



**GOVERNMENT OF
WESTERN AUSTRALIA**

Industrial Relations Act 1979

**IN THE WESTERN AUSTRALIAN
INDUSTRIAL RELATIONS COMMISSION
No. 1 of 2024
OF THE COMMISSION'S OWN MOTION**

SUBMISSION OF THE MINISTER FOR INDUSTRIAL RELATIONS

Re: 2024 STATE WAGE ORDER

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Introduction

1. In February 2024, the Western Australian Industrial Relations Commission (**WAIRC**) initiated CICS 1 of 2024 of its own motion. The application seeks to make a State Wage Order pursuant to section 50A of the *Industrial Relations Act 1979* (**IR Act**) to determine rates of pay for the purposes of the *Minimum Conditions of Employment Act 1993* (**MCE Act**) and State awards.
2. In making the State Wage Order, the WAIRC is required each year to consider a number of statutory criteria prescribed in section 50A(3) of the IR Act including:
 - (a) 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; and
 - (b) the state of the economy of Western Australia and the likely effect of its decision on that economy and, in particular, on the level of employment, inflation and productivity in Western Australia; and
 - (c) to the extent that it is relevant, the state of the national economy; and
 - (d) to the extent that it is relevant, the capacity of employers as a whole to bear the costs of increased wages, salaries, allowances and other remuneration; and
 - (e) for the purposes of [Section 50A (1)(b) and (c)], the need to ensure that the Western Australian award framework represents a system of fair wages and conditions of employment; and
 - (f) relevant decisions of other industrial courts and tribunals; and
 - (g) any other matters the Commission considers relevant.
3. This submission from the Minister for Industrial Relations (**the Minister**) canvasses a variety of economic and labour market data relevant to this year's State Wage Case proceedings, as well as addressing some of the key social criteria the WAIRC is required to consider under section 50A of the IR Act.
4. The Minister's submission also addresses several other specific issues the WAIRC has requested the parties to address as part of this year's State Wage Case, in particular, the decision of the Fair Work Commission (**FWC**) in last year's Annual Wage Review to re-align the basis of the setting of the National Minimum Wage (**NMW**) from the C14 modern award rate to the C13 modern award rate, and the implications of this for the setting of the State Minimum Wage (**SMW**).

Minister's Position

State Minimum Wage and adult award wages

5. Western Australian workers should enjoy a modern framework of employment conditions that protects their interests, fairly rewards them for their efforts and provides a level of economic security. At the same time minimum wage increases need to be affordable for business and take account of their capacity to pay.
6. In the 2023 State Wage Case Decision the WAIRC increased the SMW by 5.3 per cent, or \$43.50, lifting it to \$863.40 per week effective from the first pay period on or after 1 July 2023. The WAIRC also increased State award wages by 5.3 per cent.
7. The Minister's position in this year's State Wage Case contains several elements - it addresses the appropriate benchmark for the SMW, as well as the appropriate quantum for any general increase to State award wages.
8. The issue of the appropriate benchmark for the SMW has become a relevant consideration for this year's State Wage Case, following last year's decision by the FWC to re-align the NMW from the C14 rate in national modern awards (currently \$859.30 per week) to the higher C13 rate (currently \$882.80 per week).
9. The re-alignment of the NMW, coupled with the FWC's decision to award a 5.75 per cent across-the-board increase to modern award wages, has created a situation where the NMW is now \$19.40 per week, or 2.2 per cent, higher than the SMW for a full time employee working a 38-hour week. The gap is larger for casual employees, when the lower casual loading applying to the SMW is factored in.
10. Although the increase determined in the 2023 State Wage Case was marginally lower than that awarded by the FWC in the Annual Wage Review, the 5.3 per cent adjustment nevertheless helped to cushion the impact of elevated cost of living pressures on some of Western Australia's lowest paid workers.
11. Many Western Australian employees experienced significant real wage declines between 2020 and 2023, with wages growth (as measured by the Wage Price Index (WPI)) only recently exceeding inflation for the first time in more than three years.
12. The Minister submits it is undesirable from a fairness and sustainability perspective for the SMW to be set at a rate significantly below the NMW, particularly at a time when living cost pressures have been impacting many working households.
13. In order to address the growing disparity between the level of the SMW and the NMW, and to safeguard the interests of the lowest paid workers in the State system, the Minister supports the WAIRC re-aligning the SMW from the C14 rate in the State *Metal Trades (General) Award* (the **State C14 rate**) to the C13 rate (the **State C13 rate**).
14. The Minister also supports the WAIRC awarding a general increase in State award wages in line with the decision of the FWC in this year's Annual Wage Review.

Trainees

15. In relation to minimum trainee rates of pay, for many years where an existing rate of pay in Industry/Skill Level B or C was the same as an existing rate in Industry/Skill Level A or B, the rates have been adjusted in line with those in A or B to maintain parity.
16. In recent years, when the State Wage Order has been applied to State awards the rates in Industry/Skill Level B or C have in some cases been higher than in Industry/Skill Level A or B.
17. In 2023 the parties were asked to address the rounding issue for trainees, and the Minister subsequently put forward a long-term solution to round the rates to whatever Industry/Skill Level is the highest – A, B or C. The Minister noted that this will only ever affect a very small number of trainees, and it will only make a \$1.00 to \$3.00 per week difference to the rates of pay.
18. As in previous years trainee rates were always rounded to the highest Industry/Skill Level, the Minister's position in 2023 was consistent with the approach that effectively applied for many years.
19. The Minister contended that rounding to the highest rate would also not be unreasonable when consideration is given to the fact the trainee rates of pay in most State awards are substantially below the minimum trainee rates that apply in the national industrial relations system.
20. In the 2023 State Wage Case, the WAIRC agreed to adopt the Minister's suggested approach of rounding to the highest Industry/Skill Level, which was a practical solution in the circumstances. The Minister suggests the same approach to training wages again be applied in this year's State Wage Case.

Principle 7

21. As part of this year's State Wage Case proceedings, UnionsWA has confirmed it would like to pursue changes to Principle 7 - Work Value Changes, which it initially advanced during the 2023 State Wage Case. The changes are intended to modernise some of the language in the Principle, including making it more consistent with s 157(2A) of the *Fair Work Act 2009* (**FW Act**).
22. The Minister's representatives have held discussions with UnionsWA regarding its draft changes to Principle 7 and have provided some suggestions regarding the wording, which were acceptable to UnionsWA.
23. The Minister's representatives have also held discussions with the Chamber of Commerce and Industry of WA regarding this issue.
24. The Minister looks forward to making further contributions on this issue during the State Wage Case proceedings.

The State Minimum Wage

25. As part of this year's State Wage Case, the WAIRC has invited submissions on the FWC's decision in last year's Annual Wage Review to alter the basis of the setting of the NMW from an alignment with the C14 modern award rate to the C13 modern award rate, and any implications of this for the setting of the SMW, having regard to the history and legislative setting of the SMW in this State.
26. As previously mentioned, the Minister supports the WAIRC adopting a similar approach to the FWC, so the SMW is realigned from the State C14 rate (currently \$863.40 per week) to the State C13 rate (currently \$883.30 per week).
27. Before discussing the rationale for this, it is worth exploring the legislative setting for the SMW, and what the Minister's proposal would mean in practice.
28. Under s50A(1) of the IR Act, the WAIRC is required to make a General Order of its own motion:
 - (a) *setting the following –*
 - (i) *the minimum weekly rate of pay applicable under section 12 of the MCE Act to employees who have reached 21 years of age and who are not apprentices;*
 - (ii) *the minimum weekly rate or rates of pay applicable under section 14 of the MCE Act to apprentices;*
 - (iii) *the minimum amount payable under the MCE Act section 17(2);*
and
 - (b) *adjusting rates of wages paid under awards; and*
 - (c) *having regard to the statement of principles issued under paragraph (d) —*
 - (i) *varying each award affected by the exercise of jurisdiction under paragraph (b) to ensure that the award is consistent with the order; and*
 - (ii) *if the Commission considers it appropriate to do so, making other consequential changes to specified awards;*
and
 - (d) *setting out a statement of principles to be applied and followed in relation to the exercise of jurisdiction under this Act to —*
 - (i) *set the wages, salaries, allowances or other remuneration of employees or the prices to be paid in respect of their employment; and*
 - (ii) *ensure employees receive equal remuneration.*
29. Realigning the SMW so it is benchmarked against the State C13 rate would involve a one-off increase of \$19.90 (or 2.3 per cent) to the SMW, in addition to any general wage adjustment awarded by the WAIRC as part of this year's State Wage Order.
30. Based on the current minimums, the Minister's proposal would see the SMW set at a rate that is virtually identical to the NMW, as the State C13 rate is currently just 50 cents per week (or 1 cent per hour) higher than the national C13 rate.

31. The SMW is a statutory minimum condition under the MCE Act that applies to all employees in the State system. It is implied into State awards and agreements and overrides classifications in awards and agreements with wages below the SMW.
32. If the SMW is benchmarked against the State C13 rate, any rates of pay in State awards that are below the new SMW would, in effect, be overridden and of no effect, with the SMW taking precedence. In a practical sense this would mean that all existing award rates below C13 would be subject to a one-off increase of up to \$19.90 per week, in addition to the regular annual adjustment.
33. If the Minister's position is adopted, in the short term, there would be rates of pay in State awards that are below the new SMW.¹ However, a General Order could be initiated after the State Wage Case to adjust any rates of pay in awards that are then below the new SMW.²
34. To assist the WAIRC in understanding the likely impact of a re-alignment, the Minister has mapped all State awards to identify whether they have rates of pay below C13, and if so, what classifications are affected. A summary of this information is included at **Attachment D**. Out of 217 State awards currently in place containing wages, approximately 83 have rates of pay below C13.
35. However, simply looking at the number of awards with classifications below C13 does not provide a realistic picture of how many employers and employees would be impacted by a re-alignment of the SMW, as a significant number of these awards apply to very few, if any, employees.
36. In the case of public sector awards, those employees covered by awards containing rates of pay below C13 will not be impacted, as the affected employees are paid under agreements that provide for rates of pay well in excess of C13.
37. There are only a small number of State awards containing rates of pay below the C13 level that are likely to be both widely used and where the award wages represent the amounts that are actually paid in practice. Conversely, there are a number of awards that have little or no current application to employees, or where the award wages are rarely used in practice (with employees in the industry typically receiving well above the award minimums).
38. The Minister acknowledges that the FWC's decision to re-align the NMW to the C13 classification in modern awards does not mean there are no employees in the national system subject to minimum award rates below this benchmark.
39. Under the FW Act the NMW is not part of the National Employment Standards. The NMW applies only to national system employees not covered by a modern award or enterprise agreement, which is a very small proportion of the workforce.³

¹ However, as noted previously, any rates of pay in State awards that are below the new SMW would be of no effect, as the new SMW would be implied into the award and take precedence.

² A similar process has been used on several occasions in recent years, where the WAIRC has initiated a General Order of its own motion to bring rates of pay in State awards that are below the SMW up to the level of the SMW.

³ The latest official estimates provided by the Australian Government as part of this year's Annual Wage Review suggest that 96,400 employees, or 0.8 per cent of all adult employees throughout Australia, were being paid the equivalent of the then national C14 rate (or lower) in May 2023. This figure includes employees working under all pay setting arrangements. Of these employees, approximately 32,100 were estimated to be award and agreement free and receiving the NMW.

