



**GOVERNMENT OF
WESTERN AUSTRALIA**

Industrial Relations Act 1979

**IN THE WESTERN AUSTRALIAN
INDUSTRIAL RELATIONS COMMISSION**

No. 1 of 2022

ON THE COMMISSION'S OWN MOTION

SUBMISSION OF THE MINISTER FOR INDUSTRIAL RELATIONS

Re: 2022 STATE WAGE ORDER

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THE STAMP OF THE
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Introduction

1. In February 2022, the Western Australian Industrial Relations Commission (WAIRC) issued Application 1 of 2022 on 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.

Minister's Position

4. The Minister contends that Western Australian workers should enjoy a contemporary framework of wages and working conditions that protects and advances their interests and provides a strong safety net. At the same time any increase in minimum and award wages needs to be affordable for employers, and take account of the capacity of business to manage higher staffing costs.
5. In the 2021 State Wage Case, the WAIRC awarded a 2.5 per cent increase in minimum and award wages, effective from the first pay period on or after 1 July 2021. The Western Australian Government welcomed this decision at the time, which assisted many low paid workers to maintain their standard of living following a challenging 12 month period.
6. In recent months there has been considerable volatility in many of the key data sources that customarily feature in State Wage Case deliberations. While the pandemic has undoubtedly contributed to this volatility, other external factors have also played a part. In particular, the Russian invasion of Ukraine has had a significant impact on international fuel prices (and therefore inflation), while domestically, the weather-related closure of the east-west rail freight line earlier this year caused significant supply chain disruptions.
7. The Minister notes that inflation is currently elevated, both in Perth and at a national level, and this has garnered significant attention in recent weeks. Consumer Price Index (CPI) data and current inflationary pressures are discussed in further detail later in the submission.
8. Also of relevance to the current proceedings, on 3 May 2022 the Reserve Bank of Australia (RBA) lifted the official cash rate target by 25 basis points, from 0.1 per cent to 0.35 per cent. This is the first time in nearly 12 years the RBA has increased official interest rates and represents the start of a cycle of monetary policy tightening designed to ensure that underlying inflation in Australia returns to the RBA's target range over time.
9. The RBA has signalled that further interest rate rises are likely in the near term, which may impact on key economic variables in the months ahead, in particular the CPI. The RBA Board is next scheduled to meet on 7 June 2022.
10. The RBA has also indicated there is anecdotal evidence that wages growth is starting to pick up, with its business liaison suggesting that a number of private sector firms are paying higher wages to retain staff. While this has yet to officially show up in Australian Bureau of Statistics (ABS) wages data, key figures for the Wage Price Index (WPI) are due to be released on 18 May 2022.
11. The Minister also notes that the next monthly Labour Force report is set to be released on 19 May 2022, while more detailed Labour Force figures are set to be released on 26 May 2022.
12. Given the volatility in the prevailing economic climate, and the fact that further key sources of data are set to be released in coming weeks, the Minister has not recommended a specific position for minimum and award wage adjustments in this submission, but reserves the right to do so at a later stage of proceedings should this be deemed appropriate.

The Western Australian economy and labour market

Economic outlook

13. 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**.
14. Western Australia's economy continues to perform strongly and has proven to be particularly resilient in the face of the pandemic, notwithstanding a significant increase in the number of Western Australians contracting COVID since early 2022.
15. The State's economy, as measured by Gross State Product (GSP), is forecast to grow by 3.75 per cent in 2021-22 and by 2.0 per cent in 2022-23.¹ This is being underpinned by a very strong domestic economy, as measured by State Final Demand (SFD), which is forecast to grow by 5.25 per cent in 2021-22 - the highest rate of growth since 2012-13.² SFD is forecast to grow by 4.0 per cent in 2022-23, before growth moderates to 3.0 per cent and 2.25 per cent in 2023-24 and 2024-25 respectively.³
16. In line with national trends, labour market conditions in Western Australia have tightened significantly in recent months, with stronger than anticipated employment levels and a large decline in the unemployment rate. Job vacancies are also around the highest levels on record.
17. Reflecting stronger hiring conditions in the year to date, employment is now forecast to increase by 2.0 per cent in 2022-23 after 5.0 per cent growth in 2021-22, the strongest annual growth in over a decade.⁴ Despite persistently strong demand for labour, the availability of suitable workers is expected to moderate employment growth in the near term.
18. In line with stronger employment growth and a tight labour market, the unemployment rate is forecast to remain low, averaging 3.75 per cent in 2022-23 and for the remainder of the forecast period.⁵
19. Robust hiring conditions have seen more people join the workforce, with the participation rate exceeding pre-COVID rates. With higher employment and lower unemployment rate forecasts, the participation rate is expected to average 69.4 per cent in 2022-23 before moderating to 69.1 per cent in 2023-24.⁶
20. Further details regarding the Western Australian economy are provided in **Attachment A**.

¹ Department of Treasury (2022), *Western Australia State Budget, 2022-23*.

² Ibid.

³ Ibid.

⁴ Ibid.

