

Submission to the
Western Australian
Industrial Relations Commission

State Wage Case

15 May 2024



wa council of
social service

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About WACOSS

The Western Australian Council of Social Service is the peak body for the community services sector and works to create an inclusive, just and equitable society. We drive social change through collective action and policy formulation, strengthening community services and influencing decision makers to ensure justice and equity.

With WACOSS members and the broader sector, we advocate with and on behalf of those who are the furthest from levers of power and influence, to amplify their concerns and seek justice, to create a society that genuinely works for the benefit of all and not just the few.

1. Introduction

The Western Australian Council of Social Service (WACOSS) considers the minimum wage to be a vital means of protecting low-income workers from poverty. An adequate and appropriate minimum wage supports a decent standard of living for working people and their families. As the minimum wage helps to ensure a fair and inclusive economy where all can contribute and thrive, it also delivers economic benefit to the wider Western Australian community. As the peak body for the community services sector in WA and an advocate for people experiencing marginalisation, disadvantage and hardship, WACOSS has a particular interest in the adequacy of living standards and quality of life experienced by Western Australians on low incomes.

WACOSS' submission to the 2024 State Wage Case relies on the provisions in the *Industrial Relations Act 1979*, at Clause 50A(3)(a) for the Commission to consider in its determination of minimum rates of pay the need to:

- i. ensure that Western Australians have a system of fair wages and conditions of employment; and*
- ii. meet the needs of the low paid; and*
- iii. provide fair wage standards in the context of living standards generally prevailing in the community; and*
- iv. contribute to improved living standards for employees; and*
- v. protect employees who may be unable to reach an industrial agreement; and*
- vi. encourage ongoing skills development; and*
- vii. provide equal remuneration for men and women for work of equal or comparable value.¹*

In preparing this submission, WACOSS has carefully considered the health of the wider economy and the changing economic and work environment for low-waged workers. Our submission presents a contemporary argument for raising the State Minimum Wage that considers the latest research and the lived experience of minimum wage workers in WA. Our submission aims to provide the Commission with the best available data and analysis upon which to base its deliberations.

¹ *Industrial Relations Act 1979* (WA) cl 50A(3)(a).

2. WACOSS' Claim

WACOSS submits that **an increase to the State Minimum Wage rate of 7.359 per cent** is essential to meet the needs of the low paid and to contribute to improved living standards for employees.

The WA economy has the capacity to sustain an increase to the State Minimum Wage rate of 7.359 per cent. The WA Budget is conservatively projecting surplus, the economy has continued the solid growth of the previous two years and the export market remains strong. Business profit levels have recovered from the impacts of the COVID-19 pandemic. Further, there is strong evidence that even a significant increase to the State Minimum Wage rate would not increase inflation or lead to price-wage spiral.

Despite WA's strong economy, inequality in the state continues to rise. Heavy cost of living pressures, and slow wage growth has placed significant financial stress on low paid workers in WA. An increase in the Minimum Wage of 7.359 per cent is necessary to ensure low-waged workers can meet the cost of essentials, regain their economic resilience and maintain a reasonable standard of living.

Increased costs have caused low income families to adapt their living standards to try to meet their basic needs. WA is now seeing paid workers in crisis - accessing emergency relief supports, not using electricity to heat or cool their homes, and skipping meals. Cost increases and pressures have been felt in all regions of WA.

Behavioural changes adopted by low income workers increase inequity across a range of social determinants of health – including quality nutrition, connectedness to community, access to power and housing, and basic hygiene. Unmet needs lead to increased adverse mental and physical health outcomes, which in turn lead to increased financial pressure, and more unmet needs. Thus, the cycle of inequity is embedded.

The primary basis of WACOSS' claim is that our proposed increase to the State Minimum Wage is both possible and necessary to reduce the significant inequity that exists in WA and support low-waged workers live in a connected, safe and productive life.

With clear evidence of Western Australians experiencing significant living cost pressures, WACOSS considers a 7.359 per cent or \$63.54 per week increase to the State Minimum Wage to be essential in order to meet the needs of the low paid and to contribute to improved living standards for employees. Such an increase would bring the State Minimum Wage to \$926.94 per week.

3. The Economic Landscape

This section of the document overviews the current state of the economy within WA. Our submission considers the comparative health and resilience of the WA economy and suggests WA is well placed to afford a meaningful minimum wage increase.

3.1 General Economic Trends

The WA economy continues to be in a strong position in both national and international terms. The 2024-25 WA Budget conservatively forecast continuing surpluses across forward estimates. WA continues to maintain a strong debt to revenue rating going forward, which has enabled us to maintain our AAA credit rating. The 2024-25 Budget forecasts a WA general government net operating balance of A\$2.6 billion in 2024-25, projecting Gross State Product growth of 2% and State Final Demand growth of 3.25%, both measures moderating after significant growth in recent years.²

The ABS national accounts note that the WA economy has continued the solid growth of the previous two years, with growth recorded in 19 out of 20 industries in WA of the 2022-23 year.³ The only industry that fell in WA in 2022-23 was retail trade (-0.8%) which has since substantially recovered.⁴

The WA state economy has experienced significant growth over recent years (Figure 1). State Final Demand grew by 4.7% in 2023 (more than double the national equivalent of 2.3%) and is expected to further strengthen to 5.25% in 2023-24. This anticipated growth is largely driven by business investment which is projected to grow significantly from large resources projects in 2023-24 before consolidating at a high level. After significant growth in 2022-23, Gross State Product growth is expected to slow to 1.75% in 2023-24 and 2% in 2024-25. This moderation reflects slightly slowed growth in goods exports after 2022 record harvests and LNG production. Nonetheless, goods exports are expected to grow by 1.5% in 2024-25. Despite price instability for iron ore and lithium, export volumes for these industries are projected to increase and remain steady.

Household consumption is projected to continue the pattern seen in 2022-23. WA Treasury stated in the Mid-Year Review that “domestic activity is likely to be broad based, aggregate household spending is expected to remain robust, supported by strong population growth, high incomes and solid increases in house prices, although per capita spending is expected to fall.”⁵

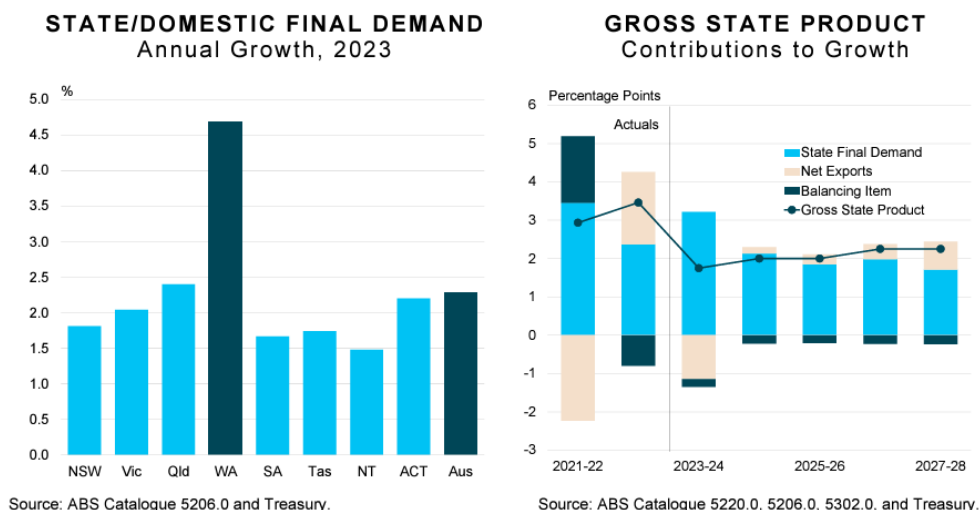
² WA Government, [Government Mid-year Financial Projections Statement 2023-24](#) (Report, December 2023).

³ [‘Australian National Accounts: Western Australia 2022-23 financial year’](#), Australian Bureau of Statistics (Webpage, 21 November 2023).

⁴ WA Treasury Corporation, [Market Highlights March 2024](#) (Report, 2024).

⁵ WA Government (n 2), page 40.

Figure 1. State/Domestic Final Demand and Gross State Product



Source: WA Treasury, 2024-25 WA State Budget, Budget Paper 3.

