



Department of Consumer  
and Employment Protection  
Government of Western Australia

Labour Relations Division

# **Western Australian Labour Market Bulletin**

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## FOREWORD

Exceptionally low unemployment and negligible levels of industrial disputation characterised the buoyant Western Australian labour market in the March quarter of 2007. The State's unemployment rate fell below the three percent mark for the first time since the monthly labour force series commenced in 1978, while the full-time youth unemployment rate fell to just 7.2% during the same period. This is all the more impressive when Western Australia's relatively high labour force participation rate is factored in – as even more jobs have to be created to absorb a higher supply of labour west of the Nullarbor.

Despite a significant resources boom that has underpinned the State's prosperity wages growth has remained moderate in recent quarters, with the WA Wage Price Index<sup>1</sup> (WPI) rising by 1.1% in the March quarter 2007 - unchanged from the previous quarter. Average weekly ordinary time earnings (AWOTE) in WA rose by 1.1% in the February quarter 2007, up from 0.8% in the November quarter 2006.

Inflation in Perth continues to track above the national average, although the Consumer Price Index (CPI) eased further in the March quarter. The Perth CPI rose by 0.2% in the March quarter 2007, down from 0.4% in the December quarter. Nationally, the CPI increased by just 0.1% in the March quarter, with Sydney and Adelaide recording mild deflation during the period. Annual growth in WA's CPI eased from 4.4% to 3.5% in the 12 months to March 2007, while annual growth across the eight capital cities also declined significantly, from 3.3% to 2.4%.

The number of working days lost per thousand employees in WA declined from 1.0 to 0.5 in the March quarter 2007, and remains very low by historical standards, and below the national figure of 0.8 days lost per thousand employees. Most States and Territories recorded low levels of industrial disputation during this period. WA accounted for only 500 of the 6,900 total days lost to industrial action throughout Australia in the March quarter.

The WA Industrial Relations Commission (WAIRC) registered a total of 18 enterprise bargaining agreements (EBAs) in the March quarter of 2007. These paid an average annualised wage increase (AAWI) per employee of 3.5%. Most of the agreements registered were in the private education sector.

### Summary of key WA results for the March quarter 2007

AWOTE	1.1%
WPI	1.1%
CPI (Perth)	0.2%
Unemployment rate (average for quarter)	3.0%
Industrial Disputes (days lost per thousand employees)	0.5
No. of EBAs registered	18
AAWI per employee for EBAs registered	3.5%

<sup>1</sup> 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 \$1,142.40 per week in the February quarter 2007. WA AWOTE grew by 1.1% during the quarter and 6.7% over the year to February 2007. Nationally, AWOTE grew by 1.1% during the quarter and 3.5% over the year.

Western Australia had the highest average earnings amongst the States in the February quarter 2007. In contrast, Tasmanian workers continue to earn less on average than the other States, recording AWOTE of \$985.30 per week during the same period.

Chart 1 - WA AWOTE - Seasonally adjusted (%)

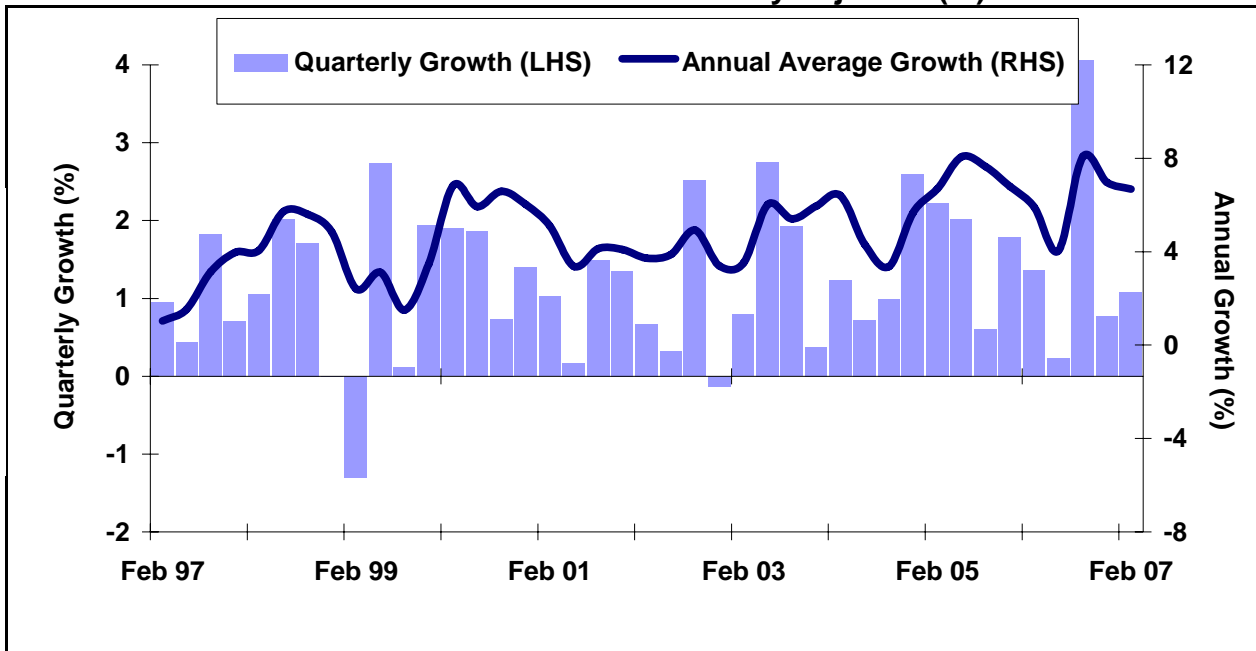


Table 1 - AWOTE by State (seasonally adjusted)

