



# Low Pay Report 2022

## Acknowledgment of Country

The Western Australian Council of Social Service and UnionsWA respectfully acknowledge the Traditional Owners of Country throughout Western Australia and recognise their continuing connection to land, waters and community. We pay our respects to them and their cultures, and to Elders both past and present. We acknowledge that the land on which we live and work always was and always will be Aboriginal land. Sovereignty was never ceded.

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## Introduction

These are challenging economic times for Western Australian workers and families. Low-wage workers are confronting the reality of minimal or stagnant wage growth, while the cost of basic necessities continues to rise at skyrocketing rates. Meanwhile, Western Australia has one of the strongest performing jobs market of all states in the nation, recording its highest number of job vacancies in decades and an unemployment rate at an all-time low. What these 'strong' statistics mask, however, is the unevenness of the recovery from COVID-19 economic impacts and job losses and the fact that many Western Australians are still struggling to meet their household's basic needs.

Low-waged work can be transitional for some, such as young workers entering the labour market and progressing on to better paid jobs, but for others, it can make up the bulk, if not all, of their working life. Some people face a higher risk of low-waged work simply by virtue of their gender, ethnicity, educational attainment, or residency status.<sup>1</sup> Others face a higher risk of low-waged work because their skill-set and profession is located in lower-paid industries,<sup>2</sup> be it agriculture, accommodation and food services, social care services, or less regulated sectors like the gig-economy. Not all low-wage workers struggle with financial stress or hardship as they may pool their income with other, more highly paid, household members. Workers who rely entirely or substantially on low wages to cover basic living expenses for themselves or their families, however, may be vulnerable to persistent economic hardship.

Beyond a general picture of the local economy and labour market, there is scant information documenting low-waged work and workers in Western Australia. The latest report in Bankwest Curtin Economics Centre's Focus on the States Series, *Behind the Line: Poverty and disadvantage in Australia 2022*,<sup>3</sup> demonstrates that access to paid work alone may not be enough to lift someone above the poverty threshold. This report revealed that nearly one in five people living in poverty in 2020 were in paid employment. Using a 50 per cent of equivalised median income poverty line, 8.8 per cent of Australians living in poverty were working full-time, as well as 10.8 per cent part-time workers.

The Western Australian Council of Social Service (WACOSS) and UnionsWA hope that the *Low Pay Report 2022* is able to fill the research gap in the underexplored area of low-wage work in Western Australia. It is based on the contributions of the 1,373 Western Australians who participated in our online survey and phone-based interviews. For the purpose of this study, we categorised workers whose personal income before tax is less than \$52,000 per year as low-wage workers in order to provide a fuller picture of this large, diverse group of workers (full details in the Methods section). Respondents described their financial stress and anxiety when trying to survive on their low wages, be it inadequate income to cover rising cost-of-living expenses or an emergency expense, an inability to save or to finance retirement. Many emphasised that their wages were not increasing at the same rate as their cost-of-living expenses.

The challenges facing workers at the lower end of the labour market extend beyond wage and income adequacy issues. As our companion research report, [Job and Wage Insecurity in Western](#)

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<sup>1</sup> Grimshaw, D. (2011) *What Do We Know About Low Wage Work and Low Wage Workers?: Analysing the Definitions, Patterns, Causes and Consequences in International Perspective*. Geneva: ILO.

<sup>2</sup> Duncan, A. (2022) [Behind the Line: Poverty and disadvantage in Australia 2022](#), Bankwest Curtin Economics Centre Focus on the States Series, #9.

<sup>3</sup> Ibid.

[Australia](#), shows, low-waged workers face a number of additional problems associated with insecure and precarious work. That report demonstrated the financial impact of insecure work, with 39 per cent of survey respondents indicating they were either going further into debt or barely meeting costs of living. Those in insecure jobs were three times more likely to hold down two or more jobs (17 per cent), compared with those in a secure job (5 per cent). Low-wage jobs are all too often low-quality jobs.

