

# **Labour Markets and Wages in Australia: 2008**

Alison Preston and Therese Jefferson

Graduate School of Business

Curtin University of Technology

GPO Box 1987U

Perth Western Australia 6845

Email: [T.Jefferson@curtin.edu.au](mailto:T.Jefferson@curtin.edu.au)

**Abstract:**

The Australian economy in 2008 was one of contrasts: the resource based states continued to grow at relatively higher rates than the remainder; wage and employment outcomes varied widely for different groups in the labour force; and domestic climate change policies achieved prominence just as a global economic downturn lead to rapidly changing macroeconomic conditions. Within this rapidly changing context, ongoing concerns with labour utilization, wage equity and issues of compliance appear likely to grow in significance.

**Introduction**

Recent years have borne witness to a number of historic moments. For those with an interest in industrial relations and labour market regulation the introduction of Workchoices in March 2006 marked one such occasion. The election of the Rudd Labor Government on the 24<sup>th</sup> of November 2007, with a mandate to overturn Workchoices, was of similar significance. The new government's first steps to addressing industrial relations were marked by the *Workplace Relations Amendment (Transition to Forward with Fairness) Act 2008*, which became effective in March and the *Fair Work Bill*, to become effective in July 2009. These events were, however, overshadowed by an international collapse of financial markets (September 2008) and subsequent downturn in the real economy. The election of Barack Obama to the Presidency of the USA (November 2008) concluded a tumultuous year.

For many observers 2008 will be remembered as either a turning point or a roller-coaster year. Official unemployment remained relatively low, reaching 3.9 percent in February 2008 and participation rates remained above 65 per cent for the year (ABS 2008a). Both outcomes were reflective of historically strong employment growth rates, the latter underpinned by the boom in the Chinese economy and an associated strong demand for Australian commodities. Skill shortages, low vacancies, long wait lists for child-care centres, rising food prices, rising petrol prices and a housing affordability crisis were also defining characteristics of 2008, as was strong wages growth. That said there was a clear geographical dimension to the boom and to the wages pressures. Western Australia (WA) and

Queensland (QLD), the commodity states, experienced highest levels of economic growth relative to the other parts of Australia. Such growth patterns are characteristic of previous years (Watts & Mitchell 2008; 2007). There was also a sectoral dimension to the wages growth. For some groups such as those working in feminized sectors such as hospitality, retail and child-care the skill shortages and boom conditions did not generally translate into higher pay, even within buoyant economic states such as WA (Jefferson & Preston, 2008).

In the remainder of this review, we draw on a variety of indicators to describe labour market and wage outcomes in Australia in 2008. Australian labour market developments highlighted in recent journal articles, reports and submissions to public inquiries include: historically strong employment growth, particularly in low waged part-time jobs; skill shortages; fragmentation of working hours and long working hours; feminization of employment and limited access to paid maternity leave; continued sex and age discrimination; incidence of dismissal; increased vulnerability for particular labour market groups and growing concerns with respect to youth employment; low indigenous employment rates; increasing tensions regarding the balancing of work and family; widening gender pay gaps; widening income inequality; declining industrial action. A number of these developments derive from earlier regulatory changes, such as the introduction of Workchoices and the establishment of new institutions such as the Australian Fair Pay Commission (Cowling & Mitchell, 2007; Pocock *et al* 2008). The decline in commitment to the gender equity agenda by successive Australian governments has also contributed, directly and indirectly, to other observed outcomes (Maddison & Partridge, 2007).

It is clearly beyond the scope of this article to shed light on all the developments noted above. The review therefore focuses on aggregates of employment, participation, unemployment, under utilization and working hour arrangements. In the wages section we endeavour to go 'beneath' the aggregate data to examine geographical and sectoral dimensions. Space precludes inclusion of other important labour market development such as in the area of women and work and in relation to significant legislative changes in 2008. Interested readers can investigate these issues in the contributions of other scholars published in this review of industrial relations in 2008 (see Baird & Williamson this issue; Sutherland this issue).

### **Macroeconomic context 2008**

As long reflected in the *Journal of Industrial Relations* annual reviews by Watts and Mitchell (2008; 2007; 2006; 2005; 2004), labour market and wage outcomes cannot be isolated from the broader macroeconomic context: a demand for goods and services is the key driver of labour market outcomes and wage setting institutions have typically paid considerable attention to key macroeconomic indicators.

Australian economic growth, as measured by gross domestic product (GDP) slowed throughout 2008. Annual GDP growth in September 2008 was 1.9 percent. The annualized figure represents a considerable reduction compared with the figure of 4.3 percent for September 2007. It also disguises a large fall in GDP growth in the September quarter, following a collapse in world financial and share markets. In the quarter to September 2008, GDP grew by 0.1 percent (seasonally adjusted); this compares with 1.1 percent in the September 2007 quarter and 0.9, 0.6 and 0.4 percent in the previous three quarters (ABS 2008a).

A range of other macroeconomic indicators highlight the depth and persistence of the global economic crisis and its growing impact on Australia. Towards the end of 2008 Australia experienced a dramatic decline in vehicle sales and building approvals as well as a decline in retail turnover and a falling CPI. The Reserve Bank of Australia's substantial lowering of the cash rate (from 7.0 percent at September 2008 to 4.25 percent by December 2008) underscores attempts to maintain or encourage consumption and investment.

At the time of writing, estimates of state final demand for September 2008 continued to show relatively favourable outcomes in Western Australia and the Northern Territory (ABS 2008a). The loss in confidence and fall in global aggregate demand is, however, now feeding through to the resources sector. Mining companies in WA are increasingly laying off contractors and cutting back on mine staff (Le May 2008). We can expect to see this translate to higher unemployment rates and declining pressure on wages.

