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FOREWORD

Western Australia's resilient labour market continued to lead the nation in the December 2007 quarter - most notably through sustained low unemployment, high total employment and comparably high participation rates.

Strong labour demand across most industries contributed to Western Australia's low unemployment rate. Western Australia recorded its highest employment figures in 30 years with total employment reaching 1,125,100 in December 2007 and full time employment reaching 809,000 in October 2007.

Western Australia's tight labour market has contributed to moderate wages growth – the State's Wage Price Index¹ (WPI) rose by 1.3% in the December quarter 2007. The 2006-2007 Labour Price Index was also released, with WA recording a 5.9% growth over the financial year.

Average Weekly Ordinary Time Earnings (AWOTE) in WA rose by 2.1% in the November quarter 2007 – an increase from 1.2% in the previous quarter.

Inflation in Perth continued to track above the national average during the reporting period. The Perth CPI rose by 0.8% in the December quarter 2007, up from the 0.6% recorded in the September quarter. The annual inflation rate for Perth for the year to December 2007 was 3.0%, equal to the national rate.

The number of working days lost per thousand employees in WA increased from 0.9 to 1.3 in the December quarter 2007 but remained below the national figure of 2.6 days lost per thousand employees. Most States and Territories recorded low levels of industrial disputation during this period except Victoria, which recorded 9.1 working days lost per thousand employees. WA accounted for only 1,300 of the 24,400 total days lost to industrial action throughout Australia between September and December 2007.

The WA Industrial Relations Commission (WAIRC) registered a total of 10 enterprise bargaining agreements (EBAs) in the December quarter 2007. These paid an average annualised wage increase (AAWI) per employee of 4.1%. Four of the 10 agreements registered were in the public sector.

Summary of key WA results for the December quarter 2007

AWOTE (November quarter 2007)	2.1%
WPI	1.3%
LPI (2006-2007 financial year)	5.9%
CPI (Perth)	0.8%
Gender Pay Gap	27%
Unemployment rate (average for quarter)	3.3%
Industrial Disputes (days lost per thousand employees)	1.3
No. of EBAs registered	10
AAWI per employee for EBAs registered	4.1%

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 \$1,211.70 per week in the November quarter 2007. WA AWOTE grew by 2.1% during the quarter and 7.3% over the year to November 2007. Nationally, AWOTE grew by 0.6% during the quarter and 4.7% over the year.

Subsequently, Western Australia had the highest average earnings amongst the States in the November quarter 2007. In contrast, Tasmanian workers continue to earn less on average than the other States, recording AWOTE of \$1,011.70 per week during the same period.

Chart 1 - WA AWOTE - Seasonally adjusted (%)

