Further to our meeting with the Fair Pay Commissioner Ian Harper in Perth on 13 February 2008 we make the following submissions in support of a real and fair wage increase for workers relying on the minimum wage increase.

We draw attention to the strong performance of the Western Australian economy and its capacity to easily absorb a decent minimum wage adjustment. West Australian workers are experiencing a booming economy, which according to the latest ABS figures has outpaced the growth in all other states and territories. With this pace of growth comes high prices and living costs.

We support and endorse the submission made by the ACTU including the claim for an increase of $26 per week to the statutory minimum rates of pay and to all award classifications.

UnionsWA does not intend make detailed submissions to the Fair Pay Commission (FPC), but to highlight some of the conditions experienced in the WA economy by WA workers.

This submission should be read in conjunction with the ACTU submission.

The Labour Market

March 2008 ABS figures show the unemployment level in WA has equalled a record low, and is the lowest in the country at 2.8%. We have now had the lowest unemployment for eight months running. Nationally, unemployment is at 4%.

In November 2007 the WA Chamber of commerce and Industry predicted that WA will require as many as 400,000 additional workers over the next decade to meet the needs created by the current resources boom. Wages are not a deterrent to employment: the
economy has a problem with skill shortages (excess demand) rather than excess supply.

In submissions to the FPC in 2007 we pointed to evidence that the skill shortage in WA is such that adequate wages have to be paid to ensure that junior employees do seek to enhance their skills. The ongoing problem faced in WA is that the chronic shortage of workers is leading to young workers not entering training or apprenticeships because the wages are not sufficient to the wage they can otherwise earn.

We again draw attention to research by Professor David Plowman from the University of Western Australia who found that the minimum wage increases have had only minor effects on employment and do not seem to have affected employment levels of those aged 15 to 24.

**Average Wage Movements**

ABS figures show that average wages rose in WA by 7.3% in the year to November 2007\(^2\). This compares to national figure of 4.9% growth. Analysts say that the wage gap between the states was the largest since records were maintained 23 years ago.\(^3\)

While highest earnings can be found in mining followed by finance and insurance, the lowest average wage is received by workers in hospitality, followed by retail.

**The Wage Gap**

Latest data for the full-time labour market shows that the gender pay gap in Western Australia continues to widen. Men employed full-time now earn 27% more than women employed full-time.\(^4\) Nationally, the figure has remained unchanged at 16%.

This continued deterioration of the gender pay gap in WA is an issue the Fair Pay Commission must take into account in deciding the 2008 minimum wage increase. The most recent ABS figures show that 25% of women (in non-managerial employment) rely on awards to receive pay increases.\(^5\)

**Cost of living**

The AFPC has a critical responsibility to provide a safety net for workers less able to access wage increases through collective and individual bargaining.

In recent years, Western Australia has been experiencing an economic boom. This has resulted in benefits for some sectors (increased business investment, increased Government revenue and higher wages in mining, construction and finance). However, this ‘boom’ is not

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\(^2\) “WA Pay packets topped up”, WA Business News, 2 Feb 2008 p 23

\(^3\) CommSec economist Savanth Sebastian quoted in “WA Pay packets topped up”, WA Business News, 2 Feb 2008 p 23

\(^4\) ABS • AVERAGE WEEKLY EARNINGS • 6302.0 • NOV 2007

\(^5\) ABS • EMPLOYEES' EARNINGS AND HOURS • 6306.0 • MAY 2006 (RE ISSUED)
producing benefits for all Western Australians, and in fact, it is producing adverse conditions through a soaring cost of living.

Indications of higher prices experienced in Western Australia include:

- Rents in WA increased by a 23% in 2007. There has also been a significant reduction in private rental vacancies in WA, from a ten year high of 4.8% in mid 2003 to a record low of 0.8% in March 2007.
- The JPMorgan/Fujitsu Australian Mortgage Industry Report March 2008 found that nationally 300,000 households would experience severe stress by June 2008. The same report predicted that the number of WA households in severe stress would more than triple from 9000 in Sept 2007 to 33,000 by June 2008.
- The latest survey of average retail prices by the ABS shows Perth is the most expensive capital overall for food and groceries in Australia (except Darwin). The December findings for show a representative basket of items ranging from meat and fish to processed food and household supplies cost $240.50 in Sydney - a clear $10 less than in Perth which was $250.60.

UnionsWA strongly argues for a substantial adjustment to the award rates to afford the necessary protection to low paid workers in WA.

**Conclusion**
UnionsWA submits that the FPC should ensure that it awards a minimum wage increase that is responsive to the financial needs of low paid workers and addresses the growing gap between minimum and award wages in WA and Australia and between minimum and award wages and the rest of the workforce.

The FPC have the capacity within the legislation to raise the living standards of the low paid and that a minimum wage increases in the current economic climate will have negligible effects on unemployment levels for adults and youth unemployment.

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6 REIWA president Rob Druitt, March 01, 2008
7 Real Estate Institute of Western Australia. 25 May 2007.
8 ‘Rising rates could claim 30,000 homes’, West Australian 14 March 2008 p1
9 ABS • RETAIL TRADE • 850 1.0 • DEC 2007