



Department of Consumer  
and Employment Protection  
Government of Western Australia

Labour Relations Division

The  
**Western Australian  
Labour Market Bulletin**

A collection of Western Australian labour market statistics in comparison with jurisdictions  
across Australia.

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# Overview

Western Australia's labour market continued to perform strongly in the June 2008 quarter with sustained low unemployment, high total employment and high participation rates.

Western Australia recorded its highest employment figures in 30 years with total employment reaching 1,135,100 in June 2008. Unemployment has remained low with just 3.2 per cent unemployment recorded in Western Australia in June 2008.

Western Australia's tight labour market has contributed to sustained wages growth – the Western Australia's Wage Price Index increased by 1.4 per cent in the June quarter 2008.

Average Weekly Ordinary Time Earnings in Western Australia rose by 0.5 per cent in the May quarter 2008 and 8.5 per cent in the year to May 2008.

The Western Australian Industrial Relations Commission registered eight industrial agreements with wage outcomes in the June quarter 2008 – resulting in an average annualised wage increase per employee of 4.8 per cent.

Inflation in Perth continued to track closely with the national average during the June quarter 2008. The Consumer Price Index in Perth rose by 1.6 per cent, while the annual inflation rate for the year to June 2008 was 4.5 per cent.

The number of working days lost per thousand employees in Western Australia fell to 1.4 in the June quarter 2008 – significantly below the corresponding national figure of 9.2.

**Table 1 • Summary of key Western Australian results for the most recent quarter in 2008**

Indicator	Result
Total number of persons employed - June 2008 - seasonally adjusted	1,138,900
Growth in total employment - June 2007 to June 2008 - seasonally adjusted	2.6%
Unemployment rate - June 2008 - seasonally adjusted	3.2%
Youth unemployment rate - June 2008 - original data	14.7%
Participation rate - June 2008 - seasonally adjusted	68.2%
- males	75.9%
- females	60.5%
Wage Price Index - quarterly growth - June quarter 2008 - original data	1.4%
Wage Price Index - annual growth - June 2007 to June 2008 - original data	5.6%
Average Weekly Ordinary Time Earnings - May quarter 2008 - seasonally adjusted	\$1,268.40
Real wages growth - June 2007 to June 2008	4.2%
Number of industrial agreements with wage outcomes registered - June quarter 2008	8
Average annualised wage increase per employee for agreements registered - June quarter 2008	4.8%
Gender Pay Gap - May quarter 2008 - seasonally adjusted	27.1%
Consumer Price Index growth - June quarter 2008 - seasonally adjusted	1.6%
Industrial disputes - working days lost per thousand employees - June quarter 2008	1.4

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# Employment

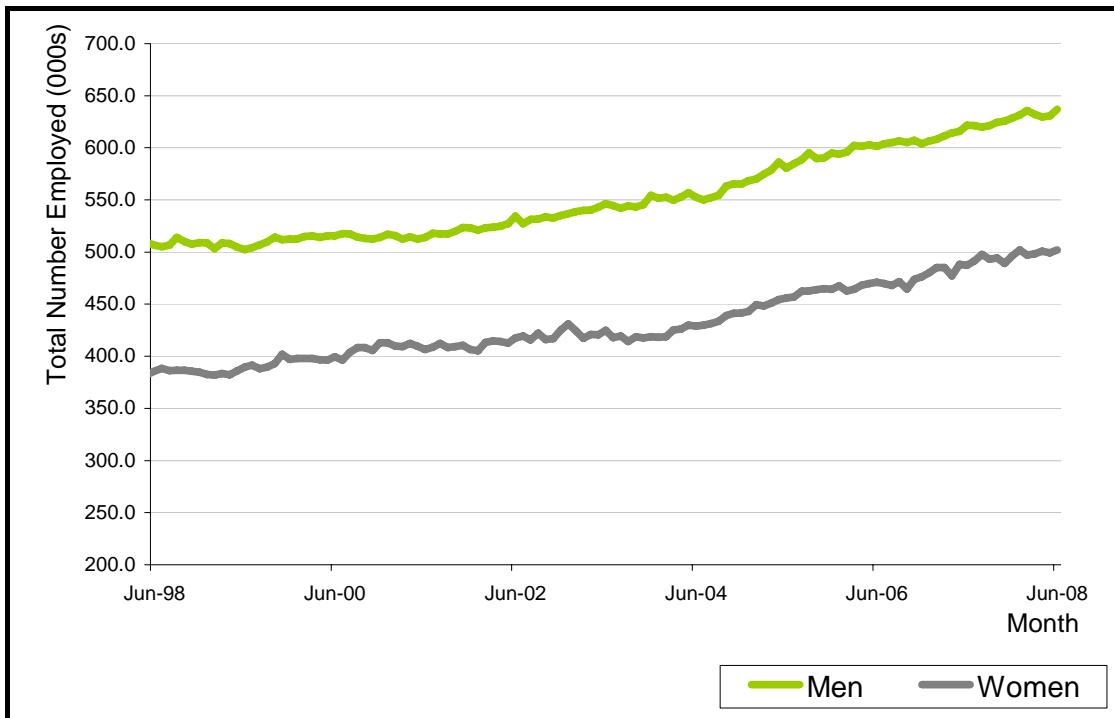
## Employment Growth

By the end of the June quarter 2008, total employment in Western Australia had grown to 1,138,900 persons on a seasonally adjusted basis - 637,000 men and 502,000 women.