	<i>Feb Qtr 2007</i>	<i>Quarterly growth</i>	<i>Annual growth</i>
<b>WA</b>	<b>\$1,142.40</b>	<b>1.1%</b>	<b>6.7%</b>
<b>NSW</b>	<b>\$1,115.70</b>	<b>2.0%</b>	<b>3.6%</b>
<b>VIC</b>	<b>\$1,046.10</b>	<b>0.9%</b>	<b>2.2%</b>
<b>QLD</b>	<b>\$1,010.40</b>	<b>1.5%</b>	<b>4.3%</b>
<b>SA</b>	<b>\$997.30</b>	<b>0.0%</b>	<b>1.6%</b>
<b>TAS</b>	<b>\$985.30</b>	<b>1.8%</b>	<b>5.9%</b>
<b>NT</b>	<b>\$1044.70</b>	<b>1.1%</b>	<b>2.1%</b>
<b>ACT</b>	<b>\$1273.70</b>	<b>1.6%</b>	<b>6.7%</b>
<b>AUS</b>	<b>\$1,071.70</b>	<b>1.1%</b>	<b>3.5%</b>

Source: ABS Cat. 6302.0

## 1.2 Labour Price Index

In WA the Wage Price Index (WPI) increased by 1.1% in the March quarter 2007, unchanged from the December quarter 2006. Nationally, the WPI also increased by 1.1%, up marginally from the previous quarter figure of 1.0%.

**Table 2 – WPI - March Qtr 2007 - % change from previous quarter – Original Data**

Sector	WA	NSW	VIC	QLD	SA	TAS	NT	ACT	AUS
All	1.1	1.1	1.1	1.1	1.2	1.4	1.1	1.1	1.1
Private	1.2	1.0	1.1	1.1	1.0	1.3	1.3	1.4	1.1
Public	0.5	1.1	0.8	1.1	1.6	1.9	0.7	0.9	1.0

Source: ABS Cat. 6345.0

The annual WPI growth in WA increased by 4.8% in the year to March 2007, up 0.2 percentage points from the movement between the December quarter 2005 and the December quarter 2006. In the 12 months to March 2007, WA's WPI increased by 4.8% in the private sector and by 4.5% in the public sector.

Western Australia recorded the highest annual WPI growth (4.8%) in the year to March 2007. Victoria recorded the lowest annual growth (3.7%).

**Table 3 – WPI - March Qtr 2007 - % change from corresponding quarter of previous year – Original Data**

Sector	WA	NSW	VIC	QLD	SA	TAS	NT	ACT	AUS
All	4.8	3.8	3.7	4.5	4.2	4.5	3.9	4.1	4.1
Private	4.8	3.6	3.6	4.4	3.9	4.5	3.7	4.1	3.9
Public	4.5	4.2	4.0	4.7	4.6	4.5	3.9	4.1	4.3

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.

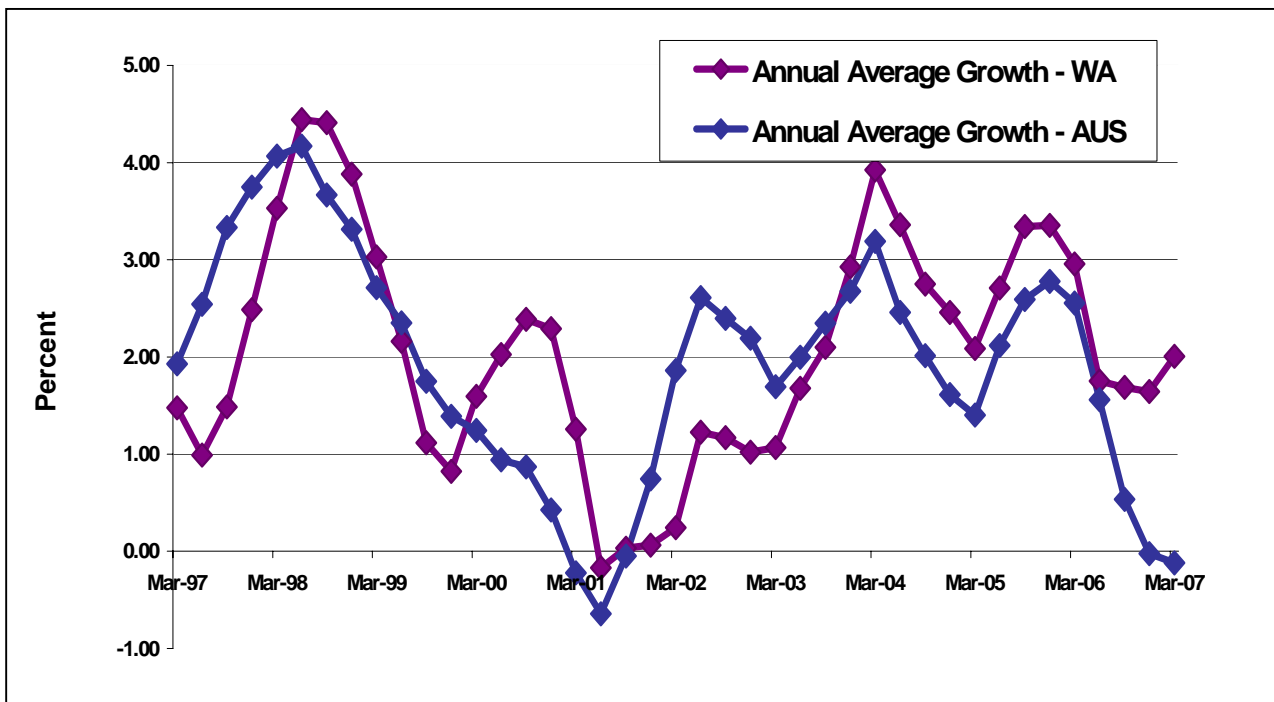
**The WPI is generally considered a more reliable indicator of wage trends than AWOTE.**