40. There is no requirement in the FW Act for the NMW to align with the lowest modern award adult rate, nor does the NMW operate as a floor to modern award minimum wage rates. As such, the C14 classification continues to operate in some national modern awards.
41. The FWC is currently in the process of reviewing all modern awards with rates of pay below C13, to ensure those classifications are genuinely transitional or introductory in nature. The FWC recently issued a major decision concerning this matter,⁴ and when the process is complete, the lowest classification rate in any modern award applicable to ongoing employment will be at least the C13 rate.
42. The Minister notes that in many State awards the rates of pay below C13 are not transitional in nature, but are instead ongoing rates that apply on an indefinite basis.
43. In the 2023 Annual Wage Review decision, the Expert Panel traced the history of the Federal Minimum Wage (**FMW**) and the NMW and noted:

In short, the FMW was not established by reference to the needs of the low paid. It was simply aligned with the lowest classification rate established for what was then the Metal Industry Award 1984 – Part I (Metal Industry Award). The C14 classification which then appeared in the Metal Industry Award, and remains in the Manufacturing Award today, has only ever applied to an employee undertaking '[u]p to 38 hours induction training' and was never intended to apply on an ongoing basis to a person's employment. Consistent with the approach taken in the Safety Net Review – Wages – April 1997 decision, the quantum of the FMW remained aligned with the C14 classification rate while the Workplace Relations Act 1996 (Cth) remained in effect and, by virtue of the 2009-10 Review decision, it was carried through when the FW Act came into operation. This approach has remained unchanged in every Review decision since.⁵

44. The Expert Panel went on to say:

We do not consider that the position whereby the NMW is simply set by reference to the C14 rate should continue. This is particularly the case when almost all modern awards which contain a classification with a C14 rate prescribe a limit on the period employees can be classified and paid at that level, after which employees move automatically to a higher classification and pay rate...⁶

45. The SMW in Western Australia has a somewhat unique history. The concept of a statutory minimum wage was first introduced in 1993, with the enactment of the MCE Act. As the WAIRC identified in the 2023 State Wage Case Decision, prior to 2002 the SMW was set by the responsible Minister following a recommendation made to the Minister by the WAIRC. In the absence of specific statutory criteria at the time, various approaches were adopted by the WAIRC in its recommendations.⁷
46. Separate to the SMW, a Minimum Adult Award Wage has been set by the WAIRC since the 1997 State Wage Case. Prior to 2002 the SMW was not always aligned with the Minimum Adult Award Wage in State awards, with the Minimum Adult Award Wage sometimes being higher. From 2002 the WAIRC was given sole responsibility for the setting of the SMW, and the SMW has been aligned with the Minimum Adult Award Wage in State awards since this time.

⁴ [Decision \[2024\] FWCFB 213.](#)

⁵ Fair Work Commission (2023), *Annual Wage Review 2022-23*, Decision, at [107].

⁶ *Ibid*, at [108].

⁷ WAIRC (2023), *2023 State Wage Case*, Decision, at [88].

47. Prior to 2006, the WAIRC was required to flow on the national wage decision unless it was satisfied there were good reasons not to do so. Subsequently, the Minimum Adult Award Wage in the State jurisdiction was aligned with the Minimum Adult Award Wage in the national jurisdiction. Since 2006, an independent State Wage Case has taken place, with the WAIRC tasked with determining the appropriate level of both the SMW and the Minimum Adult Award Wage, taking account of the particular circumstances affecting Western Australian employers and employees.
48. Between 2006 and 2022 the SMW and Minimum Adult Award Wage in State awards were set at a level above the FMW / NMW and the Minimum Adult Award Wage in national awards. However, this changed in 2023, when the NMW was re-aligned from the C14 rate in national modern awards to the C13 rate.
49. Rates of pay in national modern awards for more skilled classifications are now generally higher than the equivalent rates in State awards (in some cases much more so). This is largely because the relativities in State awards have been condensed over many years from flat dollar increases, whereas the relativities in national modern awards were all “re-set” in 2010 and are generally more dispersed.
50. As outlined above, in the 2023 Annual Wage Review the FWC noted that the C14 rate was “only ever intended to constitute a transitional entry rate for new employees” and as such “does not constitute a proper minimum wage safety net for award/agreement free employees in ongoing employment.”⁸ The Minister concurs with the reasoning of the FWC and contends that this principle also holds true in the State industrial relations system.
51. The Minister notes that because the MCE Act implies the SWM into all awards, agreements and contracts of employment, it is not possible for State awards to contain legally enforceable rates of pay below the SMW. As such, it is not possible to fully mirror the FWC’s approach to minimum and award wage setting in the State jurisdiction by retaining introductory or transitional rates of pay in State awards that are below the SMW.
52. It is widely acknowledged that many State awards do not fully reflect contemporary work practices or statutory entitlements.⁹ A number of awards lack proper skill-based classification structures, with affected employees only entitled to low minimum rates of pay that apply on an ongoing basis.
53. Many flat dollar wage related allowances in State awards have not been adjusted for a considerable period of time, including various all-purpose supervisory and industry-based allowances that form part of the total wages payable, as well as some shift allowances.¹⁰ A substantial number of expense related allowances have similarly not been adjusted for a considerable period of time, significantly eroding their value.

⁸ Fair Work Commission (2023), *Annual Wage Review 2022-23*, Decision, at [8]

⁹ The Minister notes that significant work has been done in recent years to update some of the most commonly used State awards under s 40B of the IR Act, which will benefit affected employers and employees. However, given the resource intensive nature of this process, it is only possible to address a select number of awards at any one time, and accordingly, many awards have not been updated.

¹⁰ For example, under the Licenced Establishments (Retail and Wholesale) Award 1979, the penalty rate for an employee working on Saturday mornings is \$1.25 (per Saturday morning shift). As employees can work up 5 ordinary hours on a Saturday morning (between 7am and 12pm), this amounts to as little as 25 cents per hour. This amount has not been varied since the award was created in 1979.

54. While the State Wage Order cannot remedy many of the above problems concerning State awards, a realignment of the SMW, coupled with a general increase in wages, would provide some relief to the lowest paid State system employees who are award reliant.
55. The Minister notes that even if the SMW is re-aligned as suggested, the minimum rate of pay for many casual employees in the State system will remain below the minimum rates payable for casual employees in the national system, once the lower statutory casual loading in the State system is factored in.¹¹
56. The Minister notes that under s 50A(3) of the IR Act, a key consideration of the State Wage Order includes the need to ensure that State system employees have a system of fair wages and conditions of employment that meet the needs of the low paid and provide fair wage standards in the context of living standards generally prevailing in the community.
57. The Minister submits a realignment of the SMW from the State C14 rate of pay to the State C13 rate is justified on the grounds of equity and fairness, and will help to provide a degree of support to the lowest paid workers in the State system.
58. If the SMW is realigned as recommended by the Minister, it would be appropriate for the WAIRC to then apply a general wage increase to all minimum and award rates of pay in line with the increase in modern award rates of pay determined by the FWC in this year's Annual Wage Review.
59. Having restored some parity between the amounts payable to the lowest paid employees in both jurisdictions, it would be undesirable for State system employees to then receive a general increase that is lower than what is afforded to national system employees, potentially undermining some of the benefits that would otherwise flow from the SMW realignment process.

¹¹ The SMW for casual employees includes a 20 per cent casual loading, whereas in the national system the NWM and all modern award wages applying to casual employees include a 25 per cent casual loading. Accordingly, the NWM for casual employees is currently **\$29.04 per hour**, while the minimum rate of pay for a national system casual employee working at the C14 level in a modern award is **\$28.26 per hour**. Using the current State C13 rate, if the SMW was realigned from C14 to C13, the SMW for casual State system employees would equate to **\$27.89 per week** – a figure that is still below minimum rate payable to casual employees in the national system working at the C14 or C13 level.

The Western Australian economy and labour market

Overview

60. The Department of Treasury (**Treasury**) has provided an economic overview for the Western Australian economy, which is included as **Attachment A** to this submission. As in previous years, Mr David Christmas, Director of the Economic and Revenue Forecasting Division, will be a witness for Treasury in this year's State Wage Case. Mr Christmas' witness statement is included as **Attachment B**.
61. The Western Australian economy, as measured by Gross State Product (**GSP**), is expected to grow by 1.75 per cent in 2023-24, following growth of 3.5 per cent in 2022-23 – a nine year high. This primarily reflects continuing strength in the domestic economy, with State Final Demand (**SFD**) forecast to grow by 5.25 per cent in 2023-24.¹² All key components of domestic economy are contributing to growth, with the strongest contributions from business investment, Government investment and household consumption.
62. Growth in GSP is forecast to lift slightly to 2.0 per cent in 2024-25 and continue to grow by 2.0 to 2.25 per cent per annum across the forward estimates period.¹³ This mainly reflects a levelling of export volumes, with producers operating at close to capacity and most new investment being sustaining rather than expansionary.
63. Activity in the domestic economy is expected to moderate from 2024-25, as business investment consolidates at a high level and as migration levels normalise. The public sector is expected to make a larger contribution to domestic growth, with Government spending on health, education, other front-line services, and infrastructure to meet the demands from a larger population.
64. Labour market conditions remain strong, with the average unemployment rate projected to be 3.75 per cent over 2023-24. The unemployment rate is expected to gradually rise thereafter, with an average of 4.0 per cent forecast for 2024-25.¹⁴
65. Employment is forecast to grow by 3.75 per cent in 2023-24, in line with strong growth in the domestic economy. This follows employment growth of 3.1 per cent in 2022-23. Employment growth is anticipated to moderate to 1.75 per cent in 2024-25 and 1.5 per cent per annum in the outyears, consistent with slower growth in the domestic economy.
66. Western Australia's participation rate is forecast to remain elevated, averaging 68.8 per cent in 2024-25. This follows a projected participation rate of 68.9 per cent in 2023-24, the third highest annual rate ever recorded in the State.¹⁵ In line with softer labour market conditions and stronger population growth, the participation rate is anticipated to trend lower in the outyears.
67. Wages in Western Australia (as measured by WPI) grew by 4.7 per cent in year-ended terms to December 2023, its fastest pace since June 2012. Annual growth has since eased to 4.2 per cent in the year to March 2024.¹⁶

¹² Department of Treasury (2024), *2024-25 State Budget*.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ ABS (2024), *Wage Price Index, Australia, March 2024*, Catalogue 6345.0, Time Series, Table 2b.

- 68. The combination of rising wages along with slowing inflation has also meant that real wage growth has returned to positive territory. Wages growth is anticipated to ease to 4.25 per cent in 2023-24 and 3.75 per cent by June 2025.
- 69. Perth’s CPI growth (excluding the electricity sub-component) fell sharply to 4.1 per cent in year-ended terms in March 2024, down from a peak of 8.6 per cent in December 2022, but up slightly from 3.9 per cent in the previous quarter.¹⁷
- 70. Growth in Perth’s CPI is anticipated to remain steady at around 4.0 per cent in the year to June 2024, highlighting persistent price pressures for housing-related costs and insurance premiums, in addition to some other services. Inflation is then forecast to ease to 3.0 per cent by June 2025, in line with both declining wage pressures and weaker consumer demand.¹⁸
- 71. A more in-depth analysis of Western Australia’s economic performance is detailed in **Attachment A**.