From June 2007 to June 2008, total employment in Western Australia rose by 29,800 persons. This continues the trend of positive employment growth in Western Australia as seen in Fig. 1.

Of the total Western Australian workforce, 835,100 persons were employed on a full time basis - 559,100 full time male and 276,000 full time female employees.

**Fig 1 • Employment growth by sex • Western Australia • seasonally adjusted**



Source: ABS Cat. 6202.0

## Employment by Industry

Table 2 shows how many people were employed in each industry in Western Australia during the previous quarter. The top three industries on the list, Retail trade, Property and business services and Construction, account for almost 35 per cent of those employed in Western Australia.

**Table 2 • Number of employed persons by industry in Western Australia • original data**

Industry by ANZIC Division	Total employed May 2008 (‘000)	Percentage of total workforce (%)
Retail trade	148.7	13.2
Property and business services	132.3	11.7
Construction	121.9	10.8
Health and community services	108.6	9.6
Manufacturing	105.6	9.4
Education	85.8	7.6
Mining	73.8	6.5
Government administration and defence	47.0	4.2
Accommodation, cafes and restaurants	44.6	4.0
Wholesale trade	43.9	3.9
Transport and storage	43.8	3.9
Personal and other services	43.6	3.9
Agriculture forestry and fishing	36.5	3.2
Finance and insurance	29.1	2.6
Cultural and recreational services	28.3	2.5
Communication services	19.9	1.8
Electricity, gas and water supply	15.3	1.4
<b>Total employed across all industries</b>	<b>1128.6<sup>1</sup></b>	<b>100.0<sup>1</sup></b>

Source: ABS Cat. 1367.5

<sup>1</sup> Numbers do not add up exactly to the totals due to rounding

## Unemployment

The unemployment rate (the percentage of the labour force that is unemployed) is the main measure of unutilised labour.

The seasonally adjusted unemployment rate in Western Australia remained low by historical standards throughout the June quarter 2008 – 3.3 per cent in April, 3.6 per cent in May and 3.2 per cent in June.

Nationally, the seasonally adjusted unemployment rate was 4.3 per cent in April, May, and June.

**Table 3 • Unemployment rate • state comparison • seasonally adjusted**

State	June 2008 (%)	May 2008 (%)	April 2008 (%)
SA	4.7	5.0	4.9
NSW	4.7	4.8	4.6
Vic	4.6	4.3	4.7
Tas	4.2	4.3	4.2
Qld	3.7	3.8	3.8
WA	3.2	3.6	3.3
Aus	4.3	4.3	4.3

Source: ABS Cat. 6202.0

## Youth Unemployment

The youth unemployment rate measures the proportion of 15-19 year olds in the labour force looking for full time work in any given month.

Western Australia continued to record relatively low youth unemployment throughout the June quarter 2008 – 11.3 per cent in April, 12.7 per cent in May and 14.7 per cent in June.

In contrast, the national youth unemployment rate was 18.2 per cent in April, 17.4 per cent in May and 17.3 per cent in June.

**Table 4 • Youth unemployment rate • state comparison • original data**

State	June 2008 (%)	May 2008 (%)	April 2008 (%)
SA	29.7	24.7	23.5
NSW	20.1	20.3	21.6
Tas <sup>2</sup>	19.3	13.2	16.6
Vic	17.7	17.6	19.1
WA	14.7	12.7	11.3
Qld	12.3	15.0	15.6
Aus	17.3	17.4	18.2

Source: ABS Cat. 6202.0

<sup>2</sup> The Tasmanian figures are subject to sampling variability too high for most practical purposes.

## Participation Rate

The participation rate measures the proportion of the civilian population aged 15 and over participating in the labour force.

Western Australia maintained a relatively high level of labour force participation throughout the June quarter 2008 - recording figures of 68.1 per cent in April, 68.2 per cent in May and 68.2 per cent in June.