3.2 Wage Price Index and Employment

Wage Price Index (WPI) Growth was 4.2% in 2022-23 and grew by 4.7% in year-ended terms to December 2023.⁶ Despite increasing WPI, comparatively high Perth CPI of 5% in 2022-23 and 5.1% in 2021-22 mean that real wages still have a way to go to catch up with the impacts of inflation on the cost of living in the post-COVID period.

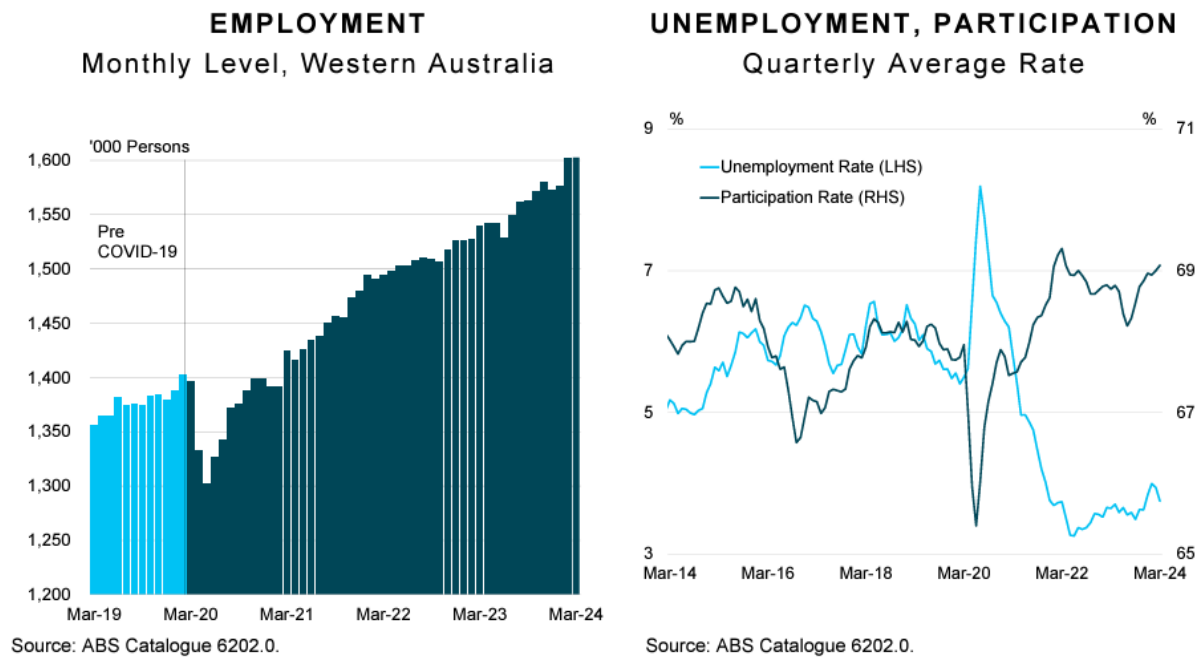
Employment growth in 2022-23 financial year remained strong at 2.8% with the unemployment rate remaining very low at 3.5% and skills shortages continuing to be experienced across key areas of the economy (Figure 2). This comes off a recent historic high in the participation rate (69.4% in 2021-22).

Employment is forecast to grow 3.75% in 2023-24 (up from the 2023 Budget forecast) in line with strong growth in the domestic economy, then forecast to ease to 1.75% in 2024-25, down to 1.5% in the outyears, in line with the projected moderation in the domestic economy.

The *BCEC Monthly Labour Market Update* for March 2024 confirms this analysis, stating that the WA Labour market "... remains strong with few signs yet of the softening in labour demand anticipated as a result of higher interest rates." Looking forward it predicts ongoing strength noting that growth in the working-age population, running at about 60,000 persons per month, exceeds projections as labour market absorbs influx of migrants.

⁶ 2024-25 WA State Budget, Budget Paper 3, page 19.

Figure 2. Employment and Unemployment, Participation



Source: WA Treasury, 2024-25 WA State Budget, Budget Paper 3

Unemployment remained steady with a solid increase in full-time positions (+27,900 workers) offset by a decline in part-time roles (-34,5000 workers).⁷ WA saw the strongest employment growth of any state over the last year, up 4.1% overall, with 10.4% growth in part-time positions. While vacancy levels remain high and the ratio of unemployed persons to vacancies low, quarterly data pointed to a gradual increase in the ratio of available workers to firm demands for new hires. According to the 2024-25 WA State Budget, growth in the labour market means that the unemployment rate is expected to slowly rise over the out years, reaching 4.75% by 2027-28. This is still below the long-run average unemployment rate.⁸

3.3 A period of financial stability

Our analysis of the continued strength of the WA economy is confirmed by the latest Financial Stability Review data from the Reserve Bank of Australia (March 2024), which concludes that “...the Australian financial system is proving resilient despite elevated global financial risks.”⁹ The RBA considers that the outlook for the global economy has improved recently following the peak in inflation, but international financial risks remain elevated.¹⁰

The RBA considers that most Australian households and businesses remain able to service debt and meet essential expenses but expects conditions to remain challenging for many households, particularly those on lower incomes and in the rental market. The RBA notes many households have made adjustments, reducing discretionary spending, increasing work hours and drawing down

⁷ Bankwest Curtin Economic Centre (BCEC), [Monthly Labour Market Update March 2024](#) (Report, April 2024).

⁸ 2024-25 WA State Budget, Budget Paper 3, page 19.

⁹ Reserve Bank of Australia, [Financial Stability Review March 2024](#) (Report, 2024).

¹⁰ Ibid, pages 1-2.

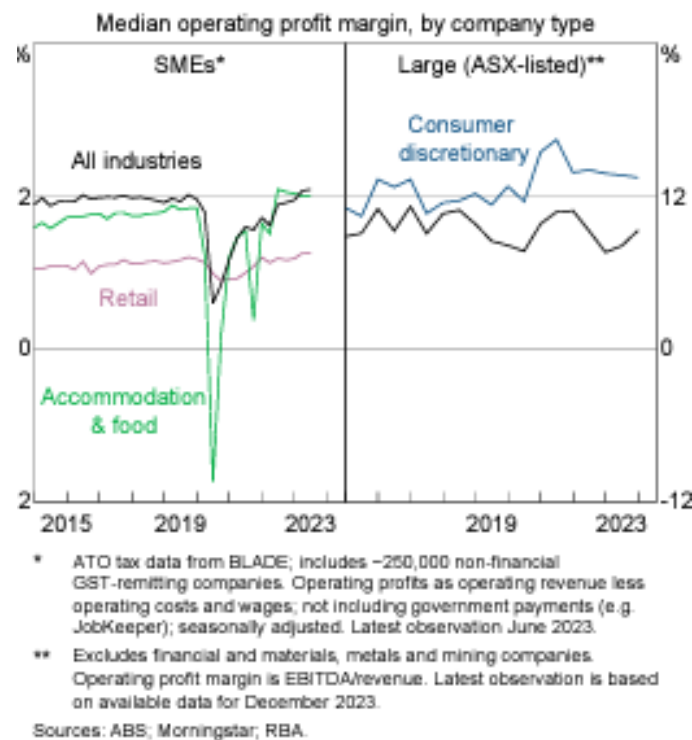
savings.¹¹ The key challenges are faced by those households on low, fixed or insecure incomes with few savings and little capacity to increase hours or reduce essential spending, which typifies many of those reliant on the State Minimum Wage.

Small business and local services in WA to see stable profits.

When considering a rise to State Minimum Wage, it is important to consider the ability of employers to pay. In WA, small businesses and small, local and specialized community service providers are the main employers of workers reliant on the State Minimum Wage.

The Reserve Bank of Australia's most recent Financial Stability Review concluded that most Australian businesses' profitability has returned to around pre-pandemic levels. It noted however that some firms continue to experience challenging conditions, with slowing demand, continued domestic input cost pressures and high interest expenses weighing on profitability (Figure 3).