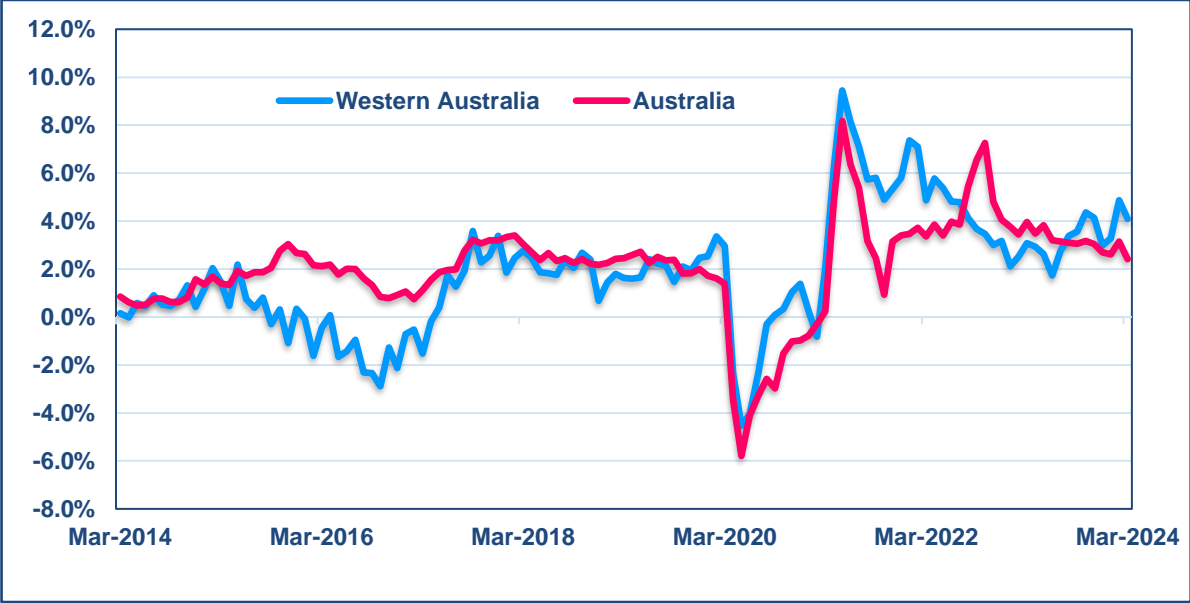
Labour market conditions in Western Australia

- 72. The following section presents a selection of labour market data detailing the State’s performance over recent months. As most of the data indicates, the labour market in Western Australia remains tight, though conditions have started to gradually ease in line with a moderation in domestic economic conditions.

Employment trends

- 73. Total employment rose to a record 1,602,600 people in Western Australia in March 2024. In year-ended terms, total employment rose by 4.1 per cent in the 12 months to March 2024, up from 3.1 per cent growth in the 12 months to March 2023.

Figure 1: Annual (year-ended) total employment growth (%), WA and Australia, 2014 to 2024¹⁹



¹⁷ ABS (2024), *Consumer Price Index – Australia, March Quarter 2024*, Cat. No. 6401.0.
¹⁸ Department of Treasury (2024), *2024-25 State Budget*.
¹⁹ ABS (2024), *Labour Force, Australia, March 2024*, Catalogue 6202.0, Time series, Tables 1 & 8 (seasonally adjusted series).

- 74. There has been a compositional shift in employment towards part time work in Western Australia over the past year, with part time employment growth of 10.7 per cent far exceeding growth of 1.3 per cent in full time employment over the year to March 2024.
- 75. A similar trend can be seen nationally, with part time employment growth (5.9 per cent) outstripping full time jobs growth (0.9 per cent) over the 12 months to March 2024.

Figure 2: Annual (year-ended) employment growth (full time), WA and Australia, 2014 - 2024²⁰

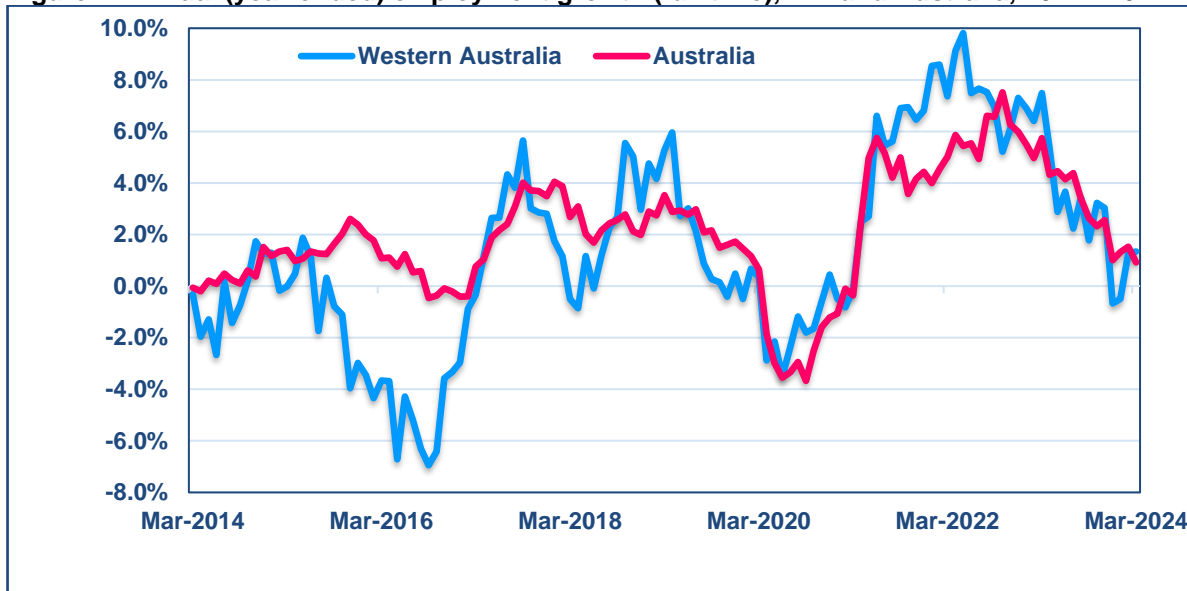
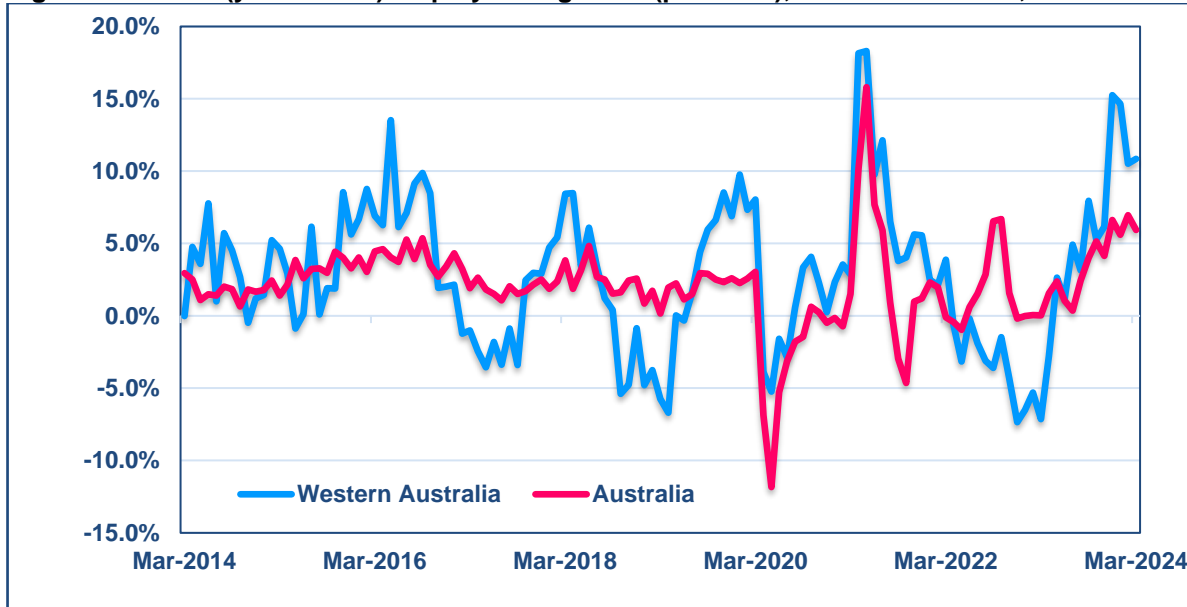


Figure 3: Annual (year-ended) employment growth (part time), WA and Australia, 2014 - 2024²¹



- 76. ABS data regarding employment within Western Australia indicates the number of jobs increased in a majority of industries in the year to February 2024. The Health care and social assistance industry, in particular, continued to display rapid jobs growth over the last 12 months, a trend that has accelerated in recent years with an ageing population and the roll out of the National Disability Insurance Scheme.

²⁰ Ibid.

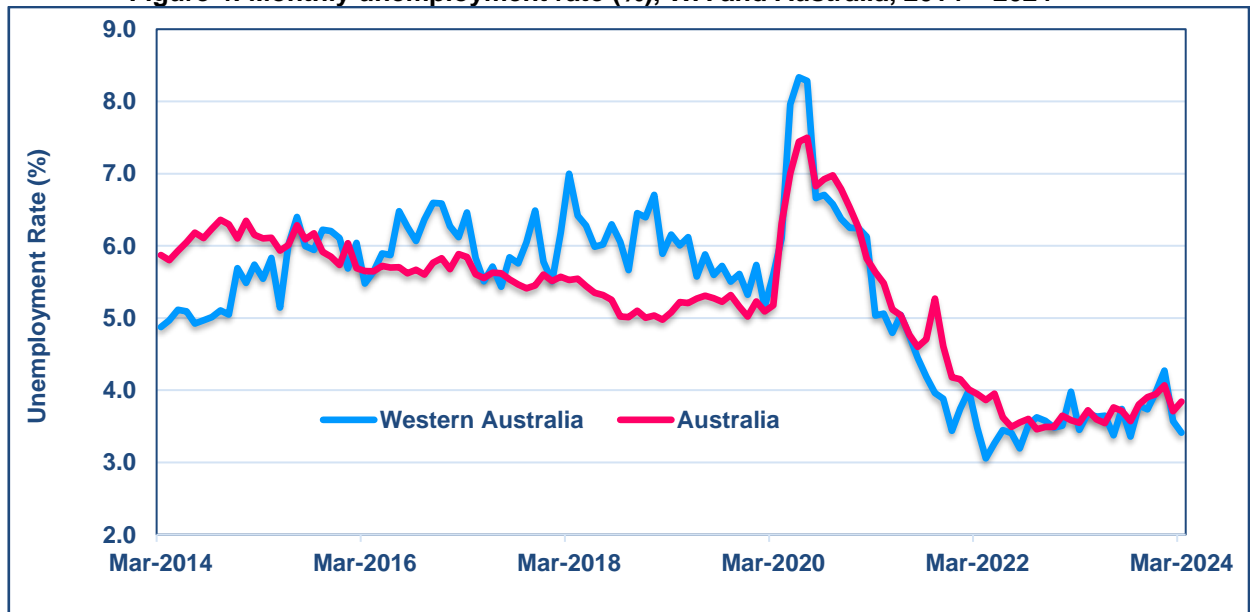
²¹ Ibid.

