



Department of Consumer
and Employment Protection
Government of Western Australia

Labour Relations Division

Western Australian Labour Market Bulletin

**Issue 17
December Quarter 2006**

FOREWORD

Tight labour market conditions continue to underpin a strong Western Australian economy, with the State recording historically low levels of unemployment during the December quarter 2006.

Western Australian wages growth eased in the December quarter, with the State's Wage Price Index¹ (WPI) increasing by 1.1%, down from the figure of 1.3% recorded in the previous quarter. Similarly, Average Weekly Ordinary Time Earnings (AWOTE) in WA rose by 0.7% in the December quarter, down significantly from the unusually high September quarter figure of 4.4%.

Inflation in Perth continues to track above the national average, although the Consumer Price Index (CPI) eased considerably in the December quarter. The Perth CPI rose by 0.4% in the December quarter, down from 1.1% in the September quarter. Nationally, the CPI actually fell by 0.1% during the December quarter, with most capital cities experiencing mild deflation during the period. Annual growth in Perth's CPI eased from 4.8% to 4.4% in the 12 months to December 2006, while annual growth across the eight capital cities also declined, from 3.9% to 3.3%.

The number of working days lost per thousand employees in WA rose from 0.3 to 1.0 in the December quarter, although this remains very low by historical standards and well below the national figure of 6.0 days lost per thousand employees. Most States and Territories recorded an increase in industrial disputation during the December quarter, which included the ACTU's National Day of Action against the Federal Government's *Work Choices* legislation in November. WA accounted for only 900 of the 54,200 total days lost to industrial action throughout Australia in the December quarter.

The WA Industrial Relations Commission (WAIRC) registered a total of six enterprise bargaining agreements (EBAs) in the December quarter 2006, which paid an average annualised wage increase (AAWI) per employee of 4.3%. Five of the six agreements registered applied to the public sector.

Summary of key WA results for the December quarter 2006

AWOTE	0.7%
WPI	1.1%
CPI (Perth)	0.4%
Unemployment rate (average for quarter)	3.3%
Industrial Disputes (days lost per thousand employees)	1.0
No. of EBAs registered	6
AAWI per employee for EBAs registered	4.3%

¹ Total hourly rates of pay excluding bonuses.

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1. WAGES

1.1 Full Time Average Weekly Ordinary Time Earnings

Average Weekly Ordinary Time Earnings (AWOTE) in Western Australia rose to \$1,129.40 per week in the November quarter 2006. WA AWOTE grew by 0.7% during the quarter and 7.0% over the year to November 2006. Nationally, AWOTE grew by 0.7% during the quarter and 3.2% over the year.

Western Australia had the highest average earnings amongst the States in the November quarter 2006. In contrast, Tasmanian workers continue to earn less on average than the other States, recording AWOTE of \$967.20 per week during the same period.

Chart 1 - WA AWOTE - Seasonally adjusted (%)

