



Briefing Note

To: Argent Group Clients
From: Mr Chris Leck, Director Argent Group Pty Ltd
Date: 5th July, 2022

Market Remuneration Movements Over the Past Few Years

All organisations need to keep their remuneration up to date and the following table shows a range of wage movement information drawn from information published by the Australian Bureau of Statistics (ABS); as well as including market remuneration movements tracked by Argent Group over the past two years, and our *actual* 2021/2022 movements.

Table 1 provides information on wage movements and CPI drawn from the ABS and our own database for financial year 2019/20, for the period July to December 2021, and actual movements noted by Argent Group until the end of FY 2021/22. Although Covid is still with us, the economy has recovered well with almost record low unemployment, albeit with now surging inflation and interest rates, partly caused by factors external to the country. We hope this information will provide a useful context/background for our clients as they develop their remuneration increase budgets for financial year 2022/23 in the near future.

Table 1: Recent Economic and Market Remuneration Statistics

| | |
|--------------|---|
| AWE | 2.7% May 2018 to May 2019 3.1% November 2018 to November 2019 4.8% May 2019 to May 2020 2.1% November to November 2021 |
| WPI | 2.1% Annualised as at December quarter 2019 1.4% Annualised as at December quarter 2020 2.3% Annualised as at December quarter 2021 2.4% Annualised as at March quarter 2022 |
| CPI | 1.8% Annualised to December 2018 0.9% Annualised to December 2019 0.9% Annualised to December 2020 3.5% Annualised to December 2021 5.1% Annualised to March 2022 |
| Argent Group | 2.4% FY 2018/19 2.5% Calendar year 2019 1.8% FY 2019/20 1.6% Calendar year 2020 2.0% FY 2020/21 2.4% Calendar year 2021 2.5% to 3% FY 2021/22 |

Source: Australian Bureau of Statistics catalogue 6345.0, 6302.0 and 6401.0

Taken as a collective whole, the above statistical indicators continue to show that during the 'Covid years', 2020, and 2021, remuneration increases for were lower than trend, being 1.6% in 2020, and recovering to 2.4% in 2021. Argent Group forecast that in FY 2021/22, movements will be ~2.5%. For Award positions mid-way through an EB cycle, remuneration increases have mostly still been between 2.0% to 2.5%. Given inflationary pressures for the next two years and recent national wage case decisions, Argent Group expect that remuneration movements will increase more steeply in 2022/23.

Of the ABS figures, Argent Group advise that the Wages Price Index (WPI) is the best measure of wages inflation, and is published six weeks after the period it refers to. Average Weekly Earnings (AWE) is published by the ABS six months after the period it refers to, so is of little use for remuneration planning purposes.

CPI is also to be used with caution for remuneration purposes, as it is quite volatile. During the Covid years it went down to 0.9%, but in the past six months has gone from 3.5% at the end of December 2021, to be 5.1% in the March quarter, with higher increases to flow through for the whole of 2022 and most likely 2023 as well. Although it needs to be assessed, Argent Group's consistent preference is to use the WPI data and our own movement statistics as a guide for setting next year's pay ranges.

Argent Group has just recently finalised our own database measure of remuneration increases for 2021/22 which was 2.5% – a little higher than the most recent WPI movement to March 2022 at 2.4%.

We therefore recommend to our clients that a movement of 2.5% be used for their EC pay ranges for 2022/23. If you are able to budget a higher increase aggregate of ~3% or so, this will mean that incumbents will move up through the pay ranges, thus increasing their comparatio.



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