Table 1 – Employment by industry in WA (000s), February 2023 – February 2024²²

TOTAL EMPLOYED ('000)	Feb-23	Feb-24	Employment growth (000s)	Employment growth (%)
Agriculture, forestry and fishing	32.4	28.1	-4.3	-13.3%
Mining	157.6	159.8	2.3	1.5%
Manufacturing	84.0	84.2	0.2	0.2%
Electricity, gas, water and waste services	20.1	17.5	-2.6	-12.8%
Construction	137.6	144.4	6.7	4.9%
Wholesale trade	40.5	42.7	2.2	5.5%
Retail trade	126.8	139.1	12.3	9.7%
Accommodation and food services	103.5	96.5	-7.0	-6.8%
Transport, postal and warehousing	75.9	81.9	5.9	7.8%
Information media and telecommunications	13.3	13.8	0.5	3.5%
Financial and insurance services	33.8	32.8	-1.1	-3.1%
Rental, hiring and real estate services	23.7	22.3	-1.4	-6.0%
Professional, scientific and technical services	118.9	126.2	7.4	6.2%
Administrative and support services	48.8	44.7	-4.1	-8.5%
Public administration and safety	92.7	82.7	-10.0	-10.8%
Education and training	119.0	132.5	13.4	11.3%
Health care and social assistance	204.0	229.9	25.9	12.7%
Arts and recreation services	27.1	31.7	4.6	17.2%
Other services	59.7	66.3	6.6	11.0%
Total	1,519.5	1,577.0	57.5	3.8%

77. Western Australia’s seasonally adjusted average unemployment rate increased marginally to 3.7 percent over the year to March 2024, up from 3.5 per cent in the year to March 2023. However, unemployment remains very low by historic standards, and stood at just 3.4 per cent in March 2024.

Figure 4: Monthly unemployment rate (%), WA and Australia, 2014 – 2024²³

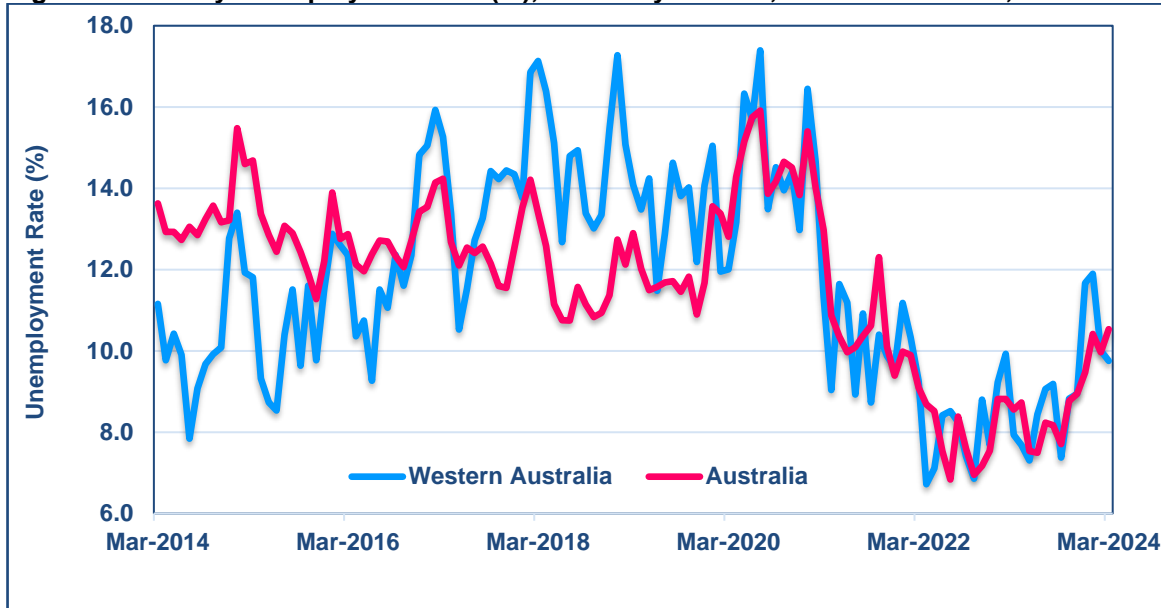


²² ABS (2024), *Labour Force, Australia, Detailed, February 2024*, Catalogue 6291.0.55.003, Table 5 (original data). Note: Industry employment data is only released four times per year and is not seasonally adjusted. Figures displayed here are an average of the four quarters in the year to February 2023 and 2024 respectively. This data collection differs from the ABS monthly labour force survey, and figures may not sum to the total due to rounding.

²³ ABS (2024), *Labour Force, Australia, March 2024*, Catalogue 6202.0, Time Series, Table 1 & 8 (seasonally adjusted series).

78. Youth unemployment in Western Australia remains low by historic standards but has drifted upwards in recent months. In March 2024 the youth unemployment rate stood at 9.8 per cent in Western Australia, while it was 10.5 per cent for Australia.

Figure 5: Monthly unemployment rate (%), 15 to 24 year olds, WA and Australia, 2014 – 2024²⁴



Underemployment

79. The underemployment rate measures the number of underemployed workers (those who are employed but would like more hours of work) expressed as a percentage of the civilian labour force.
80. Underemployment in Western Australia has declined significantly since mid-2020, as much of the spare capacity in the workforce has been absorbed.
81. Western Australia's underemployment rate was the lowest of the states in March 2024, at 5.4 per cent.²⁵ Nationally, the underemployment rate was 6.5 per cent during the same month.

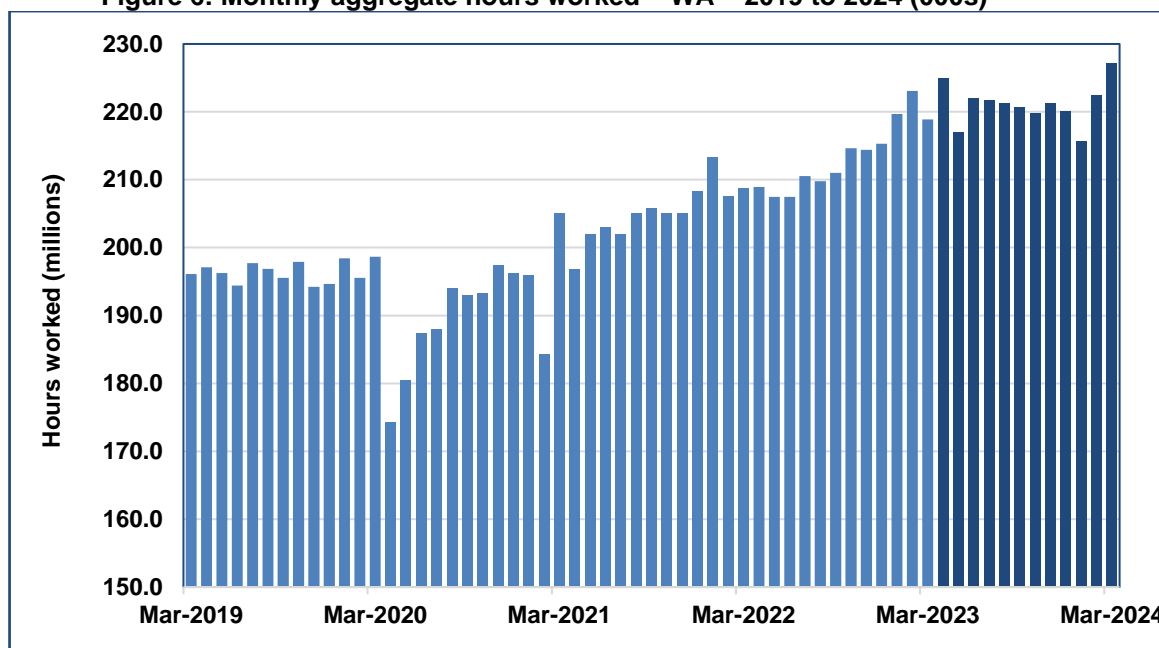
Hours worked

82. After growing strongly in annual average terms over the past two financial years, aggregate hours worked in Western Australia have levelled off at around 220,000,000 per month. However, aggregate hours worked did reach a new high of 227,109,200 in the month of March 2024.

²⁴ ABS (2024), *Labour Force, Australia, March 2024*, Catalogue 6202.0, Time Series, Table 16 (original data).

²⁵ ABS (2024), *Labour Force, Australia, March 2024*, Catalogue 6202.0, Time Series, Table 23 (seasonally adjusted series).

Figure 6: Monthly aggregate hours worked – WA – 2019 to 2024 (000s)²⁶



Inflation

83. In the March quarter 2024, Perth's headline Consumer Price Index (**CPI**) grew by 0.6 per cent for the quarter and 3.4 per cent over the last 12 months. However, when the electricity component is excluded, Perth's CPI increased by 1.0 per cent over the quarter and 4.1 per cent over the past 12 months.²⁷ This distinction is important, as various WA Government electricity credits provided in recent years can significantly distort the headline rate of inflation.
84. The Minister notes that headline inflation in Australia and Perth has begun to ease, particularly in relation to goods inflation. However, cost of living pressures are still being felt by many households following a sustained period of declining real wages coupled with higher mortgage and interest payments and higher tax payments. Underlying measures of inflation (as measured by the trimmed mean and weighted median) remain above the Reserve Bank of Australia's target range, however they have been trending downward in recent quarters.
85. Price pressures affect both businesses and households. Individuals and families are often forced to run down their savings, as the price of goods and services (particularly non-discretionary items) impacts household budgets. Meanwhile, local businesses face higher input costs, putting pressure on profit margins and cash flow reserves.
86. Many of the inflationary pressures impacting Australia to date have been externally driven, including global price shocks for energy and fuel in response to geopolitical conflict overseas, supply chain disruptions following the pandemic and, in some cases, adverse weather events.
87. To control inflation, the Reserve Bank of Australia (**RBA**) has increased interest rates significantly since May 2022, with the official cash rate target rising from 0.1 per cent to 4.35 per cent during this period.

²⁶ ABS (2024), *Labour Force, Australia, March 2024*, Catalogue 6202.0, Time Series, Table 19.

²⁷ ABS (2024), *Consumer Price Index – Australia, March Quarter 2024*, Cat. No. 6401.0.

88. The RBA has held interest rates steady at 4.35 per cent since 7 November 2023, as it waits for more economic indicators concerning inflation and employment. At the most recent board meeting in May, the RBA noted that:

The persistence of services inflation is a key uncertainty. It is expected to ease more slowly than previously forecast, reflecting strong labour market conditions including a more gradual increase in the unemployment rate and the broader underutilisation rate. Growth in unit labour costs also remains very high. It has begun to moderate slightly as measured productivity growth picked up in the second half of last year. This trend needs to be sustained over time if inflation is to continue to decline.²⁸

89. The RBA is forecasting that inflation will return to the target range of 2-3 per cent in 2025, and to the midpoint of the range in 2026.
90. In a press conference after the RBA Board met in May, RBA Governor Michelle Bullock observed that:

We believe we have interest rates at the right level to return inflation to the target range next year. Getting inflation back to the target range will take time. As I've said in the past, the path will continue to be bumpy. We're also dealing with a very tight labour market. Inflation is high and declining only gradually.²⁹

91. The Minister notes that bringing inflation under control is an ongoing challenge, and while CPI growth has slowed in the last 12 months, cost of living pressures continue to impact on households and business.