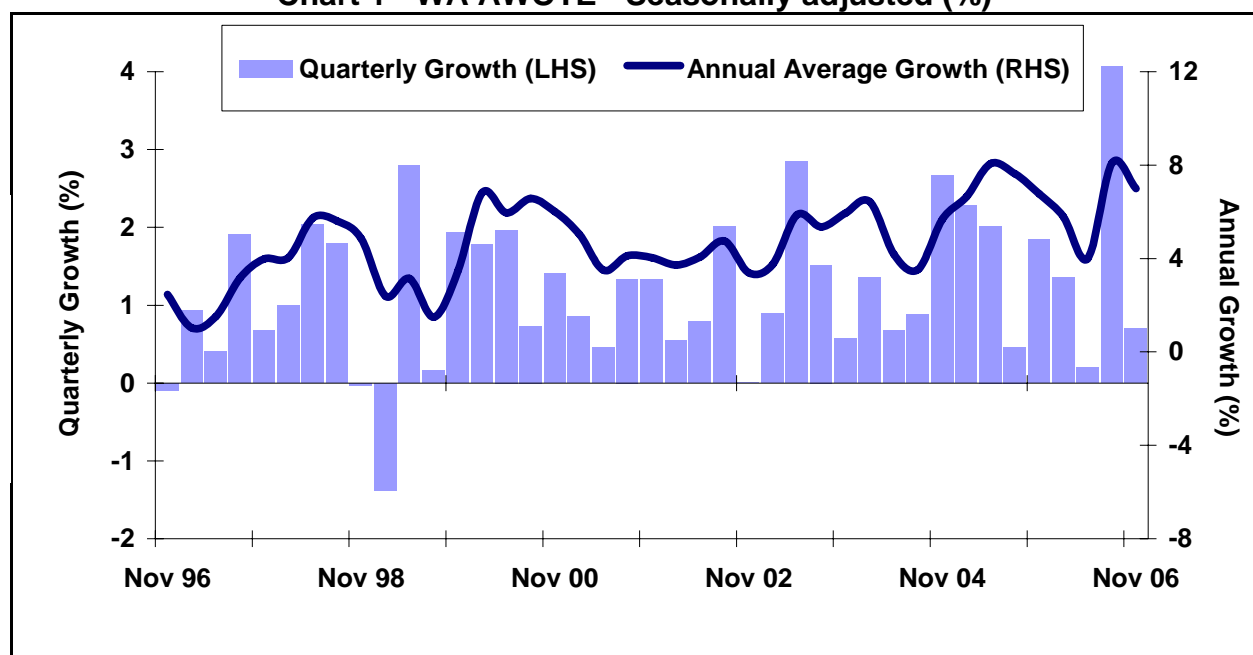


Table 1 - AWOTE by State (seasonally adjusted)

	<i>Nov Qtr 2006</i>	<i>Quarterly growth</i>	<i>Annual growth</i>
WA	\$1129.40	0.7%	7.0%
NSW	\$1093.80	0.3%	1.5%
VIC	\$1035.80	0.0%	2.5%
QLD	\$993.40	0.9%	3.7%
SA	\$998.40	0.8%	4.8%
TAS	\$967.20	3.5%	6.1%
NT	\$1043.10	0.7%	0.8%
ACT	\$1251.70	0.3%	5.8%
AUS	\$1058.80	0.7%	3.2%

Source: ABS Cat. 6302.0

1.2 Labour Price Index

In WA, the WPI increased by 1.1% in the December quarter 2006, slightly down from the increase recorded for the September quarter 2006 of 1.3%. Nationally, the WPI increased by 1.0%, slightly down from the 1.1% movement recorded for the September quarter 2006.

Table 2 – WPI - December Qtr 2006 - % change from previous Quarter – Original Data

Sector	WA	NSW	VIC	QLD	SA	TAS	NT	ACT	AUS
All	1.1	0.7	0.9	1.3	1.2	0.8	0.6	0.9	1.0
Private	0.8	0.8	0.7	1.3	1.1	1.0	0.9	1.0	0.9
Public	2.0	0.5	1.7	1.2	1.3	0.5	0.4	0.8	1.2

Source: ABS Cat. 6345.0

The annual WPI growth in WA increased by 4.6% in the 12 months to December 2006, up 0.3 percentage points from the movement between the September quarter 2005 and September quarter 2006. In the 12 months to December 2006, WA's WPI increased by 4.5% in the private sector and by 4.8% in the public sector.

Western Australia recorded the highest annual WPI growth (4.6%) in the year to December 2006. Victoria and the Northern Territory recorded the lowest annual growth (3.5%).

Table 3 – WPI - December Qtr 2006 - % change from corresponding quarter of previous Year – Original Data

Sector	WA	NSW	VIC	QLD	SA	TAS	NT	ACT	AUS
All	4.6	3.8	3.5	4.5	3.7	4.2	3.5	4.1	4.0
Private	4.5	3.7	3.4	4.3	3.7	3.8	3.4	3.5	3.7
Public	4.8	4.5	4.2	5.1	3.7	4.7	3.7	4.4	4.5

Source: ABS Cat. 6345.0

The LPI is one of the price indexes produced by the ABS, which also includes the *Consumer Price Index*. The complete LPI report includes movements in both wage and non-wage labour costs. Movement in the non-wage components of the index including annual and public holiday leave, superannuation, payroll tax and workers' compensation are released annually in the September quarter publication. The other quarterly publications only report on movement in the wages component of the LPI – which is also known as the Wage Price Index (or WPI). In the Labour Market Bulletin the WPI refers to total hourly rates of pay excluding bonuses.

