

PAY AWARDS ANALYSIS – February 2021

Median pay award buoyed up by outcomes in private services

The median pay award across the economy has risen to 2.0% for the three months to February 2021, according to the latest analysis by IDR. The median had fallen to 1.8% in the three months to January but has recovered due to changes at each end of the distribution of pay awards. The uptick in the median has been influenced by both a drop in instances of pay freezes on one hand coupled with a rise in the proportion of higher-end awards worth 3% or more in private services.

In the private sector, the change in the median was more marked, with a rise from 1.6% to 2.0%. Awards in manufacturing dominate at this time of year and represent two-thirds of our sample yet they are not the leading cause of the elevated median. The change is rather a result of a significant increase to the median in private services – up from 0.5% to 1.8% - where the proportion of pay freezes fell from half of all outcomes to around a third (36%). Meanwhile, increases in the 3% plus range account for one-in-ten awards in the sector, compared to no awards at this level in the previous period.

Lockdown restrictions shuttered large pockets of private services and resulted in widely divergent pay outcomes in areas as such as retail and road transport. Instances of pay freezes occurred at many 'non-essential' businesses towards the end of 2020 but the arrival of spring has brought pay increases at food retail and wholesale (where pay awards are worth between 2% and 3%) into our sample.

The latest figures are based on a sample of 52 pay awards effective between 1 December 2020 and 28 February 2021, together covering over 200,000 employees.

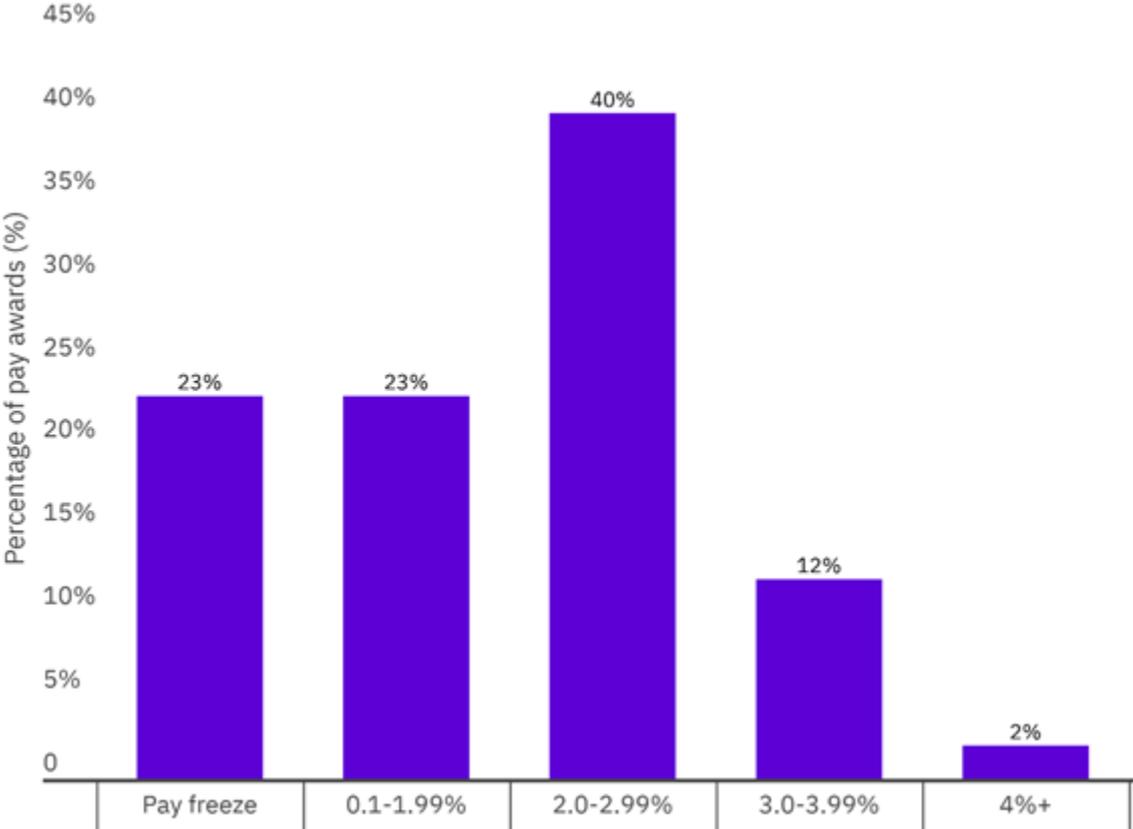
Pay awards in the three months to the end of February 2021