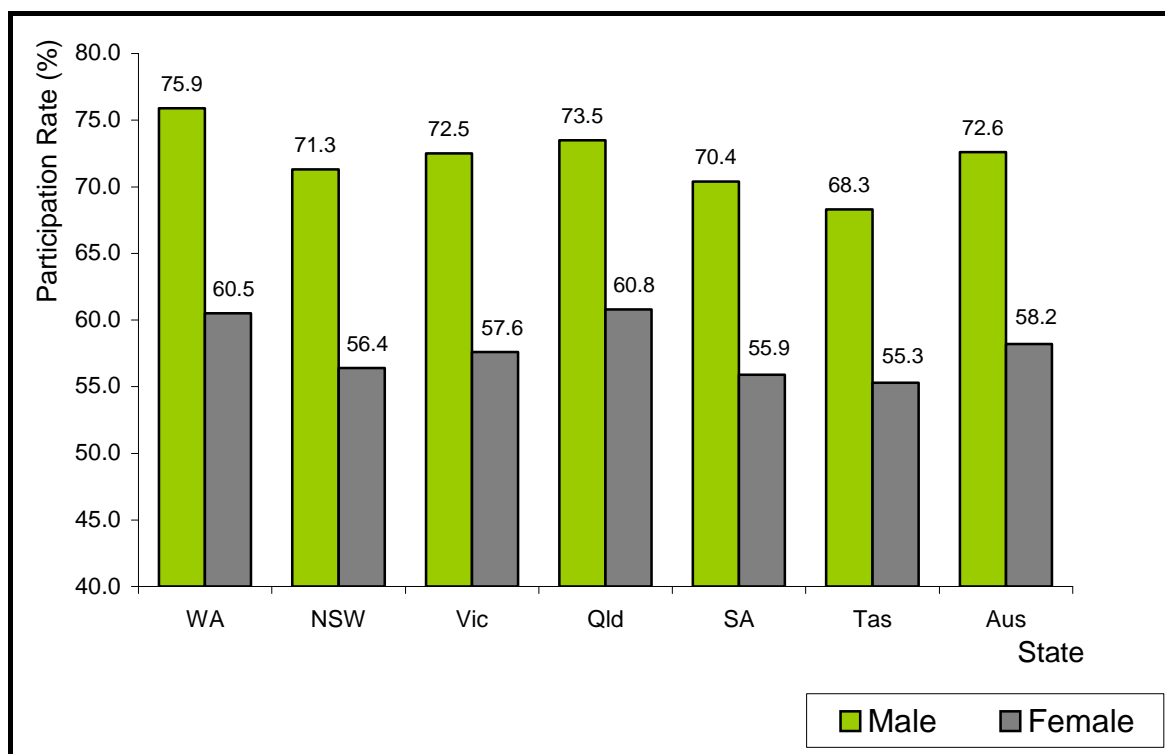
Fig 2 shows that Western Australia has the highest rate of male participation (75.9 per cent) and one of the highest rates of female labour force participation in Australia.

**Table 5 • Participation rate • state comparison • seasonally adjusted**

State	June 2008 (%)	May 2008 (%)	April 2008 (%)
WA	68.2	68.2	68.1
Qld	67.1	67.3	67.1
Vic	64.9	64.9	65.0
NSW	63.8	63.7	63.9
SA	63.0	62.9	63.1
Tas	61.6	61.7	61.3
Aus	65.3	65.2	65.5

Source: ABS Cat. 6202.0

**Fig 2 • Participation rate by sex • state comparison • June 2008 • seasonally adjusted**



Source: ABS Cat. 6202.0

# Wages

## Wage Price Index

The Wage Price Index (WPI) measures total hourly rates of pay excluding bonuses.

The WPI for all sectors (public and private) rose 1.4 per cent in Western Australia in the June quarter. This is notably higher than the 0.9 per cent WPI increase recorded for Australia. Private sector WPI increased 1.6 per cent in Western Australia, equal to the private sector increase in the Northern Territory.

**Table 6 • Quarterly WPI Growth • change from previous quarter • comparison by sector • original data • June 2008**

	WA (%)	NSW (%)	Vic (%)	Qld (%)	SA (%)	Tas (%)	NT (%)	ACT (%)	Aust (%)
All Sectors	1.4	0.9	1.0	0.8	0.6	0.8	1.7	0.6	0.9
Private Sector	1.6	1.1	1.1	0.8	0.7	0.9	1.6	0.3	1.0
Public Sector	0.8	0.2	0.8	0.5	0.3	0.7	1.9	0.8	0.5

Source: ABS Cat. 6345.0

The increases in WPI over the previous year can be seen in Table 7. For Western Australia, the WPI increase was 5.6 per cent, significantly higher than other jurisdictions across Australia. The Western Australian increase was fuelled by a 6.2 per cent increase in the private sector WPI.

**Table 7 • Annual WPI Growth • change from corresponding quarter of previous year • comparison by sector • original data • June 2008**

	WA (%)	NSW (%)	Vic (%)	Qld (%)	SA (%)	Tas (%)	NT (%)	ACT (%)	Aust (%)
All Sectors	5.6	3.9	4.1	3.9	4.6	3.7	4.3	3.9	4.2
Private Sector	6.2	3.9	4.3	3.8	4.6	3.6	4.8	3.4	4.3
Public Sector	3.6	3.8	3.0	4.3	4.4	3.9	3.6	4.2	3.8

Source: ABS Cat. 6345.0

## Average Weekly Ordinary Time Earnings

Average Weekly Ordinary Time Earnings (AWOTE) in Western Australia rose to \$1268.40 per week in the May quarter 2008. This represents a 0.5 per cent increase for the quarter and an 8.5 per cent increase over the year to May 2008. Nationally, AWOTE grew by 0.7 per cent for the quarter and 3.7 per cent over the year.

