

Submission to the WAIRC in relation to the State Wage Case for 2009

1. Introduction

This submission has been prepared by the Employment Law Centre of WA (Inc) (**ELC**). ELC is a not for profit community legal centre which specialises in employment law. It is the only free employment law service in Western Australia offering employment legal advice, assistance and representation. Each year ELC provides advice and assistance to approximately 4000 vulnerable non-unionised employees in Western Australia, many of whom are reliant upon the minimum wage.

2. Employment and competitiveness across the economy

Like most countries in the world the Australian economy is currently experiencing a downturn. Many economists predict Australia will enter into a recession this year, with the last quarter of 2008 being the worst since 2000.¹ As a consequence of the economic downturn, unemployment has risen to 5.4%, as at March 2009.² Unemployment is expected to rise to 6% by the end of 2009 and peak at 7% in 2010.³

During times of economic uncertainty and rising unemployment, employees become increasingly vulnerable in the workplace as competition for jobs heightens. In March 2009, the Seek Employment Index fell by 9.7% as a result of fewer new job advertisements and an increase in job applications.⁴ Low paid workers may find it difficult to negotiate better conditions and wages, and without an appropriate minimum wage, employees may be forced to work for lower wages or risk losing their jobs.

In setting the minimum wage for 2009, the Western Australian Industrial Relations Commission (**WAIRC**) should have regard to the increasing vulnerability of minimum wage earners resulting from Western Australia's economic downturn.

¹ Zappone, C, 'Recession Fears as GDP Sinks' *The Sydney Morning Herald* 4 March 2009 Electronic <www.business.smh.com.au/business/> (9 March 2009)

² Australian Bureau of Statistics *Labour Force Australia, March 2009* Cat no. 6202.0 'January Key Figures' Electronic *AusStats* (Canberra : ABS, February 2009)

³ ANZ, *ANZ Economic Outlook- March Quarter 2009* (2 February 2009) [page 5] Electronic <www.anz.com.au/documents/economics>

⁴ Seek, *Seek Employment Index, March 2009* (March 2009) [page 1] Electronic <www.seek.com.au/investor>

3. Providing a safety net for the low paid

The minimum wage provides a safety net for Australian workers, particularly those who are vulnerable to exploitation by their employers. This safety net should cover the basic standard of living.

One measurement of the cost of living in Australia is the Consumer Price Index (CPI) which has increased by 3.7% in the last 12 months to December 2008.⁵ This increase in the cost of living should be matched by appropriate increases in the minimum wage

The rising poverty line in Australia also calls for an increase in minimum wage to provide a safety net for the poor. The Henderson poverty line in Australia has increased from \$374.11 in December 2007 to \$415.06 per week for a single adult in December 2008.⁶ This indicates there has been a significant increase in the amount of money needed to cover basic living costs. More people risk falling below this poverty line if the minimum wage is not increased for 2009.

Despite the current economic situation and threat of unemployment, living costs continue to increase and the minimum wage should be adjusted accordingly.

4. Significance of increasing numbers of part-time and casual employees

Disproportionate numbers of casual and part-time workers are low paid. Part-time employees constitute 44.8% of all low-paid workers, despite only occupying 26.8% of the total workforce. Similarly, 47.7% of low-paid workers are employed on a casual basis, while casual work occupies only 17.2% of the total workforce.⁷ Therefore the livelihoods of many part-time and casual workers in Western Australia are reliant on the adequacy of the minimum wage. This is especially the case, given they do not even receive the full weekly amount.

In the past year there has been a significant increase in the number of part-time and casual positions, compared to full-time positions. Seasonally adjusted monthly statistics from February 2009 show that full-time employment has decreased by 53,800 to 7,664,200 positions whilst part-time employment has increased by 55,600 to 3,146,200 positions.⁸ The decrease in full time employment closely reflects the increase in part-time employment, indicating that employees are moving from full-time to part-time employment. The WAIRC should have special regard to the increasing numbers of these workers reliant on the minimum wage when making the General Order setting the minimum wage for 2009.

⁵ Australian Bureau of Statistics *Consumer Price Index, Australia, December 2008* Cat no. 6401.0 'December Key Figures' Electronic *AusStats* (Canberra : ABS, January 2009)

⁶ The Melbourne Institute of Applied Economic and Social Research *Poverty Lines: Australia-December Quarterly 2008* (21 April 2009) Electronic <http://www.melbourneinstitute.com/labour/inequality/poverty/default.html>

⁷ The Melbourne Institute *Household Income and Labour Dynamics Australia (HILDA) Survey Release 5.0, February 2007*

⁸ Australian Bureau of Statistics *Labour Force, Australia, Feb 2009* Cat no. 6202.0 'February Key Figures' Electronic *AusStats* (Canberra : ABS, March 2009)

5. Conclusion

It is ELC's view that the minimum wage should be increased at least in line with CPI. This would ensure a basic safety net for vulnerable employees receiving the minimum wage. The need for the minimum wage to match the current costs of living is especially important given the increasing numbers of employees who will become dependant on the minimum wage as a result of the economic down turn in Western Australia.

Aside from increasing the minimum wage, the importance of access to other potentially cost neutral benefits for low income earners should also be acknowledged. Such cost neutral benefits include more easily accessible health care cards better access to more affordable child care, and to free or more affordable education and training, and enhanced access to information regarding conflicts and exploitation in the workplace.