Public policy has a role in assisting economically vulnerable workers who rely on low wages to support themselves and their families. While there are many factors that influence job quality and workers' lives, there are a range of key interventions that can help ensure employment provides workers with the remuneration that is required to meet their needs and support a decent standard of living.

## Recommendations

The following recommendations set out reforms that should be undertaken to directly increase the income of workers receiving low wages, but also to enable better access to well-paid and secure work. Reform is also necessary to ensure everyone in our community is able to affordably access essential goods and services, such as housing, food and energy, through direct measures that reduce living costs.

This report recommends that:

- National and State minimum wages are set at a level where they provide a liveable income.
- Access to income support payments, including JobSeeker and Commonwealth Rent Assistance, is improved and these payments are increased above the poverty line.
- It is made easier for all workers to exercise their rights to organise themselves collectively through their unions.
- Restrictions on multi-employer and sectoral collective bargaining are removed.
- Government procurement, funding policies and contracting practices are used to guarantee services are delivered by people employed in decently paid, unionised and more secure roles.
- The ability for casual and fixed-term contract employees to convert to permanent employment is strengthened, and a cap on consecutive fixed-term contracts is introduced.
- Sick leave entitlements are extended to casual workers.

## Methods

### Survey Background

WACOSS, UnionsWA and the Youth Affairs Council of Western Australia composed an original survey instrument consisting of 13 questions designed to assess participants' employment status, rate of pay, annual household income, weekly disposable income, job security, financial stress and weekly budget priorities. The survey consisted of both open-ended and close-ended questions. Open-ended questions were designed to provide additional qualitative data, focusing on respondents' views in relation to job security and its impacts, how their household is coping financially, and COVID-related impacts on the workplace.

### Survey Distribution

In advance of the distribution of the survey, a pilot online survey was distributed in January 2022 to a sample of respondents. The full survey was launched in late January 2022 and open for a total of four weeks. The primary mode of distribution was through emails sent to a 6,000-entry email list managed by UnionsWA. The UnionsWA list is mostly of working people and mostly of union members. The survey was additionally advertised through the WACOSS Sector News fortnightly newsletter, with approximately 4,850 subscribers, and internal email lists managed by WACOSS. The survey was further advertised in the YACWA newsletter, with approximately 2,900 subscribers, and promoted on the YACWA Facebook page. The survey was hosted online via the UnionsWA website.

### Respondents

In total 1,394 respondents commenced the survey, though not all respondents replied to all questions. With the engagement of academic expertise, outlined below, a weighting of responses was undertaken to strengthen the representativeness of results. Those aged under 25 years and those aged 65 years or over were excluded and with other weighting to enhance representativeness. In the charts that follow the number of these prime workforce age (25–64-year-old) respondents denoted by "n=".

To make our survey results more representative of the general working age population, efforts have been made to weigh and adjust our results with reference to *Australian Bureau of Statistics (ABS)* data on household and personal incomes. We have also undertaken a separate comparison using data from the *Household, Income and Labour Dynamics in Australia (HILDA) Survey*. HILDA was initiated and is funded by the Australian Government Department of Social Services (DSS) and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute). The findings and views reported in our work should not, however, be attributed to either the DSS or the Melbourne Institute.

Using ABS data – we derived a more representative yearly income range by using a weighted average based on the numbers of responses. We were then able to make a comparison with the ABS results. This was deliberately cautious and prudent approach which made our working age cohort responses comparable to those of the ABS.<sup>4</sup>

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<sup>4</sup> ABS, Personal Income in Australia (released 17/12/2021)

<https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/personal-income-australia/latest-release>

Using HILDA data – a comparison was done with the results for the same income groups in the HILDA survey, using similar questions which asked people to rate their personal financial situations. The trend results between those responders who say that they are ‘just getting by’ in HILDA are like those in the Survey who say that ‘my/our income just meets cost of living’.

