

KNOW YOUR MARKET HUB



MARKET OVERVIEW – NOVEMBER 2016

AUSTRALIAN ECONOMY SNAPSHOT

Australian economic results continue to be for the most part favourable with GDP showing steady growth in the June quarter, and with the end of year GDP forecast remaining at around 2.5% to 3%, despite some economists revising their predictions slightly down. Inflation remains low with a growth of 1.3% in the year to September 2016 and expected to show little change for the remainder of the year. Unemployment rates also remain at historical low levels with many economists expecting the rate to remain low well in to next year. However, a holistic look at labour force figures shows that while unemployment has remained relatively low and steady, the participation rate has dropped. Growth has also been dominated by part-time job creation, which has been driven in large part and favourable to those wanting more flexible working arrangements but has also left a significant number of individuals wanting to work more hours feeling ‘under employed’. Furthermore, the September Wage Price Index (WPI), which measures changes in wage and salary costs for employee jobs unaffected by changes in the quality and quantity of work performed, recorded a historic low, moving year on year by just 1.9%.

‘THE MARKET’

Over the last month the market has remained largely unchanged, with the [market heat index](#) just slipping slightly into the negative from 0.1% in October to -0.1% in November. Results for the [remuneration sentiment index](#) fell for the first time in three months to a low of -5.5% in November 2016. This result was largely driven by a significant rise in the proportion of organisations indicating that conditions in their organisation today are either the same or worse than in the past six months, as well as a significant rise in the proportion of organisations indicating that conditions across the market are worse than in the past six months. This is an interesting result, particularly given the fundamentals of the economy and business performances remains unchanged from the previous cycle. On a more positive note, job market results this month were encouraging, hitting parity in November from -1.2% in the previous month, with the market now offering new employees salaries on average equal to existing employees.

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TRENDS IN REMUNERATION

The median general market employment cost same-incumbent movement remained steady and unchanged at 3% in November. EC movements for para-professionals (3.2%) continue to be above all other staff categories, while all other staff categories remain below the general market.

The Australian Capital Territory (3.5%) and Tasmania (3.5%) recorded the highest annual increase. Other states were in line with the national movements with the exception of Western Australia and Northern Territory, both well below the national rate.

The [pay increase barometer](#) this month is showing some mixed results with a similar proportion of individuals receiving 'above' (expansion) and 'below' (contraction) market increases. There was also a significant drop in the proportion of individuals receiving 'at' (stable) market increases this month from 52% in October to half that number in November.

Despite the mixed results, the 2016/2017 salary forecast remains unchanged at 3% at least for now, echoing the response provided by the majority of sentiment index participants who expect remuneration budgets and hiring conditions to remain the same for the next six months.

OVERALL

Results this month suggest a slight softening, however for the most part continue to indicate on-going stability in the market. Furthermore, the Australian economy has continued to hold its own and grow at a steady rate despite world events.

At this stage we expect conditions to remain fairly stable and to see little change in the remuneration market going in to next year. Whether we will experience any significant growth next year remains to be seen and unlikely to be felt until the latter part of 2017.



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