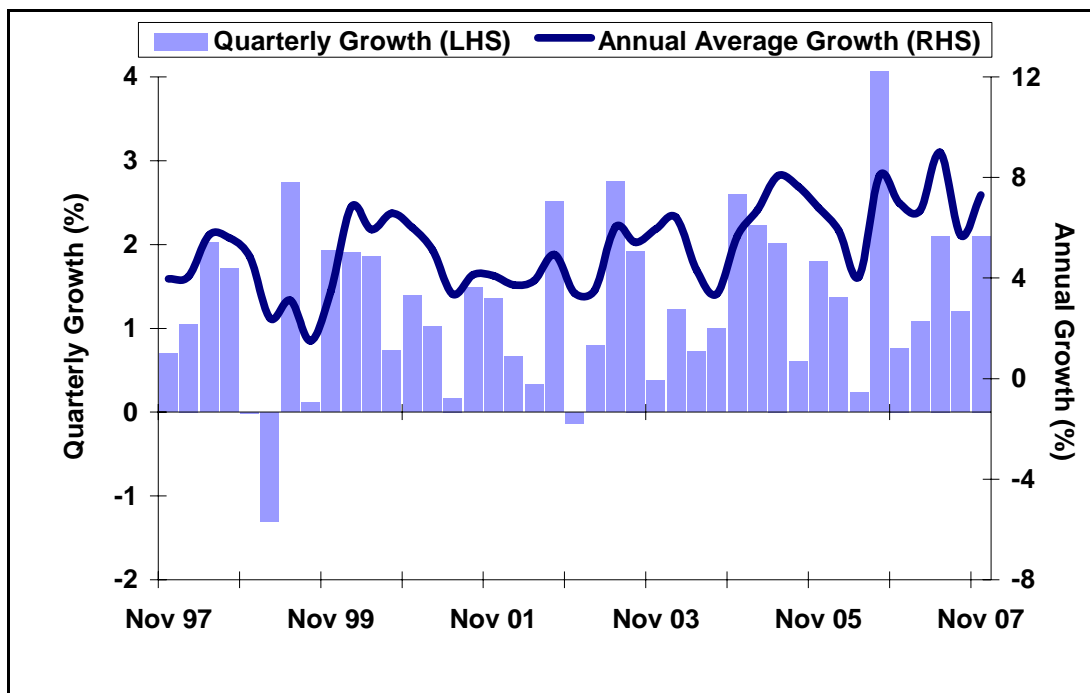


Table 1 - AWOTE by State and Territories (seasonally adjusted)

	<i>August Qtr 2007</i>	<i>Quarterly growth</i>	<i>Annual growth</i>
WA	\$1211.70	2.1%	7.3%
NSW	\$1143.60	0.3%	4.5%
VIC	\$1080.20	-1.1%	4.0%
QLD	\$1046.00	1.1%	5.2%
SA	\$1046.40	1.6%	5.0%
TAS	\$1011.70	0.8%	4.7%
NT	\$1065.60	0.6%	2.2%
ACT	\$1310.20	2.2%	4.7%
AUS	\$1110.20	0.6%	4.7%

Source: ABS Cat. 6302.0

1.2 Labour Price Index

In WA the WPI increased by 1.3% in the December quarter 2007, down from the 1.8% increase recorded for the September quarter 2007. Nationally the WPI increased by 1.0%, down from the 1.3% movement recorded in the previous quarter.

Table 2 – WPI – December Qtr 2007 - % change from previous Quarter – Original Data

	WA	NSW	VIC	QLD	SA	TAS	NT	ACT	AUS
All	1.3	0.7	1.0	1.1	1.2	0.9	1.0	1.0	1.0
Private	1.3	0.8	1.0	1.2	1.0	1.2	1.1	1.1	1.0
Public	1.2	0.4	1.0	0.8	2.2	0.3	0.6	0.9	0.9

Source: ABS Cat. 6345.0

The annual WPI growth in WA increased by 5.9% in the 12 months to December 2007, up 0.2 percentage points from the annual increase recorded in the previous quarter. In the 12 months to December 2007, WA's WPI increased by 6.4% in the private sector and by 4.3% in the public sector.

Western Australia recorded the highest annual WPI growth (5.9%) in the year to December 2007. The Northern Territory recorded the lowest annual growth (3.8%).

Table 3 – WPI - December Qtr 2007 - % change from corresponding quarter of previous Year – Original Data

Sector	WA	NSW	VIC	QLD	SA	TAS	NT	ACT	AUS
All	5.9	3.9	3.9	4.3	5.0	4.2	3.8	4.4	4.2
Private	6.4	3.8	4.1	4.1	4.9	4.2	5.4	4.4	4.3
Public	4.3	4.0	2.9	5.0	5.0	4.2	2.0	4.2	4.1

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 2007, the annual average rate of real wages growth in WA increased from 3.58% to 4.00%. During the same period, Australian real wages growth increased from 1.63% to 2.07% in annual average terms.

Western Australia has now recorded 26 consecutive quarters of positive real wages growth.