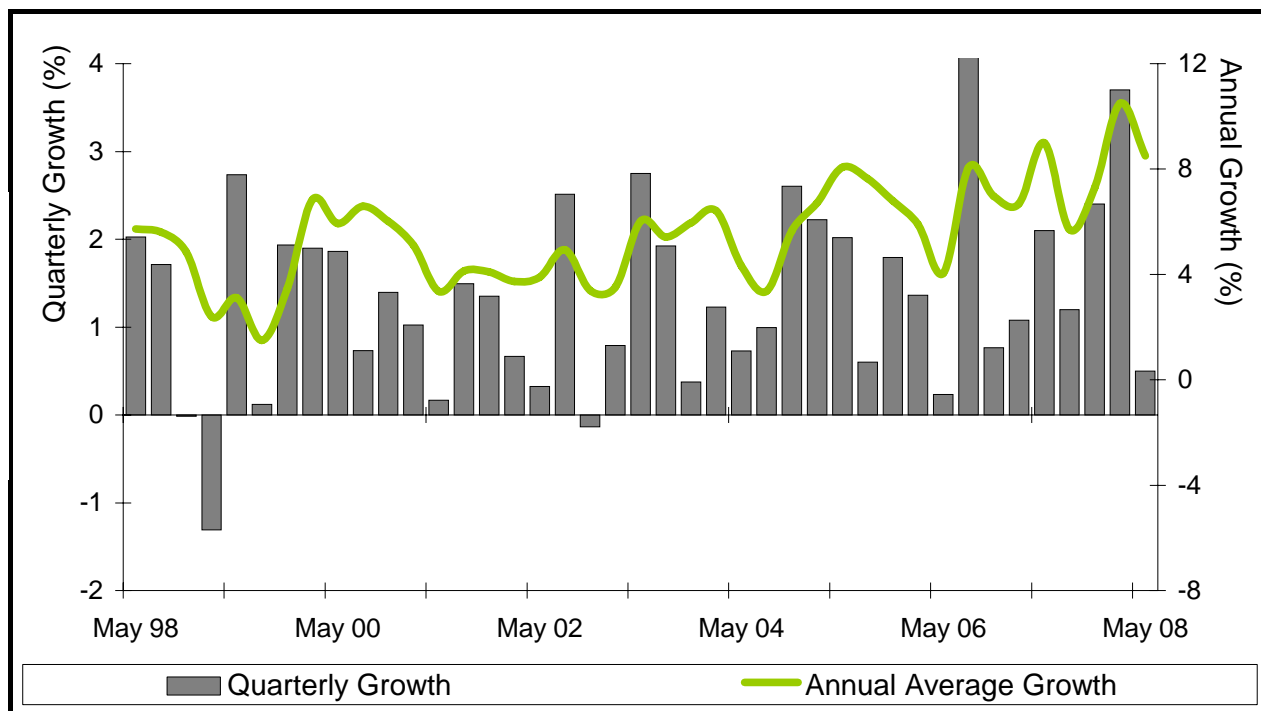
Western Australia continues to record the highest average earnings amongst all Australian states.

**Table 8 • AWOTE • Interstate comparison • Quarterly and annual growth seasonally adjusted**

State	AWOTE - May quarter 2008	Quarterly growth (%)	Growth from May 2007 to May 2008 (%)
WA	\$1,268.40	0.5	8.5
NSW	\$1,143.40	-0.8	1.2
Vic	\$1,113.40	1.4	4.0
Qld	\$1,068.60	1.4	4.9
SA	\$1,049.00	0.7	3.3
Tas	\$1,011.60	-0.7	0.6
Aus	\$1,132.20	0.7	3.7

