

23 April 2021

Senior Commissioner Stephen Kenner
Chief Commissioner's Chambers
Western Australian Industrial Relations Commission
17th Floor, 111 St. Georges Tce
Perth, WA 6000



Dear Senior Commissioner Kenner

Re: APPL 1 of 2021 - State Wage Case

Thank you for the opportunity to make a submission to this important State Wage Case. I make this submission as an independent expert. I have a background in labour economics and a particular interest in gender equality.

The State minimum wage provides an important safety net for low paid workers in Western Australia. Many are employed in sectors that have been particularly impacted by the COVID-19 economic crisis. These include sectors such as: retail, accommodation and food services, art and recreation services, health and social assistance, and administrative and support services. These sectors are also notable for the relatively high share of females and for the important role they play in the provision of entry level jobs to young people.

Under the Act the Commission is obliged to, amongst other things, ensure that WA has a system of fair wages and employment conditions, that the needs of the low paid are met, that skill development is encouraged and that there is equal remuneration for men and women. All of this is against a background that takes into consideration the capacity of employers to pay and the state of the national and WA economies.

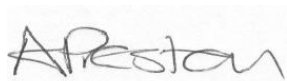
With this in mind I attach two pieces of recent research that I believe may help inform the Commission's deliberations concerning the WA minimum wage. The first is a review of the WA labour market in 2020 and the second is a co-authored article (forthcoming Economic Record) on trends in wages of young adults (aged 25-34). The latter does not have a specific WA focus but may, nevertheless, be of interest in terms of shedding light on developments in this sector of the labour market.

The data in the WA labour market review paper shows that Covid-19 affected male and female employees differently, particularly with regards employment gains and losses. Jobs growth amongst females has predominantly been in part-time low skilled jobs, whereas for males, growth has been in full-time and higher skilled jobs. Estimates also show that the gender gap in underutilisation rates in WA is widening (with the female rate of underutilisation exceeding that of males). Of particular interest are the estimates on wages, with data from the ABS Wage Price Index showing that wages growth in WA has been slower than that observed at the national level and that WA females have been particularly

disadvantaged on this account. This appears to relate to the particularly slow wage growth in the WA public sector. To this end the Commission's 2021 decision concerning minimum wages is a particularly important decision in ensuring the integrity and fairness of the WA wage structure.

I conclude by noting that, while I am obviously not a formal party to the review, I would be happy to offer an updated analysis in response to any questions on notice from the Commission.

Yours sincerely



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Link/Attach:

1. Preston, A. (2021), *The WA Labour Market in 2020*. Paper prepared for the WACOSS Annual Conference, February 2021. (see <https://research-repository.uwa.edu.au/en/publications/the-west-australian-labour-market-and-gender-equality-post-covid>)
2. Birch, E. & Preston, A. (forthcoming), "The Evolving Wage Structure of Young Adults in Australia: 2001 to 2019", *Economic Record*.