The question “*Within what of the following ranges does your own personal income before tax fall*” was utilised to categorise respondents according to their wages. Respondents that indicated their incomes fell within the first two categories, being A) Less than \$31, 199 a year and B) \$31,200 to \$51,999 were classified as low-waged workers for the purpose of this study.

We further removed respondents who identified as *unemployed or jobless and not looking for work* from the sample, leaving a total of 178 respondents who were categorised as being low-waged workers. 24.7 per cent of respondents classified as low-waged indicated that they are employed full-time (n=44), 55.1 per cent are employed part-time (n=98), 11.2 per cent are employed casually (n=20) and the remainder working in labour hire or other arrangements.

Thanks are given to Jose Loureiro, PhD Candidate at the School of Accounting, Economics and Finance Curtin University, for his work with the ABS data and to Professor Alison Preston of the UWA Business school for the HILDA comparison.<sup>5</sup> Thanks are also given to Tim Dymond and Phil O’Donoghue from UnionsWA, and Mason Rothwell from the Youth Affairs Council of Western Australia for their involvement and collaboration in this project.

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<sup>5</sup> Household, Income and Labour Dynamics in Australia (HILDA) Survey background information can be found here: <https://melbourneinstitute.unimelb.edu.au/hilda>

## Qualitative Findings

To ascertain how Western Australian households are coping financially, the survey included the open-ended question *“In your own words, how are you or your household coping financially”*.

Respondents’ testimonies described a variety of hardships that they experienced in trying to survive on their low wages. Many low-waged workers indicated that they were struggling, particularly with rising cost-of-living expenses, including rent, groceries, fuel and utilities. Others indicated that they had no emergency savings safety net, were accessing savings or superannuation funds to cope with financial stress and/or are worried about not having enough to finance retirement. Just 6.9 per cent of respondents in the low-waged category indicated they were currently coping well.

### Barely Getting By

Workers across all employment categories – full-time, part-time and casual – indicated the hardships of living on low wages. These included inadequate income to meet weekly or fortnightly basic living costs, an inability to save, difficulty in repaying debt, and a need to continually make adjustments in future plans, expectations, and dreams. Many low-waged workers self-reported that they are ‘struggling to make ends meet’, are living pay cheque to pay cheque or are on the precipice of financial precarity and/or falling into debt.

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*“I’m just trying hard to survive from one fortnight to the next without incurring any big debts”*

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*“I cannot think or plan too far ahead. I am constantly worried about having to dip into savings that I would like to use for a house if that was ever going to be possible”*

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*“Struggling every week to make ends meet, can’t even save a couple of dollars”*

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*“Wage just covers cost of living - utility bills, insurances, rates, car, food, medical, phone, etc. I am unable to save, live pay to pay, and have been unable to get out of credit card debt, stuck on \$4,500 overdraft. So financially just keeping my head above water, just”*

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*“We run out of money a few days before pay day every time”*

### Cost of Living Increases and Minimal Wage Growth Are Straining Low-Wage Workers

Low-income workers indicated that they are struggling to afford the rising costs of necessities, while emphasising that their wages are not increasing by the same proportion. Sharp increases in the cost of living, particularly food and fuel, are contributing to especially acute feelings of financial stress, straining low-waged workers’ already tight finances. Many respondents indicated that they are sacrificing regular and important items in their households’ budget in order to compensate for the rising costs of basic necessities.

*"We are struggling, rising costs and lower wages are not improving so we are robbing Peter to pay Paul"*

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*"We barely scrape by. Any increases to rent/food/utilities will see us slowly subsidizing into a pit of debt we would never recover from. Wages are not increasing at the same rate"*

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*"We are OK... as my partner and I are still working. However, cost of living is going up. Groceries are more expensive, as is fuel. We have the same income however more outgoing costs. We have had to make a lot of adjustments in order to get by"*

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*"Just managing, bills seem to increase electricity, water and health insurance for example but wages aren't increasing at same rate. We are seriously looking at dropping health insurance which then puts more pressure on public health"*

### **Coping Strategies**

With minimal disposable income, low-waged workers are resorting to modifying and strictly managing their budgets. Despite diligent planning, expenses often exceed their incomes, leaving workers with little option but to reach out for financial assistance and help from friends, family or emergency relief organisations. Some respondents indicated that they are drawing down on their personal and superannuation savings to fund basic living costs.