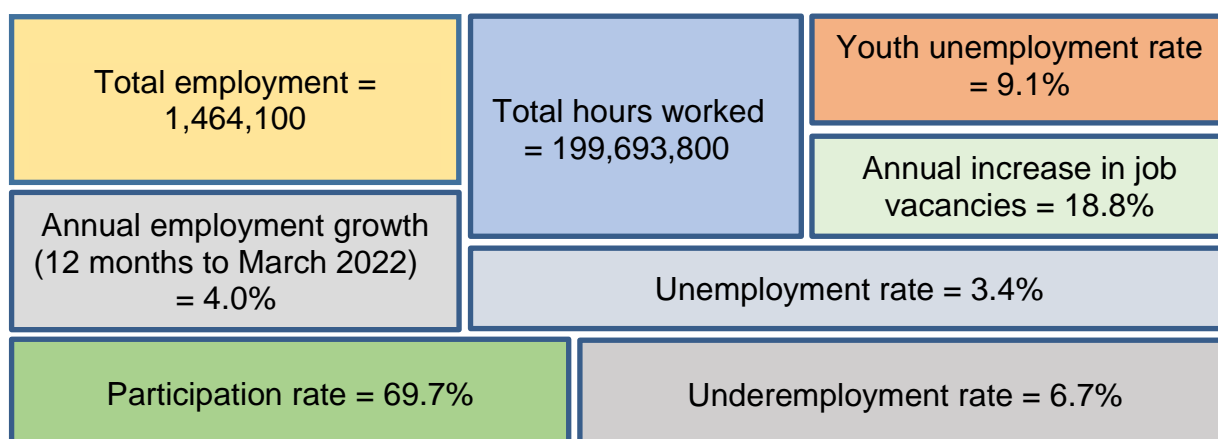
⁵ Ibid.

⁶ Ibid.

Labour market conditions in Western Australia

21. The following section presents a selection of labour market data detailing the State's performance over recent months. As most of the data indicates, Western Australia continues to experience tight labour market conditions, with total employment at record levels and the unemployment rate falling to 3.4 per cent in March 2022 - the equal lowest level since 2008.
22. Workforce participation has also continued to trend upwards, as more people have been encouraged to join the labour force. Western Australia's participation rate reached a new high of 70.0 per cent in February 2022, before moderating to 69.7 per cent the following month.
23. Western Australian internet job vacancies have risen steadily over recent months, and now sit well above the levels recorded prior to the onset of the Covid-19 pandemic.⁷ In March 2022, Western Australia recorded 31,700 internet job vacancies - an 18.8 per cent increase from a year earlier and 96.4 per cent higher than February 2020.

Western Australia's labour force at a glance⁸



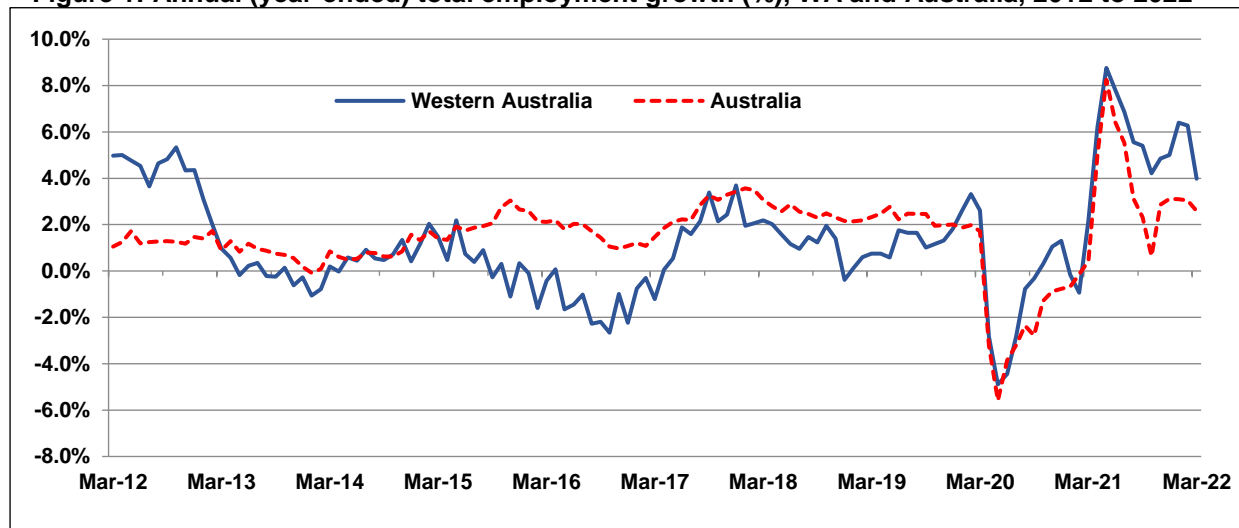
⁷ Australian Government National Skills Commission (2022), *Vacancy Report, March 2022*. Available at [Internet Vacancy Index | Labour Market Insights](#).

⁸ All figures relate to March 2022.

