

## Pay Awards Analysis

### Upper quartile of pay awards reaches new heights

The median pay award across the economy has continued to rise and is now 2.3% for the three months to November 2021, according to the latest analysis from IDR. The upper quartile has risen sharply from 3.5% in October to 4.6% in the latest figures on foot of an increased proportion of higher-end awards worth 3% or more. Pay increases at this level now represent almost two-fifths of awards in our sample, which is based on 35 pay outcomes covering over 1 million employees. Looking ahead to 2022, initial analysis indicates that the median and upper quartile may continue to rise.

The private sector median remains at 2.6% but the upper quartile of awards here has risen to 4.8% - above the overall figure for the whole economy. This picture is very different from the same time last year when the median pay award in the private sector was 2.0% and the interquartile range of awards was between 0.0% and 2.5%. This time, over two-fifths (43%) of awards are worth 3% or more – the same proportion as in our last analysis – and the largest cluster of these exceeds 4%. Awards at this comparatively high level range between 4% and 11% and account for almost one-in-three outcomes in our sample. Such higher-end pay deals are dominant in private services, among employers in industries such as retail catering and road transport, which have been most affected by labour shortages.

In manufacturing, by contrast, the majority (70%) of awards continue to occur in the 2.0% to 2.99% bracket. However, this is a quiet time for pay-setting in this sector. We will closely observe any emerging changes to the picture in early 2022, particularly in January and April when the majority of awards are effective.

### Outlook for 2022

An early look at pay awards due to take effect in 2022 reveal that the rise in the median is likely to continue. Analysis of deals effective in 2022 shows that the median pay award across the economy is 2.7%, based on a sample of 27 outcomes monitored by IDR so far. The results predominantly reflect the picture in the private sector but the lifting of public sector pay restraint will no doubt also affect the pay scene across the economy next year.

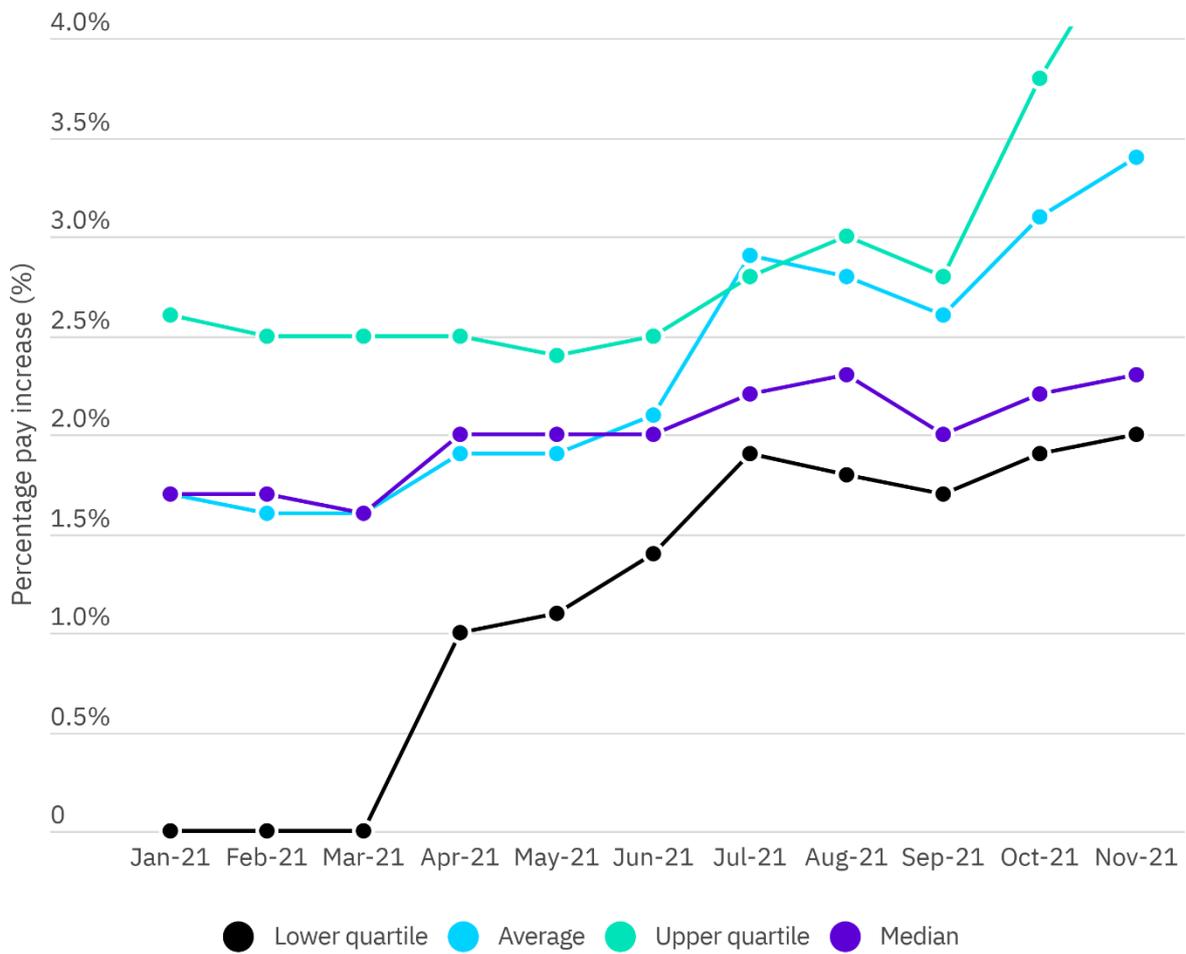
### Pay awards in the three months to the end of November 2021