Figure 3. Profit Margins of Australian Businesses



Source: Reserve Bank of Australia, Financial Stability Review (March 2024)

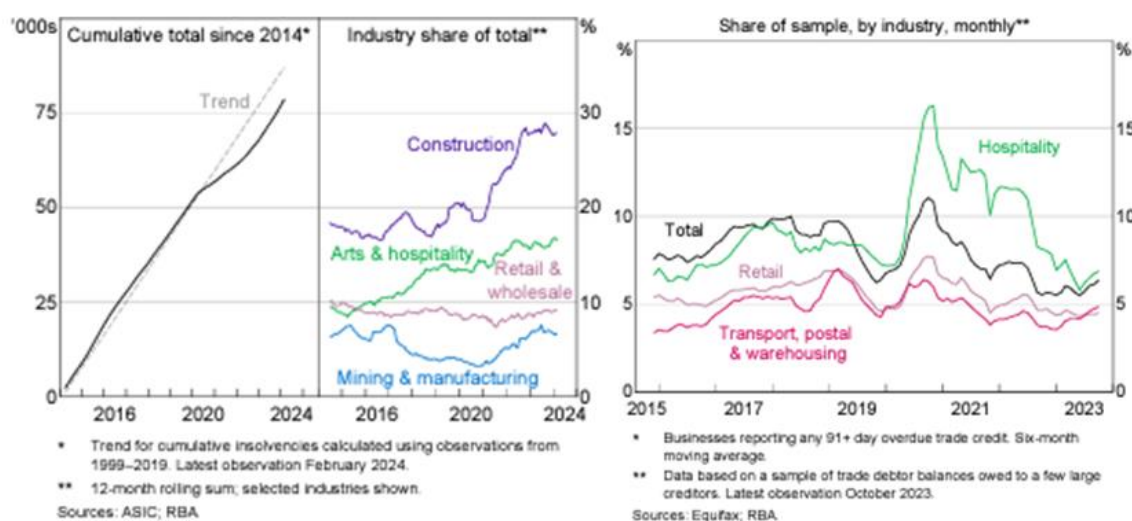
Figure 3 highlights how for many businesses the worst of profitability pressures has passed. For example, small and medium enterprises (SMEs) in the accommodation and food sector, who experienced some of the greatest pandemic impacts between 2019 and 2021, are clearly now past the worst of the pandemic impacts with profit margins having returned to pre-pandemic levels. The retail sector shows tighter operating margins overall, experiencing less direct impact from the pandemic, but also appearing slower to return to trend. Consumer discretionary spending has moderated from its post-pandemic peak, but still remains well above trend.

¹¹ Ibid, chapter 2.1.

The RBA concludes that company insolvency rates have returned to more normal levels (Figure 4), with recent growth representing a return to historic rates. While pandemic support measures have been withdrawn, cumulative insolvencies remain much less than expected without the pandemic stabilization measures.¹² Looking specifically at small business they note that aggregate cash buffers remain above historic average levels, but these have declined. While noting that liquidity buffers may be unevenly distributed, they conclude that the aggregate level of non-financial businesses is relatively low at just over 20%, compared to an average of nearly 30% between 2007 and 2019.¹³

Overall the RBA concludes that, “financial stress among businesses has increased from below-average levels ... but strong financial positions limit the risk of widespread financial stress in the business sector ... and the risks to the financial system from the business sector remains low.”¹⁴

Figure 4. Company Insolvencies and Firms with Severely Overdue Trade Credit



Source: Reserve Bank of Australia, Financial Stability Review (March 2024)

3.4 Inflation and wages

Economic analysis indicates that an increase to the State Minimum Wage, as WACOSS has proposed, will not reinforce inflationary pressures in our economy.¹⁵ Post-pandemic surges in inflation have largely been driven by corporate profits. Last year, the Federal Minimum Wage was increased by 8.65%, the largest increase since 1982, and inflation over the following financial year slowed by over 3 percentage points.¹⁶ The relative coverage of the State Minimum Wage is small and, particularly noting the real value decline, the minimum wage starting point is low.¹⁷ For these reasons, the argument that increasing the State Minimum Wage, even by a significant amount, would lead to price-wage spiral and increase inflation is simply unfounded.

¹² Ibid, chapter 2.2.

¹³ Ibid, page 19.

¹⁴ Ibid, pages 18-20.

¹⁵ Greg Jericho and Jim Stanford, [Briefing Paper: The Irrelevance of Minimum Wages to Future Inflation](#), The Australia Institute Centre for Future Work, (Report, March 2024).

¹⁶ Ibid.

¹⁷ Ibid.

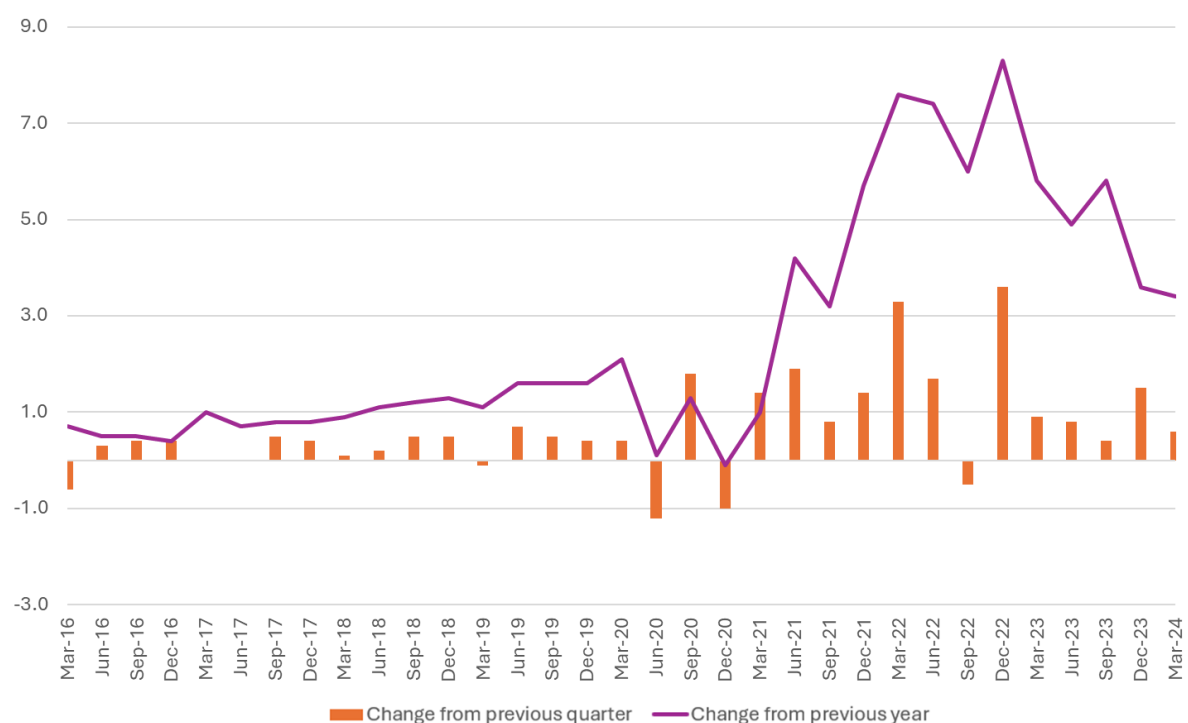
4. Left behind in a Cost-of-Living Crisis

When considering the adequacy of the State Minimum Wage it is important to understand the standard of living such a wage can facilitate. Despite WA's strong economic environment, where businesses can achieve stable profits, low-waged households are being left behind. This section of the submission demonstrates increasing cost of living in WA and discusses how slow wage growth has reduced the economic resilience of low-waged households.

4.1 Rising cost of essentials

The significant and sustained price increases experienced by Western Australians has eroded the purchasing power of their wages and left many families unable to afford the basics. The Consumer Price Index (CPI) provides a key measure of price inflation for households, tracking price movements for a fixed basket of goods and services over time. The substantial price pressures that burden WA households were made apparent in the latest CPI figures released on 24 April 2024, which recorded an annual rise of 3.4 per cent for the Perth area (see Figure 5).¹⁸

Figure 5. Perth, All groups CPI, quarterly and annual movements (%)



Source: Australian Bureau of Statistics (Mar-quarter-2024), Consumer Price Index, Australia.