Employment and unemployment

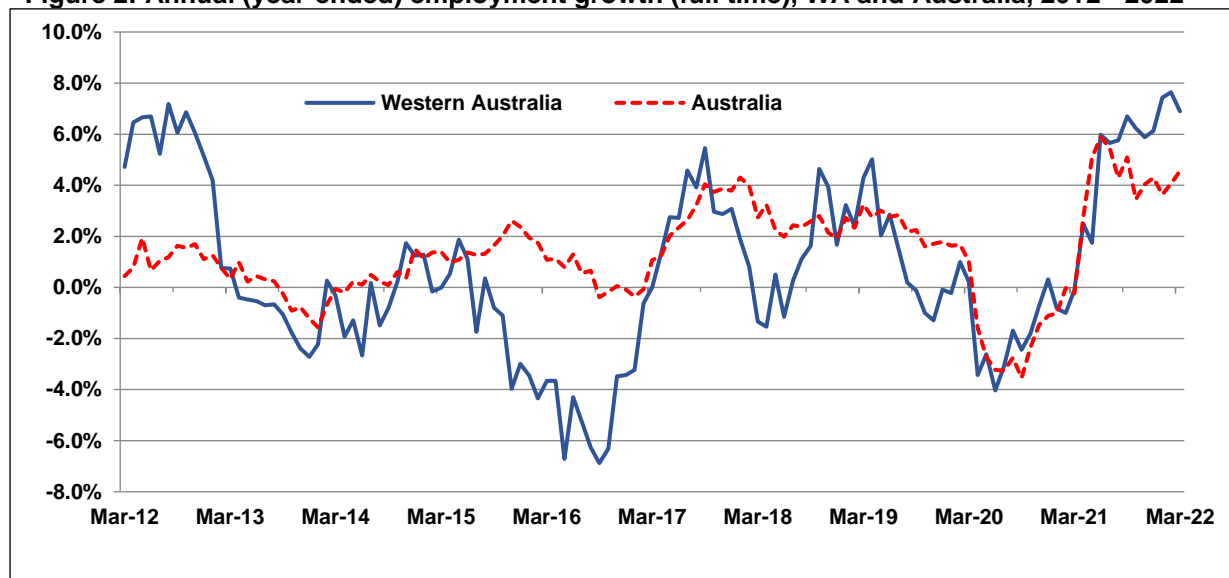
24. Total employment in Western Australia rose to 1,464,100 persons in March 2022, which is 5.8 per cent above its pre-COVID level in February 2020. Nationally, total employment rose to 13,389,900 in March 2022, an increase of 3.0 per cent from February 2020.
25. In year-ended terms, total employment in Western Australia increased by 4.0 per cent in the 12 months to March 2022. Nationally, total employment rose by 2.6 per cent over the same period.

Figure 1: Annual (year-ended) total employment growth (%), WA and Australia, 2012 to 2022⁹



26. As shown in Figure 2, there was robust growth in full time employment over the year to March 2022, both in Western Australia and nationally. Over this period, full time employment increased by 6.9 per cent in year-ended terms in Western Australia, while nationally the figure was 4.6 per cent.

Figure 2: Annual (year-ended) employment growth (full time), WA and Australia, 2012 - 2022¹⁰

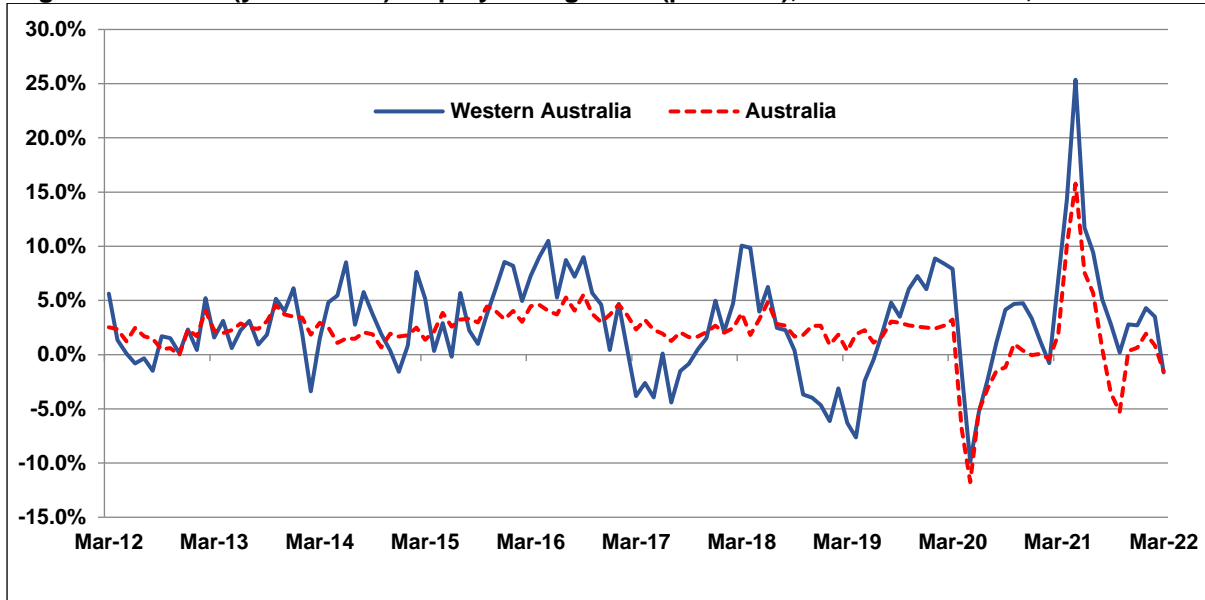


⁹ ABS (2022), *Labour Force, Australia, March 2022*, Catalogue 6202.0, Time series, Tables 1 & 8 (seasonally adjusted series).