	Whole economy	Private sector	Manufacturing and production	Private services
Lower quartile	2.0%	2.0%	2.0%	2.1%
Median	2.3%	2.6%	2.0%	3.3%
Upper quartile	4.6%	4.8%	2.2%	5.1%

Based on 35 pay awards covering 1,006,636 employees in total.

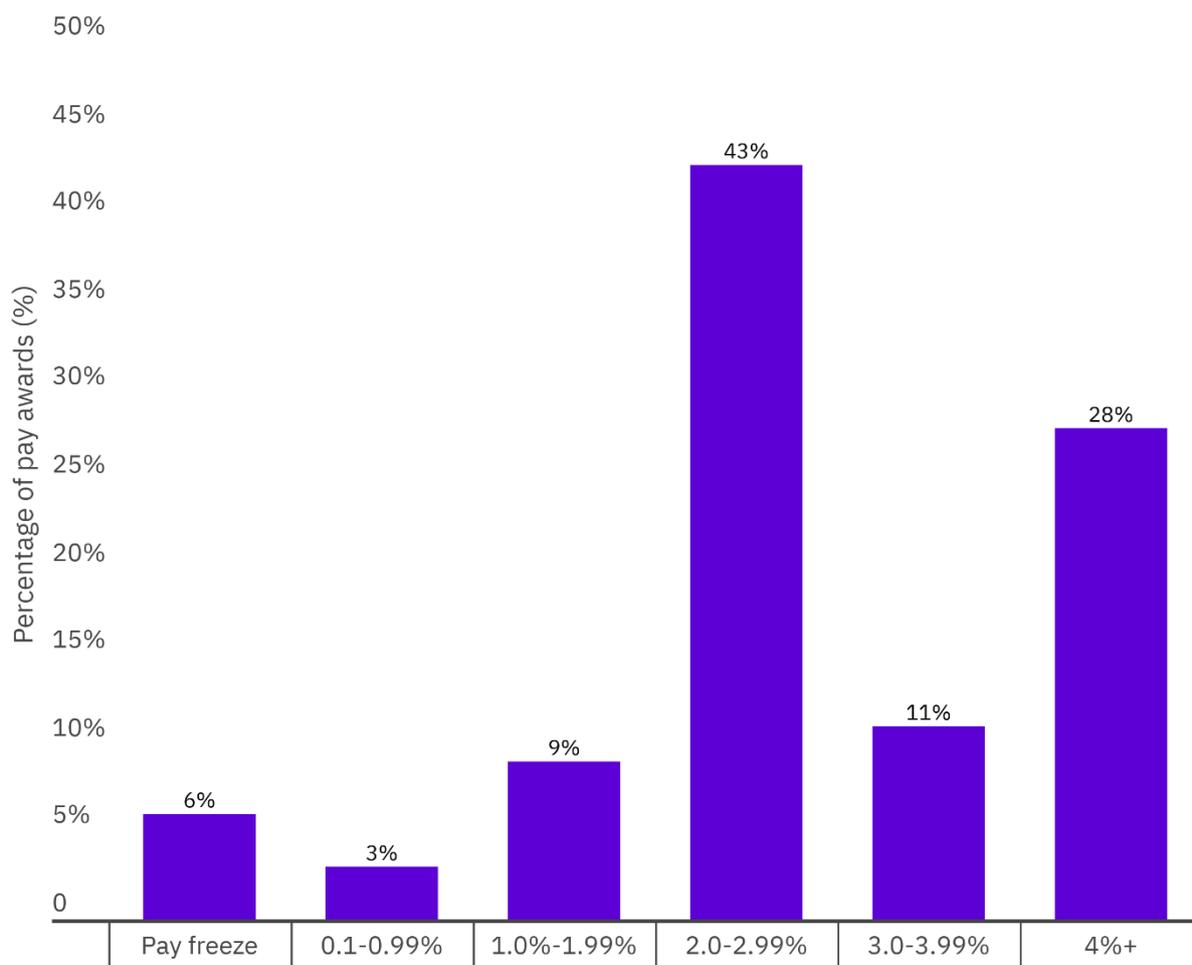
Source: IDR

## Whole economy pay increases, January to November 2021



Source: IDR

## Distribution of pay awards - three months to the end of November 2021



Source: IDR