The WPI is generally considered a more reliable indicator of wage trends than AWOTE.

1.3 Real Wages

In the December quarter 2006 the annual average rate of real wages growth in WA eased from 1.68% to 1.64%. During the same period Australian real wages growth also declined, from 0.52% to -0.05% in annual average terms.

Despite easing in the December quarter, Western Australia has now recorded 22 consecutive quarters of positive real wages growth.

Chart 2 – WA Real Wages Growth – Annual Average (%)

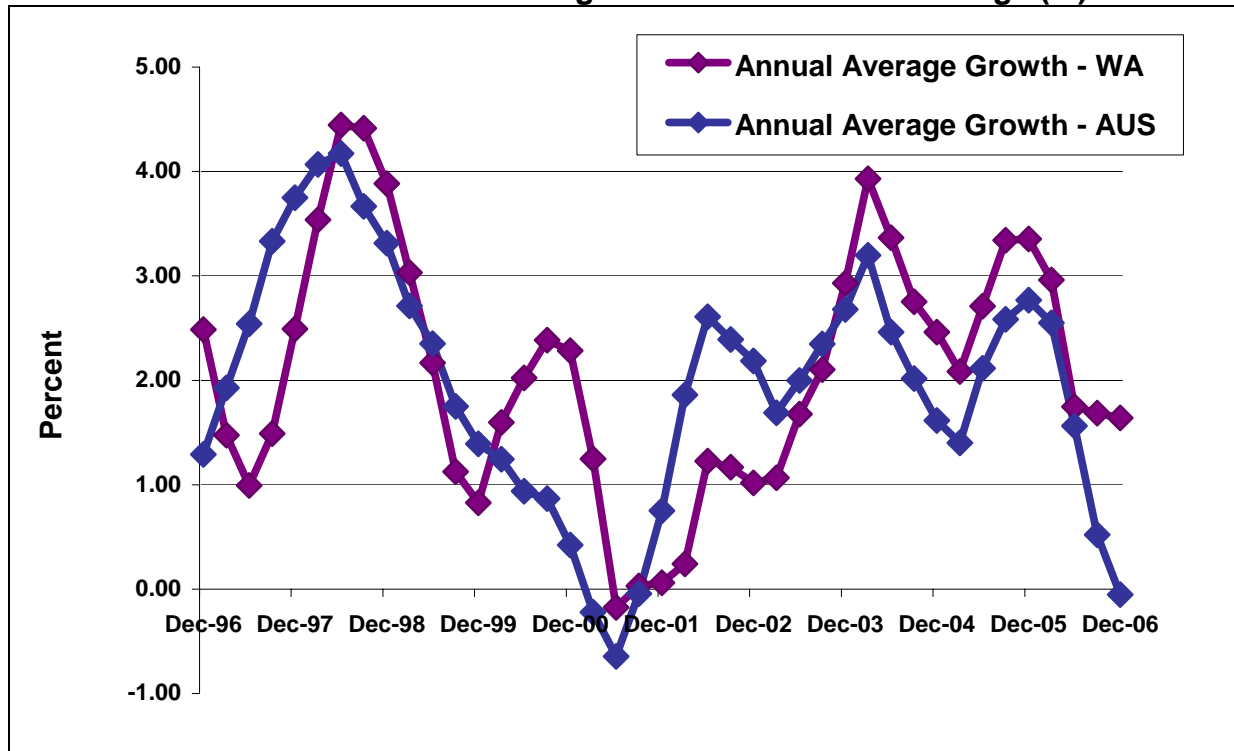


Table 4 – Real Wages Growth – WA v AUS – Annual Average %

	<i>WA</i>	<i>AUS</i>
<i>Dec Qtr 2006</i>	1.64	-0.05
<i>Sep Qtr 2006</i>	1.68	0.52
<i>Jun Qtr 2006</i>	1.75	1.56
<i>Mar Qtr 2006</i>	2.96	2.55

Source: ABS Cat. 6302.0, 6401.0

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

2. INFLATION

The inflation rate for Perth was 0.4% for the December quarter 2006, down from the September quarter rate of 1.1%. The CPI was negative in most capital cities for the December quarter, with only Perth and Darwin (0.5%) recording positive inflation rate growth.