TABLE 1

### **Labour market 2008**

Recent years have seen strong growth in the labour force participation. At October the (seasonally adjusted) 2008 participation rate peaked at 65.4 percent, at the time comprised of a female participation rate of 58.7 percent and a male participation rate of 72.4 percent (ABS, 2008a). Notwithstanding the relatively stronger growth in female labour force participation (compared to male participation) since 2000, there remained a significant gender participation gap equal of 13.7 percent at October 2008 (Table 2). This is above that of other OECD countries. In Canada, for example, the corresponding gap is around 12 percent while in Sweden it is significantly lower equal to 5 percent (World Economic Forum 2008).

Gains in the female participation rate have clearly been driven by increasing demand for labour, although the changes are also underpinned by demographic effects such as changed social norms and an increasingly aging population (Austen & Seymour, 2006). At October 2008, for example, of all women in the labour force aged 20 plus, women aged 45 or more accounted for 39.8 per cent. In 1991 the corresponding share was 24 per cent. The majority of these older women are engaged in part-time employment.

In recent years, growth in employment participation has been particularly strong in the part-time labour market. The latter reflects an employer preference for more flexible forms of labour and a growing use of non-standard forms of employment (part-time, temporary, casual). In the eight years to October 2008 part-time employment, for example, grew by 26 percent (see Table 2). Whilst much of this job growth was taken up by persons aged 20-64, teenagers did move into many of the part-time jobs. By October 2008 17 percent of all part-time employees were aged 15-19.

Changes in patterns of part-time employment are also reflected in the different rates of growth in male and female part-time employment. Between October 2000 and 2008, the number of males employed part-time increased by 28.4 percent to 793,500. The corresponding increase amongst women was 25.2 percent, although women came off a

much higher starting base. By October 2008 more than two million women were employed part-time (Table 2). Women clearly dominate the part-time job sector with 73 per cent of all part-time jobs held by women. There appear to be some distinct differences in the part-time jobs held by men and women. Men, for example, are more likely to be employed without paid entitlements; latest available ABS data (for August 2007) shows that 71 percent of all male part-time jobs have no paid leave entitlements, this compares to 51 percent for women (ABS 2008g).

TABLE 2

### TABLE 3

Table 4 summarizes the distribution of full-time and part-time employment across industry sectors. It is apparent from these data that mining is a highly masculine sector with a very low share of part-time employment. The retail trade, accommodation, cafes and restaurants and cultural and recreational services, in contrast, contain higher than average shares of men and women employed on a part-time basis. These different employment forms are also reflected in different rates of earnings growth across sectors. Earnings growth in the mining sector has been well above average while earnings growth in retail and accommodation, cafes and restaurants has been amongst the lowest of all sectors (for more discussion see the wages section below).

### TABLE 4

#### **Unemployment and labour utilization**

Strong employment growth has contributed to a significant decline in the numbers of men and women classified as unemployed. Between 2000 and 2008 male unemployment fell by 28.7 percent. Several macro-economic indicators plus other labour market data (such as the skilled vacancies survey) point, however, to rising unemployment over 2009. Between September 2008 and November 2008 the number of skilled vacancies advertized fell by 20 percent. Over the year to November 2008 the number of vacancies declined by 38 percent (DEWR, 2008a). That said, for the period under study (2008), the data show that there was little change in official unemployment rates in the year to October 2008. At October 2008 the national (seasonally adjusted) unemployment rate was 4.4 percent (Table 2). The corresponding teenage unemployment rate was equal to 12.8 percent (Table 3).

Reflecting earlier observations of a ‘two track’ economy, boom economies of WA, Queensland and the NT have below average unemployment rates while NSW is home to an above average level of unemployment (Table 5). Data on searches for full-time work also reveal interesting patterns of labour utilization, with the female full-time unemployment rate

consistently above the overall unemployment rate. At October 2008 the seasonally adjusted female full-time unemployment rate was equal to 5.3 percent, while the corresponding male rate was 3.7 percent. As shown in Figure 1, the difficulty of finding full-time employment has been trending upwards over the latter part of 2008, with this turn around more pronounced amongst women. It may be that the sectors women tend to be clustered in have felt the initial brunt of the declining economic conditions. As shown in Table 1, the turnover in retail (a highly feminized sector) is down.

TABLE 5

FIGURE 1

Trends in the unemployment rate provide insights into the labour utilization rate although other available indicators help shed light on sub-optimal employment outcomes. Discouraged workers (those who have given up on the job search) are, for example, not captured by official unemployment rates. The Centre for Full Employment and Equity (CofFEE) at the University of Newcastle, publishes a series of indicators which capture the degree of under-utilization amongst the unemployed, hidden unemployed and part-time workers who wish to work more hours. Table 6 below reports the ABS under-employed and underutilized statistics as well as CU8, a comprehensive CofFEE indicator which takes into account the working hours preferences of full-time and part-time employees.

It is apparent from these data that the official unemployment rate understates the level of labour under utilization. The CofEE indicator and the ABS underutilization measure are substantially higher. There is evidence of a slight drop in under-utilization over 2008, however, the lagged nature of the indicators may understate the extent of under-utilization towards the end of 2008. As the official measure of unemployment increases, by definition, so too will measures of under-utilization.