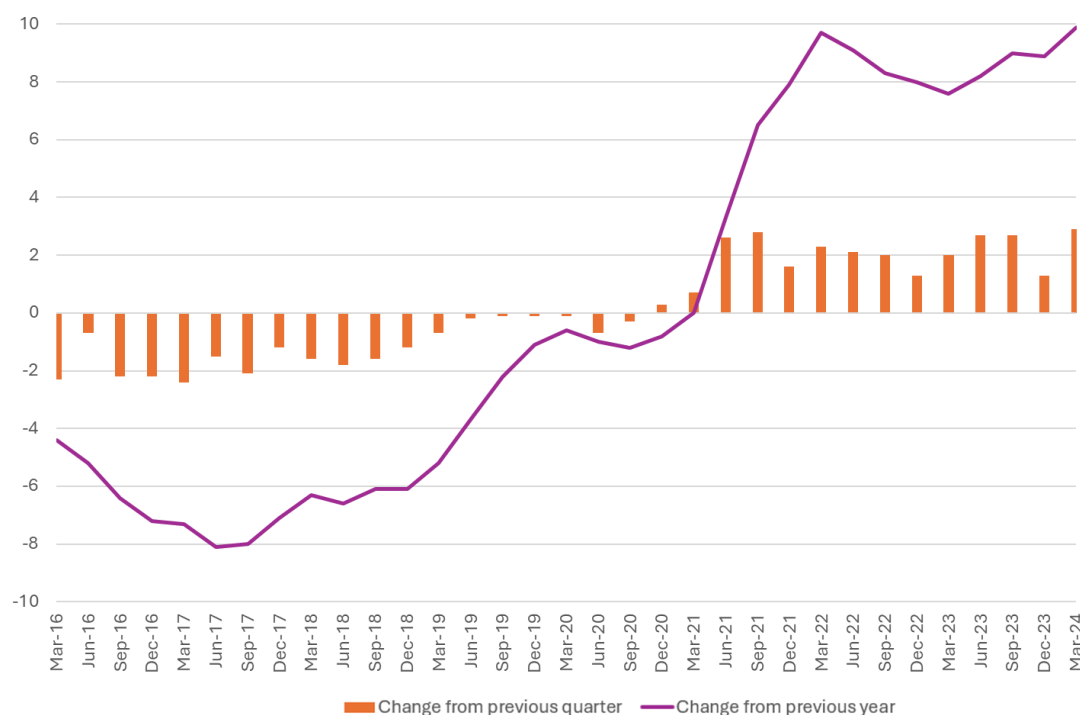
While we have begun to see inflation easing in Perth, CPI figures remain well above pre-pandemic levels and above the Reserve Bank of Australia's flexible inflation target of 2 to 3 per cent. Significantly, CPI levels for many non-discretionary items, such as rent and healthcare, have increased at a greater rate than the weighted average of all groups CPI in the Perth. This is important to note as low-waged households spend a greater portion of their income on non-discretionary

¹⁸ ['Consumer Price Index, Australia March Quarter 2024'](#), Australian Bureau of Statistics (Webpage, 24 April 2024).

items and do not receive benefit from inflation falling in discretionary subgroups - like international travel.

CPI on Perth rent has increased both in the last quarter and the last year, leading to CPI rates much higher than those experienced before the pandemic and similar to those seen in early 2022 (see Figure 6). In March 2024 rents in Perth increased on an annual basis by 9.9 per cent, and from the previous quarter by 2.9 per cent.¹⁹

Figure 6. Perth, Rents CPI, quarterly and annual movements (%)



Source: Australian Bureau of Statistics (Mar-quarter-2024), Consumer Price Index, Australia.

Rises are also observable in Perth CPI subgroups food and non-alcoholic beverages and health costs. Food and non-alcoholic beverages experienced an annual percentage increase of 3.2 per cent, with a quarterly rise of 0.9.²⁰ The annual rise in health costs for Perth was 3.7 per cent and a quarterly increase of 2.3.²¹

While Perth saw a decrease in overall utility CPI, much of this change can be accounted for by falls in CPI for the electricity sub-category. Other utilities saw an increase from the past year, but no increase from the past quarter. For example, Perth CPI for water and sewage increased by 2.6 per cent from the previous year and gas and other household fuels saw a yearly increase of 7.0 per cent.²²

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

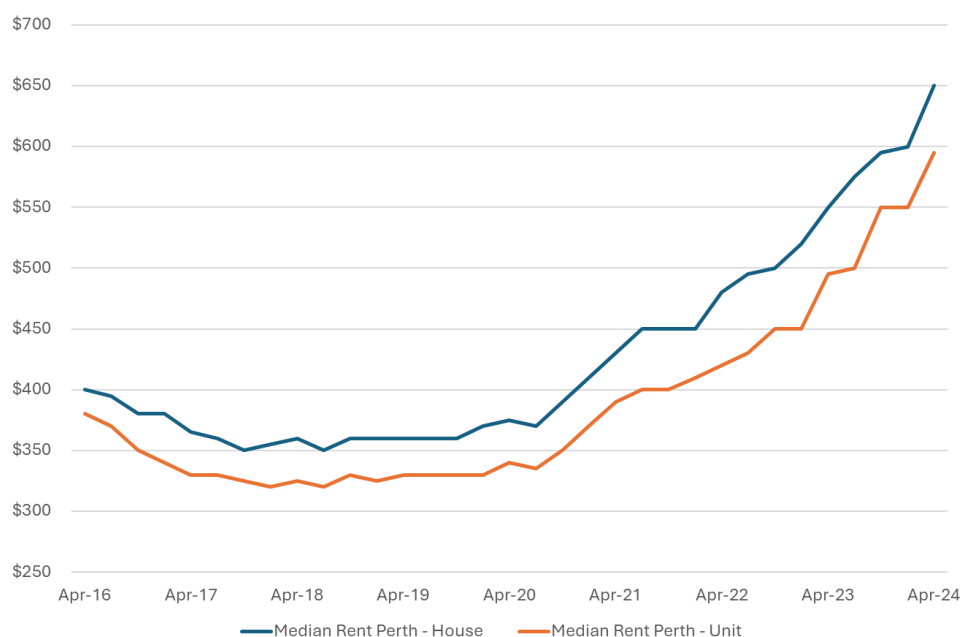
²² Ibid.

CPI increases create real, and significant, costs for consumers.

Increasing CPI creates real price rises for workers and, for those earning the minimum wage, is associated with significant financial pressure. The annual WACOSS Cost of Living Report models five low-income household types and examines the adequacy of their income to afford a basic standard of living in line with agreed community standards. The 2023 Cost of Living Report shows substantial growth in household expenditure, particularly for rental costs, food costs and other household costs, as well as significantly increased financial pressure on the model households.²³

Housing is the single largest living cost for households in Western Australia. While median rents in Perth have been increasing since 2018 the market has seen drastic increases since 2020 (see Figure 7). As of April 2024, over the previous 12 months, median house rents in Perth had increased by more than 18 per cent or \$100 per week.²⁴ Median unit rents saw similar increases, with rental prices in April 2024 boasting an increase of 20.2 per cent on April 2023 and an increase of 41.7 per cent on April 2022 prices.²⁵ These increases place the median rent of a house in Perth at \$650 per week and the median rent of a Perth unit at \$595 per week.²⁶ At these prices less than 1 per cent of properties are affordable for a single person on minimum wage.²⁷

Figure 7. Perth Median Rental Prices



Source REIWA Data

²³ WACOSS, [Cost of Living Report](#) December 2023

²⁴ Calculated using REIWA, [Perth Market Insights](#) (Web Page, 2024)

²⁵ Ibid.

²⁶ REIWA, [Perth Market Insights](#) (Web Page, 2024)

²⁷ Anglicare Australia, [Rental Affordability Snapshot](#) 2024

The real cost increase of food and grocery items has also been significant. The *Inquiry into Price Gouging and Unfair Pricing Practices* found that many common household items have seen a price surge of over 20 per cent since March 2021 (Table 1).²⁸

Table 1. Comparison of food prices March 2021 and September 2023

Product	Percentage Price Increase
Cheese	27.3%
Bread	24.1%
Milk	22.7%
Ice cream and dairy products	22.5%
Eggs	19.7%
Breakfast cereals	19.2%

Source: Inquiry into Price Gouging and Unfair Pricing Practices, Prof. Allan Fels 2024.

Similar price surges are evident in the cost of fuel. Apart from a slight dip in 2020, over the past eight years fuel costs have been rapidly increasing. For example, since 2016 the price of UPL has increased by over 73 per cent, rising from an average price of 111.1 cents per litre in the metro area in April 2016 to an average price of 192.9 cents per litre in April 2025.²⁹

Increasing costs significantly impact regional areas.

When reviewing the adequacy of the State Minimum Wage it is important to consider differences in the cost of living for regional workers. This is particularly important for award-free employees, who do not benefit from location allowance requirements set out in private sector awards.