The annual inflation rate for Perth for the year to December 2006 was 4.4%, down from 4.8% recorded in the year to September 2006. The annual inflation rate across the eight capital cities was 3.3% in the year to December 2006, down from 3.9% in the year to September 2006.

Chart 3 - Changes in Consumer Price Index – Perth (%)

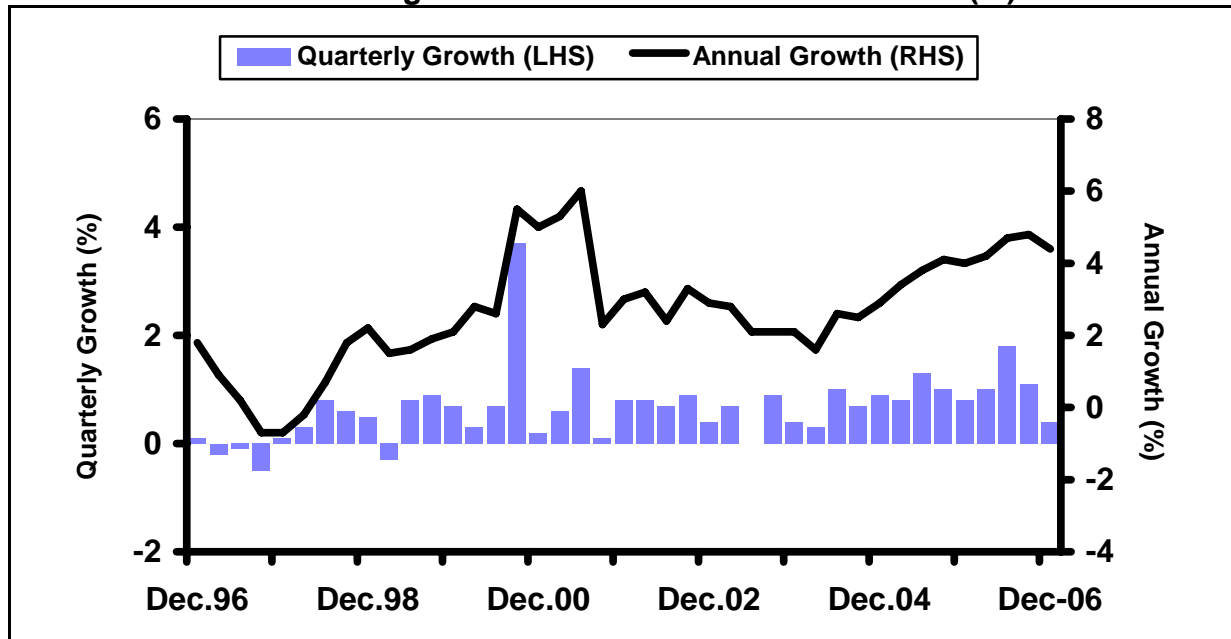


Table 5 – Consumer Price Index – December Quarter 2006 (%)

	<i>Quarterly growth</i>	<i>Annual growth</i>
Perth	0.4	4.4
Sydney	-0.2	3.2
Melbourne	-0.1	2.9
Brisbane	-0.1	3.4
Adelaide	-0.3	3.0
Hobart	-0.3	2.5
Darwin	0.5	5.0
Canberra	-0.3	3.1
8 Capitals	-0.1	3.3

Source: ABS Cat. 6401.0

3. EMPLOYMENT

3.1 Employment Growth

By the end of the December quarter 2006 total employment in Western Australia stood at 1,076,800 persons on a seasonally adjusted basis. Of the total workforce 772,100 persons (or 71.7%) were employed on a full-time basis, while 304,700 persons (or 28.3%) were employed on a part-time basis.

Full-time employment in Western Australia rose by 3.6% in the year to December 2006, while part-time employment declined by 2.3%.