TABLE 6

It may be that relatively high growth in full-time employment has contributed to the trends in the labour utilization rates observed in Table 6 above. As shown in Table 7, above average rates of full-time employment growth have occurred in several sectors including mining, accommodation cafes and restaurants, education and health and community services. Below average growth in female full-time employment between October 2007-2008 may, however, be an early indicator of increased under utilization of labour in these sectors, thus possibly reversing some of the earlier gains. Perhaps also of concern is the skills wastage which derives from labour market structures which sees highly qualified individuals (often women) channeled into lower skilled part-time jobs in search of work which meets their hours preferences but not necessarily matching their skill capabilities. This represents yet another dimension of labour under-utilization not captured by the indicators discussed (Preston & Burgess 2003).

TABLE 7

### **Wages outcomes in 2008**

There are a number of theories as to the determinants of wages. Competitive theories of wage determination (eg. the human capital model) suggest wages are primarily determined in the market and are reflective of the relative value or productivity of individuals. Non-competitive explanations point to different or additional determinants such as level of aggregate demand, bargaining power of employers, unions and wage setting institutions. Policy makers, who subscribed to competitive theories have tended to advocate a decentralized bargaining model in the belief that it permits a closer alignment of wages with labour productivity and a better allocation of labour market participants. The Organization for Economic Cooperation and Development (OECD), for example, has long been an advocate of decentralized bargaining (OECD, 1994 and 2004) and wage flexibility to ensure the low paid are not priced out of the job market. More recently the OECD has, however, softened its tone, noting that the link between minimum wages and unemployment is not as strong as previously thought (Cowling & Mitchell, 2007).

Viewing wage outcomes from a non-competitive perspective it is apparent that a number of developments in 2008 will have ongoing effects on Australian wages. Examples include the

two-speed economy, the growth in more precarious forms of employment (eg. part-time and casual employment) with associated limits to bargaining power, various regulatory reforms such as Workchoices and the welfare-to-work provisions and, more recently, falling aggregate demand. Even within a buoyant economy, such as WA, a number of employees in low paid sectors (including sectors such as child-care and aged care with acknowledged skill shortages) have been unable to secure wage increases in recent years. The latter derives from the relatively weak bargaining position of participants, a preference to change jobs rather than risk being sacked for seeking a pay rise, and a lack of awareness about the 'going rate' as a result of confidentiality provisions and a shift to individual bargaining (Jefferson & Preston, 2008).

In the remainder of this section we draw primarily on ABS data to illustrate recent wage outcomes across different sectors of the Australian economy. We begin with an overview of the Australian Fair Pay Commission (AFPC) and its role in setting and adjusting wages in Australia.

The AFPC was established under Workchoices with a responsibility for setting and adjusting the standard federal minimum wage and minimum award classifications for rates of pay. Prior to the establishment of the AFPC the Australian Industrial Relations Commission (AIRC) was responsible for setting and adjusting minimum wages. As noted in Cowling and Mitchell (2007), consistent with OECD recommendations, in transferring minimum wage setting responsibility from the AIRC to the AFPC, policy makers were hoping to see a reduction in the real value of the minimum wage in the belief that this would, in turn, improve the employment prospects of low skilled workers. As Issac (2008) notes, unlike *Workplace Relations Act 1996 (Cth)* where there was an emphasis on fairness and the needs of the low paid, Workchoices contained no such reference. The objective of the AFPC was simply to set wages which had regard to (AFPC, 2008: 31):

- (a) The capacity of the unemployed and the low paid to remain in employment;
- (b) Employment and competitiveness across the economy;
- (c) Providing a safety net for the low paid;

- (d) Providing minimum wages for junior employees, employees to whom training arrangements apply and employees with disabilities that ensure those employees are competitive in the labour market.

In its most recent decision (which came into effect on the 1<sup>st</sup> of October) the AFPC, did, however, take into consideration factors such as needs, as reflected in cost of living considerations (noting increases in the RBA cash rate as well as petrol and food prices). Other considerations which were contained in submissions to the AFPC included changes to the income tax brackets and a growing awareness of possible recessionary conditions in some industry sectors (AFPC, 2008). The resultant decision saw the standard federal minimum wage increase by 4.2 percent (from \$13.74 per hour to \$14.31 (or \$522.12 to \$543.78 for a 38 hour week)). The rate of increase was below that requested by the ACTU (5 percent) and slightly lower than the official underlying inflation rate of 4.3 percent (at March 2008) but on par with the average annualized wage increase for employees on federal collective agreements, equal to 4.2 percent in the public sector and 3.7 percent in the private sector (Table 8).

#### TABLE 8

Table 9 summarizes movements in wages by sector using the wage price index data. Between September 2007 and September 2008, wage growth was equal to 4.1 percent. The rate of growth was strongest in the private sector equal to 4.2 percent. In the public sector, the corresponding change was equal to 3.6 percent. Table 7 above shows composition of employment as well as wage price index. At September 2008 the industry groups with below average wage movements were manufacturing, electricity, gas and water supply, retail trade, accommodation, cafes and restaurants, government administration and defence, communication services, health and community services and cultural and recreational services. The slowest growth was recorded in accommodation, cafes and restaurants (2.3 percent), a sector with high levels of male and female part-time employment (see Table 7).

#### TABLE 9

It is likely that wages growth will slowdown over the next few years. A recent Hay Group global survey of pay and staffing shows that 17 percent of organizations in Australia are planning to cut staff in 2009 and 24 percent are either freezing or considering freezing salaries for employees (Perth Now 2008). Whilst pay cuts and salary freezes may help individual employers meet their micro fiscal and budgetary targets, at a macro level the development will do little to help stimulate much needed aggregate demand. The retail sector and accommodation, cafes and restaurants have been hard hit by the recent economic downturn. These developments, of course, raise some additional considerations, particularly given recent Coalition government changes to the industrial relations framework which have had the effect of weakening the protections afforded to vulnerable workers. Important considerations include questions of gender pay equity and compliance.