Trends in wages

92. A diminished pool of available labour and elevated levels of job vacancies have led to the tightest labour market conditions in many years. Wages growth in Western Australia has started to pick up in recent months. The Western Australian WPI grew by 4.7 per cent in year-ended terms in the December quarter 2023 (the strongest annual growth rate since 2012) before easing to 4.2 per cent in the March quarter 2024.³⁰
93. Growth in the WPI at the national level has also begun to lift, with the WPI for Australia increasing by 4.3 per cent in year-ended terms in the December quarter 2023, before easing to 4.1 per cent in the March quarter 2024.³¹ This is consistent with recent trends in enterprise bargaining in the national industrial relations system, where private sector federal agreements registered in the December quarter 2023 paid an Average Annualised Wage Increase (**AAWI**) of 4.3 per cent.³²

²⁸ Reserve Bank of Australia, *Statement on Monetary Policy*, May 2024.

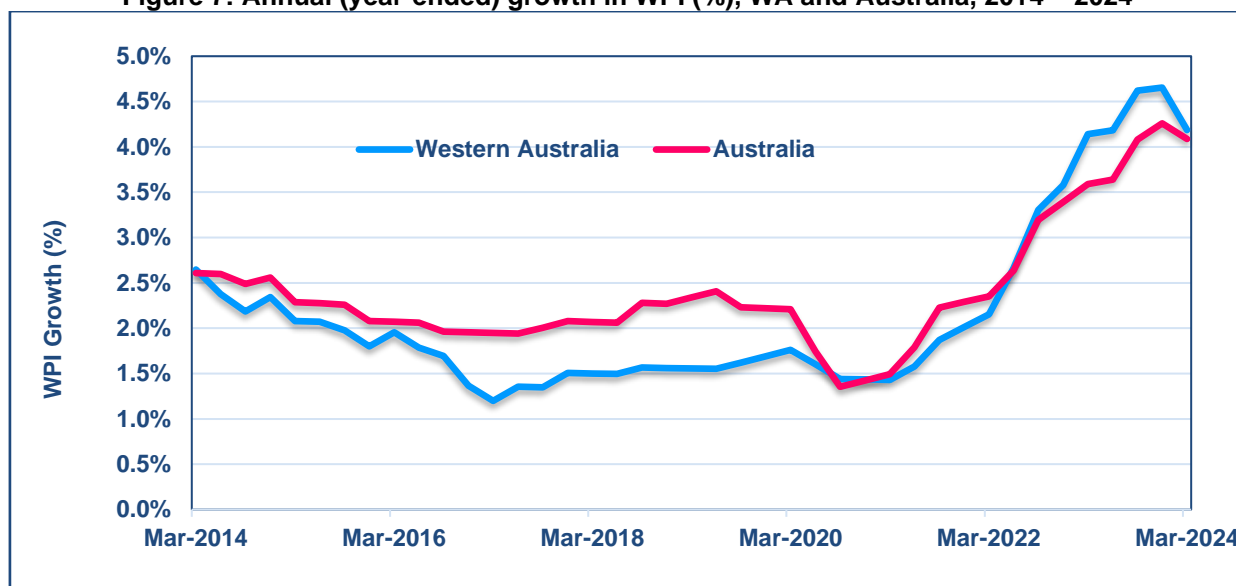
²⁹ Michelle Bullock, *Media conference on Monetary Policy*, Sydney, 7 May 2024.

³⁰ ABS (2024), *Wage Price Index, Australia, March 2024*, Catalogue 6345.0, Time Series, Table 2b.

³¹ *Ibid*, Time Series, Table 1.

³² Department of Employment and Workplace Relations (2024), *Trends in Federal Enterprise Bargaining Report*, December Quarter 2023.

Figure 7: Annual (year-ended) growth in WPI (%), WA and Australia, 2014 – 2024³³



94. The recent lift in wages growth coupled with an easing in headline inflation has seen a return of real wages growth for the first time in over three years. As illustrated in Table 2 below, between the December quarter of 2020 and the December quarter of 2023 Western Australian employees experienced significant real wage declines.

Table 2: Annual growth in CPI and WPI – Western Australia³⁴

	Sep 2020	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023	Dec 2023	Mar 2023
CPI	1.4	1.7	2.4	4.5	3.2	3.9	6.3	7.2	8.4	8.6	5.9	5.0	4.8	3.9	4.1
WPI	1.4	1.4	1.4	1.6	1.9	2.0	2.2	2.7	3.3	3.6	4.1	4.2	4.6	4.7	4.2

95. The WPI measures the change in wages and salaries by controlling the quantity and quality of jobs and excluding compositional factors, such as the growth in part time work. Due to the control for changes in labour market composition, the WPI is the preferred measure for wages growth.
96. While the WPI is generally considered the most useful indicator of wage inflation, the ABS Average Weekly Earnings series is used to provide an indication of earnings in dollar amounts.
97. The latest figures indicate that full time Average Weekly Ordinary Time Earnings (**AWOTE**) in Western Australia rose by 6.0 per cent over the 12 months to November 2023, from \$1,988.50 to \$2,107.70.³⁵
98. Across the whole workforce, average weekly total earnings (**AWE**) in Western Australia increased by only 0.9 per cent over the year to November 2023, rising from \$1,528.20 to \$1542.30.³⁶ It is likely that lower growth in AWE partly reflects a shift towards part time employment in the past 12 months.

³³ ABS (2024), *Wage Price Index, Australia, March Quarter 2024*, Catalogue 6345.0, Time Series, Tables 1 and 2b (year-ended growth).

³⁴ ABS (2024), *Consumer Price Index – Australia, March Quarter 2024*, Cat. No. 6401.0 and ABS (2024), *Wage Price Index – Australia, March Quarter 2024*, Cat. No. 6345.0. CPI figures relates to Perth, excluding the electricity subcomponent.

³⁵ ABS (2024), *Average Weekly Earnings, Australia, November 2023*, Catalogue 6302.0, Time Series, Table 12E (seasonally adjusted data).

³⁶ Ibid.

Equal remuneration

99. The provision of equal remuneration for work of equal or comparable value is one of the key statutory criteria in section 50A(3) of the IR Act, and each year is an important consideration for minimum and award wage setting.
100. The gender-based disparity in earnings is a contributing factor relevant to a number of the other statutory criteria, including the need to meet the needs of the low paid, to provide fair wage standards and contribute to improved living standards.³⁷
101. As indicated in Table 3 below, the gender pay gap in Western Australia decreased from 22.1 per cent to 21.7 per cent in the year to November 2023, as female earnings grew at a faster pace than male earnings. Nationally, the gender pay gap reduced from 13.3 per cent to 12.0 per cent over the same period.

Table 3: Average weekly ordinary time earnings and the gender pay gap (GPG), WA and Australia, November 2022 and November 2023^{38,39}

		Nov 2022	Nov 2023	Change over year
WA	Males	\$2,162.80	\$2,301.60	6.4%
	Females	\$1,684.70	\$1,802.00	7.0%
	GPG	22.1%	21.7%	- 0.4 pp
Australia	Males	\$1,907.10	\$1,982.80	4.0%
	Females	\$1,653.60	\$1,744.80	5.5%
	GPG	13.3%	12.0%	- 1.3 pp

102. As illustrated in the below table, Western Australia maintains the nation's largest gender pay gap, as measured by AWOTE.

Table 4: Gender Pay Gap by State / Territory, November 2023⁴⁰

State / Territory	Male AWOTE	Female AWOTE	Gender Pay Gap
NSW	\$1,977.50	\$1,760.20	11.0%
VIC	\$1,941.20	\$1,733.30	10.7%
QLD	\$1,931.50	\$1,709.80	11.5%
SA	\$1,793.80	\$1,628.80	9.2%
WA	\$2,301.60	\$1,802.00	21.7%
TAS	\$1,704.30	\$1,612.20	5.4%
NT	\$1,974.90	\$1,671.10	15.4%
ACT	\$2,185.80	\$1,959.70	10.3%
AUS	\$1,982.80	\$1,744.80	12.0%

103. Women continue to be more reliant on award rates of pay than men and receive lower average earnings across their working lives. In this regard, the Minister's proposal to re-align the SMW so that it is set at the C13 pay rate in State awards will also further benefit a cohort of low paid female employees.

³⁷ Section 50A(3)(a) of the IR Act.

³⁸ ABS (2024), *Average Weekly Earnings, Australia, November 2023*, Catalogue 6302.0, Time Series, Table 2 and 12E (seasonally adjusted data).

³⁹ Seasonally adjusted AWOTE for males and females both increased by more than AWOTE for all persons. Movements in all persons AWOTE can at times fall outside the range set by movements for male AWOTE and female AWOTE due to changes in the proportions of the sample in the male vs female categories.

⁴⁰ ABS (2024), *Average Weekly Earnings, Australia, November 2023*, Catalogue 6302.0, Time Series, Tables 2 and 12A-12H (seasonally adjusted data).

Operating conditions for Western Australian businesses

Gross operating surplus plus gross mixed income

104. The criteria in section 50A(3) of the IR Act require the WAIRC to consider the capacity of employers as a whole to bear the cost of increased wages and the likely effect of its State Wage Order on the economy and employment levels.
105. While there is limited specific data available to assess the health of those businesses likely to be affected by the State Wage Order, select macroeconomic figures can be used to gauge the profitability of Western Australian businesses by industry in a given year. The figures below relate to the 2022-23 financial year.
106. Figures produced by the ABS indicate that Gross Operating Surplus (**GOS**) plus Gross Mixed Income (**GMI**) increased across almost all industries over the course of the 2022-23 financial year, with large increases seen across many sectors. While it is important to note that this data reveals little about the profitability or otherwise of individual businesses, the measure provides some insight into local conditions at the aggregate industry level.
107. As illustrated in Table 5, 17 out of 19 industries recorded a rise in GOS plus GMI, led by Wholesale Trade (up 58.4 per cent), Transport, Postal and Warehousing (up 35.8 per cent) and Accommodation and food services (up 24.9 per cent).⁴¹
108. Across all industries, GOS plus GMI increased by 10.6 per cent in 2022-23.⁴² As in previous years, the Mining industry accounted for the bulk of this figure, given the magnitude of this industry on the Western Australian economy.

⁴¹ ABS (2023), *Australian National Accounts: State Accounts, 2022-23*, Catalogue 5220.0, Time Series, Table 6 (original data).

⁴² Ibid.