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

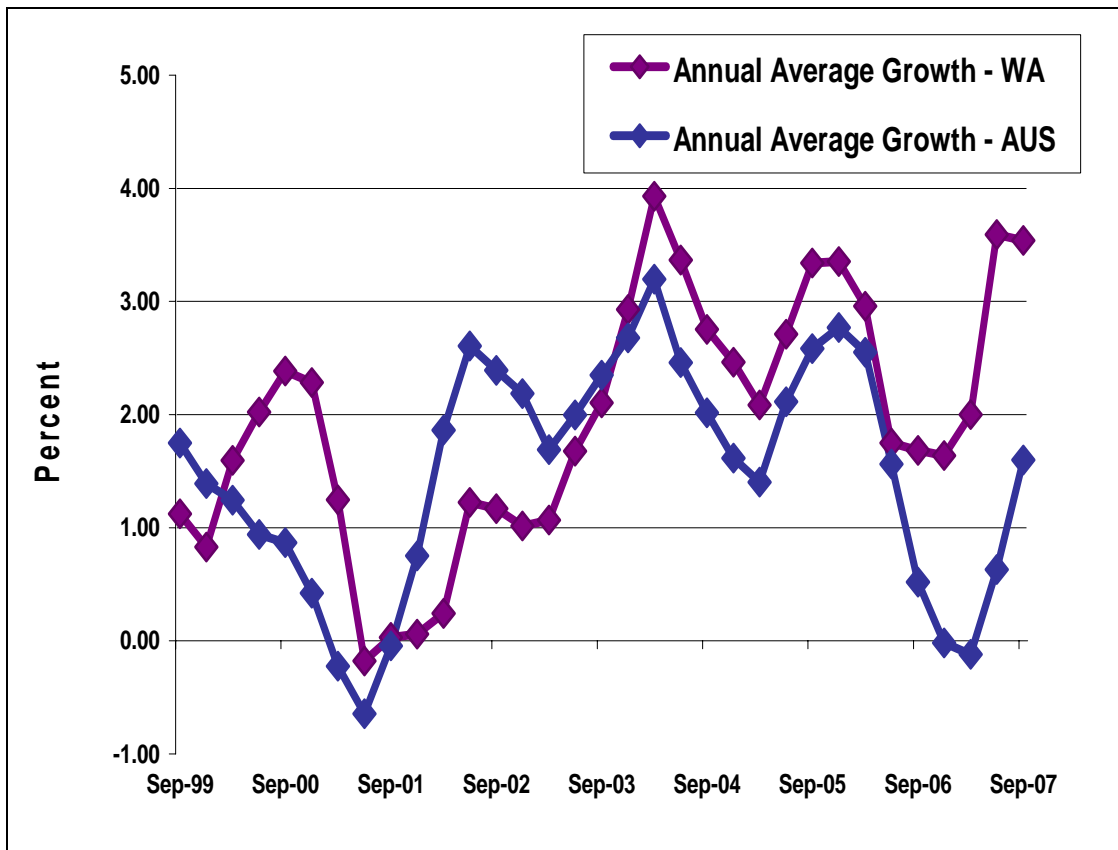


Table 5 – Real Wages Growth – WA v AUS – Annual Average %

	WA	AUS
Dec Qtr 2007	4.00	2.07
Sep Qtr 2007	3.58	1.63
Jun Qtr 2007	3.60	0.63
Mar Qtr 2007	2.01	-0.12

Source: ABS Cat. 6302.0, 6401.0

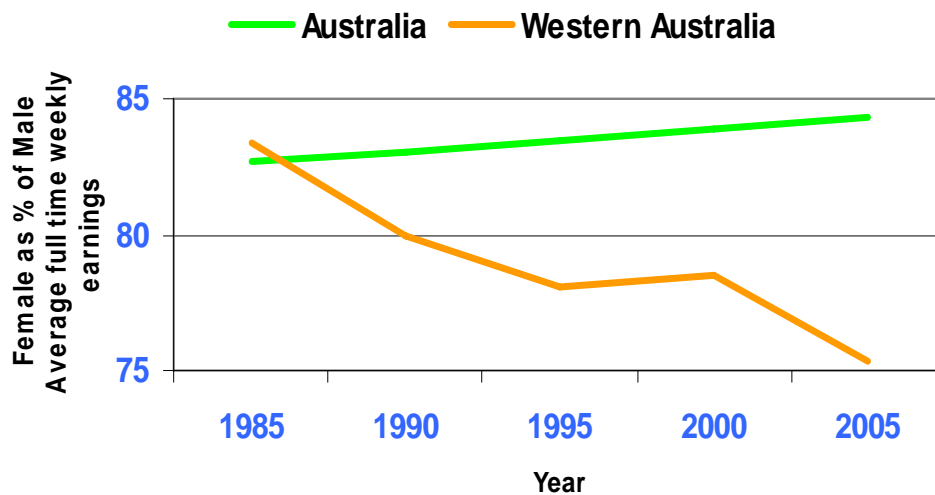
Real wages growth compares AWOTE figures with the Consumer Price Index (CPI) to determine the growth or decline of wages in real terms.