*"Not well. Having to rely on help from friends and family currently"*

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*"Only just coping and will be cutting my living budget again"*

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*"By a fine line. Rely on food vouchers every couple of months and help of financial counsellor to prevent debts from escalating"*

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*"I have to draw on my superannuation to stay ahead. Utilities are becoming more expensive and I have to be careful what I buy food wise as many things (meat, fish, vegetables) are much more expensive now"*

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*"I'm burning through my savings trying to make ends meet"*

### **Limited Disposable Income and No Emergency Safety Net**

Despite workers' best efforts to control their expenses, many felt they were not financially secure enough to respond to the exigencies of life: a sudden increase in the costs of necessities, a health crisis, an emergency expense such as car repairs, or the everyday "extras" of normal or family life.

Respondents illustrated how living on low wages entails continual worry and vigilance, budgeting and trade-offs.

*"We are okay because we choose to live within our means, but if there was a big financial 'bump' we would struggle. Food is really starting to increase that we are starting to really think about if we really need this. My industry has not had a substantial pay rise in four years. I would like to buy a house, but my income is too low."*

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*"Coping, not a lot left over to spend above the usual bills"*

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*"It's very stressful. I am making just enough to pay my bills, but there is not a lot left over should an emergency happen like car repairs etc."*

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*"I am coping satisfactorily however, if I became ill or had a major financial problem I would struggle"*

### **Case Study: Jillian's\* Story**

Jillian works full-time in the education sector. As the main income earner in her household, her income supports both her and her husband. His rising healthcare costs are becoming a larger expense in their household budget and source of financial strain.

Jillian and her husband are fortunate in that their house is paid off and they have a water tank, meaning they have no mortgage or water costs. Despite not having these large outgoing expenses, Jillian and her husband must resort to cost-cutting measures to ensure her income covers their basic living costs.

They have begun to adjust their expenditure on food, maintaining a strict grocery budget to compensate for rising food prices. Living in a regional area and with the high cost of fuel, Jillian restricts her travel for essential needs only, such as going to work or the supermarket. She must seriously weigh up whether travel for leisurely outings to visit friends or making a trip into the city is something she can afford in her weekly fuel budget. Jillian and her husband are vigilant in engaging in energy saving measures to save on their energy bills. In the case of an emergency, such as needing to replace white goods, Jillian would struggle to come up with the money to pay for a new appliance, and would have to restrict their budget and expenditures elsewhere for weeks in order to cover the cost. Jillian believes that if she and her husband were to have housing costs on top of their basic living expenses, they would be plunged into severe financial hardship.

Although not spelled out in her contract, Jillian is expected to perform extra duties above and beyond her allotted working hours, for which she is not financially compensated for. These extra duties contribute to a state of anxiety and exhaustion for Jillian, compounding her financial worries.

She estimates that an extra \$100-\$200 per week would be enough to lift her household out of financial stress, although with rising cost-of-living expenses, that figure may need to increase into the future.

\* name has been changed

## Quantitative Findings

Figure 1 presents responses regarding how much disposable income respondents reported was left each week in their household budget after they have paid for all of the necessary items that they have little to no choice about, such as rent, food and bills. These responses have been separated out by the respondents' household income before tax.