### 1.3 Real Wages

In the March quarter 2007 the annual average rate of real wages growth in WA accelerated to 2.01%. During the same period Australian real wages growth declined marginally from -0.02% to -0.12% in annual average terms.

With solid growth in March quarter, Western Australia has now recorded 23 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>Mar Qtr 2007</i>	2.01	-0.12
<i>Dec Qtr 2006</i>	1.64	-0.02
<i>Sep Qtr 2006</i>	1.69	0.53
<i>Jun Qtr 2006</i>	1.75	1.56

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 0.2% for the March quarter 2007, down from the December quarter 2006 rate of 0.4%. The Consumer Price Index (CPI) increased in a majority of capital cities for the March quarter 2007, with the exception of Adelaide (-0.3%), Sydney (-0.1%) and Darwin (0.0%).

The annual inflation rate for Perth for the year to March 2007 was 3.5%, down from 4.4% recorded in the year to December 2006. The annual inflation rate across the eight capital cities was 2.4% in the year to March 2007, down from 3.3% in the year to December 2006.

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

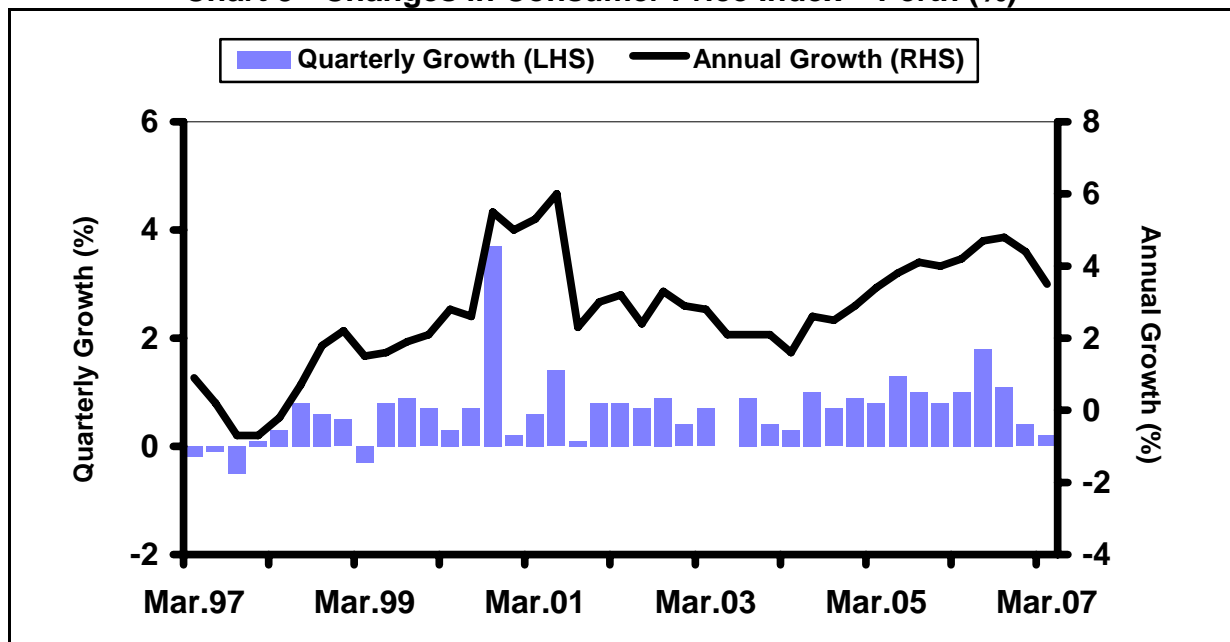


Table 5 – Consumer Price Index – March Quarter 2007 (%)

	<i>Quarterly growth</i>	<i>Annual growth</i>
<b>Perth</b>	<b>0.2</b>	<b>3.5</b>
<b>Sydney</b>	<b>-0.1</b>	<b>2.2</b>
<b>Melbourne</b>	<b>0.2</b>	<b>2.2</b>
<b>Brisbane</b>	<b>0.4</b>	<b>2.9</b>
<b>Adelaide</b>	<b>-0.3</b>	<b>1.8</b>
<b>Hobart</b>	<b>0.5</b>	<b>2.1</b>
<b>Darwin</b>	<b>0.0</b>	<b>4.0</b>
<b>Canberra</b>	<b>0.2</b>	<b>2.4</b>
<b>8 Capitals</b>	<b>0.1</b>	<b>2.4</b>

Source: ABS Cat. 6401.0

## 3. EMPLOYMENT

### 3.1 Employment Growth

By the end of the March quarter 2007 total employment in Western Australia had grown to 1,096,800 persons on a seasonally adjusted basis. Of the total workforce 778,100 persons (or 70.9%) were employed on a full-time basis, while 318,700 persons (or 29.1%) were employed on a part-time basis.