Source: ABS Cat. 6302.0

**Fig 3 • AWOTE • Western Australia • seasonally adjusted**



Source: ABS Cat. 6302.0

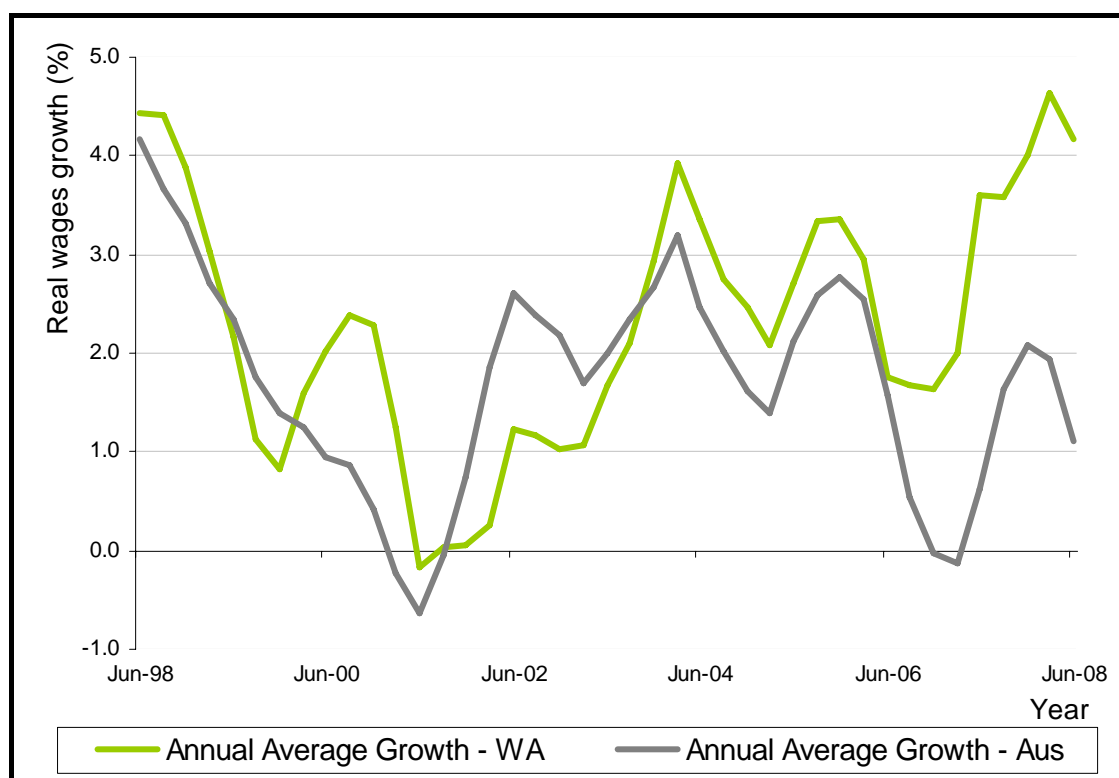
## Real Wages

Real wages growth compares AWOTE figures with the Consumer Price Index (CPI) to determine the growth or decline of wages in real terms.

In the June quarter 2008 the annual average rate of real wages growth in WA slowed from 4.6 per cent to 4.2 per cent. During the same period, Australian real wages growth slowed from 1.9 per cent to 1.1 per cent in annual average terms.

Western Australia has now recorded 28 consecutive quarters of positive real wages growth as demonstrated in Fig 4.

Fig 4 • Average annual real wages growth • Western Australia and Australia



Source: ABS Cat. 6302.0, 6401.0

Table 9 • Average annual real wages growth • Western Australia and Australia

Quarter	Western Australia (%)	Australia (%)
June 2008	4.2	1.1
March 2008	4.6	1.9
December 2007	4.0	2.1
September 2007	3.6	1.6

Source: ABS Cat. 6302.0, 6401.0

## Industrial Agreements

In the June quarter 2008 the Western Australian Industrial Relations Commission (WAIRC) registered a total of 11 industrial agreements, covering 789 employees. This compares to a total of seven industrial agreements registered in the March quarter 2008, covering a total of 12,524 employees.

Nine industrial agreements registered in the June quarter 2008 related to private sector employment.

Eight agreements registered during this period contained quantifiable wage outcomes, covering 519 employees. The average annualised wage increase (AAWI) **per employee** for the June quarter 2008 was 4.8 per cent – an increase of 0.6 percentage points from the March quarter 2008.

The AAWI **per agreement** was 4.6 per cent – which has remained firm since the March quarter 2008. This statistic is not reflected in Table 10.

AAWI **per employee** (Table 10) is considered a better measure of wage outcomes from collective agreements, as it is weighted to take account of the number of employees covered by each agreement

Quarterly wage outcomes can be volatile. Collective agreements covering a large number of employees can distort the overall AAWI **per employee** figure.

Table 10 • Industrial agreements registered with the WAIRC

Quarter	Number of agreements registered with wage outcomes	Number of employees covered	AAWI per employee (%)
June 2008	8	519	4.8
March 2008	3	12,524	4.2
December 2007	10	6016	4.1
September 2007	16	4028	4.1

Source: Labour Relations DOCEP Database. Contact Alex Lyon on 9222 7610

## Gender Pay Gap

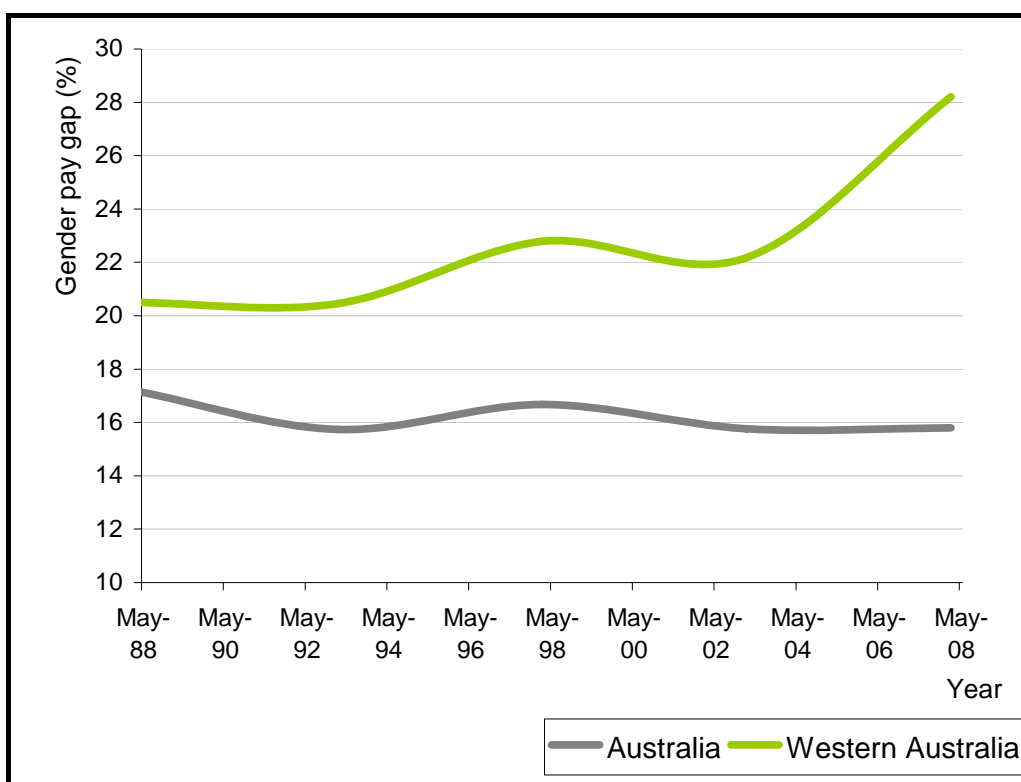
The gender pay gap (GPG) refers to the difference in average earnings of men and women and is a key measure of pay equity. The GPG is calculated using AWOTE data, which excludes part time and casual employees and overtime payments.