¹⁰ Ibid.

27. Robust levels of growth in full time employment can be contrasted with part time employment growth over the last 12 months, which has declined marginally at the state and national level. In the year to March 2022, Western Australia recorded a 1.6 per cent decline in part time employment, while for Australia as a whole, part time employment declined by 1.5 per cent.

Figure 3: Annual (year-ended) employment growth (part time), WA and Australia, 2012 - 2022¹¹



28. ABS data regarding employment within Western Australia indicates that growth in most industries has increased since the start of the pandemic, with total employment rising by nearly 67,000 persons in the two years to February 2022. However, there were a few notable exceptions, including Electricity, gas, water and waste services; Wholesale trade; and Agriculture, forestry and fishing.

¹¹ ABS (2022), *Labour Force, Australia, March 2022*, Catalogue 6202.0, Time series, Tables 1 & 8 (seasonally adjusted series).

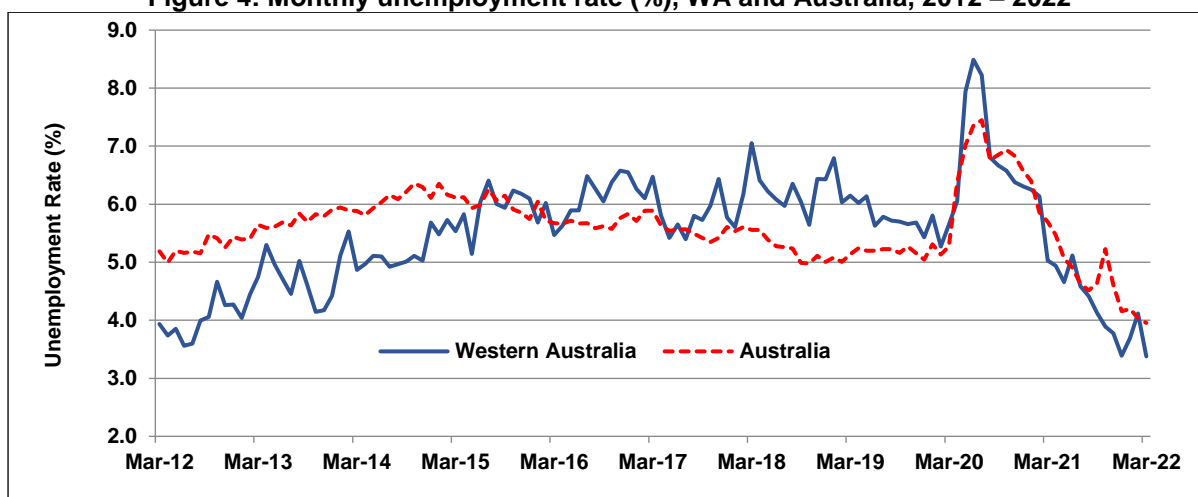
Table 1 – Employment by industry in WA (000s), February 2020 – February 2022¹²

TOTAL EMPLOYED ('000)	Feb-20	Feb-21	Feb-22	Employment growth 2020-22 (000s)	Employment growth 2020-22 (%)
Agriculture, forestry and fishing	35.0	34.7	31.3	-3,700	-10.6%
Mining	114.0	112.6	125.8	11,700	10.3%
Manufacturing	83.4	77.6	84.4	1,100	1.3%
Electricity, gas, water and waste services	20.2	25.4	16.3	-3,900	-19.5%
Construction	123.4	120.5	127.9	4,600	3.7%
Wholesale trade	42.1	40.4	35.3	-6,800	-16.2%
Retail trade	128.6	116.3	137.2	8,600	6.7%
Accommodation and food services	86.6	84.2	90.7	4,100	4.8%
Transport, postal and warehousing	68.0	61.0	71.2	3,200	4.7%
Information media and telecommunications	12.6	12.3	12.1	-500	-4.0%
Financial and insurance services	30.2	29.9	32.2	2,000	6.5%
Rental, hiring and real estate services	24.2	25.5	22.2	-1,900	-8.1%
Professional, scientific and technical services	111.1	106.8	109.2	-1,900	-1.7%
Administrative and support services	41.8	40.9	44.5	2,700	6.4%
Public administration and safety	88.0	91.2	96.7	8,700	9.8%
Education and training	112.4	109.7	118.2	5,800	5.2%
Health care and social assistance	164.9	180.6	191.5	26,700	16.2%
Arts and recreation services	24.5	20.5	25.6	1,000	4.2%
Other services	56.1	58.4	61.5	5,300	9.5%
Total	1366.9	1348.3	1433.7	66,800	4.9%

29. Western Australia's headline unemployment rate continued to decline in the year to March 2022, reflecting tight labour market conditions. The seasonally adjusted monthly unemployment rate has averaged 3.9 per cent in 2021-22 to date and stood at 3.4 per cent in March 2022 and December 2021 – the lowest level in 13 years.