#### *Gender pay equity*

The persistent gender pay gap continues to be a concern within the Australian labour market and was the subject of discussion in the AFPC's most recent minimum wage decision of July 2008 (AFPC 2008: 87). Gender pay ratios differ by sector, industry and earnings distribution. As shown in Table 10, at August 2008 the gender pay ratio (measured as the common ratio of weekly ordinary time earnings for men and women in full-time employment) was equal to 83.3 percent nationally (or a gap of 16.7 percent). Reflecting patterns of sex segregation in the labour market and a pattern of lower gender pay gaps in the public sector (12.1 percent), the gender wage gap in the private sector was considerably larger equal to 19.5 percent.

#### TABLE 10

As Table 11 demonstrates, when disaggregated according to position on pay distribution, the data show significantly higher gaps for employees at the top of the pay distribution than for those at the bottom. The AFPC has noted that minimum wage decisions and rates of pay set under the Australian Pay Classification Scales are likely to be playing role in minimizing the gender wage gap among those on relatively low pay (see also AFPC, 2008: 87). Research commissioned by the AFPC during 2008 is consistent with this argument (Austen et al 2008) and with other literature that demonstrates links between wage setting institutions, wage

negotiation and gendered outcomes (Peetz & Preston 2007; Preston, Jefferson & Seymour 2006).

#### TABLE 11

##### *Low wage workers and compliance*

While not forming part of its decision, several research reports commissioned by the AFPC in recent years have noted relatively large numbers of adult employees receiving hourly wages that appear to be below the federal minimum wage (Healy & Richardson 2006; McGuinness, Freebairn & Mavormaras 2007; Austen et al 2008). Estimates of the number of people working for below minimum wages vary widely but may number in the hundreds of thousands (Healy & Richardson 2006: 5). Similarly, the possible reasons that relatively large numbers of below minimum wage earners are recorded in workforce surveys vary widely; from errors in data collection to underpayment and the operation of a black economy (Healy & Richardson 2006:5). However, the focus of each of these reports was on issues other than compliance; *prima facie* there appears to remain a need for systematic investigation of the extent to which minimum wage decisions are enforced as the Australian industrial relations system becomes increasingly remodeled around federal minimum wage decisions.

On a related theme, the AFPC noted in its 2008 that wage decisions are intended to flow to casual employees through a 20 percent casual loading (AFPC 2008: 14). However, recent data analysis undertaken by the ABS raises questions about the percentage of casual employees that receive payment of the appropriate loading. In a comparison of the various definitions of “casual employee” used in various ABS data collections, a disparity is apparent between the number of employees who do not receive leave entitlements and those who receive casual loadings. According to recent available data 22.7 percent of all employees had no paid leave entitlements; 22 percent of all employees self-identified as casuals; and only 13.9 percent of all employees received a casual loading (ABS, 2008g: 25).

Of course, the implications of casual work extend beyond the appropriate payment of casual loadings. The nature of casual work is such that employees’ tenure and earnings patterns are more uncertain than other forms of employment. One of the striking features of the ABS

analysis of casual workers is the extent to which casual work is concentrated among particular age groups within the labour market. Younger people aged 15-24 years comprise 18 percent of all employees but comprise approximately one-third of casual workers. Older workers aged 65 or over comprise 1.3 percent of employees but represent 2.6 percent of casual employees. While there are many reasons that older and younger employees are over represented in casual employment, their concentration in a sector of the labour market that potentially has issues with minimum wage compliance, in addition to being precarious and lacking other employment benefits, is a cause for concern.

Issues of compliance are likely to be linked with those of individual bargaining power. There appears to be a case for further investigation into compliance issues in an increasingly decentralized labour market.

### **Summary and Conclusion**

In 2008 the macroeconomic context varied between Australian states and declined rapidly in the latter half of the year. Labour participation peaked in April and 2008 was characterized by strong growth in part-time employment among men and women and persistent rates of underemployment and underutilization. Wage outcomes varied markedly by industry and sector, with relatively poorer outcomes for those in industries characterized by high rates of part-time employment. Gender pay equity remains an ongoing concern. Compliance issues, particularly with minimum wage provisions, are emerging as a concern in recent literature and appear worthy of further monitoring and research among those with an interest in industrial relations and labour market developments (see Weil this edition).

Short-term, future developments in industrial relations and the labour market are likely to reflect a combination of political and economic imperatives. These will include promised reforms to the industrial relations system by the Rudd Labor government and considerably economic uncertainty at both domestic and international levels. It remains to be seen whether the phrase “forward with fairness” has discernable effects on key issues such as wage equity, labour utilization and improved outcomes for those reliant on minimum wages.

## References

Austen, S. and Seymour, R. 2006. "The Evolution of the Female Labour Force Participation Rate in Australia, 1984-1999", *Australian Journal of Labour Economics*, 9(3): 305-320.

Australian Bureau of Statistics (2008a) *Labour Force, Australia*. 6202.0.55.001. Canberra: ABS.

Australian Bureau of Statistics (2008b) *Australian National Accounts: National Income, Expenditure and Product, September 2008*, Cat No. 5206.0., Canberra: ABS.

Australian Bureau of Statistics (2008c) *Consumer Price Index*, Cat No. 6401.0, Canberra: ABS.

Australian Bureau of Statistics (2008d) *Retail Trade Trends Australia October 2008*, Cat No. 8501.0, Canberra: ABS.

Australian Bureau of Statistics (2008e) *Sales of New Motor Vehicles, Australia, October 2008*, Cat No. 9314.0, Canberra: ABS.

Australian Bureau of Statistics (2008f) *Building Approvals Australia September 2008*, Cat No. 8731.0, Canberra: ABS.