**Figure 1: Disposable income after essential costs by annual household income**



n=949

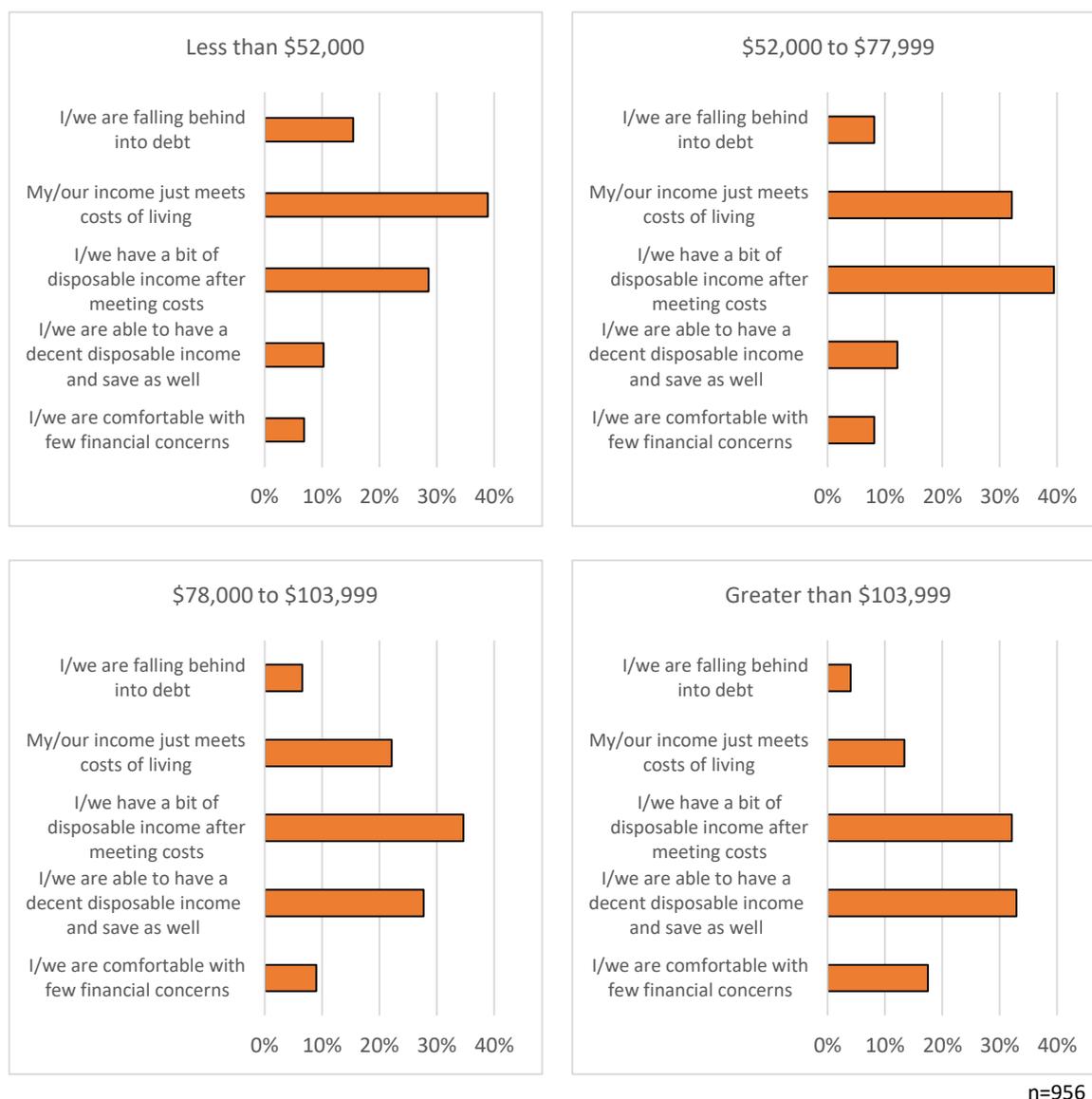
66.3 per cent of respondents with an annual household income before tax that was lower than \$52,000 reported that they had \$100 or less a week after meeting their essential costs. 34.3 per cent reported that that they had \$50 or less a week after meeting their costs, which was the highest response for those with an annual household income before tax lower than \$52,000.