Fig 5 reveals the dramatic increase in Western Australia's GPG compared to Australia's GPG.

In May 2008, Western Australia recorded a gender pay gap of 27.1 per cent. This means that on average for every dollar earned by a full time male employee, full time female employees earn 72.9 cents.

A comparison of Western Australia's GPG to other states can be seen in Table 11.

Fig 5 • Gender pay gap • Western Australia and Australia May 1998 to May 2008



Source: ABS Cat. 6302.0

Table 11 • Gender pay gap • state comparison

State	Gender pay gap May 2008 (%)	Quarterly change (%)	Annual change (%)
WA	27.1	-3.2	2.1
SA	15.8	5.1	23.0
NSW	15.3	2.8	-3.8
Qld	14.2	5.0	-5.1
Vic	13.9	1.4	-10.7
Tas	9.5	2.0	-14.1
Aus	16.2	1.5	-1.2

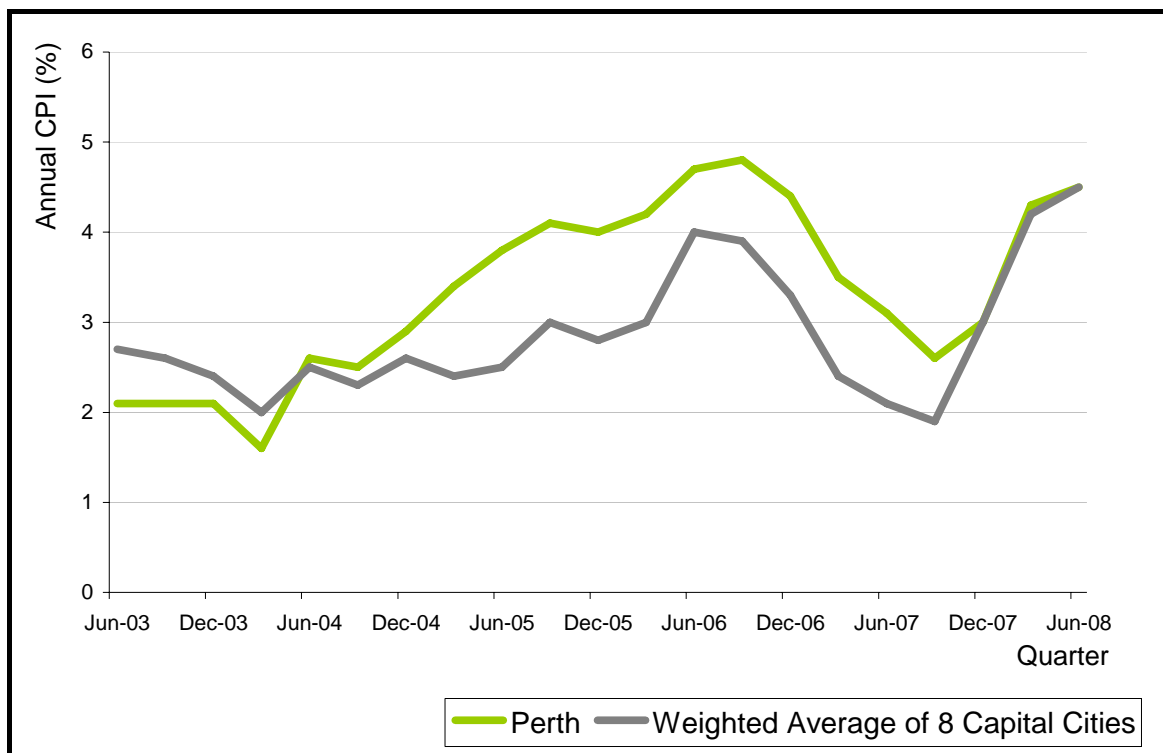
Source: ABS Cat. 6302.0

# Inflation

The quarterly Consumer Price Index (CPI) for Perth was 1.6 per cent for the June quarter 2008 - an increase from the 1.4 per cent recorded in the March quarter 2008. The quarterly CPI increased in all capital cities for the June quarter 2008.