1.4 Gender Pay Gap

The gender pay gap refers to the difference in average earnings of men and women. The gender pay gap in Western Australia in November 2007 was 27%², based on average weekly ordinary time earnings. This excludes part time and casual employees, and overtime payments.

Western Australia has the biggest gender pay gap in Australia. The national gender pay gap in November 2007 was 15.7%³.

Gender pay gap by year Western Australia and Australia



Why does it matter?

Western Australia's large gender pay gap can have a negative impact on individuals, families and the 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 both women and men work longer hours and have reduced work life balance.

Lower wages can make women less likely to participate in the workforce. This means employers are missing out on skilled and experienced workers and women are missing an opportunity to be part of the paid workforce. Particularly at the current time, when Western Australia's economy is booming and there is a critical shortage of skilled labour, addressing pay equity can be a key attraction and retention strategy.

² ABS Average Weekly Earnings – 6302.0 November 2007

³ ABS Average Weekly Earnings – 6302.0 November 2007

2. INFLATION

The inflation rate for Perth was 0.8% for the December quarter 2007, an increase from the September quarter 2007 rate of 0.6%. The Consumer Price Index (CPI) increased in all capital cities for the December quarter 2007.

The annual inflation rate for Perth for the year to December 2007 was 3.0%, up from 2.6% recorded in the year to September 2007. The annual inflation rate across the eight capital cities was 3.0% in the year to December 2007, up from 1.9% in the year to September 2007.

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

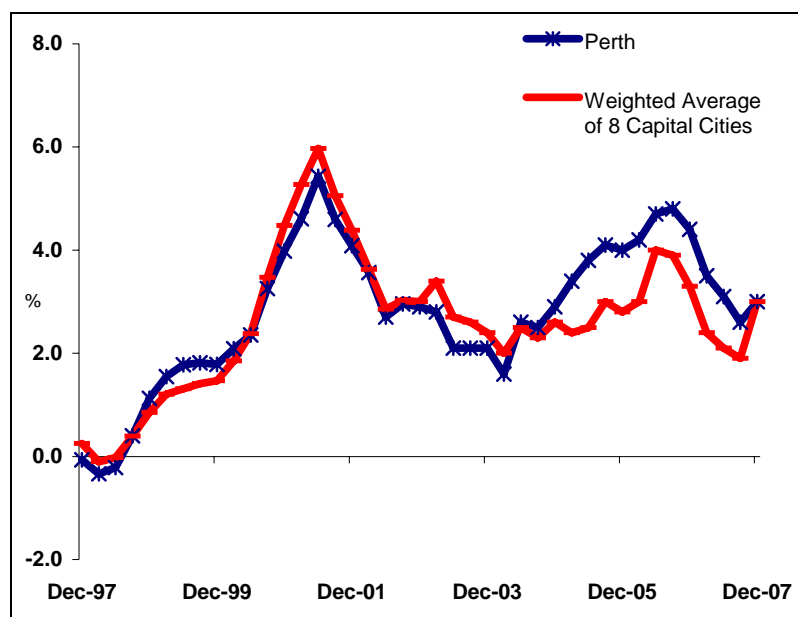


Table 6 – Consumer Price Index – December Quarter 2007 (%)

	<i>Quarterly growth</i>	<i>Annual growth</i>
Perth	0.8	3.0
Sydney	0.9	2.4
Melbourne	1.0	3.3
Brisbane	1.1	3.9
Adelaide	1.0	2.7
Hobart	0.8	2.9
Darwin	0.3	2.9
Canberra	1.0	3.3
8 Capitals	0.9	3.0

Source: ABS Cat. 6401.0

3. EMPLOYMENT

3.1 Employment Growth

By the end of the December quarter 2007 total employment in Western Australia had grown to 1,125,100 persons on a seasonally adjusted basis. Of the total workforce 806,700 persons (or 71.7 per cent) were employed on a full time basis, while 318,400 persons (or 28.3 per cent) were employed on a part time basis.

Full time employment in Western Australia rose by 4.6 per cent in the year to December 2007, while part time employment rose by 3.0 per cent.