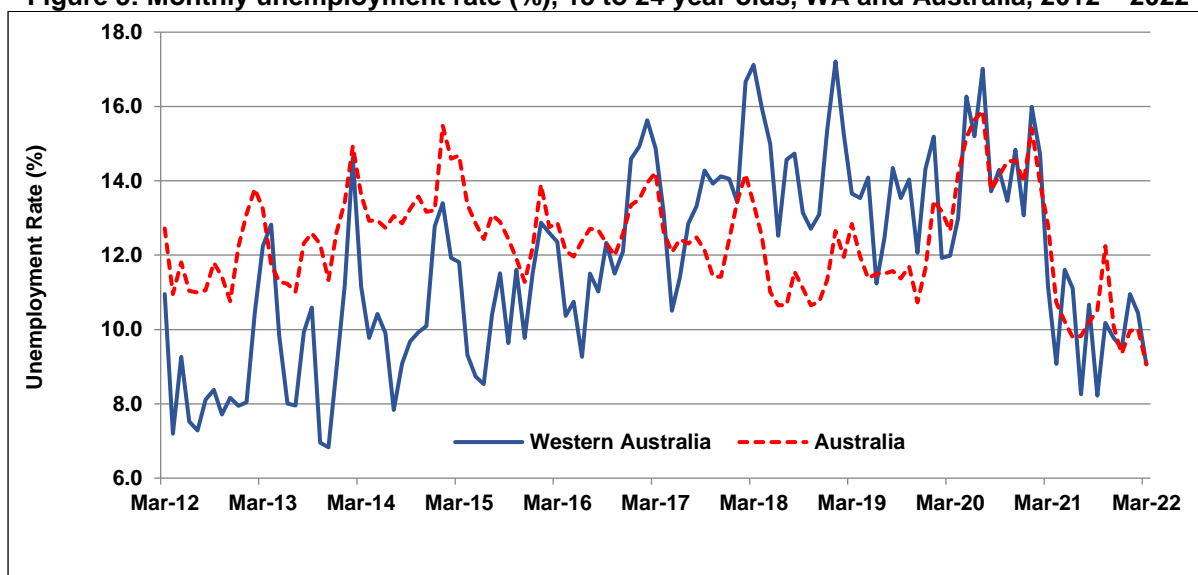
¹² ABS (2022), *Labour Force, Australia, Detailed, February 2022*, Catalogue 6291.0.55.003, Table 5 (original data). Note: Industry employment data is only released four times per year and is not seasonally adjusted. Figures displayed here are an average of the four quarters in the year to February 2020, 2021 and 2022 respectively.

Figure 4: Monthly unemployment rate (%), WA and Australia, 2012 – 2022¹³



30. Youth unemployment in Western Australia has declined significantly since mid-2020, in line with a reduction in overall unemployment. Nationally, youth unemployment has also declined in recent months. The youth unemployment rate was 9.1 per cent in March 2022 for both Western Australia and Australia.

Figure 5: Monthly unemployment rate (%), 15 to 24 year olds, WA and Australia, 2012 – 2022¹⁴



Underemployment

31. The underemployment rate in Western Australia has declined significantly since mid-2020, and stood at 6.7 per cent in March 2022.¹⁵ Nationally, the underemployment rate fell to 6.3 per cent in March 2022 - the lowest since November 2008.

¹³ ABS (2022), *Labour Force, Australia, March 2022*, Catalogue 6202.0, Time Series, Table 1 & 8 (seasonally adjusted series).

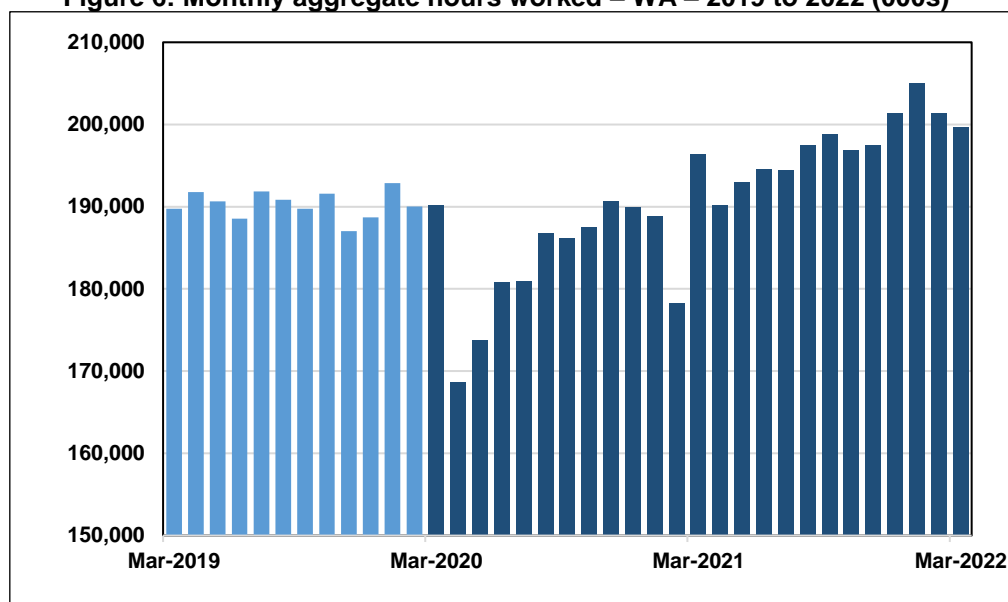
¹⁴ ABS (2022), *Labour Force, Australia, March 2022*, Catalogue 6202.0, Time Series, Table 16 (original data).