The annual CPI for Perth for the year to June 2008 was 4.5 per cent - up from the 4.3 per cent recorded in the year to March 2008. The corresponding rate across the eight capital cities was 4.5 per cent - up from the 4.2 per cent recorded in the year to March 2008.

**Fig 6 • CPI • Perth and national average • seasonally adjusted (per cent)**



Source: ABS Cat. 6401.0

**Table 12 • CPI • Australian capital cities • seasonally adjusted (per cent)**

Location	June quarter 2008 (%)	June 2007 - June 2008 (%)
Brisbane	1.7	5.1
Perth	1.6	4.5
Sydney	1.5	4.3
Darwin	1.5	3.9
Adelaide	1.3	4.6
Melbourne	1.2	4.4
Canberra	1.2	4.4
Hobart	1.0	3.5
<b>Average of eight capitals</b>	<b>1.5</b>	<b>4.5</b>

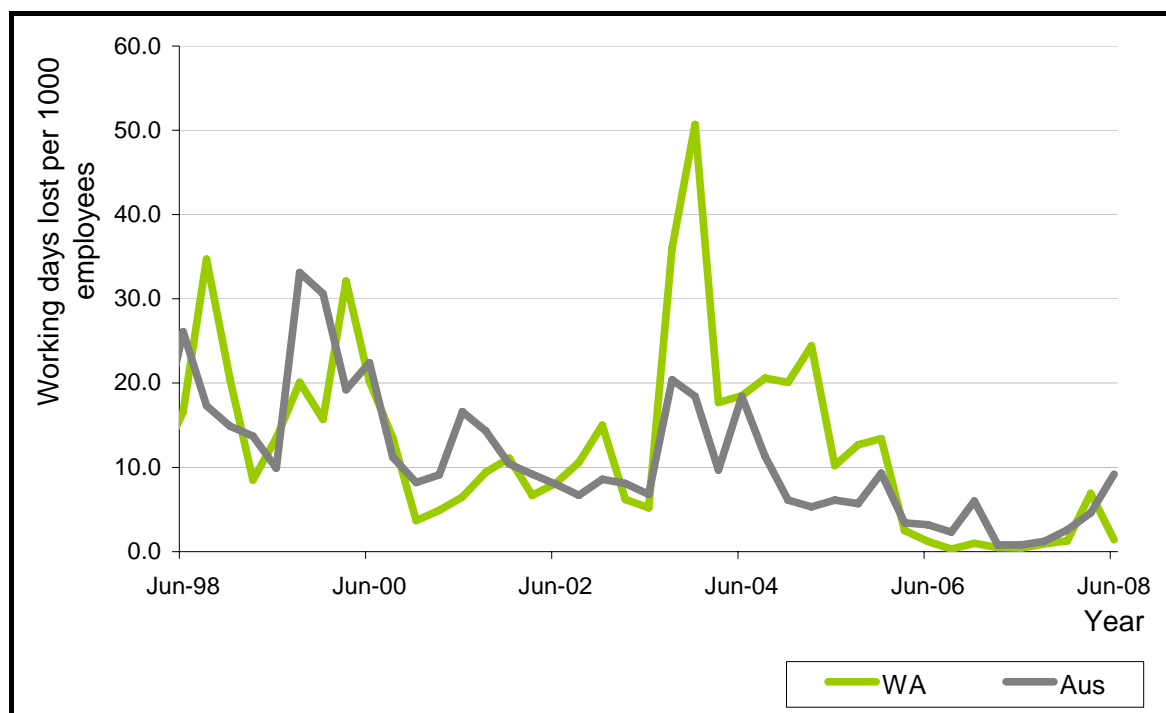
Source: ABS Cat. 6401.0

## Industrial Disputes

The level of industrial disputation in Western Australia decreased in the June quarter 2008 and remains low by national standards. The number of working days lost per thousand employees in Western Australia dropped to 1.4 in the June quarter 2008, down from the March quarter 2008 figure of 6.9.

Western Australia accounted for only 1,400 of the reported 86,500 total days lost throughout Australia in the June quarter 2008.

Fig 7 • Working days lost per 1000 employees • Western Australia and Australia



Source: ABS Cat. 6321.0.55.001

Table 13 • Industrial disputes • state and territory comparison

State	Working days lost per 1000 employees	Total working days lost
NT	28.2	2,800
NSW	16.8	51,200
SA	14.5	9,800
Vic	6.0	14,300
Qld	3.6	6,700
<b>WA</b>	<b>1.4</b>	<b>1,400</b>
Tas	1.4	300
ACT	0.0	0
<b>Aus</b>	<b>9.2</b>	<b>86,500</b>

Source: ABS Cat. 6321.0.55.001

# Glossary

## **Average Weekly Earnings (AWE)**

Average weekly earnings statistics represent average gross (before tax) earnings of employees and do not relate to average award rates or to the earnings of the 'average person'.

Estimates of average weekly earnings are derived by dividing estimates of weekly total earnings by estimates of number of employees. Changes in the averages may be affected not only by changes in the level of earnings of employees but also by changes in the overall composition of the wage and salary earner segment of the labour force.