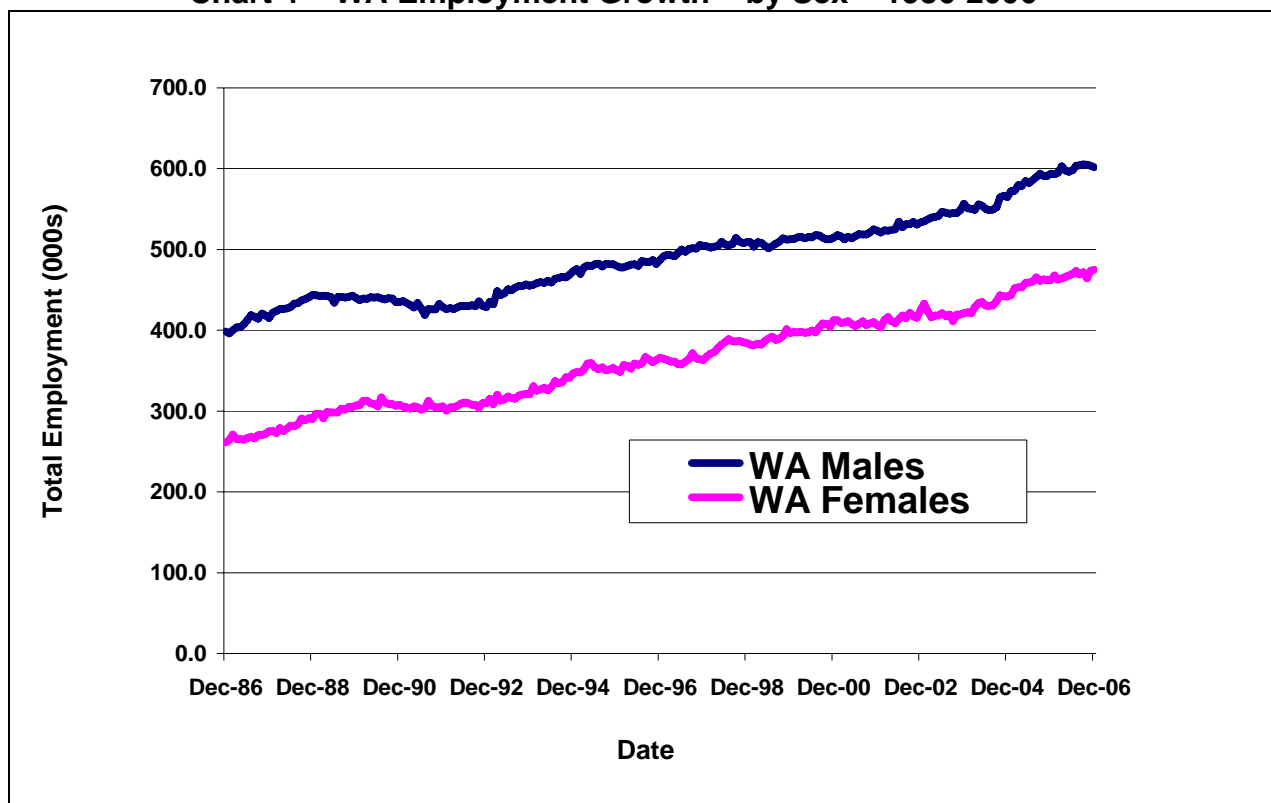
In December 2006 there were 601,800 employed males in Western Australia - an increase of 7,100 (or 1.2%) from a year earlier. At the same time there were 475,100 employed females in Western Australia - an increase of 12,400 (or 2.7%) from a year earlier.

Table 6 – WA Employment Growth - by Sex (Seasonally adjusted)

	<i>Dec-2005</i>	<i>Dec-2006</i>	<i>% Increase</i>
<i>WA Males</i>	594,700	601,800	1.2
<i>WA Females</i>	462,700	475,100	2.7
<i>Total</i>	1,057,300	1,076,800	1.8

Source: ABS Cat. 6202.0

Chart 4 – WA Employment Growth – by Sex – 1986-2006



3.2 Unemployment

In the December quarter 2006 the seasonally adjusted unemployment rate in Western Australia stood at 3.7% in October, 3.2% in November and 3.1% in December, and was by far the lowest of the States.

The national unemployment rate remained constant at 4.6% in October, November and December.