The highest response for those respondents with an annual household income before tax between \$52,000 and \$77,999, was from \$100 to \$200 a week at 34.2 per cent. For households with an annual income before tax between \$78,000 and \$103,999, the highest response was \$200 to \$500 weekly after meeting essential costs at 38.2 per cent.

72.3 per cent of households that reported an annual income before tax greater than \$103,999 had more than \$200 a week after meeting their essential costs, with 30.5 per cent having more than \$500 a week.

Figure 2 presents the answers that respondents determined best described how their household was coping financially, when they considered their income and costs. As with Figure 1, these responses have been separated out by the respondents' household income before tax.

**Figure 2: Financial stress level by annual household income**



For households that reported an annual income before tax that was lower than \$52,000, 38.9 per cent of respondents identified that their income just met the cost of living. This group reported the highest percentage of respondents falling behind into debt, at 15.4 per cent. More than half of respondents in this income category, therefore, did not consider that they had any disposable income after meeting their living costs.

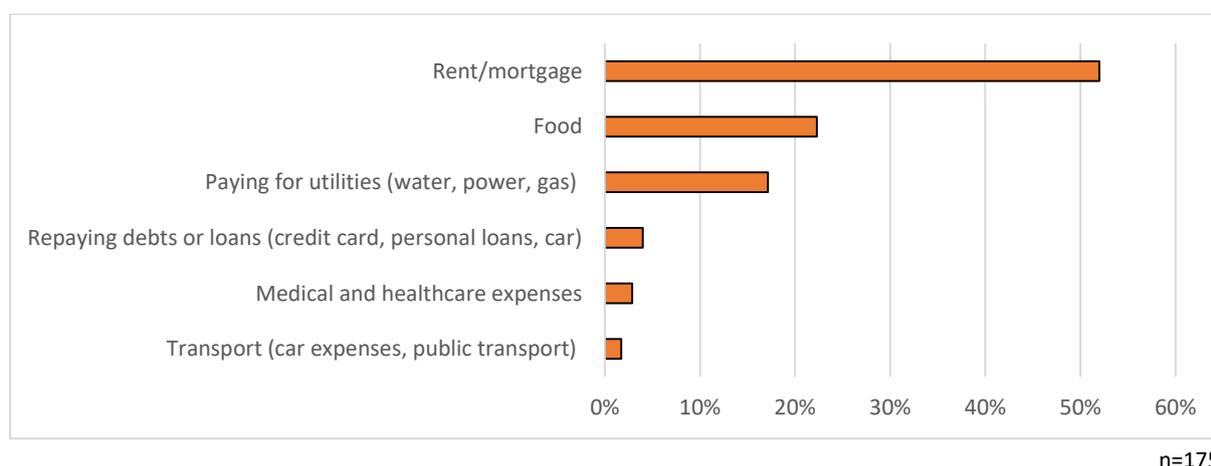
The highest response for respondents with an annual household income before tax between \$52,000 and \$77,999, was that they had a bit of disposable income after meeting costs, at 39.4 per cent, with 32.1 per cent reporting that their income just met their living costs.

34.6 per cent of households with an annual income before tax between \$78,000 and \$103,999 reported that they had a bit of disposable income after meeting costs, with 27.7 per cent reporting that they had a decent disposable income and were able to save as well.

For households that reported an annual income before tax greater than \$103,999, 32.9 per cent reported that they were able to have a decent income and save as well, with 17.5 per cent reporting that they were comfortable and had few financial concerns.

Survey respondents were asked to rank their top priority when managing their weekly budget. The results for this question indicate what households consider to be their essential costs that they must consider when spending their income. Examining just those households who reported an annual household income lower than \$52,000, it can be seen that rent and mortgage costs were the top priority for 52 per cent of the respondents in that income category, followed by food at 22.3 per cent and paying for utilities at 17.1 per cent.

**Figure 3: Top weekly budget priority for households with annual income lower than \$52,000**



Examining what those same households identified as their *second* highest priority had the majority of respondents ranking food next, at 32.6 per cent, and paying for utilities at 28.8 per cent. As rent/mortgage costs scored so highly as the top priority, it is much lower as the second.