There are several aspects which can contribute to compositional changes, including variations in the:

- proportions of full-time, part-time, casual and junior employees;
- occupational distribution within and across industries;
- distribution of employment between industries; and
- proportion of male and female employees.

Such effects may apply differently within different states and territories, and over time.

## **Average Weekly Ordinary Time Earnings (AWOTE)**

Weekly ordinary time earnings refers to one week's earnings of employees for the reference period attributable to award, standard or agreed hours of work. It is calculated before taxation and any other deductions (e.g. superannuation, board and lodging) have been made.

Included are piecework payments and one week's portion of regular production and task bonuses and commissions. Excluded are overtime payments and payments not related to the reference period (e.g. bonus payments for earlier periods of work).

## **Consumer Price Index (CPI)**

The CPI measures quarterly changes in the price of a 'basket' of goods and services which account for a high proportion of expenditure by the CPI population group (i.e. metropolitan households). This 'basket' covers a wide range of goods and services, arranged in the following eleven groups:

- Food
- Alcohol and tobacco
- Clothing and footwear
- Housing
- Household contents and services
- Health
- Transportation
- Communication
- Recreation
- Education
- Financial and insurance services

The capital city indexes measure price movements over time in each city individually. They do not measure differences in retail price levels between cities.

## **Employment**

Employed persons are defined as all persons 15 years of age and over who, during the reference week:

- worked for one hour or more for pay, profit, commission or payment in kind, in a job or business or on a farm (comprising employees, employers and own account workers); or
- worked for one hour or more without pay in a family business or on a farm (i.e. contributing family workers); or
  - were employees who had a job but were not at work and were:
    - away from work for less than four weeks up to the end of the reference week; or
    - away from work for more than four weeks up to the end of the reference week and received pay for some or all of the four week period to the end of the reference week; or
    - away from work as a standard work or shift arrangement; or
    - on strike or locked out; or
    - on workers' compensation and expected to be returning to their job; or
    - were employers or own-account workers, who had a job, business or farm, but were not at work.

## **Gender Pay Gap**

The Gender Pay Gap refers to the difference in average earnings of men and women and is calculated using full time adult ordinary time earnings figures.

## **Industrial Agreements**

Formalised collective agreements made under the *Industrial Relations Act 1979 (WA)* and registered by the Western Australian Industrial Relations Commission.

## **Industrial disputes**

An industrial dispute (ID) is defined as "a state of disagreement over an issue or group of issues between an employer and its employees, which results in employees ceasing work. Industrial disputes comprise strikes, which are a withdrawal from work by a group of employees; and lockouts, which are a refusal by an employer or group of employers to permit some or all of their employees to work".

Industrial disputes are included within the scope of the ID collection if the work stoppages amount to ten or more working days lost. Ten working days lost is equivalent to the amount of ordinary time which would have been worked, for example, during a stoppage of work by ten employees for one day, or, by 40 workers attending a 2 hour stop work meeting (assuming they worked an 8 hour day). Disputes which involve the equivalent of less than 10 working days lost are excluded.

**Labour Force**

For any group, persons who were employed or unemployed, as defined. The labour force generally consists of the civilian population over 15 who either fit the definition of employed or unemployed.

**Participation rate**

The participation rate is the percentage of the population in the labour force.

**Seasonally adjusted**

Seasonal adjustment is a means of removing the estimated effects of normal seasonal variation from the series so that the effects of other influences on the series can be more clearly recognised. Seasonal adjustment does not aim to remove the irregular or non-seasonal influences which may be present in any particular month. This means that month-to-month movements of the seasonally adjusted estimates may not be reliable indicators of trend behaviour.

**Unemployment**

Unemployed persons are defined as all persons 15 years of age and over who were not employed during the reference week, and:

- had actively looked for full-time or part-time work at any time in the four weeks up to the end of the reference week and were available for work in the reference week; or
- were waiting to start a new job within four weeks from the end of the reference week and could have started in the reference week if the job had been available then.

The unemployment rate for any group is defined as the number of unemployed people expressed as a percentage of the labour force (employed plus unemployed).

**Wage Price Index (WPI)**

A measurement of changes in the price of wage costs. Both the Australian Bureau of Statistics and the Western Australian Department of Treasury and Finance prefer the WPI to other measures of wage growth.

Ordinary time hourly rates of pay, excluding bonuses, form the WPI. The WPI measures quarterly changes in ordinary time hourly wage and salary rates. Changes in rates of pay reflected in these indexes (i.e. pure price changes) arise from a range of sources including award variations, changes in pay scales, enterprise and workplace agreements, minimum wage setting, individual contracts and informal arrangements.

The WPI is not affected by changes in:

- penalty payments for overtime, shifts, weekends and public holidays (which fluctuate depending on the number of hours paid at penalty rates);
- allowances (which fluctuate according to how much work is performed under special work conditions e.g. height, dirt, heat allowances); or
- bonus payments (which may, or may not, relate to an individual's work performance). These payments are specifically excluded when calculating ordinary time hourly wage and salary rates.