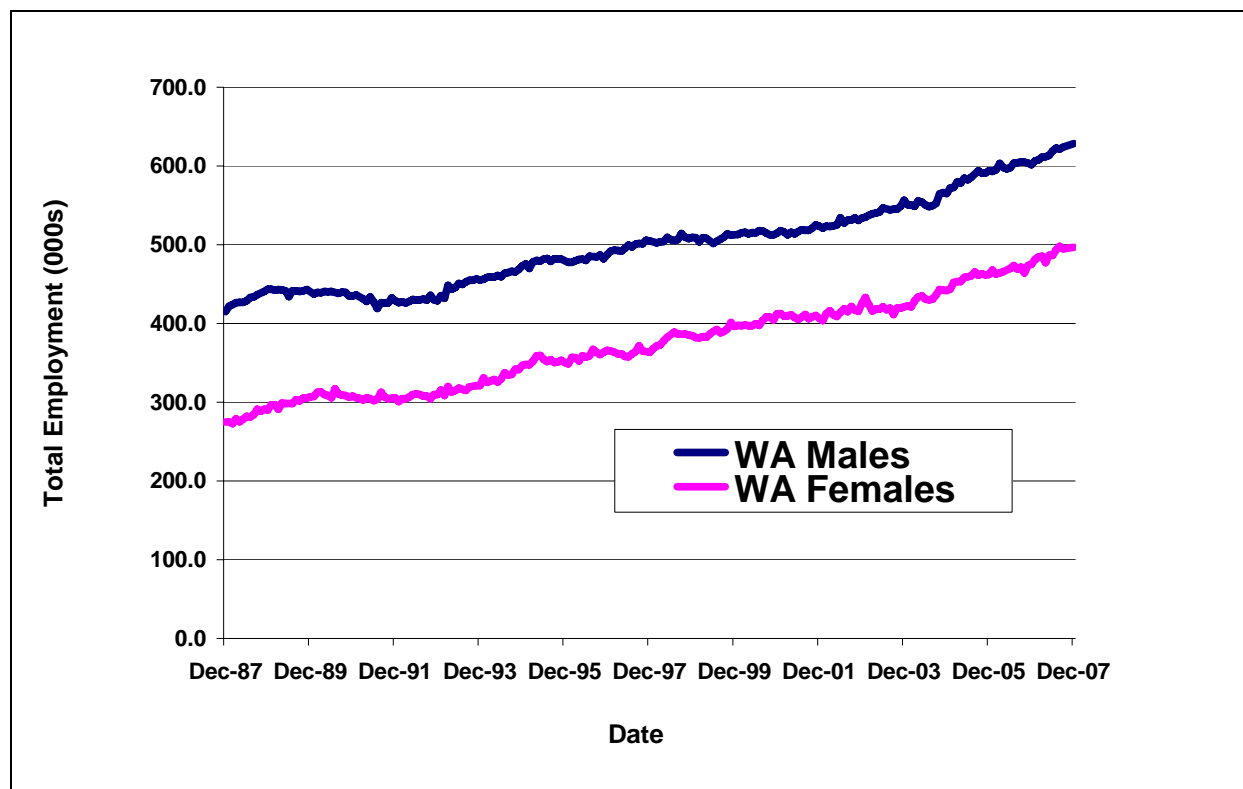
In December 2007 there were 628,400 employed males in Western Australia - an increase of 24,500 (or 4.1 per cent) from a year earlier. At the same time there were 496,700 employed females in Western Australia - an increase of 20,200 (or 4.2 per cent) from a year earlier.

Table 7 – WA Employment Growth - by Sex (seasonally adjusted)

	<i>Dec-2006</i>	<i>Dec-2007</i>	<i>% Increase</i>
<i>WA Males</i>	603,900	628,400	4.1
<i>WA Females</i>	476,500	496,700	4.2
Total	1,080,400	1,125,100	4.1

Source: ABS Cat. 6202.0

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



3.2 Unemployment

In the December quarter 2007 the seasonally adjusted unemployment rate in Western Australia stood at 3.6 per cent in October, 3.4 per cent in November and 3.1 per cent in December. This was the lowest of all States.

Nationally, the seasonally adjusted unemployment rate was 4.3 per cent in October, 4.5 per cent in November and 4.3 per cent in December.

