



# newsletter

## DECEMBER 2011

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## GENDER WAGE GAP BIGGEST IN 28-YEARS



Average weekly earnings rose by 1.2 per cent in the three months to September after a 1.4 per cent lift in the previous three months. Wages rose by 5.3 per cent over the year – above yesterday's wage cost index.

Over the year to September, male wages outstripped female wages by \$13,213 – the highest reading in records going back 28 years. The female wage is 82.1 per cent of the male wage – the smallest proportion in 25 years.

The average wage stands at \$68,790. The highest average wage can be found in the mining sector, at \$112,392 per year. The lowest average wage is obtained by workers in the accommodation and food services sector (\$49,878), followed by retail trade (\$49,915).

Across states & territories, we have calculated average annual wages were highest in: Western Australia (\$79,934), followed by the ACT (\$79,513), Northern Territory (\$69,727), and NSW (69,514).

### WHAT DOES IT ALL MEAN?

Male wages continue to grow at a far faster rate than female earnings. And the gap between high and low wage industries continues to widen. The gap between male and female earnings has now risen to the highest level in records going back 28 years. On average men are earning \$13,213 more per year than women. One key reason for the disparity is the rising demand for labour in male dominated sectors, such as mining and construction. Still there remains worrying wage disparities in other sectors as well that is clearly worthy of greater investigation.

*"Male wages continue to grow at a far faster rate than female earnings."*

The latest data on wages highlights the shift in dynamics within the domestic economy. Even the Reserve Bank has been focusing to a greater degree on the multispeed nature of our economy, and it is no more evident than in the latest batch of wage data.

Wages in the mining sector are well over double the earnings in food sectors like cafes and restaurants as well as across the retail sector. And the resources states of Western Australia, and Northern Territory are dominating in the pay stakes. It is clear that the industrialisation of emerging economies like China and India will continue to have a major impact on the shift in labour demand.

The mining states are clearly the major winners over the past year, with Western

Australia the undisputed leader. In fact average wage growth in the premier mining state has grown by a staggering 11.3 per cent over the past year - well ahead of its counterparts. However what is even more astounding is the Northern Territory, with the average wage now having surpassed NSW, Queensland and Victoria. In fact wage growth in the "top end" has been a robust 7.7 per cent over the past year. The industrialisation of China, and in turn India, are paying dividends, and domestically the reallocation of resources in terms of labour to the mining states will only gain in traction over coming year.

Interestingly across the sectors, the growth in wages over past year clearly corresponds with the growth in the economy. A whole array of sectors are struggling or going backwards, while mining investment remains the backbone of growth. In fact the more subdued conditions in the housing sector has seen wage growth in rental and real estate services going backwards over the past year. And the volatility in share markets and lacklustre lending has seen wage growth in the



financial sector post a paltry 2.3 per cent in annual growth.

As the investment in mining continues to gather pace the demand for skilled workers to regional Australia will be even more paramount. Excessive wage pressure is exactly what the Reserve Bank is attempting to curtail and the Federal Government will need to play a key role - implementing measures to improve Australia's productivity and ensuring that skilled migration targets are constantly reviewed and revised.

The average weekly earnings data tends to overstate the growth in wages, largely due to the compositional changes, such as the shift from full-time to part-time and movements across sectors. But the average weekly earnings data provides useful dollar estimates for wages.

#### WHAT DO THE FIGURES SHOW?

##### Average weekly earnings

Average weekly earnings rose by 1.2 per cent in the three months to September after a 1.4 per cent lift in the previous three months. Wages rose by 5.3 per cent over the year.

Private sector wages rose 1.3 per cent in the quarter and by 5.7 per cent over the year. Public sector wages rose by 1.0 per cent in the quarter and by 4.1 per cent over the year. Male wages rose 1.2 per cent in the quarter and by 5.7 per cent over the year. Female wages rose 1.1 per cent in the quarter and 4.4 per cent over the year.

Wages rose most over the year in Wholesale trade (up 11.9 per cent), Health Care and Social Assistance (up 6.9 per cent), Arts and recreation services (up 5.5 per cent). Construction (5.4 per cent), and Accommodation & Food Services (5 per cent). Wages were



weakest over the past year in Administrative and support services (down 2.8 per cent), followed by Rental Hiring & Real Estate Services (down 0.1 per cent), and Financial & Insurance Services (up 2.3 per cent).