Table 7 - Unemployment Rate by State (Seasonally adjusted - %)

	<i>Oct-2006</i>	<i>Nov-2006</i>	<i>Dec-2006</i>
WA	3.7	3.2	3.1
NSW	5.0	5.2	5.0
VIC	4.8	4.8	5.0
QLD	4.0	4.2	4.0
SA	4.6	5.2	5.6
TAS	6.4	6.0	6.1
AUS	4.6	4.6	4.6

Source: ABS Cat. 6202.0

3.3 Youth Unemployment

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

In the December quarter 2006 Western Australia maintained a youth unemployment rate substantially below the other States, recording figures of 10.8% in October, 9.6% in November and 13.9% in December.

Nationally, the youth unemployment rate was 17.4%, 18.8% and 21.5% respectively during the same period.

Table 8 - Youth Unemployment Rate by State (%) *

	<i>Oct-2006</i>	<i>Nov-2006</i>	<i>Dec-2006</i>
WA	10.8	9.6	13.9
NSW	21.7	25.5	23.7
VIC	20.4	18.4	24.6
QLD	11.3	15.2	18.3
SA	25.8	24.7	30.4
TAS	25.4	27.4	27.3
AUS	17.4	18.8	21.5

Source: ABS Cat. 6202.0

* Youth unemployment figures are derived from original data and are therefore subject to considerable variation from month to month.

3.4 Participation Rate

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

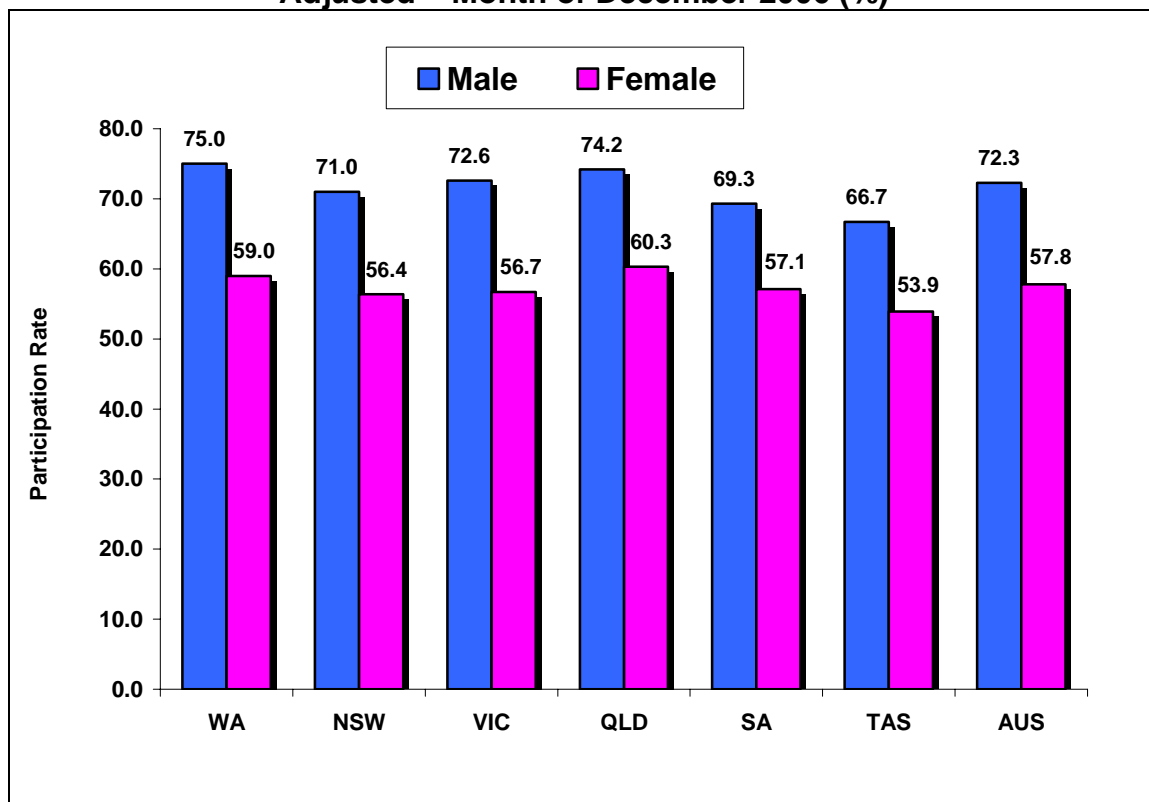
In the December quarter 2006 Western Australia maintained a high level of participation, recording rates of 67.1% in October, 67.1% in November and 67.0% in December.