Full-time employment in Western Australia rose by 3.0% in the year to March 2007, while part-time employment rose by 2.6%.

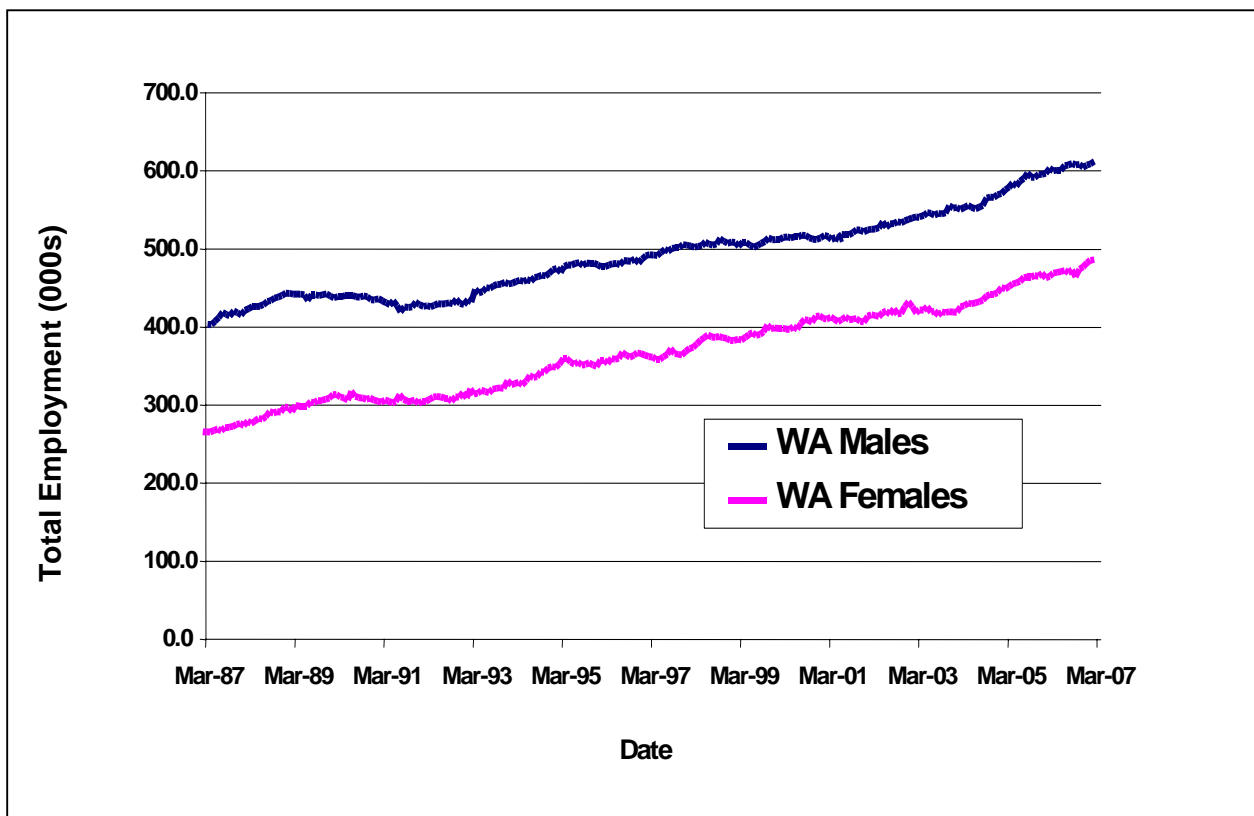
In March 2007 there were 611,500 employed males in Western Australia - an increase of 9,300 (or 1.5%) from a year earlier. At the same time there were 485,300 employed females in Western Australia - an increase of 21,200 (or 4.6%) from a year earlier.

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

	<i>Mar-2006</i>	<i>Mar-2007</i>	<i>% Increase</i>
<i>WA Males</i>	602,200	611,500	1.5
<i>WA Females</i>	464,100	485,300	4.6
<i>Total</i>	1,066,300	1,096,800	2.9

Source: ABS Cat. 6202.0

**Chart 4 – WA Employment Growth – by Sex – 1987-2007**



### 3.2 Unemployment

In the March quarter 2007 the seasonally adjusted unemployment rate in Western Australia stood at 3.1% in January and February and 2.8% in March, and was by far the lowest of the States.

Nationally, the seasonally adjusted unemployment rate was 4.5% in January, 4.6% in February and 4.5% in March during the same period.