Low-waged workers in regional areas are facing even greater price surges. The WA Department of Primary Industries and Regional Development *Regional Price Index 2023*, which compares a standard basket of 185 goods and services across 39 WA towns, highlights the expensive nature of life in the regions.

Prices in all regions, except the Mid-West and South West, were more expensive than Perth with the highest prices in the Pilbara region.³⁰ The basket of goods cost 15 per cent more in the Pilbara than in Perth, and 8.9 per cent more in the Kimberley. In most regions, the cost of food, housing, health, fuel and personal care items showed significant regional price increases – with food in the Kimberley costing 7.3 per cent more than Perth.

²⁸ Prof. Allan Fels, *Inquiry into Price Gouging and Unfair Pricing Practices*, '[Final Report](#)' (Report, February 2024).

²⁹ '[Fuel Watch: Monthly Average Fuel Prices](#)', Department of Energy, Mines, Industry Regulation and Safety (Webpage).

³⁰ Department of Primary Industries and Regional Development, '[Regional Price Index 2023](#)' (Report, 2024).

"Living here [in the regions] is very difficult...[we're] struggling to make ends meet."

-Jaru women aged 60 living in Halls Creek³¹

The Anglicare Rental Affordability Snapshot 2024 also emphasises price differences between Perth and the regions (Table 2). For singles on the minimum wage, housing across regional WA is simply unaffordable with renters being asked to pay up to \$850 per week to rent a home in a regional area.

Table 2. Affordable and appropriate properties across WA for minimum wage workers

House	Payment Type	Perth Metro		South West & Great Southern		North West		Mid-West & Gascoyne		Wheatbelt & Goldfields	
		#	%	#	%	#	%	#	%	#	%
Single	Minimum Wage	14	1	0	0	0	0	0	0	3	2
Single, two children	Minimum Wage + FTB A & B	1	0	6	3	5	2	5	8	8	6
Couple, two children	Minimum Wage + FTB A	109	5	36	18	20	8	23	37	30	23
Couple, two children	Minimum Wage + Parenting payment (partnered) + FTB A&B	3	0	8	4	5	2	8	13	14	11
Median Rent		\$650		\$620		\$850		\$480		\$535	

Source: Anglicare Australia, Rental Affordability Snapshot 2024

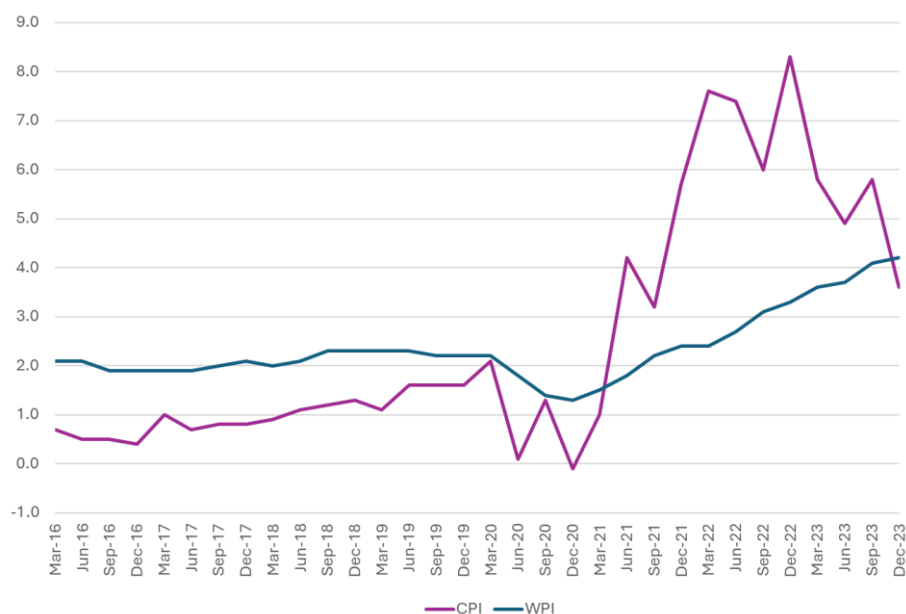
Increases in WPI are too little and too late to buffer workers from the impacts of high inflation.

In real terms, price increases cost workers hundreds of dollars. When not matched by wage growth, increases place significant pressure on household budgets. Since March 2021, WA workers have been exposed to inflationary pressures that have not been met by wage increases (Figure 8). As discussed in Section 3.2, WPI is beginning to increase at a rate that more accurately reflects CPI; however, this uptick has not been received by all workers with 41.9 per cent of WA workers reporting their income was the same as 12 months ago.³²

³¹ Vanessa Mills and Charlie Mills, '[Price pain as cost of living in some WA towns hits 155pc higher than Perth](#)', ABC (Webpage, 19 January 2024).

³² '[Cost of Living Survey & Statistics 2023](#)', Budget Direct (Webpage, 7 March 2023).

Figure 8. Australian Wage Growth and Inflation, Year-ended percentage change



Source: Calculated using Australian Bureau of Statistics (Mar-quarter-2024), [Consumer Price Index, Australia, ABS Website](#); and Australian Bureau of Statistics (December 2023), [Wage Price Index, Australia, ABS Website](#).

It is critical to note that, despite any increases to WPI, workers have been exposed to at least *three years* of poor wage growth and an incredibly high-cost environment. In their submission to the Fair Work Commission 2023/24 Annual Wage Review, the WA Government highlight how this has led to a real wage decline and has eroded workers savings and purchasing power.³³ While initially many low-waged workers may have been able to draw on savings, reduce spending, or acquire additional work to mitigate the impacts of low wage growth, prolonged periods of real wage decline have drawn down fiscal reserves and left families with limited economic resilience.

4.2 A struggle to cover increasing costs

Increasing cost of living is most significantly felt by low-waged workers – increasing feelings of financial stress and reducing workers standard of living. For example, the Foodbank Hunger Report 2023 indicates that 79 per cent of people experiencing food insecurity were in such a position due to high living expenses.

The disproportionate impact of increasing costs on low-income households can be readily observed by considering the rising cost of housing. As discussed in Section 4.1, housing is the single largest living cost for households in WA – with the median rental price of a Perth house currently \$650 per week and the median rental price of a Perth unit \$595 per week.

Households are in ‘housing stress’ when their housing costs exceed 30 per cent of their income, and their earnings are in the bottom 40 per cent of equivalised disposable income (minimum wage earners). While State Minimum Wage earners have been in housing stress since 2016, the proportion of income absorbed by rent has significantly increased (Figure 9). In 2016, median rental

³³ WA Government, [Submission of the Government of Western Australia](#), Fair Work Commission 2023-24 Annual Wage Review (March 2024).

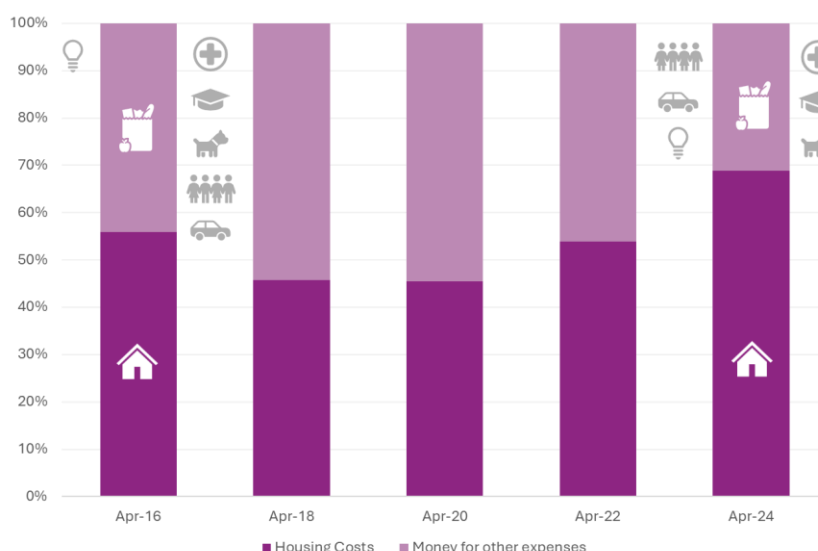
prices of a Perth unit absorbed 55.9 per cent of the net income of a worker on the State Minimum Wage, with this percentage dropping to 45.5 per cent in April 2020. This left households on the state minimum wage with 54 to 44 per cent of their income to pay for other essential services.³⁴

“Our rent [\$670 per week] is a massive proportion of our income. After rent and bills, there is almost nothing left...We were desperate, we just had to find a place, so we had no choice but to take this one... It feels like we’re just coping at the moment and I’m not sure how many more [rent] rises we can handle.”