Table 9 - Participation Rate by State (seasonally adjusted - %)

	<i>Oct-2006</i>	<i>Nov-2006</i>	<i>Dec-2006</i>
WA	67.1	67.1	67.0
NSW	63.1	63.4	63.6
VIC	64.5	64.1	64.5
QLD	66.6	66.9	67.2
SA	62.8	63.1	63.1
TAS	60.6	59.9	60.2
AUS	64.6	64.8	64.9

Source: ABS Cat. 6202.0

Chart 5 – Male/Female Participation Rates by State – Seasonally Adjusted – Month of December 2006 (%)



4. INDUSTRIAL DISPUTES

The level of industrial disputation in Western Australia rose in the December quarter 2006, although it still remains very low by historical standards. The absolute number of working days lost increases to 900, up from 200 in the September quarter 2006. Similarly, working days lost per thousand employees in Western Australia rose to 1.0 in the December quarter 2006, up from the September quarter figure of 0.3.

Chart 6 - Working days lost per 1000 employees - 1996 to 2006

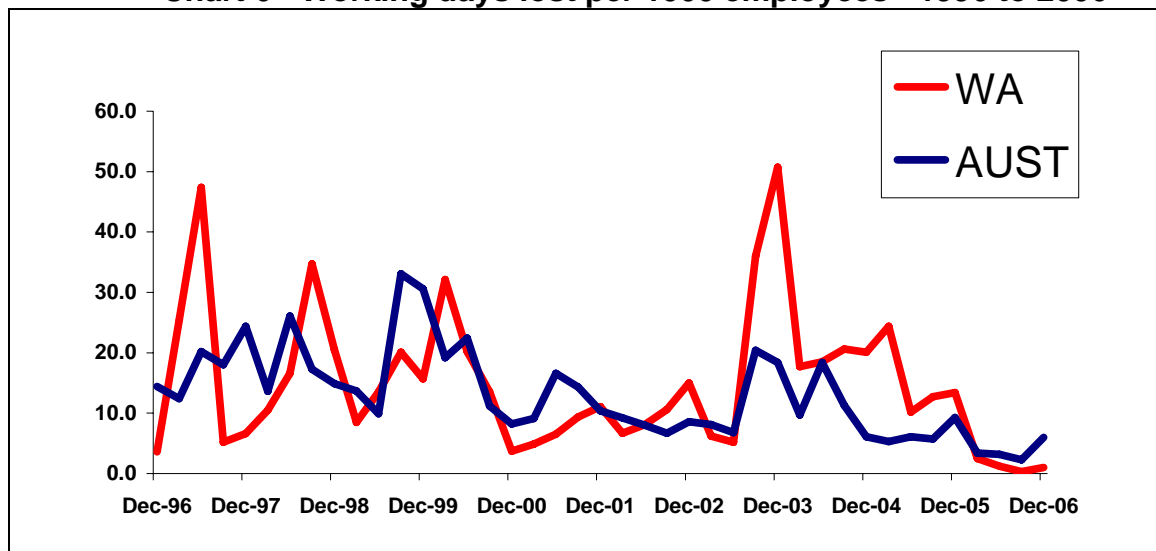


Table 10 – Industrial Disputes – December Quarter 2006

	<i>Days lost per 1000 employees</i>	<i>Total working days lost</i>
WA	1.0	900
NSW	7.9	23,000
VIC	12.9	28,700
QLD	0.3	500
SA	1.4	900
TAS	0.7	100
NT	0.1	0²
ACT	0.1	0²
AUS	6.0	54,200

Source: ABS Cat. 6321.0.55.001

The Australian Bureau of Statistics publishes quarterly figures on industrial disputation. The key indicator *working days lost per thousand employees* is averaged over the quarter and figures for total working days lost are aggregated for each quarter.

² Rounded to the nearest one hundred.

5. AGREEMENT MAKING

5.1 Enterprise Bargaining Agreements

In the December quarter 2006 the WAIRC registered a total of six EBAs, covering 17,521 employees. This compares to a total of 15 EBAs registered in the September quarter 2006, covering a total of 35,788 employees.