¹⁵ ABS (2022), *Labour Force, Australia, March 2022*, Catalogue 6202.0, Time Series, Table 23 (seasonally adjusted series). 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.

Hours worked

32. Despite a rise in total employment, aggregate hours worked in Western Australia fell by 0.9 per cent in March 2022, following a 1.8 per cent fall in February. There were 60 per cent more people in Western Australia working reduced hours due to illness in March 2022 than the average in March over the last five years, reflecting the increase in COVID case numbers in the State.
33. Average hours worked in Western Australia fell to 136.4 hours per month in March 2022 - the lowest since the brief lockdown in February 2021 coincided with part of the ABS Labour Force survey. Despite the monthly fall, average hours worked in Western Australia remained the equal highest of all States (with Victoria).
34. Aggregate hours worked in Western Australia remain 5.1 per cent above pre-COVID levels (in February 2020), the strongest recovery of all States.

Figure 6: Monthly aggregate hours worked – WA – 2019 to 2022 (000s)¹⁶



Inflation

35. Perth's CPI grew by 3.3 per cent in the March quarter 2022, and by 5.2 per cent in annual average terms.¹⁷ This was the strongest annual average increase since 2000-01. In year ended (headline) terms, Perth's CPI increased by 7.6 per cent in the year to March 2022, the highest rate of growth since the June quarter 1990.¹⁸
36. Perth CPI, excluding the electricity sub-index, increased by 3.4 per cent in the March quarter 2022, and by 4.4 per cent in annual average terms. The electricity sub-index contributed 0.83 percentage points to headline growth in annual average terms.¹⁹

¹⁶ ABS (2022), *Labour Force, Australia, March 2022*, Catalogue 6202.0, Time Series, Table 19.

¹⁷ ABS (2022), *Consumer Price Index, March 2022*, Catalogue 6401.0.

¹⁸ Ibid.

¹⁹ Ibid.

37. As in 2021, electricity has been removed from forecasts of the Perth CPI in the recent and the current Budgets as the Western Australian Government's \$600 Household Electricity Credit from 1 November 2020 is particularly distortionary because of the way it is treated by the ABS. It is treated as a reduction in electricity costs borne by the consumer. This has the effect of reducing CPI inflation in 2020-21 and boosting inflation once the Household Electricity Credit is used (i.e. in 2021-22). This creates volatility in the Perth's headline CPI that does not represent broader price trends.
38. The largest contributors to the Perth CPI in the March quarter 2022 (in quarterly and annual average terms) were 'new dwelling purchases', 'automotive fuel' and 'food and non-alcoholic beverages'.
39. Nationally, CPI rose by 2.1 per cent in the March quarter 2022 and by 3.9 per cent in annual average terms. In year ended (headline) terms, national CPI increased by 5.1 per cent.²⁰
40. The Perth CPI is currently growing at its fastest pace in over two decades. This is due to a variety of factors that have recently increased price pressures, including:
- strong growth in automotive fuel prices (reflecting strong economic recoveries in developed economies while global supply remains constrained);
 - global supply chain disruptions due to COVID restrictions;
 - the impact of Omicron on workplace absenteeism in New South Wales and Victoria (which are key sources of supply for Western Australia);
 - supply disruptions from the weather-related closure of the east-west rail freight line for 24 days in late January to mid-February; and
 - the Russian invasion of Ukraine that commenced in late February 2022, which exacerbated global supply chain issues and pushed oil-prices up further.
41. Notwithstanding the current high rate of inflation, the pace of Perth CPI growth is expected to ease in 2022-23, as many of the temporary price pressures are unwound. Of particular note:
- oil prices are expected to continue declining from a peak reached after the Russian invasion of Ukraine;
 - supply chain disruptions are expected to ease as COVID-19 restrictions are further unwound (container freight costs, which are a major factor in the price of traded goods, have eased from their recent peaks);
 - Omicron case numbers (and associated workplace absenteeism) in New South Wales and Victoria have moderated from their peaks in January 2022; and
 - the east-west rail network has been repaired and inventories of goods are being restocked.

²⁰ ABS (2022), *Consumer Price Index, March 2022*, Catalogue 6401.0. National CPI figures refer to the weighted average of the eight capital cities.

42. While the headline rate of inflation is currently elevated, the Minister submits it is appropriate for the WAIRC to take a holistic view of the CPI and to look beyond just the short-term pressures that have contributed to the current lift in consumer prices.
43. Current rates of inflation are the product of several unique contributing factors. Price pressures are expected to moderate with the passing of temporary impacts on local supply chains and the easing of other global pressure. Reflecting this expectation, the 2022-23 Budget forecasts that the Perth CPI will grow by 2.75 per cent in 2022-23 in annual average terms – a significant reduction on the current figure.
44. Further information on an experimental measure of inflation for low paid employee households that has been prepared for the national Annual Wage Review is discussed later in this submission.