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

	<i>Jan-2007</i>	<i>Feb-2007</i>	<i>Mar-2007</i>
<b>WA</b>	<b>3.1</b>	<b>3.1</b>	<b>2.8</b>
<b>NSW</b>	<b>4.9</b>	<b>5.2</b>	<b>5.0</b>
<b>VIC</b>	<b>4.9</b>	<b>4.8</b>	<b>4.9</b>
<b>QLD</b>	<b>4.0</b>	<b>4.1</b>	<b>4.0</b>
<b>SA</b>	<b>5.4</b>	<b>5.0</b>	<b>5.1</b>
<b>TAS</b>	<b>5.6</b>	<b>5.4</b>	<b>5.3</b>
<b>AUS</b>	<b>4.5</b>	<b>4.6</b>	<b>4.5</b>

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 March quarter 2007 Western Australia maintained a youth unemployment rate substantially below the other States, recording figures of 13.3% in January, 10.4% in February and 7.2% in March.

Nationally, the youth unemployment rate was 22.7%, 21.3% and 18.6% respectively during the same period.

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

	<i>Jan-2007</i>	<i>Feb-2007</i>	<i>Mar-2007</i>
<b>WA</b>	<b>13.3</b>	<b>10.4</b>	<b>7.2</b>
<b>NSW</b>	<b>25.9</b>	<b>27.4</b>	<b>24.5</b>
<b>VIC</b>	<b>22.7</b>	<b>21.6</b>	<b>19.6</b>
<b>QLD</b>	<b>19.9</b>	<b>18.7</b>	<b>15.1</b>
<b>SA</b>	<b>37.7</b>	<b>30.2</b>	<b>27.8</b>
<b>TAS</b>	<b>23.7</b>	<b>20.0</b>	<b>23.3</b>
<b>AUS</b>	<b>22.7</b>	<b>21.3</b>	<b>18.6</b>

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.

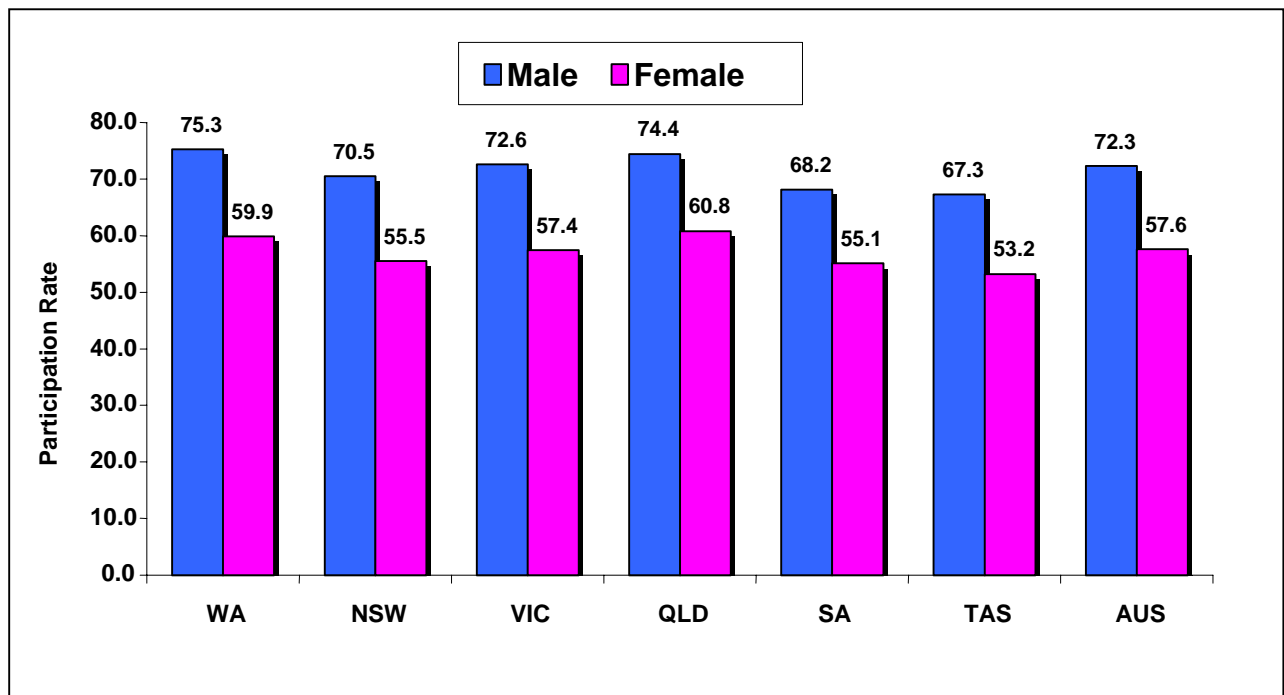
In the March quarter 2007 Western Australia maintained a high level of labour force participation, recording rates of 67.5% in January and 67.6% in February and March.