Five of the six agreements registered in the December quarter 2006 applied to the public sector.

Four of the six agreements registered in the December quarter 2006 contained quantifiable wage outcomes. The average annualised wage increase (AAWI) **per employee** for the December quarter 2006 was 4.3%. This is the same as the AAWI recorded in the September quarter.

The AAWI **per agreement** was 4.2% in the December quarter 2006, slightly down from 4.3% recorded in the September quarter 2006.

Table 11 – EBAs Registered with the WAIRC

	<i>No. of Agreements Registered</i>	<i>No. of Employees Covered</i>	<i>AAWI Per Employee</i>
<i>Dec Qtr 2006</i>	6	17,251	4.3%
<i>Sep Qtr 2006</i>	15	35,788	4.3%
<i>Jun Qtr 2006</i>	10	1,278	4.0%
<i>Mar Qtr 2006</i>	90	14,868	3.7%

Source: Labour Relations DOCEP Database

AAWI **per employee** 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.

NEWS AT HAND

Influenza Pandemic Discussion Paper

The World Health Organisation (WHO) has reported that the world is moving closer to an influenza pandemic that covers a wide geographic area and affects a large proportion of the population.

The Western Australian Government is committed to working cooperatively with other Australian governments, the community and the private sector to manage the impact of an influenza pandemic across the State.

After consultation with the private and public sectors, DOCEP has developed a discussion paper that outlines the labour relations implications of an influenza pandemic for employees and employers.

The discussion paper outlines recommended principles in preparing for, and responding to, an influenza pandemic. In addition the paper provides answers to key questions about the impact of a pandemic on employment arrangements. To view a copy of the discussion paper [Click Here](#).

The discussion paper has been released for a two-month consultation period, to allow feedback from individuals and organisations in the community, across the public and private sectors. Please address all feedback to Matthew Hammond at Irsurvey@docep.wa.gov.au by **30 April 2007**.

Employee Earnings and Hours Statistics

The Australian Bureau of Statistics recently released its biennial *Employee Earnings and Hours Australia* publication (based on May 2006 data). The publication is designed to provide statistics on the composition and distribution of employee earnings, hours paid for, and different pay-setting arrangements.

For those Western Australian employees working under a registered agreement in May 2006, the majority had their pay set by either a federal or State collective agreement, as indicated in the following table:

Method of Pay Setting	Proportion of WA Workforce (%)
Federal collective agreements	25.3
State collective agreements	12.8
Australian Workplace Agreements	5.8
Employer-Employee Agreements	1.2
Other arrangements - including state or federal awards only (11.1%), common law contracts, above award payments, unregistered individual and collective agreements, and working proprietors setting their own rate of pay.	54.9

Regardless of the method used to determine pay, average weekly total earnings for WA employees rose between May 2004 and May 2006. Employees covered by State collective agreements received **\$41.60** more, on average, than employees covered by federal collective agreements.

Method of Pay Setting	Average Weekly Total Earnings (\$) in WA
Federal collective agreements	854.40
State collective agreements	896.00
Australian Workplace Agreements	1129.60
Employer-Employee Agreements	1994.70 ³
Other arrangements	896.20
All methods of pay setting	912.20

Nationally, the data revealed that non-managerial employees covered under a collective agreement received a higher average hourly rate (**\$27.30** per hour) than those covered by a registered individual agreement (**\$26.40** per hour).

Meanwhile, Western Australian employees (both male and female) worked more ordinary and overtime hours per week than in any other State or Territory, as evident in the following table.

State/Territory	Ordinary Hours Worked (Per Week)	Overtime Hours Worked (Per Week)	Average Total Hours Worked (Per Week)
NSW	38.1	2.1	40.3
VIC	38.3	2.1	40.4
QLD	38.1	2.6	40.7
SA	38.4	1.8	40.2
WA	39.6	2.7	42.3
TAS	38.7	1.6	40.3
NT	39.4	2.4	41.7
ACT	37.7	1.2	38.9
AUS	38.4	2.2	40.6

³ This estimate has a relative standard error greater than 50%, and should be treated with caution.