Australian Bureau of Statistics (2008g) *Australian Labour Market Statistics*, Cat No. 6105.0, Canberra: ABS.

Australian Bureau of Statistics (2008h) *Employee Earnings, Benefits and Trade Union Membership, Australia*, Cat No. 6310.0., Canberra: ABS.

Australian Bureau of Statistics (2008i) *Labour Price Index Australia*, Cat No. 6345.0, Canberra: ABS.

Australian Bureau of Statistics (2008j) *Average Weekly Earnings Australia*, Cat No. 6302.0, Canberra: ABS.

Australian Bureau of Statistics (2007) *Australian Labour Market Statistics*, Cat No. 6105.0  
Canberra: ABS.

Australian Bureau of Statistics (2006) *Employee Earnings and Hours Australia*, Cat No. 6306.0  
Canberra: ABS.

Australian Fair Pay Commission (2008) Wage Setting Decision and Reasons for Decision  
downloaded from <http://www.fairpay.gov.au/> 4 December 2008

Cowling, S. and Mitchell, W. (2007) "Taking the Low Road: Minimum Wage Determination Under Workchoices", *Journal of Industrial Relations*, 49(5): 741-756

DEWR (2008a) "Skilled Vacancy Index" downloaded from: <http://www.workplace.gov.au/>,  
4 December 2008

DEWR (2008b) "Trends in Federal Enterprise Bargaining" downloaded from:  
<http://www.workplace.gov.au/>, 5 December 2008

Healy, J and Richardson, S. (2006) "An updated profile of the minimum wage workforce in Australia" A report commissioned by the Australian Fair Pay Commission, downloaded from <http://www.fairpay.gov.au/> 4 December 2008

Issac, J. (2008), 'The Economic Consequences of Harvester' *Australian Economic History Review*, 48, 3, 280-300

Jefferson, T. and Preston, A. (2008) "Western Australia's boom economy: Insights from three studies" *Journal of Australian Political Economy*, 61:181-200

Le May, R. (2008) "Consolidated Minerals Latest mining company to lay off workers", 4 November <http://www.news.com.au/perthnow/story/0,21598,24601978-5005361,00.html>  
Accessed 23 January 2009.

Maddison, S. and Parttridge, E. 2007. "How Well Does Australian Democracy Serve Australian Women? Report for the Democratic Audit of Australia. Australian National University. Report Number 8", downloaded 25 June 2007 [http://democratic.audit.anu.edu.au/papers/focussed\\_audits/200703\\_madpartozdocwom.pdf](http://democratic.audit.anu.edu.au/papers/focussed_audits/200703_madpartozdocwom.pdf)

McGuinness, S., Freebairn, J. and Mavromaras, K. (2007) "Characteristics of Minimum Wage Employees" A report commissioned by the Australian Fair Pay Commission, downloaded 4 December 2008 from <http://www.fairpay.gov.au/>

Melbourne Institute (2008) Monthly Bulletin of Economic Trends November 2008, downloaded from [http://www.melbourneinstitute.com/subreports/forecast/MBET\\_Nov08.pdf](http://www.melbourneinstitute.com/subreports/forecast/MBET_Nov08.pdf), 3 December 2008

Organisation of Economic Cooperation and Development (OECD) (1994) *Jobs Study*. Paris: OECD

Organisation of Economic Cooperation and Development (OECD) (2004) *Employment Outlook*. Paris: OECD

Peetz, D. and Preston, A. (2007) *AWAs, Collective Agreements and Earnings: Beneath the Aggregate Data*. Report published by Industrial Relations Victoria, May. Available from <http://www.business.vic.gov.au/busvicwr/assets/main/lib60013/awa-ca-earnings-paper.pdf>. Downloaded 23 January 2009.

Perth Now (2008) "50pc of businesses plan cuts, pay freeze" 18 December 2008 <http://www.news.com.au/perthnow/story/0,21598,24797952-5005361,00.html>. Accessed 23 January 2009.

Pocock, B., Elton, J., Preston, A., Charlesworth, S., MacDonald, F., Baird, M., Cooper, R. and Ellem, B. (2008). "The Impact of 'Workchoices' on Women in Low Paid Employment in Australia: A Qualitative Analysis" *Journal of Industrial Relations* 50(3): 475-488.

Preston, A., Jefferson, T. and Seymour, R. (2006). Women's pay and conditions in an era of changing workplace regulations: Towards a "Women's Employment Status Key Indicators" (WESKI) database. Sydney, Human Rights and Equal Opportunity Commission, National Foundation for Australian Women and the Women's Electoral Lobby.

Preston, A. and Burgess, J. (2003) "Women's work in Australia: trends, issues and prospects." *Australian Journal of Labour Economics* 6(4):497-519

Watts, M. J. and Mitchell, W. F. (2004) "Wages and Wage Determination in 2007", *Journal of Industrial Relations* 46(2):160-183

Watts, M. J. and Mitchell, W. F. (2005) "Wages and Wage Determination in 2007", *Journal of Industrial Relations* 47(2):151-170

Watts, M. J. and Mitchell, W. F. (2006) "Wages and Wage Determination in 2007", *Journal of Industrial Relations* 48(3):319-339

Watts, M. J. and Mitchell, W. F. (2007) "Wages and Wage Determination in 2006", *Journal of Industrial Relations* 49(3): 327-44

Watts, M. J. and Mitchell, W. F. (2008) "Wages and Wage Determination in 2007", *Journal of Industrial Relations* 50(3):399-416

World Economic Forum (2008) The Global Gender Gap Report 2007: Country Profiles. <http://www.weforum.org/en/initiatives/gcp/Gender%20Gap/Countries2007/index.htm#profiles>. Accessed 23 January 2009.