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

	<i>Jan-2007</i>	<i>Feb-2007</i>	<i>Mar-2007</i>
<b>WA</b>	67.5	67.6	67.6
<b>NSW</b>	63.0	63.0	62.9
<b>VIC</b>	64.5	64.8	64.8
<b>QLD</b>	67.6	67.5	67.6
<b>SA</b>	62.7	62.4	61.5
<b>TAS</b>	60.5	59.7	60.1
<b>AUS</b>	64.8	64.9	64.8

Source: ABS Cat. 6202.0

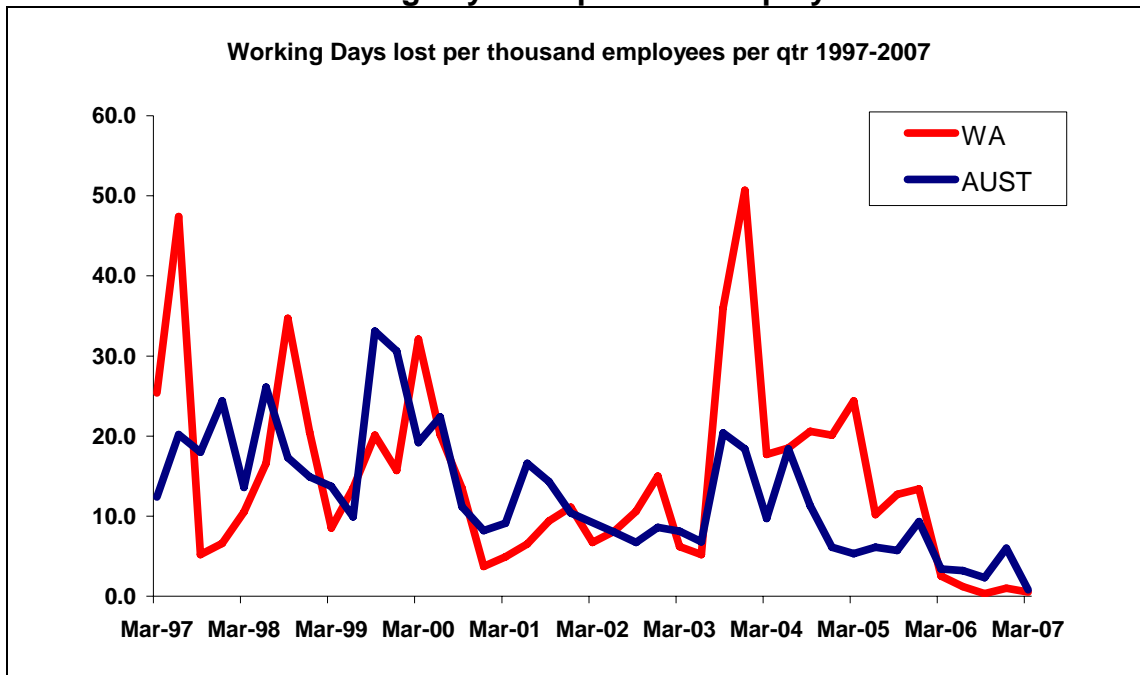
**Chart 5 – Male/Female Participation Rates by State – Seasonally Adjusted – Month of March 2007 (%)**



## 4. INDUSTRIAL DISPUTES

The level of industrial disputation in Western Australia fell in the March quarter 2007, and remains very low by historical standards. The absolute number of working days lost decreased from 900 in the December quarter 2006 to just 500. Working days lost per thousand employees in Western Australia fell to 0.5 in the March quarter 2007, from the December quarter 2006 figure of 1.0 day lost per thousand employees.

**Chart 6 - Working days lost per 1000 employees - 1997 to 2007**



**Table 10 – Industrial Disputes – March Quarter 2007**

	<i>Days lost per 1000 employees</i>	<i>Total working days lost</i>
<b>WA</b>	<b>0.5</b>	<b>500</b>
<b>NSW</b>	<b>0.1</b>	<b>400</b>
<b>VIC</b>	<b>1.6</b>	<b>3,500</b>
<b>QLD</b>	<b>0.2</b>	<b>500</b>
<b>SA</b>	<b>3.2</b>	<b>2,100</b>
<b>TAS</b>	<b>0.0</b>	<b>0<sup>2</sup></b>
<b>NT</b>	<b>0.0</b>	<b>0<sup>2</sup></b>
<b>ACT</b>	<b>0.0</b>	<b>0<sup>2</sup></b>
<b>AUS</b>	<b>0.8</b>	<b>6,900</b>

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.

<sup>2</sup> Rounded to the nearest one hundred.

## 5. AGREEMENT MAKING

### 5.1 Enterprise Bargaining Agreements

In the March quarter 2007 the WAIRC registered a total of eighteen EBAs, covering 7,574 employees. This compares to a total of six EBAs registered in the December quarter 2006, covering a total of 17,251 employees.

Fifteen of the agreements registered in the March quarter 2007 were in the private school sector.

Seventeen of the eighteen agreements registered in the March quarter 2007 contained quantifiable wage outcomes. The average annualised wage increase (AAWI) **per employee** for the March quarter 2007 was 3.5%. This is down from the rate of 4.3% recorded in the December quarter 2006.

The AAWI **per agreement** was 3.6%, down from the rate of 4.2% in the December quarter.

**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>Mar Qtr 2007</i>	18	7,574	3.5%
<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%

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

### ***\$24.00 Per Week Pay Rise Announced by WAIRC***

On 13 June 2007 the Western Australian Industrial Relations Commission granted a \$24.00 per week increase to the State adult minimum weekly wage and award rates of pay. This order will increase the State adult minimum wage rate to **\$528.40** per week.

The increase will primarily affect those employees who continue to be covered by State awards and/or the *Minimum Conditions of Employment Act 1993* (i.e. award free). For employees working in the federal system under transitional arrangements that preserve their State award entitlements, the WAIRC's decision is not legally binding.