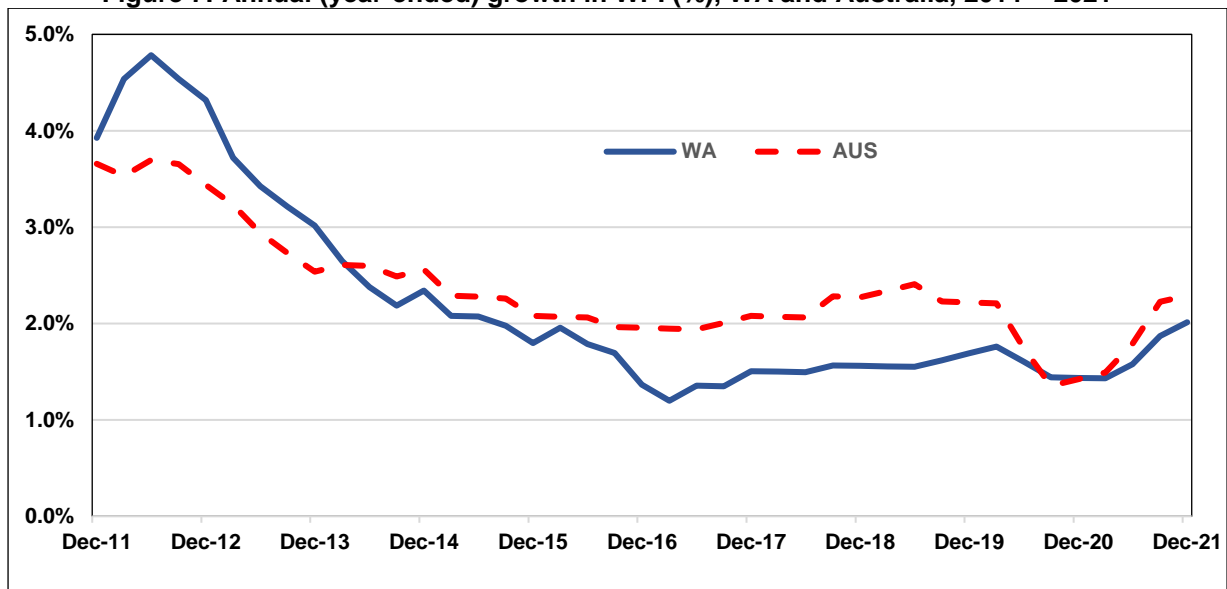
Trends in wages

45. While a diminished pool of available labour and elevated levels of job vacancies have led to the tightest labour market conditions in many years, this has yet to be materially reflected in wages growth. Western Australia's Wage Price Index (WPI) grew by an annual average rate of just 1.7 per cent in 2021, and 2.0 per cent in year-ended terms.
46. As recently noted by the RBA, a tighter labour market is expected to place upward pressure on wages in the near term. There are recent signs that aggregate wages growth is starting to pick up in Western Australia, with the State's WPI rising by 0.8 per cent and 0.5 per cent in the September and December quarters of 2021 respectively.²¹
47. Growth in the WPI at the national level has also been subdued in recent years, with annual average growth in the national WPI standing at 2.0 per cent in the December quarter 2021, up marginally from 1.7 per cent a year earlier. In year-ended terms, the national WPI was 2.3 per cent in the 2021 calendar year.²² However, as with Western Australia, there are signs that wages growth is starting to pick up nationally, with Australia's WPI increasing by 0.9 per cent and 0.6 per cent respectively in the September and December quarters of 2021.

²¹ ABS (2022), *Wage Price Index, Australia, December 2021*, Catalogue 6345.0. Data represents total hourly rates of pay excluding bonuses, public and private sectors combined.

²² Ibid, Time Series, Table 1.

Figure 7: Annual (year-ended) growth in WPI (%), WA and Australia, 2011 – 2021²³



48. 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.
49. 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.
50. The latest figures indicate that full time Average Weekly Ordinary Time Earnings (AWOTE) in Western Australia rose by 3.0 per cent in the 12 months to November 2021, from \$1,840.50 to \$1895.80.²⁴
51. Across the whole workforce, average weekly total earnings (AWE) in Western Australia increased by 5.2 per cent in the year to November 2021, rising from \$1,362.20 to \$1,432.90.²⁵

²³ ABS (2022), *Wage Price Index, Australia, December 2021*, Catalogue 6345.0, Time Series, Tables 1 and 2b (year-ended growth).

²⁴ ABS (2022), *Average Weekly Earnings, Australia, November 2021*, Catalogue 6302.0, Time Series, Table 12E (seasonally adjusted data).

²⁵ Ibid.

Equal remuneration

52. 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.
53. The ongoing disparity in earnings between genders is also 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.²⁶
54. The most recent AWOTE data indicates that the gap between male and female earnings in Western Australia narrowed in the 12 months to November 2021, as female earnings grew at a faster rate than male earnings.
55. As indicated in Table 2 below, the gender pay gap in Western Australia declined from 22.9 per cent to 21.2 per cent between November 2020 and November 2021. Nationally, the gender pay gap increased marginally over the same period, from 13.4 per cent to 13.8 per cent.