	Whole economy	Private sector	Manufacturing and production	Private services
Lower quartile	1.0%	1.0%	1.1%	0.0%
Median	2.0%	2.0%	2.0%	1.8%
Upper quartile	2.5%	2.5%	2.8%	2.2%

Based on 52 pay awards covering 200,685 employees

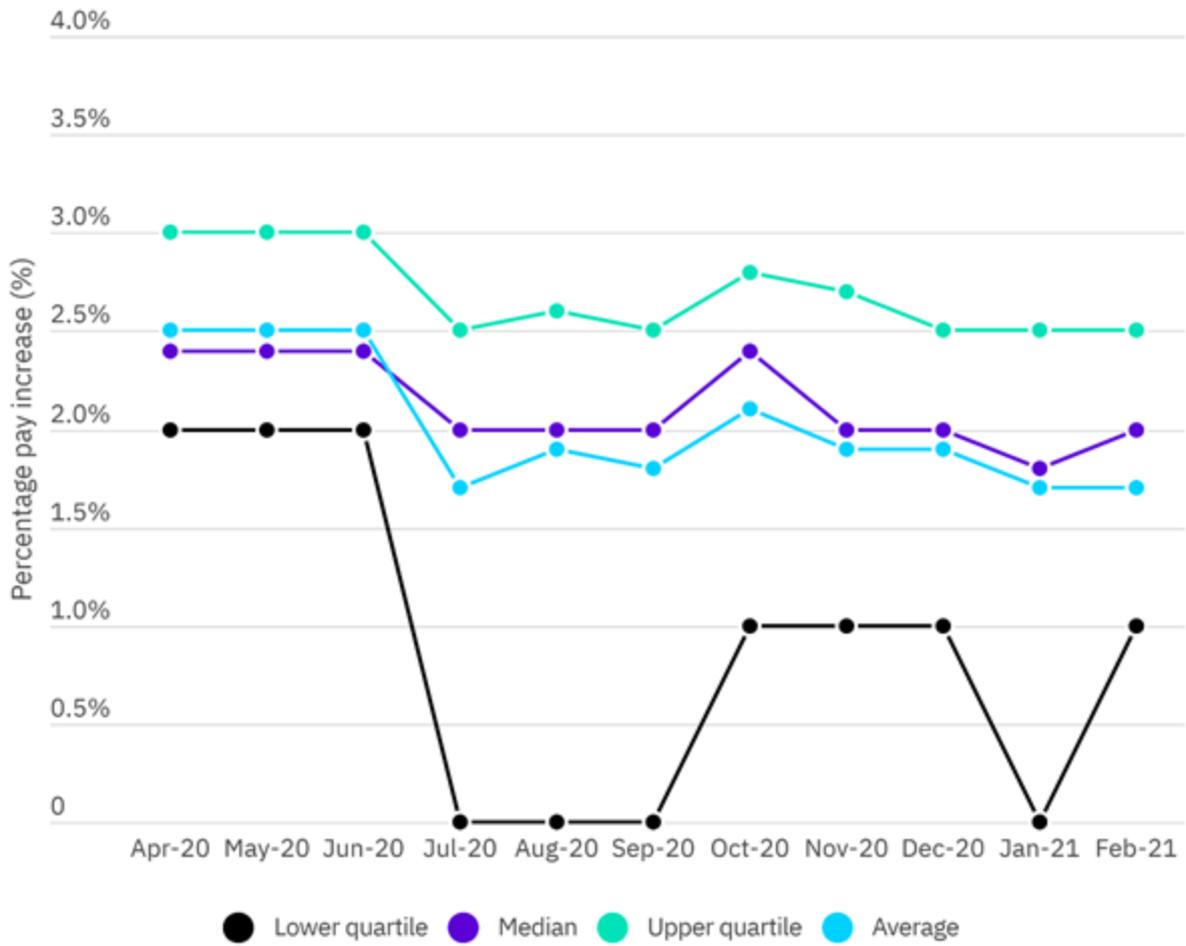
Source: IDR

Distribution of pay awards - three months to the end of February 2021



Source: IDR

Whole economy pay awards, April 2020 to February 2021



Source: IDR