-2024 Anglicare Rental Affordability Snapshot Regional Reports

Currently, the weekly median rent for a unit accounts for 68.9 per cent of the State Minimum Wage, while the median rent for a house is over 75 per cent. As of April 2024, State Minimum Wage households paying median rent for a Perth unit only have 31 per cent of their net income, or *\$268.40 per week*, to cover the costs of essentials items. When we consider the post tax, or real, income of workers on the State Minimum Wage the story is increasingly dire. Assuming a single on full time State Minimum Wage pays tax³⁵ and rents a median priced unit in Perth they have less than *\$180 per week* to cover the costs of food, utilities, bills, childcare, transport, and other necessary items. The numbers simply don’t add up - minimum wage earners, after paying housing costs, do not have enough money to pay for other essentials. They certainly do not have enough to save for the future, or put away for an emergency.

Figure 9. Median Rent for a Perth Unit as a Percentage of SMW



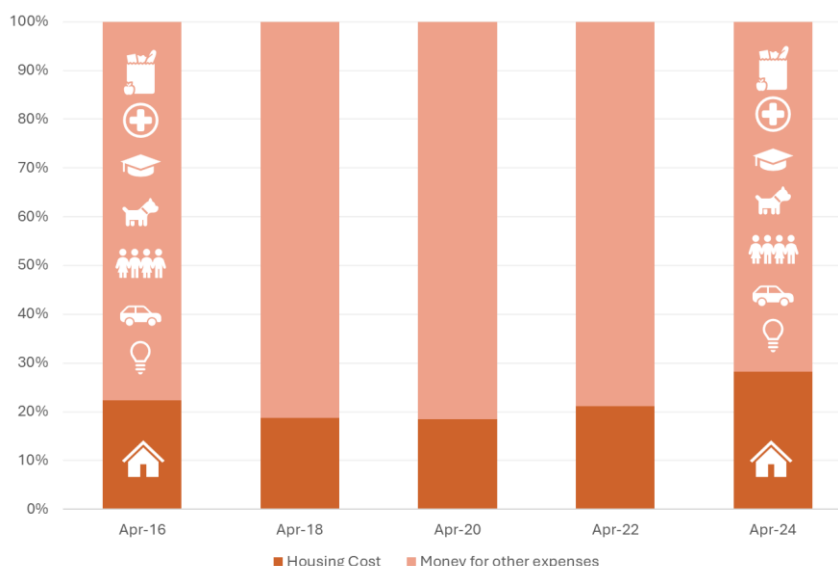
Source: Calculated using Historical State Minimum Wage Data and REIWA Data

³⁴ Calculated using historic data on State Minimum Wage and Median Perth Rental Costs.

³⁵ Tax calculation conducted using [ATO Simple Tax Calculator](#).

An entirely differently story emerges when we consider the median rental price of units in Perth relative to WA Average Weekly Ordinary Time Earnings (AWOTE). While inflated housing costs are taking up an increasing proportion of all household budgets, households earning the AWOTE still have access to over 70 per cent of their income, or *\$1,512.70 per week*, to cover the costs of other goods and services (Figure 10).³⁶

Figure 10. Median Rent for a Perth Unit as Percentage of WA AWOTE



Source: Calculated using Historical [WA AWOTE](#) and REIWA Data

While it is reasonable that State Minimum Wage is less than WA AWOTE or WA median weekly earnings, it is not reasonable that full time workers on the State Minimum Wage are exposed to such inequitable levels of financial hardship or left without sufficient income to cover essentials.

The standard of living and economic resilience of low-waged workers has been significantly eroded.

Periods of increased financial pressure leads to behaviour changes that reduce spending. In higher-waged households, such behaviour change might look like purchasing different grocery items or simply eating out less. However, for low-waged households, behaviour changes look much more drastic and significantly impact standard of living. Low-waged householders are unable to change their spending patterns by simply moving to cheaper alternatives – they are already purchasing the cheapest option. Instead, in the face of rising living costs, individuals on low wages must make impossible decisions around what needs they can afford to meet.

Surging food prices are significantly impacting WA families and leading to rapidly deteriorating levels of food security; The Foodbank Hunger Report 2023 indicates that 70 per cent of WA families reported they were food secure in 2022 but, shockingly, this number had fallen to only 63 per cent by the end of 2023.³⁷ Of the households who were food insecure, 60 per cent had at least one

³⁶ Calculated using ABS (2023) [Average Weekly Earnings](#) and REIWA [Perth Rental Data](#).

³⁷ Foodbank, [Foodbank Hunger Report 2023](#) (Report, 25 September 2023).

person in paid employment, and 77 per cent experienced food insecurity for the first time within the last year.³⁸

The household food budget is often regarded as more flexible compared to other fixed household and health expenses. As a result, a household receiving a low disposable income are more likely to lower their food budget, skip meals, or reduce nutritional quality to make up costs.³⁹ Foodbank reports that in the last 12 months, 94 per cent of food insecure households cut back on food, while 58 per cent of food insecure households are trying to make savings by cutting back on their energy usage or changing plans, and 41 per cent reduced transport costs by driving less. For the 2.3 million households across Australia experiencing severe food insecurity, in practice, cutting back on food looks like skipping meals or going entire days without eating.⁴⁰

“The last time I couldn’t afford enough food for the family, I just got creative in the kitchen for the kids and didn’t eat myself. I ate Milo and bikkies from the work staff room to tide me over.”

-Foodbank Hunger Report 2023

While many low-waged households initially relied on savings to cover increasing costs the 2023 Quarter 4 National Australia Bank *Australian Wellbeing Survey* indicates that, for many families, this is no longer an option. Over the past year lower income families have run down their savings, and now expect that any remaining savings will continue to fall over the next year. Families also feel increasingly stressed about raising \$2000 in an emergency.⁴¹

A whole of picture view indicates that low-waged families are missing out – both immediately, and in the longer term. Using savings to cover basic living costs mean low-waged families no longer have the means to buffer the impact of expensive life events – such as a car break down or illness – or to establish longer term financial security. This decreases the financial resilience of low-waged families, stops them from future planning, and situates them precariously on a steep decline into poverty.

Significantly, financial pressure has widespread impacts beyond financial security. Financial pressure means low-income workers miss out on good health, wellbeing, and community. Applying a social determinants of health model, it is evident that limited access to the foundational elements of health – such as housing of nutritious food - creates significant and long-term inequity including poorer long term health outcomes and lower life expectancy.

³⁸ Ibid.

³⁹ Sue Booth and Alison Smith, ‘[Food security and poverty in Australia -- challenges for dietitians](#)’ (2001) 58(3) Australian Journal of Nutrition & Dietetics 150.

⁴⁰ Foodbank (n 46).

⁴¹ National Australia Bank Group Economics, [NAB Australian Wellbeing Survey: Q4-2023](#) (Report, 2024).

After three years of real wage decline low-waged households are at a crisis point.

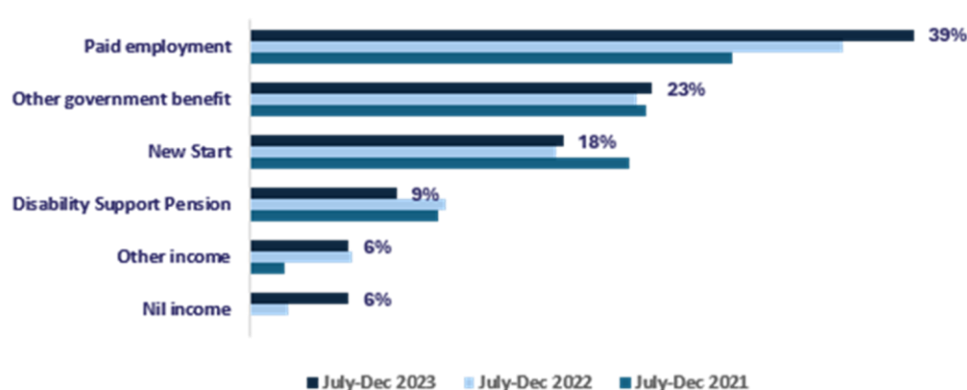
The erosion of real wages has led to an increased demand on emergency relief and financial counselling services across WA, with many services reporting year on year increases in requests for assistance.