**Figure 4: Second highest weekly budget priority for households with annual income lower than \$52,000**

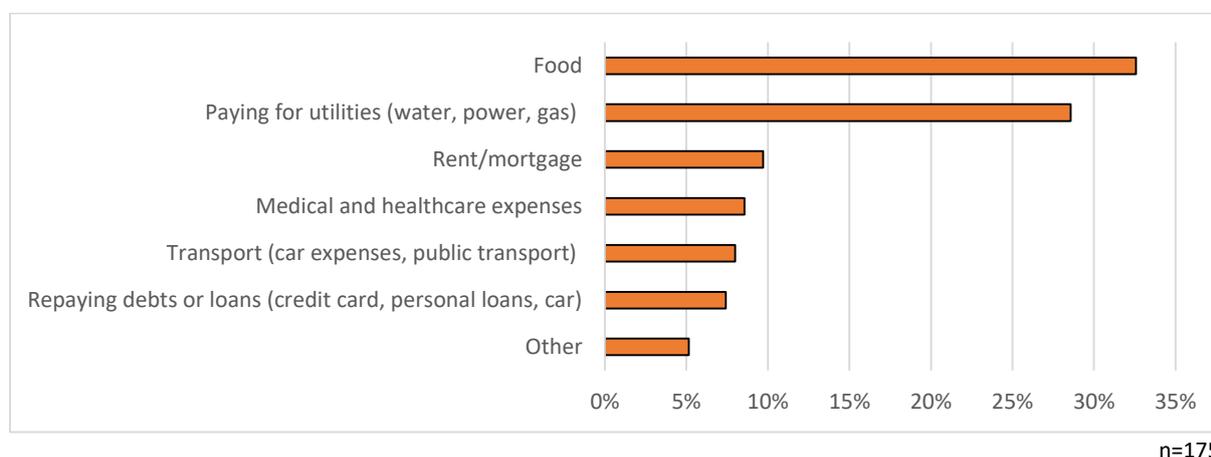


Table 1 examines the disposable income of just those respondents who reported an annual household income lower than \$52,000, against those in that income bracket who were also in *full-time employment*.

**Table 1: Disposable income after essential costs for households with annual income lower than \$52,000**

	All employees	Full-time workers only
Under \$100	66.3%	61.9%
\$100 - \$200	32%	21.4%
\$200 - \$500	21.3%	16.7%
More than \$500	3%	0%
<i>Total no of respondents</i>	<i>169</i>	<i>42</i>

61.9 per cent of those workers earning under \$52,000 a year who reported their employment status as being in full-time work had under \$100 in disposable income after meeting their essential costs each week. None of the respondents in full-time work and earning under \$52,000 reported that they had more than \$500 a week after meeting their costs.

**Table 2: Financial stress levels for households with annual income lower than \$52,000**

	All employees	Full-time workers only
I/we are falling behind into debt	15.4%	15.9%
My/our income just meets costs of living	38.9%	40.9%
I/we have a bit of disposable income after meeting costs	28.6%	29.5%
I/we are able to have a decent disposable income and save as well	10.3%	9.1%
I/we are comfortable with few financial concerns	6.9%	4.5%
<i>Total no of respondents</i>	<i>175</i>	<i>44</i>

In terms of financial stress, 40.9 per cent of those respondents in full-time work and earning under \$52,000 reported that their income just met their costs of living. This was 2 per cent higher than all employees in that income bracket. 29.5 per cent reported that they had a bit of disposable income after meeting their living costs, while 15.9 per cent reported that they were falling behind into debt. Only 4.5 per cent reported that they were comfortable, with few financial concerns.

What this comparison indicates is that for those workers who are earning a low wage, access to full-time work is not in itself a guarantee that workers will earn enough to cover their basic needs or to avoid financial stress, hardship or debt. The fundamental problem is that the income of these workers is simply too low to meet cost-of-living expenses or to provide some discretionary income.