Across states & territories, we have calculated average annual wages as follows: NSW \$69,514 (up 4.9 per cent over the year), Victoria \$65,608 (up 2.9 per cent), Queensland \$66,882 (up 3.8 per cent), South Australia \$63,305 (up 6.2 per cent), Western Australia \$79,934 (up 11.3 per cent), Tasmania \$60,518 (up 5.9 per cent), Northern Territory \$69,727 (up 7.7 per cent) and ACT \$79,513 (up 4.8 per cent).

The highest average wage can still be found in the mining sector, at \$112,392 per year. Next highest is scientific & technical services (\$81,817), information media & telecommunications (\$80,855), finance & insurance services (\$80,782). The lowest average wage is obtained by workers in the accommodation and food services sector (\$49,878), followed by retail trade (\$49,915) and "other services" (\$54,392).

#### WHAT IS THE IMPORTANCE OF THE ECONOMIC DATA?

The ABS publishes the Average Weekly Earnings (AWE) series on a quarterly basis. While the Wage Cost Index allows analysis of wage movements from quarter-to-quarter, the AWE series is best seen as a measure of actual dollar figures for wages. But average weekly earnings figures can be distorted by changes such as the relative growth of high-paid to low-paid jobs and the cashing out of bonuses in ordinary earnings.

#### WHAT ARE THE IMPLICATIONS FOR INTEREST RATES AND INVESTORS?

It is clear that the industrialisation of emerging economies like China and India will continue to have a major impact on the shift in labour demand. Over the coming year Australia will be riding on the back of the mining sector. And the non-mining states are unlikely to feel the effects of the rise in incomes until the recovery is well and truly in full swing. No doubt as the recovery gains traction the mining states will be in the driver's seat and continue to enjoy strong investment flows.

##### Important information

*This content has been prepared without taking account of the objectives, financial situation or needs of any particular individual. It does not constitute formal advice. For this reason, any individual should, before acting, consider the appropriateness of the information, having regard to the individual's objectives, financial situation and needs and, if necessary, seek appropriate professional advice.*

Published on: Thursday, November 17, 2011. ■

## TELSTRA BUSINESS WOMEN'S AWARDS

## RETIRING IWFCI DIRECTORS



Congratulations to one of our members, Shirley Robertson for being selected as a finalist for the Hudson Private & Corporate Sector Award in the Telstra Business Women's Awards. She was one of 4 finalists for this category and although she did not take out the individual award she still had her moment on the stage in front of 600 people collecting her finalist certificate! ■

Due to increased work commitments both Ingrid and Julie will be retiring from the IWFCI board though still remaining active members of the IWFCI. Their efforts and contribution to the organization has been outstanding and will be sadly missed by the remaining board members, their roles will be difficult to fill. We wish them both every success in their future endeavours. ■



# HOW SMES OUGHT TO PREPARE FOR THE CARBON TAX'S INTRODUCTION IN JULY

By Madeleine Heffernan



## KEEP AN EYE ON SUPPLIERS

Just as some people tried to take advantage of people's lack of knowledge about price rises when the goods and services tax was introduced, Sharpe expects some businesses to try and overstate the impact of the tax on prices.

"I encourage everybody, consumers and businesses, to keep a close eye on their suppliers. Take nothing at face value. The danger is if companies claim price increases are due to carbon pricing, which is not true, then people will lose confidence in the tax."

## CONSIDER YOUR PRICING NOW

Although Sharpe says the bulk of energy price rises will be mainly due to maintenance and upgrades by energy retailers, the Government has flagged a rise in energy prices of up to 10% under the tax. SMEs should consider how much of the rise they are willing to wear and how much they will pass on, given the Government has delivered billions in compensation through increased pensions and tax cuts to pay for increased prices.

In a speech yesterday, ACCC chairman Rod Sims said if a business is "not

confident about the claim that is being made to you by the supplier, we would expect you to check, and seek further information from the supplier in order to satisfy yourself that the increase is due to carbon pricing. If you think you are being misled by the supplier, you should report it to the ACCC."

## AUDIT YOUR ENERGY CONSUMPTION

Sharpe says commonsense will deliver three-quarters of energy savings, with simple measures like turning off your standby appliances making a big difference to power usage and therefore bills.