Table 8 - Unemployment Rate by State (Seasonally adjusted - %)

	<i>October-2007</i>	<i>November-2007</i>	<i>December-2007</i>
WA	3.3	3.4	3.1
NSW	4.6	4.8	4.7
VIC	4.3	4.9	4.7
QLD	3.8	3.8	3.5
SA	5.4	4.8	4.9
TAS	5.7	5.2	5.5
AUS	4.3	4.5	4.3

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 any given month.

In the December quarter 2007 Western Australia maintained the lowest youth unemployment rate for the states - recording figures of 11.1 per cent in October, 13.3 per cent in November and 13.4 per cent in December.

Nationally, the youth unemployment rate was 17.1 per cent, 19.1 percent and 18.9 per cent respectively during the same period.

Table 9 - Youth Unemployment Rate by State (%) *

	<i>October-2007</i>	<i>November-2007</i>	<i>December-2007</i>
WA	11.1	13.3	13.4
NSW	20.2	23.5	23.5
VIC	18.5	20.8	20.3
QLD	12.9	14.0	13.6
SA	25.7	20.3	21.3
TAS	23.7	29.9	30.6
AUS	17.1	19.1	18.9

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.

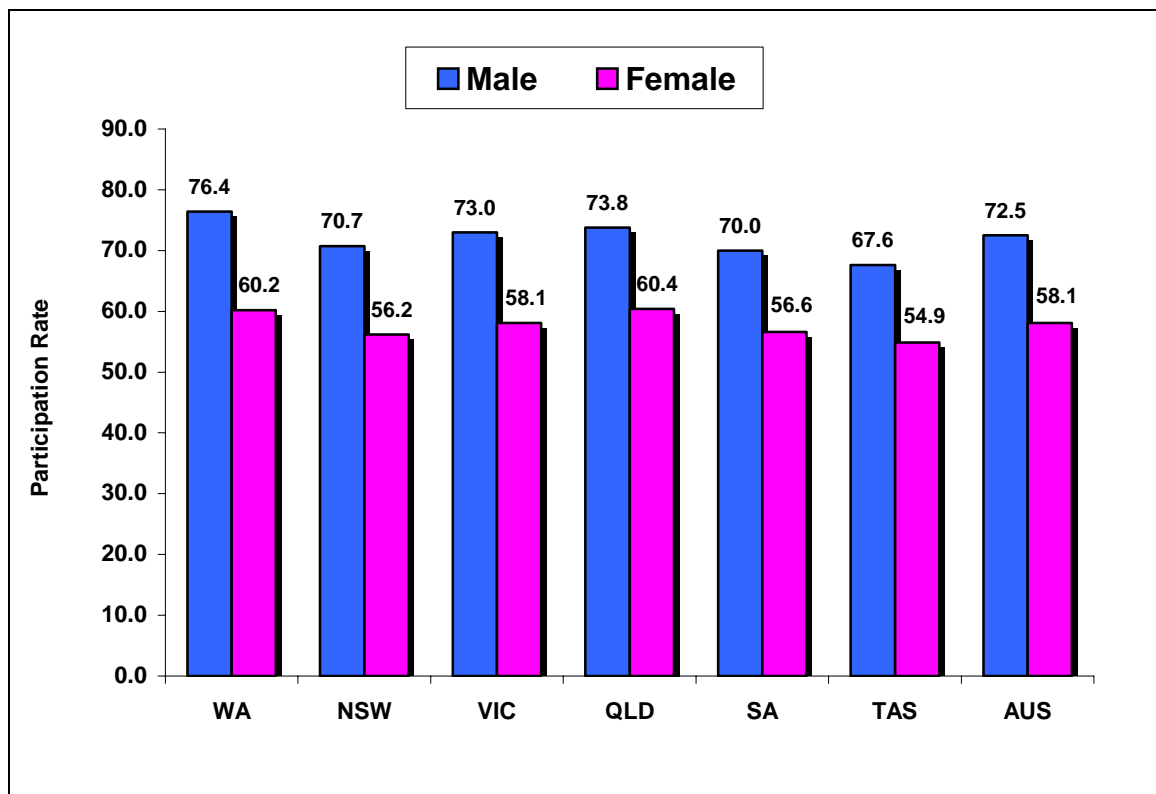
In the December quarter 2007 Western Australia maintained a high level of labour force participation, recording figures of 68.7 per cent in October, 68.1 per cent in November and 68.3 per cent in December.