**Table 1: Selected macroeconomic indicators 2007-2008**

GDP growth % change <sup>a</sup>	Sept quarter 2008 0.1	Year to Sept 2008 1.9	Sept quarter 2007 1.1	Year to Sept 2007 4.3
Consumer Price Index % change <sup>b</sup>	Sept quarter 2008 1.2	Year to Sept 2008 5.0	Sept quarter 2007 0.7	Year to Sept 2007 1.9
RBA cash rate (%) <sup>c</sup>	2 Dec 2008 4.25	3 Sept 2008 7.0	6 Feb 2008 7.25	6 Nov 2007 7.0
Retail Turnover % change <sup>d</sup>	Year to Oct 2008 2.0	Year to July 2008 3.5	Year to April 2008 5.0	Year to Dec 2007 7.6
Number of motor vehicle sales % change <sup>e</sup>	Month to Oct 2008 -0.5	Year to Oct 2008 -10.6	Month to Oct 2007 1.1	Year to Oct 2007 8.9
Number of dwelling unit building approvals % change <sup>f</sup>	Month to Sept 2008 -7.2	Year to Sept 2008 -21.6	Month to Sept 2007 6.8	Year to Sept 2007 4.2
Business Investment <sup>g</sup> % change	June 2008 10.8	March 2008 9.3	Dec 2007 16.1	Sep 2007 15.5

Sources: *a* seasonally adjusted, ABS 2008b; *b* ABS 2008c; *c* selected rates RBA 2008; *d* selected months, trend ABS 2008d; *e* seasonally adjusted, ABS 2008e; *f* seasonally adjusted, ABS 2008f; *g* Melbourne Institute 2008.

**Table 2: Stocks and Changes in Key Labour Force Aggregate Indicators, Seasonally Adjusted, October 2000-2008.**

	Employed (E)	Employed Full-Time (EFT)	Employed Part-Time (EPT)	Unemployment Rate (UR)	Labour Force Participation Rate (LFPR)	Unemployed (U)	Labour Force (LF)	Employment to Population Ratio (EPOP)
	('000)	('000)	('000)	%	%	('000)	('000)	%
Men								
Oct 2000	4947.3	4329.6	617.7	6.4	72.2	340.1	5287.4	77.2
Oct 2007	5619.2	4848.7	770.5	4.1	72.3	237.8	5857.0	79.5
Oct 2008	5725.3	4931.9	793.5	4.1	72.4	242.4	5967.7	79.6
Women								
Oct 2000	3963.2	2252.0	1711.1	5.7	54.7	239.0	4202.2	61.8
Oct 2007	4669.0	2616.6	2052.4	4.9	58.5	238.1	4907.1	66.4
Oct 2008	4771.7	2629.2	2142.5	4.8	58.7	239.3	5011.0	66.7
Persons								
Oct 2000	8910.5	6581.6	2328.9	6.1	63.3	579.2	9489.7	69.5
Oct 2007	10288.2	7465.3	2823.0	4.4	65.3	475.9	10764.1	73.0
Oct 2008	10497.0	7561.1	2935.9	4.4	65.4	481.7	10978.7	73.2
	E	EFT	EPT	UR	LFPR	U	LF	EPOP
Change	%	%	%	%-point	%-point	%	%	%-point
Men								
Oct 2007-2008	1.9	1.7	3.0	0.0	0.1	1.9	1.9	0.1
Oct 2000-2008	15.7	13.9	28.4	-2.4	0.2	-28.7	12.9	2.4
Women								
Oct 2007-2008	2.2	0.5	4.4	-0.1	0.2	0.5	2.1	0.3
Oct 2000-2008	20.4	16.7	25.2	-0.9	4.0	0.1	19.2	4.9
Persons								
Oct 2007-2008	2.0	1.3	4.0	0.0	0.1	1.1	2.0	0.2
Oct 2000-2008	17.8	14.9	26.1	-1.7	2.1	-16.8	15.7	3.7

Source: ABS 2008a, including 6202.0 for labour force participation rate. .Note: Using seasonally adjusted data from Table 2 (which does not differentiate between main and all jobs) the proportion of all employed persons working less than 35 hours per week is equal to 28 per cent. The 30 per cent estimate mentioned in the article is from Catalogue 6310.0 (ABS 2008h) and pertains to main jobs only.

**Table 3: Key Aggregates for the Teenage (15-19) Labour Force, Seasonally Adjusted, October 2000-2008.**

	Employed	Employed Full-time	Employed Part-time	Unemployment Rate	Labour Force Participation Rate	Employment to Population Ratio
	('000)	('000)	('000)	%	%	%
Teenage men						
Oct 2000	327.3	137.0	190.3	16.8	58.0	48.2
Oct 2007	367.4	168.1	199.2	14.2	58.6	50.2
Oct 2008	376.9	164.9	211.9	12.9	58.3	50.7
Teenage women						
Oct 2000	331.4	85.7	245.7	14.1	59.0	50.7
Oct 2007	367.5	88.3	279.2	13.6	60.8	52.6
Oct 2008	372.4	76.8	295.6	12.6	60.1	52.5
Teenagers (15-19)						
Oct 2000	658.7	222.8	436.0	15.5	58.5	49.4
Oct 2007	734.9	256.4	478.5	13.9	59.7	51.4
Oct 2008	749.2	241.7	507.5	12.8	59.2	51.6

Source: ABS 2008a Table 14.