Table 5: Gross Operating Surplus (GOS) and Gross Mixed Income (GMI) by industry, WA, current prices, 2022 and 2023⁴³

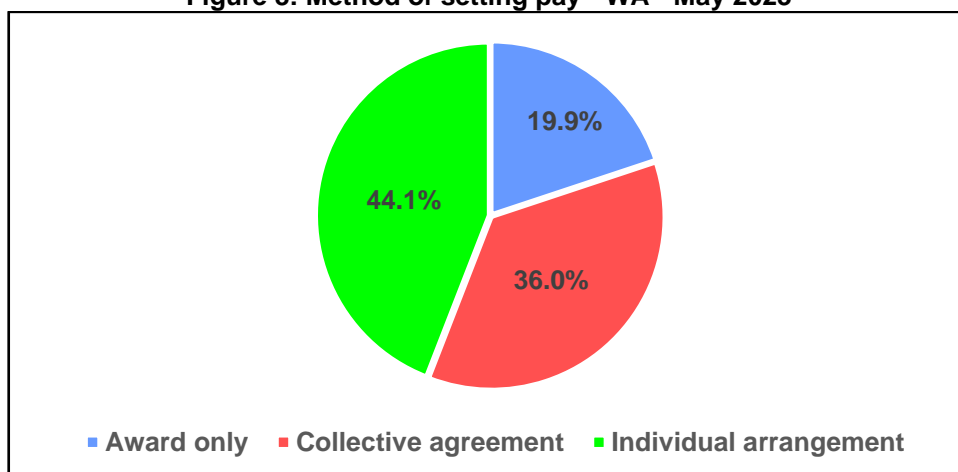
Industry	GOS + GMI June 2022 (\$m)	GOS + GMI June 2023 (\$m)	Annual Increase (\$m)	Annual Increase (%)
Agriculture, forestry and fishing	8,531	9,395	864	10.1%
Mining	163,941	177,216	13,275	8.1%
Manufacturing	8,120	8,537	417	5.1%
Electricity, gas, water and waste services	2,603	2,978	375	14.4%
Construction	6,498	6,147	-351	-5.4%
Wholesale trade	4,209	6,666	2,457	58.4%
Retail trade	4,179	4,898	719	17.2%
Accommodation and food services	1,846	2,305	459	24.9%
Transport, postal and warehousing	5,159	7,008	1,849	35.8%
Information media and telecommunications	1,896	2,005	109	5.7%
Financial and insurance services	7,909	9,668	1,759	22.2%
Rental, hiring and real estate services	3,783	4,268	485	12.8%
Professional, scientific and technical services	3,578	4,422	844	23.6%
Administrative and support services	1,260	1,499	239	19.0%
Public administration and safety	2,031	2,284	253	12.5%
Education and training	1,554	1,720	166	10.7%
Health care and social assistance	2,683	2,769	86	3.2%
Arts and recreation services	616	606	-10	-1.6%
Other services	1,912	2,283	371	19.4%
Total all industries	249,923	276,410	26,487	10.6%

⁴³ Ibid.

Coverage of the State Wage Order

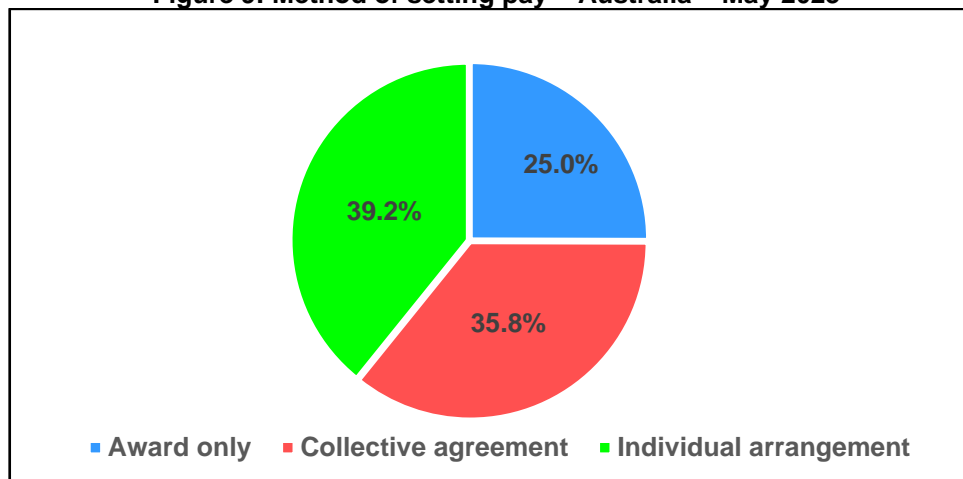
109. The most recent 'Employee Earnings and Hours' (EEH) data from 2023 indicates award reliance has increased in Western Australia, albeit it remains at lower levels than for Australia as a whole.⁴⁴
110. Award reliance in Western Australia increased marginally, from 19.6 per cent in May 2021 to 19.9 per cent in May 2023.⁴⁵ This equates to approximately 256,000 employees being paid entirely in accordance with a State or national award in 2023.

Figure 8: Method of setting pay - WA - May 2023⁴⁶



111. Nationally, award reliance also rose between 2021 and 2023, increasing from 24.7 per cent to 25.0 per cent of non-managerial employees.⁴⁷ As at May 2023, approximately 2.92 million Australian employees were paid entirely in accordance with an award.

Figure 9: Method of setting pay – Australia – May 2023⁴⁸



⁴⁴ ABS (2024), *Employee Earnings and Hours, Australia, May 2023*, Catalogue 6306.0.

⁴⁵ ABS (2024), *Employee, Earnings and Hours, Australia, May 2023*, Catalogue 6306.0 and ABS (2022), *Employee Earnings and Hours, Australia, May 2021*, Catalogue 6306.0.

⁴⁶ ABS (2024), *Employee Earnings and Hours, Australia, May 2023*, Catalogue 6306.0.

⁴⁷ ABS (2024), *Employee, Earnings and Hours, Australia, May 2023*, Catalogue 6306.0 and ABS (2022), *Employee Earnings and Hours, Australia, May 2021*, Catalogue 6306.0.

⁴⁸ ABS (2024), *Employee Earnings and Hours, Australia, May 2023*, Catalogue 6306.0.

112. The Minister notes that as of 1 January 2023, all local government employers and employees are now subject to the State industrial relations system, following passage of the *Industrial Relations Legislation Amendment Act 2021*. These reforms are estimated to have added more than 20,000 employees to the State system.
113. Table 5 illustrates proportions of employment by industry in Western Australia and shows that those industries known to have a high degree of award reliance (such as Accommodation and food services; Health care and social assistance; and Retail trade) make up a sizable portion of the State's workforce.

Table 6: Employment and award reliance by industry - WA, February 2024

Industry	WA: Proportion of Workforce ⁴⁹	Australia: Proportion of employees paid by award ⁵⁰
Accommodation and Food Services	5.8%	63.4%
Administrative and Support Services	3.0%	40.5%
Retail Trade	8.9%	35.1%
Health Care and Social Assistance	16.3%	35.0%
Arts and Recreation Services	1.4%	32.7%
Other Services	3.8%	31.4%
Rental, Hiring and Real Estate Services	1.3%	19.1%
Manufacturing	4.9%	18.7%
Construction	8.7%	16.2%
Public Administration and Safety	5.4%	15.2%
Transport, Postal and Warehousing	5.4%	14.7%
Wholesale Trade	2.8%	13.8%
Professional, Scientific and Technical Services	8.5%	9.9%
Information Media and Telecommunications	0.8%	9.6%
Education and Training	8.8%	7.4%
Electricity, Gas, Water and Waste Services	1.2%	4.9%
Financial and Insurance Services	2.3%	3.6%
Mining	8.9%	2.5%
Agriculture, Forestry and Fishing	1.9%	N/A [†]
All industries	100.0%	25.0%

[†] N/A: Enterprises primarily engaged in agriculture, forestry and fishing are outside the scope of the ABS *Employee, Earnings and Hours* survey from which this data is drawn.

⁴⁹ ABS (2024), *Labour Force, Australia, Detailed, February 2024*, Catalogue 6291.0.55.001 (original data). Note: Industry employment data is only released four times per year and is not seasonally adjusted. Figures displayed here are an average of the four quarters in the year to February 2024 respectively. This data collection differs from the ABS monthly labour force survey, and figures may not sum to the total due to rounding.

⁵⁰ ABS (2024), *Employee Earnings and Hours, Australia, May 2023*, Catalogue 6306.0.

114. The Minister notes that employees in the State industrial relations system receiving wage rates only marginally above the relevant award minimum may also be impacted by the WAIRC’s decision in this year’s State Wage Case.
115. Other employees may likewise be affected where their wages are informally linked to State awards, such as where an employee is paid a particular margin above the award, or where industrial agreements link pay increases to the outcome of the State Wage Case. The reach of the State Wage Case is therefore likely to extend beyond just those employees paid entirely in accordance with a State award.
116. The Department of Energy, Mines, Industry Regulation and Safety (**DEMIRS**) has analysed the top 10 mostly frequently accessed WA Award Summaries for private sector awards on its website, which are outlined in Table 7 below.

Table 7 – Top 10 most frequently accessed award summaries prepared by Wageline⁵¹

Rank	Award
1	Restaurant, Tearoom and Catering Workers’ Award
2	Social and Community Services (Western Australian) Interim Award
3	Hairdressers Award
4	Building Trades (Construction) Award
5	Clerks (Commercial, Social and Professional Services) Award
6	Cleaners and Caretakers Award
7	Shop and Warehouse (Wholesale and Retail Establishments) Award
8	Farm Employees’ Award
9	Metal Trades (General) Award
10	Transport Workers (General) Award

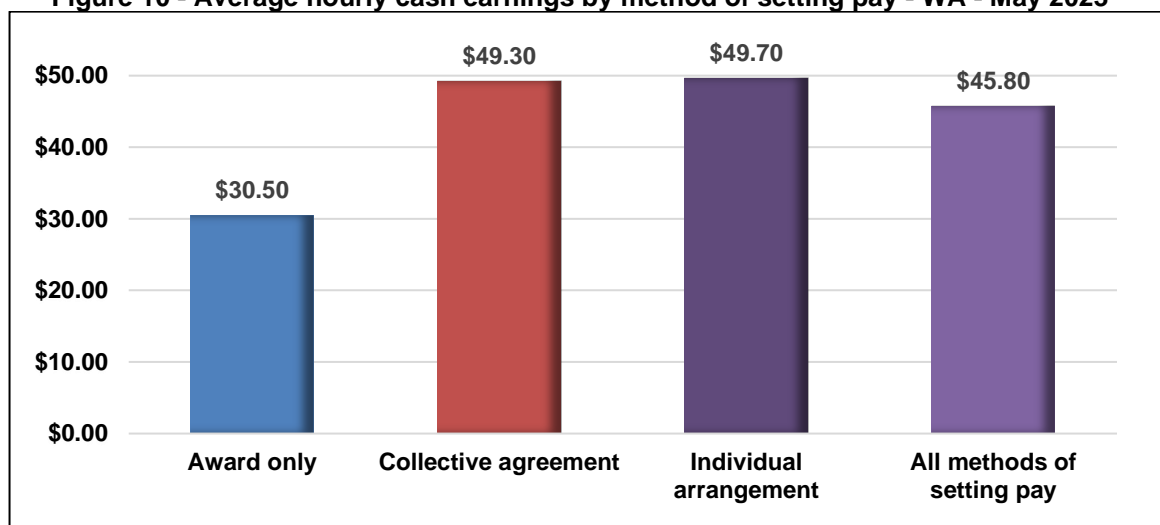
117. The above table indicates that State awards in the hospitality, social and community services, retail (including hairdressing), building trades, metal trades, transport, cleaning, clerical and agricultural sectors are some of the most widely utilised. However, there are also a significant number of award free employees in the State industrial relations system.

⁵¹ Refers to the award summaries produced by Wageline that were the most frequently viewed between 1 July 2023 and 23 April 2024. The data relates to unique visits by individuals, including multiple visits to award summaries by the same individuals. It should be noted information produced by Wageline for award free employees is generally viewed more than any individual award summary.

Fairness, living standards and the needs of the low paid

118. The Minister notes the critical role the minimum and award wage framework plays in protecting the needs of the low paid and ensuring their living standards are maintained and improved in line with those in the broader community.
119. The Minister submits that in meeting the objectives of the IR Act, the WAIRC should take a holistic approach to its statutory functions, so that economic, social and industrial criteria are all given appropriate consideration.
120. As illustrated in Figure 10 below, the most recent EEH data from 2023 indicates that award-reliant employees in Western Australia receive significantly lower average hourly rates of pay than those engaged under collective agreements and individual arrangements.⁵²

Figure 10 - Average hourly cash earnings by method of setting pay - WA - May 2023⁵³



121. Many low paid workers are dependent on increases awarded in the State Wage Case to meet their everyday living costs, particularly during periods when inflation is elevated.
122. The Minister notes there remain sections of the workforce that are currently award free in the State jurisdiction, including workers engaged in occupations that would traditionally be considered award type work.⁵⁴ Employees who are award free have significantly fewer protections than those who are covered by an award and are particularly reliant on adjustments to the statutory minimum pay rates that occur as part of the State Wage Case process.
123. As at August 2023, the SMW equated to 50.8 per cent of median earnings for full time Western Australian workers.⁵⁵ While the Minimum Wage Bite has remained relatively steady in recent years, the increase awarded in the 2023 State Wage Case enabled the Minimum Wage Bite to marginally surpass the 50 per cent mark for the first time in a number of years.