Table 10 - Participation Rate by State (seasonally adjusted - %)

	October-2007	November-2007	December-2007
WA	68.7	68.1	68.8
NSW	63.2	63.4	63.3
VIC	64.7	65.3	65.4
QLD	67.3	67.4	67.1
SA	63.1	63.1	63.2
TAS	60.9	61.1	61.1
AUS	65.0	65.3	65.2

Source: ABS Cat. 6202.0

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



4. INDUSTRIAL DISPUTES

The level of industrial disputation in Western Australia increased in the December quarter 2007 - but remained low by historical standards. The number of working days lost per thousand employees in Western Australia rose to 1.3 in the December quarter 2007, up from the September quarter figure of 0.9.

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

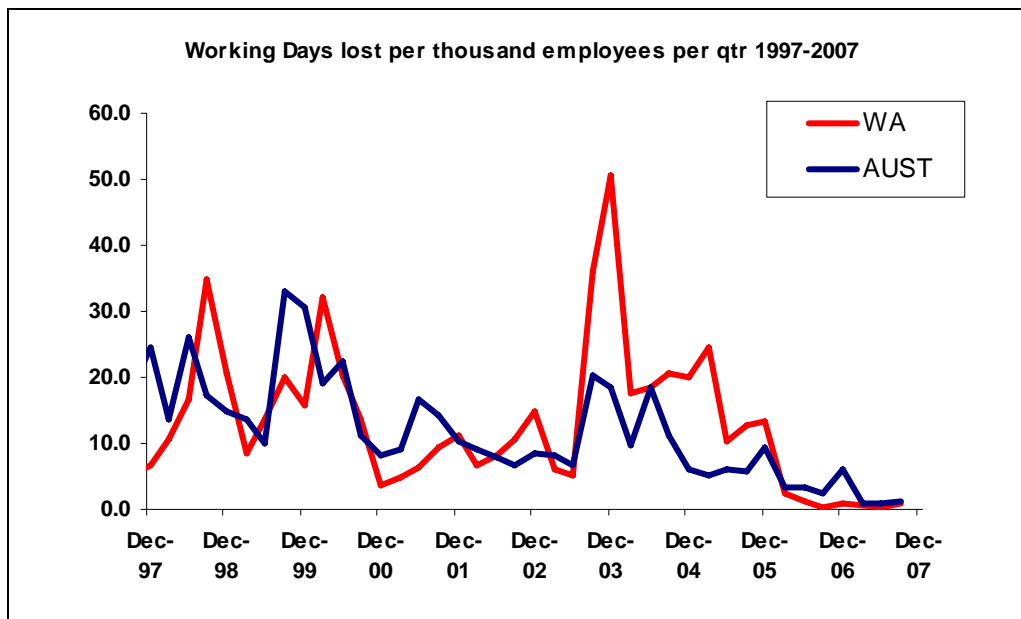


Table 11 – Industrial Disputes – December Quarter 2007

	<i>Days lost per 1000 employees</i>	<i>Total working days lost</i> ⁴
WA	1.3	1,300
NSW	0.4	1,100
VIC	9.1	21,000
QLD	0.3	600
SA	0.0	100
TAS	1.2	200
NT	1.4	100
ACT	0	0
AUS	2.6	24,400

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.

⁴ Rounded to the nearest one hundred.

5. AGREEMENT MAKING

5.1 Enterprise Bargaining Agreements

In the December quarter 2007 the WAIRC registered a total of 10 EBAs, covering 6,016 employees. This compares to a total of 19 EBAs registered in the September quarter 2007, covering a total of 4,230 employees.

Four of the 10 agreements registered in the December quarter 2007 related to public sector employment.

All of the agreements registered in the December quarter 2007 contained quantifiable wage outcomes. The average annualised wage increase (AAWI) **per employee** for the December quarter 2007 was 4.1%. This is the same rate that was recorded in the September quarter.

The AAWI **per agreement** was 4.1% and is higher than the 3.9% recorded in the September quarter.

Table 12 – 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 2007</i>	10	6,016	4.1%
<i>Sep Qtr 2007</i>	19	4,230	4.1%
<i>Jun Qtr 2006</i>	27	13,502	3.5%
<i>Mar Qtr 2006</i>	18	7,574	3.5%

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.