**Table 4: Composition of employment by industry, gender and employment status, 2008**

Industry (ANZSIC 1993)	Male ft%	Male pt%	Female ft %	Female pt %	Persons (‘000)
Agriculture forestry and fishing	57.7	10.9	16.4	15.0	361.5
Mining	83.8	1.0	12.6	2.6	172.0
Manufacturing	71.2	4.1	17.3	7.4	1,079.3
Electricity gas and water supply	72.0	1.8	18.8	7.3	96.5
Construction	83.0	5.9	5.2	5.9	980.5
Wholesale trade	61.4	6.4	21.7	10.5	465.9
Retail trade	33.0	14.5	19.5	33.0	1,545.0
Accommodation, cafes and restaurants	27.8	15.9	22.8	33.5	527.9
Transport and storage	66.8	9.8	14.6	8.7	505.1
Communication services	63.8	6.8	21.6	7.7	191.0
Finance and insurance	42.8	4.1	39.2	13.9	402.5
Property and business services	46.3	7.9	27.5	18.3	1,267.0
Government administration and defence	40.4	3.7	41.9	14.0	492.9
Education	23.4	6.3	39.6	30.7	807.4
Health and community services	16.1	4.0	42.6	37.4	1,110.5
Cultural and recreational services	38.8	16.3	21.4	23.5	276.8
Personal and other services	43.2	7.0	27.0	22.8	391.4
All industries	46.9	7.9	24.8	20.4	10,673.4

Source: ABS 2008g original series Table 2.4

**Table 5: Unemployment and Participation Rates: States and Territories (%), October 2008**

	Looking for ft work			Unemployment rate			Participation rates		
	Male	Female	Persons	Male	Female	Persons	Male	Female	Persons
NSW	4.5	5.8	5.0	4.8	5.3	5.0	70.5	55.8	63.1
Vic	3.2	5.3	3.9	3.8	4.6	4.1	71.2	57.5	64.2
Qld	3.0	3.9	3.4	3.3	3.5	3.4	73.9	61.3	67.6
SA	4.6	7.1	5.4	4.9	5.6	5.2	70.3	56.7	63.4
WA	1.6	2.9	2.0	1.7	2.7	2.2	77.5	60.6	69.1
Tas	3.6	6.3	4.5	3.5	4.4	3.9	69.8	55.6	62.6
NT	*1.9	*2.2	2.0	2.9	3.2	3.0	78.0	40.2	74.3
ACT	*1.9	*1.6	*1.8	*2.4	*1.3	1.9	77.3	67.9	72.5
Aust	3.5	5.0	4.0	3.8	4.4	4.1	72.2	58.2	65.1

Source; ABS (2008a), original series. \* estimate is subject to sampling variability and is too high for most practical purposes.

**Table 6: Official (ABS) and CofFEE Labour Underutilization Measures, Nov 2007 – August 2008, percent.**

	CofFEE U8	ABS Underemployment	ABS Underutilization	ABS Unemployment Rate
Nov 2007	8.14	6.2	10.4	4.5
Feb 2008	7.79	6.0	10.2	4.0
May 2008	8.01	5.9	10.1	4.4
Aug 2008	7.92	5.9	9.9	4.2

Source: CU8 Measure of labour underutilization developed by Centre of Full Employment and Equity, <http://e1.newcastle.edu.au/coffee/indicators/indicators.cfm>. ABS 2008g Table 4.1.

**Table 7: Percent change in number of employees by industry, gender and employment status, 2006-2008 and for all industries 1998-2008 and percentage change in wage price index 2007-2008**

Industry (ANZSIC 1993)	Male ft %	Male pt %	Female ft %	Female pt %	All employees %	Percent Change in Wage Price Index) <sup>(a)</sup>
Agriculture forestry and fishing	-4.4	33.3	7.2	8.1	2.3	-
Mining	33.8	-28.7	107.6	39.8	39.0	6.3
Manufacturing	4.9	4.5	-4.4	-4.7	2.4	3.8
Electricity gas and water supply	8.9	49.2	9.8	83.8	13.0	3.5
Construction	14.2	-18.4	10.2	-7.3	9.9	4.6
Wholesale trade	-5.5	-2.4	0.1	-3.5	-4.0	4.6
Retail trade	6.1	2.1	3.2	1.2	3.3	4.2
Accommodation, cafes and restaurants	23.6	5.5	14.1	2.2	10.7	2.3
Transport and storage	9.7	27.6	2.1	0.0	9.1	4.1
Communication services	5.9	11.9	16.1	-12.3	6.6	3.9
Finance and insurance	5.4	9.1	11.6	-1.1	6.9	4.3
Property and business services	2.7	-3.9	-3.9	6.2	0.9	5.0
Government administration and defence	-17.3	27.6	9.1	10.8	-2.7	3.6
Education	14.1	-1.3	18.7	18.0	15.9	4.2
Health and community services	1.7	-17.4	14.9	-1.4	4.6	3.2
Cultural and recreational services	15.0	3.6	-5.4	-4.2	3.5	3.2
Personal and other services	-2.2	-13.9	-7.9	12.9	-1.8	4.4
All industries 2006-2008	5.6	0.9	6.6	3.1	4.9	-
All industries 1998-2008	18.2	45.6	26.3	32.1	24.8	-

Source: ABS 2008g original series Table 2.4; ABS 2008i, Table 6, total hourly rates of pay excluding bonuses, private and public sector, original series.