WACOSS operates WACONnect, a free online directory of community service providers for people looking for emergency relief and assistance. This service allows us to track real time searches for emergency and community relief providers.⁴² From 1 January 2024 to 31 March 2024 the directory registered 28,808 visits from 18,383 users, generating 101,116 searches for services. When compared to the numbers registered during the same period in 2023 the number of visits to the site has increased by 17.1 per cent, the number of users to the site by 9.5 per cent, and the number of searches for services by over 8 per cent (equivalent to ~ 7716 more searches for services).

The HUGS Service Centre, a grant scheme that assists WA utility customers in financial hardship to pay their utility bills, also reported increasing demand. Between July and December 2023, the Centre received 16,700 calls and supported 7,312 clients to access grant support across multiple retailers. Over the same period in 2022, the HUGS Service Centre received 6,841 calls and supported 4,795 clients.

While increasing need for assistance is anticipated during inflationary periods, services are unexpectedly seeing a significant increase in the number of *employed* families seeking support. For example, the Emergency Relief and Food Access Service has reported that an increasing proportion of clients who are employed; with employment being the main source of income for four per cent of clients in 2021, eight per cent in 2022, and 12 per cent in 2023. Similar trends have been reported by the HUGS Service Centre – which had a 71 per cent increase in the number employed clients from 2022 to 2023⁴³ – and the Financial Wellbeing Collective, who saw an increase in the number of clients whose primary source of income was paid employment (Figure 11).⁴⁴ During the July-December period, nearly 40 per cent of users at the Financial Wellbeing Collective were employed.⁴⁵

Figure 11. Financially counselling client's main source of income



⁴² [WACONnect](#) (Web Page, 2024).

⁴³ Financial Wellbeing Collective, Update July-December 2023. Provided to WACOSS as personal correspondence.

⁴⁴ Ibid.

⁴⁵ Ibid.

Shame, fear, and lack of knowledge are significant barriers to seeking support, and many Australian families only seek financial assistance once they are in crisis.⁴⁶ The most recent client feedback survey conducted by the Financial Wellbeing Collective found that 37 per cent of clients sought assistance after 12 months of hardship.⁴⁷ When we apply this understanding of community behaviour to increasing numbers of *employed* families seeking support it becomes evident that after three years of low wages and high costs, many waged households in WA are at breaking point and simply cannot cover the cost of life's essentials – let alone maintaining a decent standard of living.

"Being able to access it online or in some anonymous way. I am too embarrassed and ashamed to physically go somewhere and show my face."

- Foodbank Hunger Report 2023

Real wage decline has left low-wage workers struggling to cover the costs of life's essentials. A meaningful increase to the State Minimum Wage of 7.359 per cent, or \$63.54 per week is necessary to ensure low-waged workers can meet the cost of essentials, regain their economic resilience and maintain a reasonable standard of living.

⁴⁶ Foodbank (n 26).

⁴⁷ Financial Wellbeing Collective, Update July-December 2023. Provided to WACOSS as personal correspondence.

5. Striving for Equity

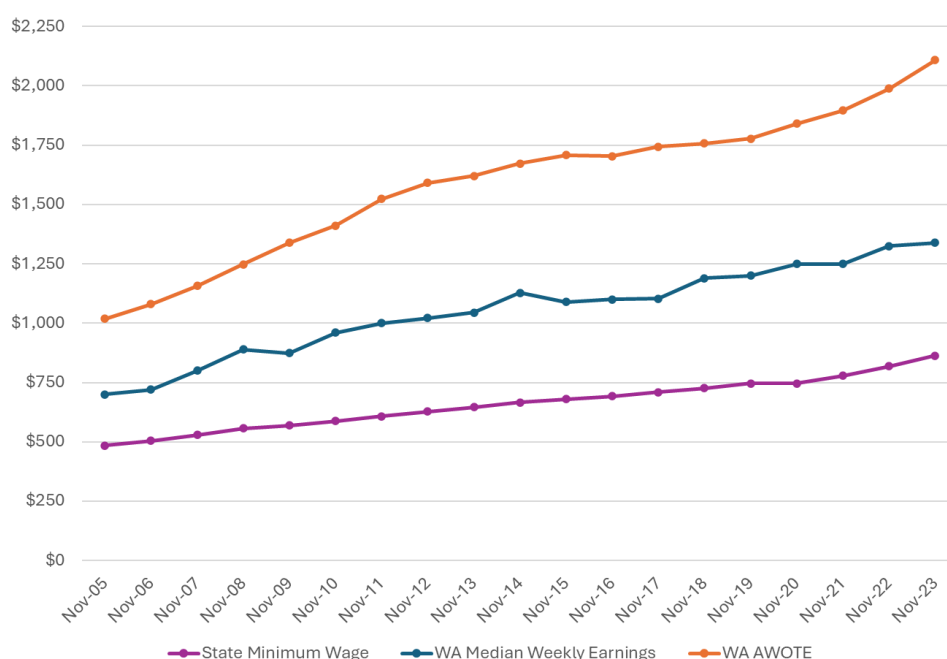
We all deserve to have a safe, supported, and purposeful life. Yet for many, experiences of poverty create barriers that prevent full participation and establish cycles of disadvantage. This section of the submission discusses how increases to the State Minimum Wage can support improvements to social equity, including wage inequality and gender and intergenerational equity.

5.1 Wage Equity

Income inequality has a significant negative impact on society, both socially and economically, being linked to not only the undermining of community cohesiveness, but also to having a statistically significant adverse effect on economic growth.⁴⁸

One factor contributing to inequitable wage distribution in Western Australia is the growth in the gap between the State Minimum Wage rates and median pay levels. As of November 2023, the State Minimum Wage was only 40.2 per cent of the WA Average Weekly Ordinary Time Earnings (AWOTE). In comparison, the National Minimum Wage comprises 46.7 per cent of Australia-wide seasonally adjusted average weekly earnings as of November 2022. In November 2005, the State Minimum Wage was 47.6 per cent of the WA AWOTE (Figure 12).

Figure 12. Increasing disparity between State Minimum Wage, WA Median Weekly Earnings and WA AWOTE



Source ABS 6302.0, 6333.0, 6337.0

As discussed in Section 4, increasing disparity between low-waged workers, median-waged workers and the AWOTE is creating different standards of living across the WA population. This is a significant

⁴⁸ OECD, 'The Impact of Income Inequality on Economic Growth', *In It Together: Why Less Inequality Benefits All* (Book, 21 May 2015).

threat to the long term social and economic security of WA as excessive inequality works to erode the pillars of social cohesion, creates political polarisation, and sees lower economic growth.⁴⁹

When considering wage equity, we must also consider equity *between* low-waged workers. Last year, increases to the Federal Minimum Wage (+8.65%) outpaced the State Minimum Wage. This increase has meant for the past 12 months workers under the federal award have earned \$19.4 per week, or \$1008.80 per year, more than those employed under the state system. It is unacceptable that in a cost-of-living crisis, where every dollar counts, WA workers are being left behind.

5.2 Gender Equity

A significant gender pay gap continues to exist in the WA labour market. ABS data indicates that as of November 2023, WA shows the biggest difference in overall pay between men and women, compared to other jurisdictions, by a significant margin. The WA labour market has a gender pay gap of 21.7 per cent.⁵⁰ Further, the widest gender pay gaps across Australia are found in regional WA, including Karratha and Ashburton.⁵¹ Unacceptably, women are not being offered the same financial opportunity as men.

The Workplace Gender Equality Agency's (WGEA) datasets indicate that every industry has a median wage gap that favours men.⁵² Across Australia, sole parents and families with a female reference person were among the groups more likely to be in the lowest income group (lowest 20 per cent).⁵³ For WA however, the gender pay gap is largely driven by the gendered makeup of the workforce. Sectors, such as health care and social services, accommodation and retail trade, are female-dominated and are more likely to have lower wages than, for example, the mining and construction sectors, which are male-dominated.⁵⁴ Workers in feminised industries are often completely award reliant and, as outlined in Section 3.3, means in WA women are more reliant on the State Minimum Wage.⁵⁵

A key mark of progress in this space was 2023 legislative reform which required employers to report their gender pay gaps, along with other information, to WGEA. While broader reforms are required to substantially address the issue, it is positive to see WGEA data indicating that in anticipation of the legislative changes, more employers conducted a pay gap analysis⁵⁶

The WA gender pay gap contributes to other inequities experienced by women. The pay gap, combined with high costs of childcare, can be a barrier to entry into the workforce for women with children.⁵⁷ Women are more likely to have time out of the workforce to care for children, interrupting their career, salary progression and opportunities for professional development.⁵⁸ Women tend to retire with far less superannuation.⁵⁹ Lower pay impacts women's financial

⁴⁹ 'Income Inequality', International Monetary Fund (Webpage).