⁵² ABS (2024) *Employee Earnings and Hours, Australia, May 2023*, Catalogue. No. 6306.0, Datacube 5, Table 5.

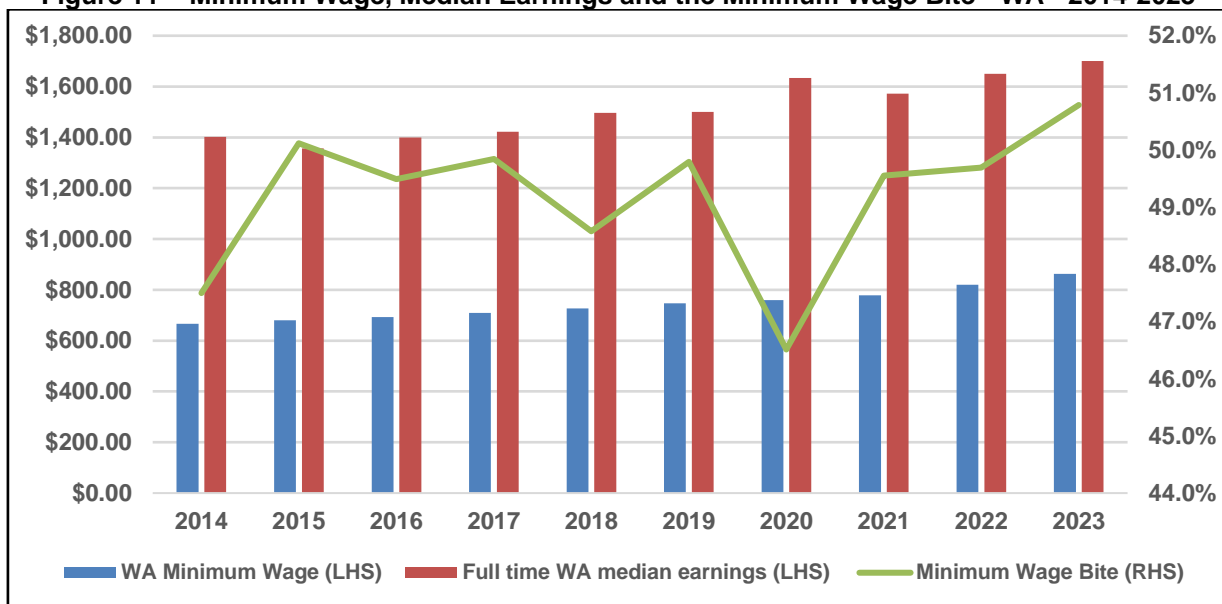
⁵³ Ibid.

⁵⁴ The number of award free employees in the State system is gradually reducing due to efforts by the WAIRC to broaden the scope of State private sector awards pursuant to s 37D of the IR Act.

⁵⁵ ABS (2023) *Employee Earnings, August 2023*, Catalogue 6337.0.

124. By all conventional measures, employees receiving the SMW would be classed as low paid. By re-aligning the SMW to the C13 classification in State awards the WAIRC can further help to protect the most vulnerable workers in the State industrial relations system.

Figure 11 – Minimum Wage, Median Earnings and the Minimum Wage Bite - WA - 2014-2023⁵⁶



125. In the national industrial relations system, the NMW currently equates to 55.2 per cent of national median earnings (\$882.80 v \$1,600). The C14 modern award classification (which looking forward will be a purely introductory / transitional rate) currently equates to 53.7 per cent of median earnings (\$859.30 v \$1,600).

126. As noted above, in Western Australia the SWM currently equates to 50.8 per cent of median earnings (\$863.40 v \$1,700). If the SMW is re-aligned to the State C13 rate, the minimum wage bite would increase to 52.0 per cent (\$883.30 v \$1,700). While this would improve the relative position of minimum wage earners, the minimum wage bite would still be lower than in the national system.

Living Cost Indexes

127. The Australian Bureau of Statistics recently released Selected Living Cost Indexes (LCIs) relating to the March quarter 2024. LCIs measure the price change of goods and services and its effect on living expenses of selected household types, and are published at the national level only.

128. There are five LCIs in total, concerning the following household types:

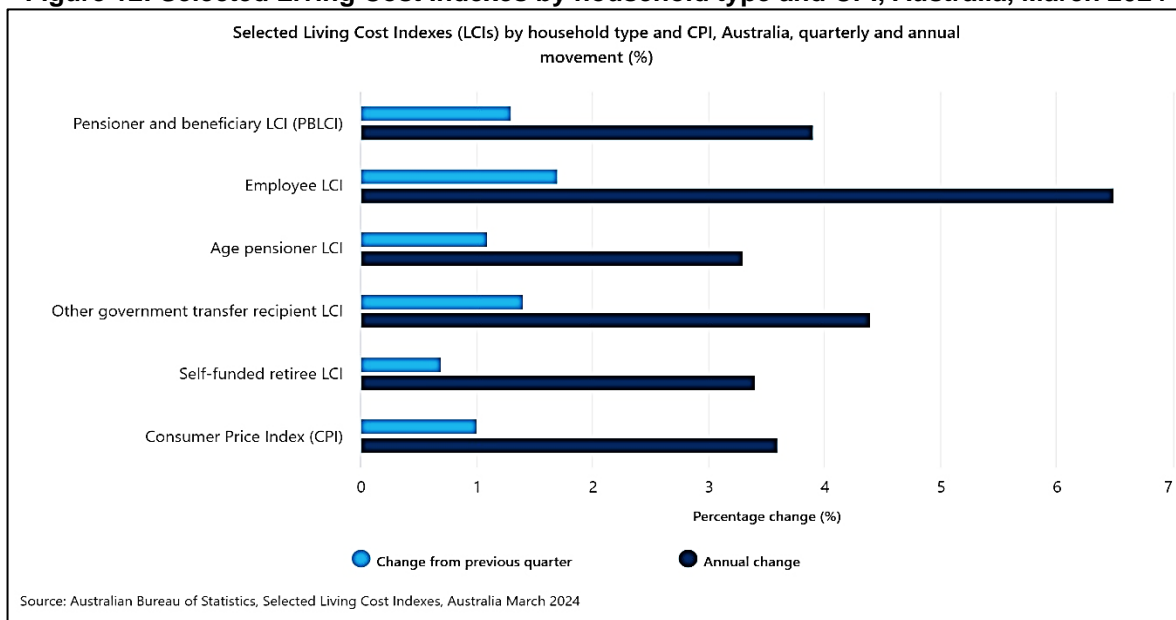
- Pensioner and beneficiary LCI
- Employee LCI
- Age pensioner LCI
- Other government transfer recipient LCI
- Self-funded retiree LCI

129. The Employee LCI is the most relevant when it comes to minimum and award wage adjustments, as it reflects the purchasing power of households whose primary source of income is wages and salaries.

⁵⁶ Ibid.

- 130. LCIs differ from the CPI as an LCI reflects changes over time in the purchasing power of the after-tax incomes of households. It measures the impact of changes in prices on the out-of-pocket expenses incurred by households to gain access to a fixed basket of consumer goods and services. The CPI, on the other hand, is designed to measure price inflation for the household sector as a whole and is not the conceptually ideal measure for assessing the changes in the purchasing power of the disposable incomes of households.
- 131. Another important distinction between the LCIs and the CPI is the LCIs include mortgage interest payments – something that is not included in the CPI.
- 132. In the March quarter 2024 all five LCIs rose, with the quarterly increases ranging from 0.7 per cent for self-funded retirees, to 1.7 per cent for employee households. Over the 12 months to the March quarter 2024, all LCIs rose, with the annual increases ranging from 3.3 per cent for Aged Pensioners, to 6.5 per cent for employee households.

Figure 12: Selected Living Cost Indexes by household type and CPI, Australia, March 2024



- 133. The 6.5 per cent annual increase experienced by employee households was by far the largest of the five LCIs, and well in excess of annual headline inflation (3.6 per cent) during the same period. A significant reason for the elevated employee household CPI was mortgage interest payments, which rose by 35.3 per cent over the year to the March quarter 2024.
- 134. Mortgage interest charges makes up a higher proportion of expenditure for Employee households than any other type of household, and despite the RBA’s decision to keep the cash rate on hold multiple times since July 2023, mortgage interest charges remain elevated as low fixed rate loans continue to rollover into higher variable rate loans.
- 135. The Minister notes that the elevated living costs have been particularly challenging for low income households. Many employees reliant on minimum and award wages are unable to negotiate higher rates of pay, either individually or through collective agreements. These workers are particularly susceptible to experiencing poverty, debt and/or homelessness and a fair and just increase in wages, as recommended by the Minister, will help to protect their interests.

Protecting employees who are unable to bargain

136. Section 50A of the IR Act requires that, when making the State Wage Order, the WAIRC consider the need to protect employees who may be unable to reach an industrial agreement.
137. An analysis of current industrial agreements registered by the WAIRC that have yet to reach their nominal expiry date reveals that almost all agreements are concentrated in the following sectors:
- Western Australian public sector;
 - private schools;
 - social, community, health and disability support organisations;
 - local government authorities;
 - registered political parties;
 - security services; and
 - unions / labour organisations.
138. It is noted that the sectors outlined above exclude several industries known to have high levels of award reliance - in particular Accommodation and food services and Retail trade. This suggests that smaller, unincorporated businesses in the hospitality and retail sectors are more likely to be guided by State awards (either directly or indirectly) in regard to wage determination for their employees. An increase in award rates in accordance with the Minister's position will help to protect such employees.

Skills development

139. The WAIRC is required under section 50A(3) of the IR Act to consider the need to encourage ongoing skills development when making the State Wage Order. This section provides key data on commencements of apprenticeships and traineeships for 2023 and previous years. Data on the total number of apprentices and trainees in training is also presented.⁵⁷
140. This data has been supplied by the Department of Training and Workforce Development (**DTWD**) and is included to provide guidance on longer-term trends in the take up of apprenticeships and traineeships in Western Australia.
141. To assist the WAIRC with the State Wage Order, the Minister has included an updated list of Industry Skill Levels for training packages at **Attachment C**.
142. In developing the updated list of Industry Skill Levels, DTWD has reviewed the 2023 list and updated it to align with the national database of training packages and the traineeships identified in the *Classification of Prescribed Vocational Education and Training Qualifications*.
143. Training packages are reviewed on a regular basis. When qualifications are superseded, there is a 12 month transition period (unless additional time is allowed by the regulator) and trainees who are unable to complete their training contract before this period are enrolled in the newer qualification. As per previous years' arrangements, the updated Industry/Skill List only shows current training packages.
144. The majority of traineeships align to a qualification in a training package. However, where an industry's training need is not met by a training package qualification, a specialised accredited course may be developed and registered through an accreditation agency. DTWD has identified seven traineeships offered through an accredited course:
- 1 52889WA Diploma of Civil and Structural Engineering, nominal duration 3 years;
 - 2 52825WA Certificate II in Building and Construction (Pathway - Para Professional), nominal duration 12 months;
 - 3 52893WA Certificate II in Building and Construction (Pathway - Trades), nominal duration 12 months;
 - 4 22460VIC Diploma of Applied Technologies, nominal duration 3 years (in transition, expired 31 December 2023);
 - 5 52904WA Certificate III in Defence Industry Pathways, nominal duration 12 months (replaced 52864WA Certificate III in Defence Industry Pathways);
 - 6 52890WA Certificate II in Community Health and Wellbeing, nominal duration 12 months; and
 - 7 22603VIC Certificate IV in Cyber Security, nominal duration 24 months (replaced 22334VIC Certificate IV in Cyber Security).
145. As these traineeships do not align with a training package they are not identified in the latest Industry/Skill List.