It is estimated that at least 4.3% of Western Australian employees are directly affected by this decision.

This decision will be effective from the commencement of the first pay period on or after 1 July 2007. To receive updated wage rates please contact Wageline on 1300 655 266.

### ***Award Updating Test Case***

A Commission in Court Session of the Western Australian Industrial Relations Commission ("WAIRC") recently finalised its first full award updating matter under section 40B of the *Industrial Relations Act 1979*, when it updated the Metal Trades (General) Award. This decision followed extensive hearings, and acts as something of a "test case" for how the WAIRC intends to update other awards under section 40B.

The WAIRC has determined that all awards in Western Australia are to be updated in accordance with section 40B – that is, the WAIRC will initiate the updating of each award on its own motion, with relevant award parties being consulted in the process.

The WAIRC has also determined that all awards will be structured so that like clauses are grouped together under common headings. The Registry staff at the WAIRC will organise the award clauses into proposed clusters and headings for the award parties.

The following section outlines some of the issues the WAIRC dealt with in the Metal Trades case, including some things that may need to be considered for future section 40B reviews. As the WAIRC is proposing to use a standard arrangement clause for each award, award clauses are discussed under the heading they are likely to fall within.

## **1. Award Structure**

This will include clauses dealing with the award title itself, the standard arrangement clause, area and scope provisions, equal opportunity provisions and definitions. Some things to note are as follows:

### *Equal Opportunity*

The WAIRC intends to include a standard Equal Opportunity clause in every updated award.

### *Definition of "Casual Employee"*

Amendments were made to the *Minimum Conditions of Employment Act 1993* (MCE Act) in 2006 to repeal the definition of a "casual employee" altogether. This was done primarily to remove the possibility that a statutory definition of casual employment could interfere with the ordinary common law meaning, which had the potential to create unintended consequences for employees. As such, it is recommended the old definition of a "casual employee" that was contained in the MCE Act not be imported into State awards.

## **2. Contract of Employment**

Contract of employment clauses may vary depending on the individual award, and may include separate provisions dealing with Termination, Change and Redundancy (TCR) and Introduction of Change. Some of the matters likely to be included in contract of employment clauses include:

- Provisions reflecting the Notice of Termination requirements of employers under the *Workplace Relations Act 1996* (or something not less favourable).
- Provisions regulating notice of termination by the employee.
- Termination, Change and Redundancy (TCR) provisions, included provisions from the TCR General Order such as *Statement of employment; Time off during notice period; Transfer to lower paid duties; Severance pay; Alternative employment, etc.*
- Introduction of Change provisions.

## **3. Hours of Work**

This will include clauses dealing with ordinary hours of work, rest periods and rostering arrangements, as well as provisions for overtime, shift and weekend work (including relevant allowances or penalties payable).

Overtime clauses should include a provision stating that an employee cannot be required or requested to work unreasonable overtime (unreasonable additional hours). Section 9B of the MCE Act contains a list of factors to be taken into account in determining whether or not additional hours are "reasonable".

#### **4. Rates of Pay**

This is likely to include clauses on the minimum adult award wage, wages, supported wages systems for employees with a disability, payment of wages, salary packaging, time and wages record keeping provisions, and any wage provisions dealing with junior employees, part-time employees, apprentices or trainees.

#### **5. Allowances and Facilities**

This will include clauses dealing with most other work related allowances - such as higher duties allowances, special allowances and facilities, car allowances, travelling allowances, distant work allowances, location allowances etc.

#### **6. Leave**

This will include all leave clauses, including annual leave, sick leave, carer's leave, bereavement leave, parental leave, public holidays, unpaid leave, and other forms of leave (such as emergency services leave). It may also include long service leave (if it is dealt with in the award).

These clauses will need to reflect (or be not less favourable than) the leave conditions contained within the MCE Act, including both the quantum of leave and the manner of use of the entitlement. A number of amendments were made to the MCE Act in 2006 to enhance the leave provisions, to ensure they continue to reflect contemporary working standards.

#### **7. Dispute Resolution Procedure**

Each award must contain a dispute resolution provision, which would normally be contained within this heading.

#### **Other major headings**

Other major headings may be included in an award, depending on its nature. Such headings could include things such as: *Registered Organisations*, *Superannuation*, *Structural Efficiency* and *Named Parties to the Award*.

#### **Conclusion**

Section 40B enables the WAIRC to update awards on more than one occasion, and some awards may be updated in clusters. The Decision in the Metal Trades (General) Award matter provides significant guidance on many award updating issues that may arise, and will no doubt be of benefit to other parties. Maintaining an up-to-date and contemporary State award system benefits both employers and employees in understanding their rights and obligations, and establishes a sound benchmark for agreement making at the workplace or enterprise level.

A copy of the order varying the Metal Trades (General) Award can be found [here](#).

## Gender Pay Gap Data For Western Australian Industries

The gender pay gap refers to the difference in the average earnings of men and women in the workforce. It is a measure of the difference in the full-time, average weekly ordinary time earnings of male and female employees, across-the-board.

In Western Australia the gender pay gap occurs for a variety of reasons, including:

- WA having a fairly gender-segregated workforce, with women being clustered in female-dominated industries and occupations that have traditionally been valued less than male-dominated industries;
- More women occupying casual and non-career part time positions, with lower pay and less training and development opportunities; and
- A lack of flexible working arrangements in some workplaces, which can inhibit the ability of women to combine work and family or caring responsibilities.

