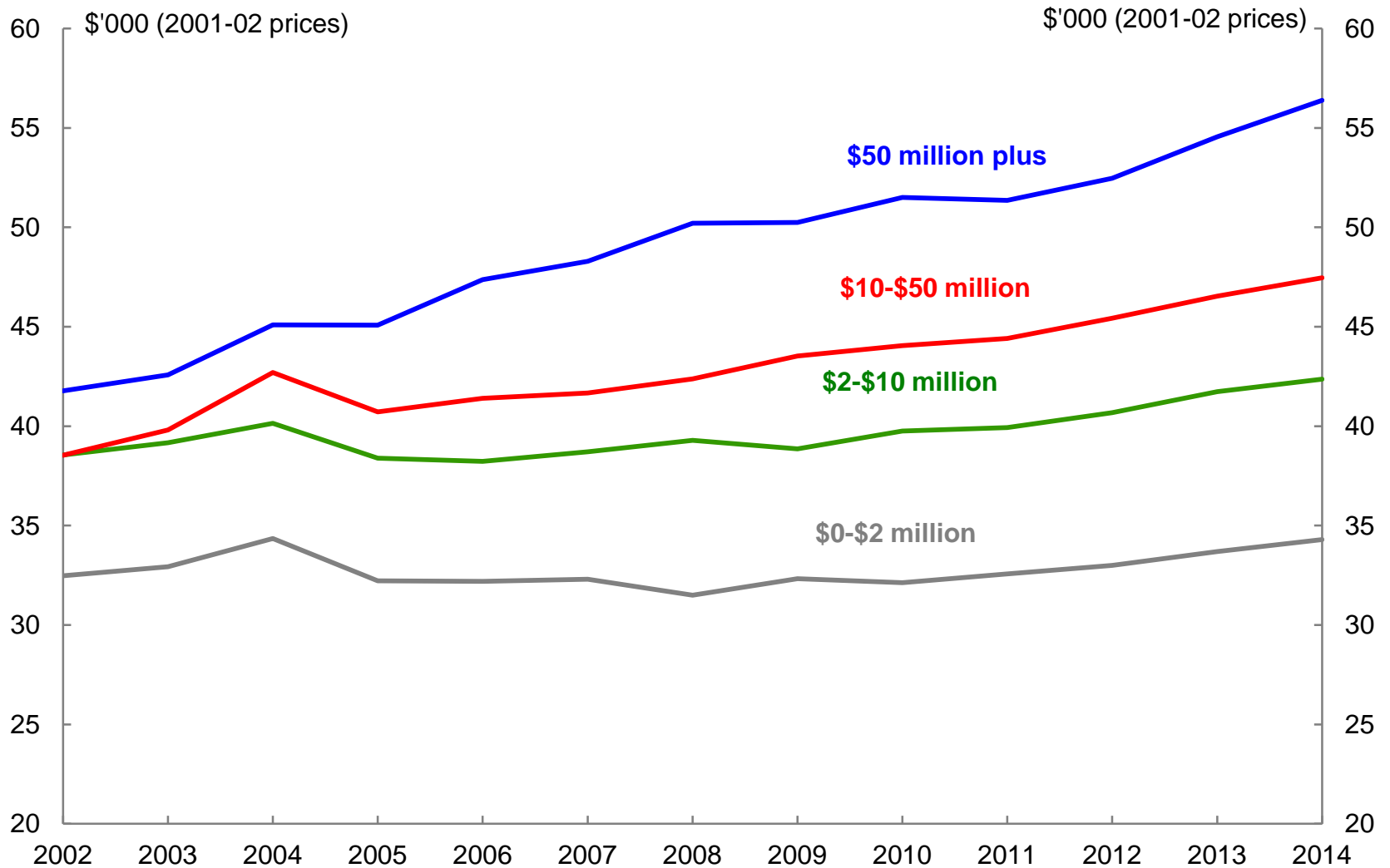
Source: ABS Cat. No. 5206.0, Treasury

Average real wages by business productivity



Source: BLADE and Treasury calculations

Average real wages by business size



Source: BLADE and Treasury calculations

Note: Business size refers to business turnover

Disclaimer

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