⁵⁷ Data is for apprentices and trainees in both the State and national industrial relations systems. It does not break down the proportion of these employees working in the State jurisdiction.

Commencements

146. Training commencements increased significantly during 2021 and 2022 as a result of the Commonwealth Government's investment in wage subsidy incentives, which led to elevated levels of apprentices and trainees in training. The reduction of Commonwealth incentives in July 2022 saw commencements drop, particularly for traineeships, affecting the overall number in training. Apprenticeship and traineeship commencements in 2023 remained more than 30 per cent higher than pre-pandemic levels.

Apprenticeship commencements

147. As shown in Table 8 below, apprenticeship commencements declined in 2023, falling from 12,526 to 11,054.

Table 8: Apprenticeships commenced in WA, 2013 to 2023⁵⁸

Year	Total
2013	8,712
2014	8,705
2015	7,887
2016	6,424
2017	6,440
2018	6,851
2019	7,076
2020	8,672
2021	12,409
2022	12,526
2023	11,054

148. After falling to a low in 2016, apprenticeship commencements have risen substantially in recent years, and although they declined in 2023, they remain much higher than they were a few years ago.

⁵⁸ Department of Training and Workforce Development, 3 May 2024.

Table 9 – Apprenticeship commencements by trade category⁵⁹

Contract type / trade category	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Arts, Sport & Recreation	5	0	5	2	3	2	1	2	3	2	2
Automotive	1,451	1,225	1,048	1,026	1,253	1,538	1,744	2,044	2,910	3,006	2,726
Building & Construction	2,130	2,635	2,330	1,499	1,277	1,142	1,153	1,598	2,688	2,622	2,262
Community Services, Health & Education	10	8	6	10	11	16	7	17	29	29	27
Electrical	1,453	1,537	1,493	1,116	1,157	1,198	1,241	1,502	2,169	2,262	2,086
Food	261	212	217	206	203	181	167	186	240	197	156
Hospitality & Tourism	590	492	428	481	370	391	362	360	545	482	338
Light Manufacturing	319	317	319	242	202	195	197	276	320	328	303
Metals, Manufacturing & Services	1,570	1,390	1,231	1,071	1,275	1,440	1,417	1,718	2,249	2,360	2,065
Primary Industry	122	79	78	73	74	53	60	103	121	165	166
Process Manufacturing	1	0	0	17	6	11	37	32	28	54	37
Utilities, Electrotechnology & Printing	100	153	108	93	77	122	177	157	231	257	195
Wholesale, Retail & Personal Services	700	657	624	588	532	562	513	677	876	762	691
Total	8,712	8,705	7,887	6,424	6,440	6,851	7,076	8,672	12,409	12,526	11,054

Traineeship commencements

149. As outlined in Tables 10 and 11 below, traineeship commencements declined for a number of years through to 2019. This trend reversed substantially in the following three years, although the number of new traineeships fell considerably in 2023.

Table 10: Traineeships commenced in WA, 2013 to 2023⁶⁰

Year	Total
2013	22,765
2014	20,776
2015	19,437
2016	15,085
2017	14,686
2018	11,491
2019	10,944
2020	12,826
2021	17,926
2022	19,285
2023	12,669

⁵⁹ Ibid.

⁶⁰ Ibid.

Table 11 – Traineeship commencements by trade category⁶¹

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Arts, Sport & Recreation	274	351	252	268	323	302	320	310	376	388	127
Automotive	270	185	143	136	135	122	124	174	244	239	227
Building & Construction	614	613	744	405	557	420	386	546	560	278	205
Community Services, Health & Education	2,608	2,471	1,776	1,337	1,239	1,150	1,464	1,885	2,739	3,525	3,503
Electrical	0	0	0	0	0	0	1	1	3	40	0
Finance, Property & Business Services	4,863	5,110	4,608	3,800	3,290	1,933	2,391	2,771	3,990	3,696	1,430
Food	397	352	295	227	219	223	191	385	200	400	98
Hospitality & Tourism	2,866	2,876	2,836	2,560	2,241	1,970	1,386	1,116	2,129	2,354	1,461
Light Manufacturing	74	71	52	77	41	51	27	34	43	25	25
Metals, Manufacturing & Services	133	319	259	105	127	175	124	323	274	333	380
Mining Industry	1,396	1,382	1,550	1,327	1,885	2,087	1,961	2,094	2,746	2,939	2,067
Primary Industry	0	0	2	0	0	0	0	0	0	0	0
Process Manufacturing	806	632	500	440	409	471	347	409	509	533	436
Public Administration	3,611	2,204	2,529	958	1,111	344	353	393	368	511	397
Transport & Storage	336	266	218	213	199	153	165	167	212	254	369
Utilities, Electrotechnology & Printing	2,079	1,638	1,480	1,350	1,111	763	505	533	1,241	1,186	648
Wholesale, Retail & Personal Services	712	652	536	429	395	173	125	323	390	496	303
Other	1,726	1,654	1,657	1,453	1,404	1,154	1,074	1,362	1,902	2,088	993
Total	22,765	20,776	19,437	15,085	14,686	11,491	10,944	12,826	17,926	19,285	12,669

Total numbers in training

Apprentices

150. The total number of apprentices in training increased by 5.7 per cent between 2022 and 2023, from 24,556 to 25,964. This is the sixth year in a row that total apprenticeship numbers have risen in Western Australia, with growth driven by increases in Electrical, as well as Metals, Manufacturing and Services.

Trainees

151. The total number of trainees in training declined significantly between 2022 and 2023, from 19,495 to 15,100. A notable decrease was recorded in Finance, Property and Business Services as well as Wholesale, Retail and Personal Services.

Apprentices and trainees

152. Across Western Australia, the total number of people in training (apprentices and trainees) fell by 6.8 per cent between 2022 and 2023, from 44,063 to 41,064.

⁶¹ Ibid.

Table 12 - Apprentices and trainees in training by trade category⁶²

Contract type / Trade category	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Apprenticeships	18,272	17,862	17,320	15,697	15,082	15,224	15,702	18,282	22,160	24,568	25,964
Arts, Sport & Recreation	5	1	6	6	8	6	6	4	5	4	4
Automotive	3,317	3,044	2,665	2,462	2,702	3,171	3,750	4,529	5,491	6,119	6,439
Building & Construction	3,465	4,018	4,379	3,797	3,301	2,887	2,627	3,037	4,127	4,777	5,050
Community Services, Health & Education	30	25	21	21	22	27	28	37	46	57	63
Electrical	4,121	4,113	4,089	3,649	3,453	3,282	3,232	3,629	4,367	5,016	5,570
Food	427	371	358	389	391	367	298	355	405	399	352
Hospitality & Tourism	665	614	600	666	619	609	562	610	719	779	568
Light Manufacturing	562	572	587	533	487	457	401	498	577	642	651
Metals, Manufacturing & Services	4,192	3,657	3,168	2,785	2,856	3,169	3,438	3,974	4,553	4,660	5,181
Primary Industry	218	207	176	164	151	140	130	176	214	267	303
Process Manufacturing	2	0	0	16	22	33	67	71	68	97	89
Utilities, Electrotechnology & Printing	273	307	294	258	181	199	305	358	424	492	483
Wholesale, Retail & Personal Services	995	933	977	951	889	877	858	1,004	1,164	1,259	1,211
Total Traineeships	23,044	22,494	21,978	19,044	17,002	13,561	11,555	14,098	18,227	19,495	15,100
Arts, Sport & Recreation	168	143	90	87	111	93	86	75	124	151	94
Automotive	232	219	193	107	126	102	120	178	199	205	196
Building & Construction	562	692	855	657	629	496	450	636	638	409	215
Community Services, Health & Education	2,587	2,494	2,307	1,761	1,500	1,308	1,516	2,239	3,072	3,684	4,308
Electrical	0	0	0	0	0	0	1	1	3	34	16
Finance, Property & Business Services	5,022	5,280	5,350	4,699	4,290	2,506	2,118	2,851	4,015	3,878	1,993
Food	476	355	329	288	217	227	206	410	356	443	291
Hospitality & Tourism	2,739	2,490	2,571	2,704	2,336	2,146	1,475	1,226	1,876	2,168	1,449
Light Manufacturing	87	54	54	71	56	59	41	39	37	31	12
Metals, Manufacturing & Services	108	278	301	183	133	189	154	334	302	323	424
Mining Industry	1,224	1,486	1,638	1,604	2,036	2,329	2,297	2,355	2,623	2,767	2,229
Other	2	0	2	0	0	0	0	0	0	0	0
Primary Industry	566	434	395	349	327	395	334	413	518	518	390
Process Manufacturing	3,913	3,834	3,378	2,245	1,439	918	558	660	669	591	560
Public Administration	334	319	195	215	165	113	133	143	171	193	278
Transport & Storage	2,916	2,370	2,228	2,260	2,007	1,387	883	819	1,274	1,445	1,066
Utilities, Electrotechnology & Printing	741	591	490	448	415	191	149	331	508	650	441
Wholesale, Retail & Personal Services	1,367	1,455	1,602	1,366	1,215	1,102	1,034	1,388	1,842	2,005	1,138
Total in Training	41,316	40,356	39,298	34,741	32,084	28,785	27,257	32,380	40,387	44,063	41,064

⁶² Ibid.

Conclusion

153. The annual State Wage Case proceedings are an important component of the State industrial relations system. Many low paid employees are dependent on annual increases to minimum and award wages to help meet everyday living costs and alleviate the risk of financial hardship.
154. The WA Government supports a minimum wage framework that protects the interests of all Western Australian workers, provides fair remuneration, and ensures an appropriate level of economic security.
155. While regular adjustments to minimum rates of pay are important, wage increases also need to be affordable for business and take account of the economic conditions facing local employers.
156. Last year's State Wage Order provided welcome relief for many low paid workers during a period of heightened inflation, without adversely affecting Western Australia's economic progress.
157. While labour market conditions remain robust, many employees are nevertheless experiencing economic insecurity in the face of ongoing cost of living pressures and elevated housing costs.
158. As has been outlined in this submission, the Minister believes it is undesirable from a fairness and sustainability perspective for the SMW to be set at a rate significantly below the NMW, and supports the WAIRC re-aligning the SMW from the C14 rate in the *Metal Trades (General) Award* to the C13 rate.
159. To maintain a degree of equity and fairness for State system employees, the Minister also supports a general increase in State award wages in line with the decision of the FWC in this year's Annual Wage Review.
160. The Minister looks forward to making further contributions to this year's State Wage Case proceedings in due course.