The gender pay gap across all industries in Western Australia is currently 25 per cent. The gender pay gap varies considerably within each industry group, as the table below illustrates:

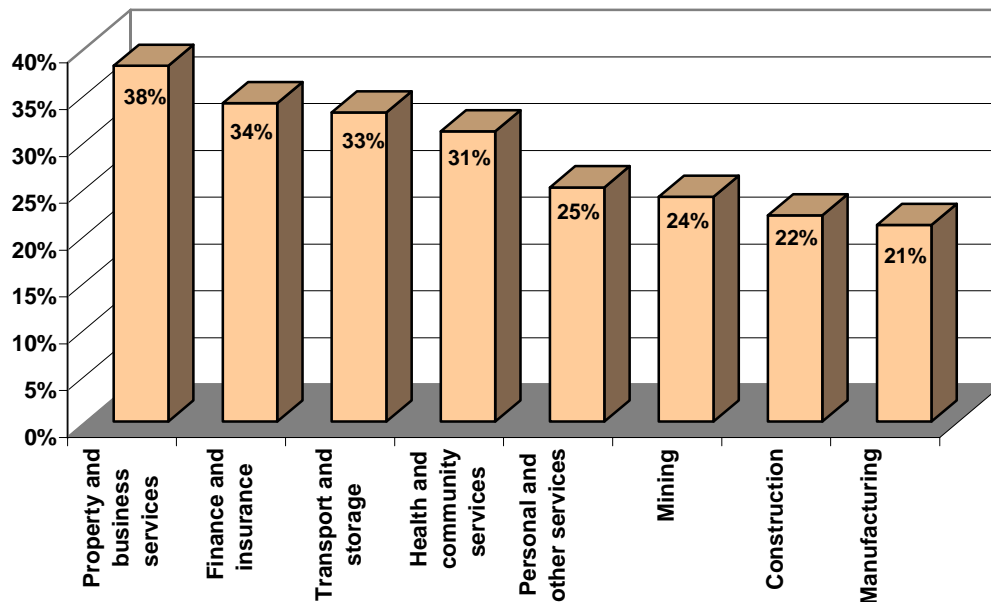
Gender pay gap by industry<sup>3</sup>

Industry	Gender pay gap
Property and business services	38%
Finance and insurance	34%
Transport and storage	33%
Health and community services	31%
Personal and other services	25%
Mining	24%
Construction	22%
Manufacturing	21%
Electricity, gas and water supply	21%
Accommodation, cafes and	18%
Education	17%
Wholesale trade	16%
Retail trade	11%
Government administration and	11%
Communications services	10%
Cultural and recreational services	7%

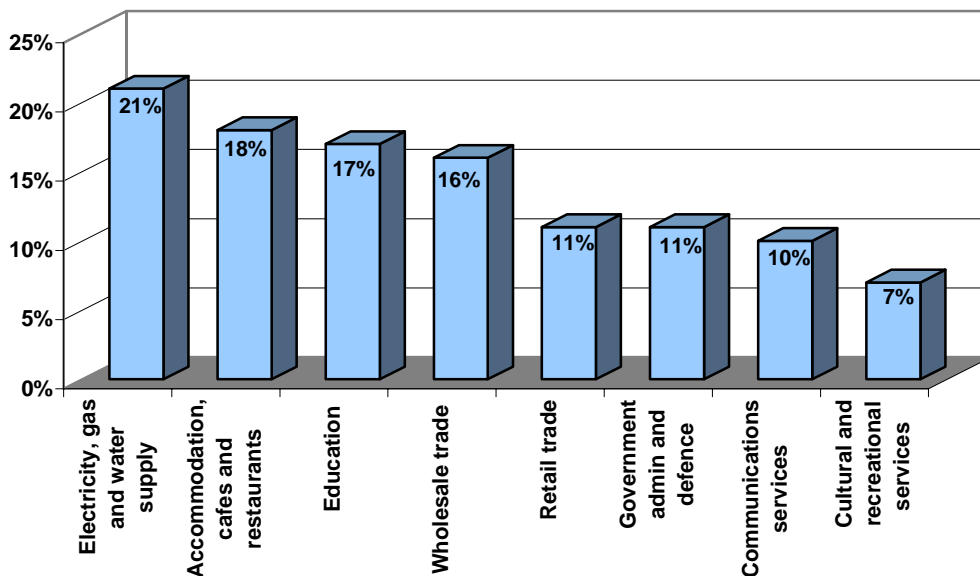
<sup>3</sup> Australian Bureau of Statistics (ABS), *Average Weekly Earnings* (cat. no. 6302.0), Full time adult ordinary time earnings by Industry Division and Sex, WA, August 2006, unpublished.

The gender pay gap can have a significant negative impact on individuals and families and on the Western Australian economy. For women, the gender pay gap can cause lower income in the short term, as well as lower lifetime earnings and retirement savings. This impacts on the level of income available to families, and may mean that both women and men work longer hours and have reduced work life balance.

Largest gender pay gaps in WA - by Industry



Smallest gender pay gaps in WA - by Industry



For further information on pay equity issues in Western Australia visit: [www.payequity.wa.gov.au](http://www.payequity.wa.gov.au).