## Discussion

With the surge in the cost of living in Western Australia, financial stress is significantly impacting low-waged workers who are currently navigating multiple socio-economic shocks, skyrocketing prices for basic necessities, and the impact of slow wage growth.

Unsurprisingly, the proportion of people who are falling into debt or whose income is just enough to cover basic living costs is highest among those categorised as low-wage workers, which for this report was set at an annual income before tax that is lower than \$52,000.

The findings of this report demonstrate that workers on low wages in Western Australia do not consider that their wages are increasing by the same proportion as their living costs, placing them in a state of financial stress or hardship. The majority of low-waged workers who took part in this survey had less than \$100 per week after they had paid for all of their basic necessities, with more than a third of respondents reporting they had less than \$50 per week. To compensate, many reported having to sacrifice regular and important items in their household budget simply to keep their heads above water, while having no emergency funds to cover a significant expense, should it arise.

With 15.4 per cent of the low paid workers surveyed reporting that they were falling into debt, many of these workers are having to find alternative ways to make up the difference between their low wages and their living costs. It is of concern that this includes drawing down on their personal and superannuation savings to fund basic living costs, or needing to resort to loans from friends, family or to access emergency relief.

A number of WACOSS member organisations, including emergency relief, charitable food, financial counselling and family and domestic violence services, have reported month-on-month increases in people accessing their services due to rising levels of financial stress and hardship, likely compounded by the ongoing financial, social and health impacts of COVID-19. These agencies consistently report a number of issues in relation to people living in financial hardship in Western Australia, including:

- The number of people seeking assistance with poverty-related issues is growing;
- There is an increase in new groups of clients, i.e. people seeking assistance who have not previously sought assistance, and in particular a growth in the number of 'working poor' approaching agencies for assistance;
- A large number of clients are returning to emergency relief services who have not requested assistance for more than 5+ years; and
- Rising cost-of-living pressures, particularly housing costs, are severely impacting vulnerable groups, with households having to choose between meeting housing costs and other items of essential expenditure such as food.

Financial stress has a range of significant short and long-term impacts on households, ranging from households needing to forgo essential expenses such as groceries, medicine, education or heating, to family breakdowns and subsequent impacts on child development and safety, to increased risk of violence and substance abuse. With the continued impact of COVID-19 across Western Australia and increasing volatility of markets due to global instability, the risk for further economic shocks to low-waged workers and households remains high. Action is needed to improve the situation of low-waged workers and ensure everyone in our community is able to affordably access essential goods and services.

## Conclusion

This research reinforces the need a concerted response to improve the financial resilience of low-waged workers in Western Australia by securing and increasing their pay.

In a time of ongoing uncertainty and exorbitant cost-of-living pressures, we need to take advantage of every single tool we have at our disposal to provide strengthened forms of social support and economic measures for low-waged households enduring financial stress so that this stress does not convert into severe financial hardship.

The fundamental power imbalance between individual workers and employers is why it is critical that we have safety nets like the minimum wage. In order to ensure workers are being paid enough that they are able to meet the cost of living, the minimum wages must be set at an adequate level. Governments have a clear role in this not only by creating the necessary legislative conditions to ensure workers are paid liveable wages, including protecting workers from wage theft, but also as significant employers themselves and contractors of services.

To address issues contributing to pay being insufficient, there is also a clear need for unions to be able to freely organise in workplaces and take industrial action when needed. As the frontline against injustice in the workplace, through delegates, shop stewards and the broader membership, unions provide a direct means for protecting conditions and pushing for higher wages.

This report makes clear that workers are in less financial stress and are better able to meet their living costs when they have higher wages. For those just getting by, the awareness that just one unexpected financial shock could push them into hardship is itself a source of great stress.

We want to thank everyone who completed the survey and participated in the phone conversations. By sharing your experiences, you have helped shine an important light on the conditions of low paid workers in Western Australia, which is an integral part of making them better.



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