⁵⁰ 'Average Weekly Earnings, Australia', Australian Bureau of Statistics (Webpage, November 2023).

⁵¹ 'New wellbeing data shows how regions across Australia score in health, income, housing and more', ABC News (Webpage, 8 May 2024).

⁵² Workplace Gender Equality Agency, *Employer Gender Pay Gap Snapshots* (Report, 2024).

⁵³ ACOSS and UNSW Sydney, *Inequality in Australia 2024: Who is affected and how* (Report, April 2024).

⁵⁴ Alan Duncan, Astghik Mavisakalyan and Silvia Salazar, *Gender Equity Insights 2022: The State of Inequality in Australia* (WGEA Gender Equity Series Issue 7, October 2022).

⁵⁵ Ibid.

⁵⁶ Workplace Gender Equality Agency, *Australia's Gender Equality Scorecard* (Report, 2023).

⁵⁷ Diversity Council Australia and Workplace Gender Equality Agency, *She's Price(d)less* (Report, 2022).

⁵⁸ Ibid.

⁵⁹ 'The gender gap in retirement savings', Australian Human Rights Commission (Webpage).

independence, which can be a barrier to escaping family violence.⁶⁰ “Women continue to report higher financial stress than men, with the gap widening”.⁶¹

The combination of gendered industries and the disparity in average wages between those industries drives the overall gender pay gap. According to analysis conducted by BCEC and WGEA, if a 40:40:20 gender balanced workforce was achieved across industries (by increasing the share of men working in health care, social services, education and training; and by increasing the share of women working in construction, mining, manufacturing, etc.) the gender pay gap in total remuneration would halve. If this were achieved, plus salaries in the care, community and personal services sectors were increased by 10 per cent, the pay gap would reduce even further.⁶² An increase to the State Minimum Wage of 7.359 per cent is an important mechanism to work towards this goal. This increase will support women’s financial wellbeing, better reflect the value care and community sector roles contribute to society, and may encourage more men to take up roles in these industries.

5.3 Intergenerational Equity

Low incomes and financial stress are more likely to impact younger workers than older workers. In 2023, the most common industries of employment for younger workers (18-24 years) were retail trade, health care and social assistance, accommodation and food services.⁶³ As such, younger workers are more likely to receive award wages and minimum wage.

A 2023 Monash University study found 90 per cent of young Australians experienced financial difficulties, with 32 per cent experiencing financial difficulties often or very often. 57 per cent of young Australians experienced underemployment in the previous 12 months – an experience more common among casually employed workers. Both financial difficulties and underemployment were more likely to be experienced by young people with a disability.⁶⁴

While young Australians tended to feel neutral or somewhat positive about their long-term financial prospects, they were less positive about their short-term financial prospects. Their financial positions tended to be precarious and unstable.⁶⁵ Younger people are more likely to be renting and are therefore disproportionately vulnerable to the cost pressures and insecurity of the rental market.⁶⁶ Additionally, recent high levels of inflation have significantly increased HECS/HELP debts, contributing to financial stress for young people. In 2023, a significant number of young people (18-25) reported that financial stress related to the cost of living was the most urgent issue for them. With lower incomes, insecure housing and financial stress, young people are less able to securely plan for the future.

Inequitable wealth distribution across age cohorts mean that younger households are less likely to have financial buffer to manage the increasing cost of living. The average older household (65+) holds almost four times as much wealth as the average younger household (<35).⁶⁷ While the younger household cohort holds less wealth, this wealth is also unequally distributed within the cohort. The highest 10 per cent of younger households by wealth holds almost half of all wealth in

⁶⁰ [‘What is the gender pay gap – and what does it have to do with preventing violence against women?’](#), Respect Victoria (Webpage, 27 February 2024).

⁶¹ National Australia Bank Group Economics (n 50).

⁶² Duncan (n 62).

⁶³ Monash Centre for Youth Policy and Education Practice, [The 2023 Australian Youth Barometer: Understanding Young People in Australia Today](#) (Report, 2023).

⁶⁴ Ibid.

⁶⁵ Ibid.

⁶⁶ [‘Home ownership and housing tenure’](#), Australian Institute of Health and Welfare (Webpage, 5 April 2023).

⁶⁷ ACOSS (n 61).

this cohort, while the lower 60 per cent of younger households (average wealth of \$80,000) hold just 12 per cent. It is likely that intergenerational wealth, that is, wealth passed down from parents, contributed significantly to this concentration of wealth.⁶⁸

“The problem with saving money especially if you’re in a...state of permanent slight crisis, is [that] you always have these fees come out of absolutely nowhere. ‘oh, okay. My phone bill’s due.’ ‘Oh, okay. I need to get an Uber because this bus didn’t turn up.’ Or ‘I need to go to a vet appointment.’...You can’t really plan”

-Woman, 22, TAS, 2023 Monash Youth Barometer Survey

Young people understand health to be holistic, including financial security, access to housing and general life satisfaction, as well as physical and mental health.⁶⁹ Psychological distress in young people has increased since 2017, and has not reduced at the same rate at older cohorts since the COVID-19 pandemic. A significant number of young Australians report feeling stress, pessimism about the future and low levels of life satisfaction.⁷⁰ Young people reported cost and difficulty in accessing support services as two key barriers to maintaining good health. Over a 12-month period, 21 per cent of young Australians experienced food insecurity. This was more likely for First Nations young people, young people with a disability and young people in regional and remote areas.⁷¹ 58 per cent of young Australians had to skip meals and 49 per cent lived in a household that ran out of food. Young people are among those most at risk of not being able to heat or cool their homes.⁷²

An increase to the State Minimum Wage of 7.359 per cent is an important mechanism to support younger workers to achieve financial security, overall improved wellbeing and the capacity to plan for the future.

⁶⁸ Ibid.

⁶⁹ Monash Centre for Youth Policy and Education Practice (n 71)

⁷⁰ Ibid, 53.

⁷¹ Ibid, 51.

⁷² Kushnell Prakash, [‘Taking the pulse of the nation \(2023\) – surveys Australian population to capture sentiments and behaviours’](#), Melbourne Institute Applied Economic and Social Research (Web Page, 2023).

6. Conclusion

It is the view of WACOSS that, in order to meet provisions in the *Industrial Relations Act 1979*, the State Minimum Wage must be raised by 7.359 per cent. Such an increase will ensure that Western Australians have a fair system of wages and conditions that enable them to achieve an appropriate standard of living.

The economic data paints a positive picture of WA's circumstances – we have a strong state economy, industry growth and more people than ever participating in our workforce. At the same time, growth in real wages has lagged behind inflation. As stated in the Inquiry into Price Gouging and Unfair Pricing Practices, the “impact of inflation on the cost of living is hard to overestimate”.⁷³ Further still, the impact of both essential living costs and improvements in wages are unequally distributed across our economy.

For State Minimum Wage earners, many of whom currently live below the poverty line, their income is simply inadequate to meet their basic needs and provide a reasonable standard of living.

Minimum Wage earners and their families are increasingly in crisis – unable to find affordable housing and skipping meals and not heating or cooling their home in an effort to make ends meet. These behavioural changes increase inequity across a range of social determinants of health and create a negative and self-reinforcing relationship between increasing needs and increasing financial pressure. This progresses to significant and long-term inequity including poorer long-term health outcomes and lower life expectancy as low-waged families find themselves situated precariously on a steep decline into poverty.

Increasing the State Minimum Wage is an effective strategy to help break this cycle. Increased wages not only mean low income earners have enough money to cover living costs but that they have the financial resources and mental capacity to live a productive and connected life and be active members of our community.

WACOSS's claim of a 7.359 per cent increase to the State Minimum Wage will deliver an undeniable benefit to many of the lowest paid workers, and their families. A strong minimum wage — one which ensures workers are provided with a decent living standard, well above poverty levels is integral for an inclusive and sustainable economy, where the benefits are shared with all Western Australians.

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⁷³ Fels (n 37).