"Energy efficiency is the main game – use less energy, save money on your input costs," Sharpe says. "Even new measures that might require some input might quickly pay for itself. There is also plenty of free software out there to help SMEs audit their consumption."

## CONSIDER CLEAN ENERGY AND OFFSETTING

Companies looking for the marketing and branding benefits of being an environmentally friendly business should consider Government-approved green power, Sharpe says. If an SME is looking to be a leader in this area, they should consider offsetting their emissions. There are also benefits for attracting employees, he says.

*Continued on following page*

## NEW IWFCI DIRECTOR

We welcome Fran Bailey to the IWFCI Board who is highly experienced and qualified former Federal MP with 18 years experience, including senior Ministerial responsibilities in Defence, employment services, Business and Tourism, with Responsibilities for budgets in excess of \$6 billion. Current board appointments, and previous and international experience chairing Ministerial conferences and meetings, forums, councils, committees and working groups. ■



## MEMBER PROFILE

### Contact Point IT Services

Providing custom internet solutions and services that fit your budget and deliver business value. From website design, web application development, iPhone Apps, mobile friendly websites, through to search engine optimisation (SEO) and email and SMS marketing using our in-house built solution called eNudge. ■



Heather Maloney  
from Contact  
Point IT Services

### THINK ABOUT THE FUTURE

Sharpe says with the world heading towards a low-carbon future, investors will be concerned about high-polluting companies, including small businesses. Taking action now leaves you better placed to attract investors and protect shareholders, Sharpe says.

### FIND OUT WHAT GOVERNMENT SUPPORT IS OUT THERE FOR SMALL BUSINESS

The Institute of Chartered Accountants' manager of sustainability Geraldine

Margarey says small business should investigate what support is out there for small business through the transition.

### WATCH WHAT YOU SAY, AND WRITE, ONCE IT IS IN FORCE

Sims also noted yesterday that misleading comments to customers about the reasons for a particular price rise are covered under the law.

"So, let's imagine a staff member in your café says to customers: 'All the prices on our menu have increased because of

the carbon price.' If you have no factual basis to back that claim it is, on the face of it, false and misleading to say that the prices have increased because of carbon pricing," Sims said

*This article has been condensed and first appeared on SmartCompany.com.au Australia's premier site for business advice, news, features and resources for small to medium businesses. ■*

# PROFITABLE GROWTH

## Is your business really innovative, or are you stuck in a time warp?

by Julia Bickerstaff

The point is not to grow a business, but rather to grow a profitable one, and to do that a business needs firm foundations, inspirational intentions, a strategy to stick to and execution, execution, execution. Julia Bickerstaff will look at some of the very real challenges to profitable growth and provide some practical advice

As a kid, time passed pretty slowly, but as an adult, it races by without us realising. And it happens to businesses too.

When did you start your business? Five, maybe 10 years ago? You were the new kid on the block, the exciting, innovative business, the one that was going to shake things up for your competitors.

Where are you now? Are you still energetic and nimble? Are you still creating new stuff and consternation for your competitors? Are you still a young-at-heart business?

Or have you slowed down a bit, become a little complacent, settled into the status quo and, even – dare I say it – become a little middle aged?

In the course of my work I've spoken to many businesses and very few have admitted to becoming middle aged. That in itself doesn't surprise me. First up, no one wants to think their business has become a bit humdrum and secondly, it's easy to miss it. A business just doesn't have the same ageing indicators as their owners – birthdays, grey hair, wrinkles.



But it's very important for a business to realise it's getting middle aged, because it's a sign that it's getting stale.

So how do you do it? Essentially you want to hold a mirror up to the business, but until that's invented, the following technique works pretty well.

Ask three questions of the business:

- What percentage of your revenue comes from product and services that you didn't have eight years ago?
- What percentage of your revenue comes from product and services that you didn't have four years ago?
- What three significant changes have you made to the way that business

operates behind the scenes (for example technology and processes)? The questions are simple but revealing. You will quickly know whether your business is moving forward or stuck in the past.

If your business is feeling a little middle aged, kick start innovation in your business. And if you are a young business – what are you going to do to ensure that the ageing process doesn't happen to you?

*This article has been condensed and first appeared on SmartCompany.com.au Australia's premier site for business advice, news, features and resources for small to medium businesses. ■*