**Table 8: Average Annualized Wage Increased (AAWI) for Employees on Current Federal Collective Agreements September 2007- June 2008**

	June 08	Mar 08	Dec 07	Sep 07
Public sector	4.2	4.3	4.3	4.3
Private sector	3.7	3.8	3.8	3.8
All industries	3.9	4.0	4.0	4.0
Union collective agreement	3.9	4.0	4.0	4.0
Employee collective agreement	3.6	3.6	3.6	3.6
Employer Greenfields	3.6	3.7	3.7	3.7
Union Greenfields	3.8	3.8	3.7	3.9
Section 170LN	3.9	4.7	4.7	4.6

Source: DEWR 2008

**Table 9: Wage Price Index: Total hourly rates of pay excluding bonuses September 2007 – September 2008**

Industry (ANZSIC 1993)	Sept 08	June 08	Mar 08	Dec 07	Sept 07	Percent change Sept 07- Sept 08
Private sector	119.7	118.4	117.2	116.1	114.9	4.2
Public sector	121.0	119.4	118.8	117.7	116.7	3.6
All industries	120.1	118.7	117.6	116.5	115.4	4.1

**Source:** ABS 2008i original series

**Table 10: Gender Wage Ratio, Adult, Full-Time Employees, Ordinary Time Earnings, February 2007 to August 2008**

	Australia	Private Sector	Public Sector
Feb-2007	83.5	80.3	87.0
May-2007	83.6	80.5	87.1
Aug-2007	83.7	80.7	87.4
Nov-2007	83.8	80.8	87.6
Feb-2008	83.8	80.8	87.7
May-2008	83.6	80.7	87.8
Aug-2008	83.3	80.5	87.9

Source: ABS 2008j, Tables 1, 4 and 7 trend estimates

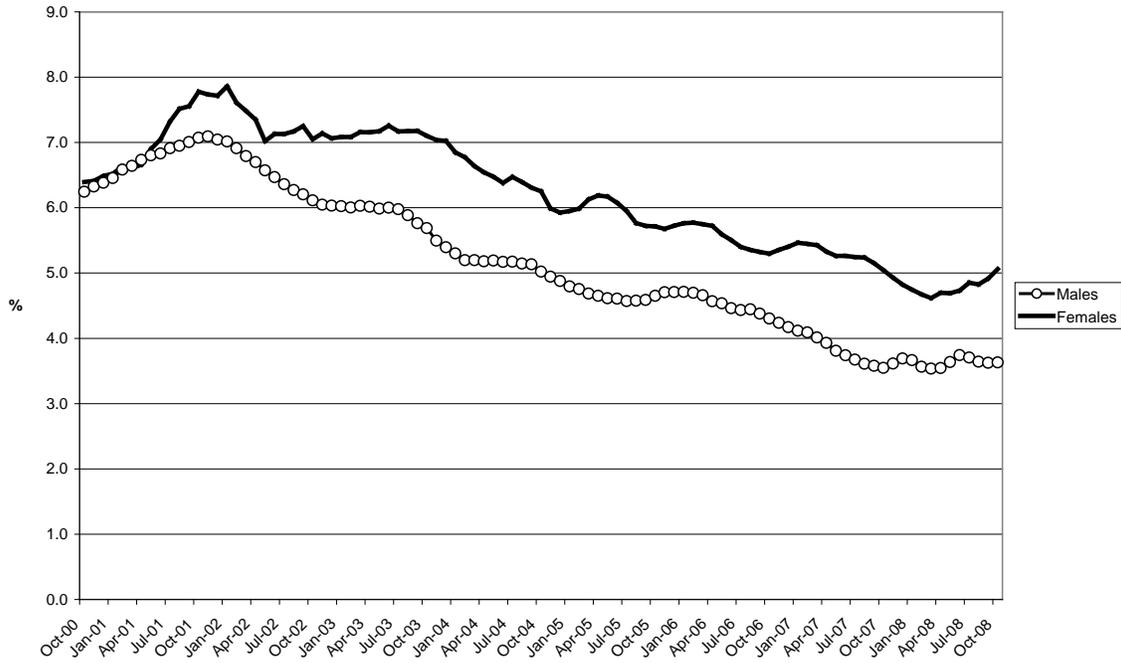
**Table 11: Female/Male quartile, 10 and 90 percent earnings comparison, weekly total cash earnings, full-time non-managerial adult employees - by Industry**

Industry (ANZSIC 1993)	10%	25 %	50%	75%	90%
Mining	75.5	75.9	71.6	68.5	74.8
Manufacturing	90.2	89.7	83.7	80.2	82.3
Electricity gas and water supply	91.5	85.3	71.6	71.3	64.4
Construction	84.4	80.2	75.7	69.2	70.0
Wholesale trade	94.3	89.1	87.0	82.8	74.4
Retail trade	96.4	91.5	86.4	81.9	85.1
Accommodation, cafes and restaurants	97.2	98.6	101.8	100.2	104.8
Transport and storage	79.9	78.9	75.6	76.1	80.1
Communication services	93.1	86.7	90.4	85.7	82.0
Finance and insurance	91.0	87.0	78.1	73.6	73.6
Property and business services	91.8	87.8	82.0	73.8	69.1
Government administration and defence	103.8	101.9	97.2	93.7	92.9
Education	94.5	95.1	93.7	91.8	88.3
Health and community services	93.3	90.7	87.0	79.1	60.5
Cultural and recreational services	98.3	92.8	92.2	90.3	81.9
Personal and other services	86.6	86.1	75.7	79.9	83.0
<b>All industries</b>	<b>92.1</b>	<b>89.7</b>	<b>87.3</b>	<b>83.8</b>	<b>78.6</b>

Source: ABS 2006 Table 6306004

Total earnings for full time employees rather than ordinary time earnings are used as ordinary time earnings are not measured in the EEH series. Earnings for the agriculture industry classification are not included in this series.

Figure 1: Unemployment Rate – looking for full-time work; seasonally adjusted. October 2000-2008, men and women



Source: ABS 2008a Note: data has been smoothed using a four quarter moving average).