Earnings premiums by qualification level

Mixed messages from earnings premiums continue

The weekly earnings premium for people with a higher-level qualification has increased from a low point in 2012. In contrast, their hourly earnings premium is now lower than in 2012.

Despite this difference, tertiary-qualified people have a substantial earnings advantage over those without a qualification.

Indicator description

An earnings premium is the additional amount earned by people with a qualification as a percentage of the earnings of people without a qualification.

Weekly and hourly earnings premiums diverge

Despite the divergence between the weekly and hourly earnings premiums, people with higher-level qualifications have a substantial earnings advantage. This advantage appears to be larger based on the weekly earnings indicator.

The median weekly earnings premium for people with a bachelors or higher qualification has continued to increase. Compared to those without a qualification, the premium increased from 161 percent in 2016 to 170 percent in 2017. This compares with a low point of 143 percent in 2012.
Figure 1: Median weekly earnings premium for the population aged 15 years and over by highest qualification, compared to people without a qualification

Notes:
1. In June 2013, the qualification question in the Household Labour Force Survey was updated, leading to improved estimates of people with school qualifications.
2. From 2013, ‘tertiary diplomas and certificates’ excludes level 7 diplomas and certificates.
3. From 2013, ‘no qualification’ excludes people who did not state their qualification.
4. Data for 2013 is based on the June, September and December quarters.
5. From 2013 onwards, the detailed data is not directly comparable with previous years due to the above changes.
6. The median weekly earnings are based on the weekly pay information from all jobs held by people. The numbers of hours worked by people varies.


The median hourly earnings premium for people with a bachelors or higher qualification has been moving in the opposite direction to the weekly premium. Compared to those without a qualification, the premium decreased from 55 percent in 2016 to 51 percent in 2017.

The latest decrease in the hourly premium was mainly the result of an increase in earnings for people without a qualification. The earnings of people with qualifications remained either unchanged or almost unchanged.

Factors contributing to changes in the median earnings may include data measurement errors, changes in economic conditions, and external (to the economy) factors.
Figure 2: Median hourly earnings premium for the population aged 15 years and over by highest qualification, compared to people without a qualification

Notes:
1. In June 2013, the qualification question in the Household Labour Force Survey was updated, leading to improved estimates of people with school qualifications.
2. From 2013, ‘tertiary diplomas and certificates’ excludes level 7 diplomas and certificates.
3. From 2013, ‘no qualification’ excludes people who did not state their qualification.
4. Data for 2013 is based on the June, September and December quarters.
5. From 2013 onwards, the detailed data is not directly comparable with previous years due to the above changes.
6. Median hourly earnings are based on the usual weekly pay from people’s main job.


Reference