Table 2: Average weekly ordinary time earnings and the gender pay gap (GPG), WA and Australia, November 2020 and November 2021²⁷

		Nov 2020	Nov 2021	Change over year
WA	Males	\$1,995.60	\$2,045.90	2.5%
	Females	\$1,539.30	\$1,611.60	4.7%
	GPG	22.9%	21.2%	- 1.7 percentage points
Australia	Males	\$1,804.20	\$1,846.50	2.3%
	Females	\$1,562.00	\$1,591.20	1.9%
	GPG	13.4%	13.8%	+ 0.4 percentage points

56. As illustrated in the below table, Western Australia still has the largest gender pay gap in the country, as measured by AWOTE.

Table 3: Gender Pay Gap by State / Territory, November 2021²⁸

State / Territory	Male AWOTE	Female AWOTE	Gender Pay Gap
NSW	\$1,848.10	\$1,627.20	12.0%
VIC	\$1,862.10	\$1,596.60	14.3%
QLD	\$1,775.60	\$1,498.50	15.6%
SA	\$1,631.40	\$1,510.30	7.4%
WA	\$2,045.90	\$1,611.60	21.2%
TAS	\$1,596.30	\$1,450.60	9.1%
NT	\$1,795.00	\$1,576.10	12.2%
ACT	\$2,052.90	\$1,890.10	7.9%
AUS	\$1,846.50	\$1,591.20	13.8%

²⁶ Section 50A(3)(a) of the IR Act.

²⁷ ABS (2022), *Average Weekly Earnings, Australia, November 2021*, Catalogue 6302.0, Time Series, Table 2 and 12E (seasonally adjusted data).

²⁸ ABS (2022), *Average Weekly Earnings, Australia, November 2021*, Catalogue 6302.0, Time Series, Tables 2 and 12A-12H (seasonally adjusted data).

57. Women continue to be more reliant on award rates of pay than men, particularly those working in skilled occupations. While the causes of the gender pay gap are complex, fair and equitable adjustments to minimum pay rates can play a role in helping to reduce gender pay inequality.

Operating conditions for Western Australian businesses

Gross Operating Surplus plus gross mixed income

58. 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.
59. 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 2020-21 financial year.
60. Figures produced by the ABS indicate that Gross Operating Surplus (GOS) plus Gross Mixed Income (GMI) increased across most industries over the course of the 2020-21 financial year. 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.
61. As illustrated in Table 4, a number of industries recorded a significant rise in GOS plus GMI, led by the Mining industry (up 34.2 per cent), which recorded the strongest growth for the fourth year in a row.²⁹ This was closely followed by Agriculture, forestry and fishing (up 32.5 per cent), which rebounded strongly from 2019-20 due to more favourable weather conditions.³⁰
62. Across all industries, GOS plus GMI increased by 23.9 per cent in 2020-21.³¹

²⁹ ABS (2021), *Australian National Accounts: State Accounts, 2020-21*, Catalogue 5220.0, Time Series, Table 6 (original data).

³⁰ Ibid.

³¹ Ibid.

Table 4: Gross Operating Surplus (GOS) and Gross Mixed Income (GMI) by industry, WA, current prices, 2020 and 2021³²

Industry	GOS + GMI June 2020 (\$m)	GOS + GMI June 2021 (\$m)	Annual Increase (\$m)	Annual Increase (%)
Agriculture, forestry and fishing	4,053	5,369	1,316	32.5%
Mining	112,171	150,559	38,388	34.2%
Manufacturing	6,334	6,639	305	4.8%
Electricity, gas, water and waste services	2,970	2,683	-287	-9.7%
Construction	5,723	6,136	413	7.2%
Wholesale trade	2,828	3,624	796	28.1%
Retail trade	3,041	3,884	843	27.7%
Accommodation and food services	1,619	1,763	144	8.9%
Transport, postal and warehousing	4,869	4,896	27	0.6%
Information media and telecommunications	1,745	1,956	211	12.1%
Financial and insurance services	7,135	7,248	113	1.6%
Rental, hiring and real estate services	2,797	3,196	399	14.3%
Professional, scientific and technical services	3,943	4,317	374	9.5%
Administrative and support services	1,052	1,100	48	4.6%
Public administration and safety	1,871	1,908	37	2.0%
Education and training	1,464	1,395	-69	-4.7%
Health care and social assistance	2,279	2,459	180	7.9%
Arts and recreation services	511	503	-8	-1.6%
Other services	1,677	1,823	146	8.7%
Total all industries	183,147	226,889	43,742	23.9%

³² ABS (2021), *Australian National Accounts: State Accounts, 2020-21*, Catalogue 5220.0, Time Series, Table 6 (original data).

Coverage of the State Wage Order

63. The most recent 'Employee Earnings and Hours' (EEH) data from 2021 indicates award reliance continues to increase in Western Australia, albeit it remains at lower levels than for Australia as a whole.³³
64. Award reliance in Western Australia increased from 15.0 per cent in May 2018 to 19.6 per cent in May 2021.³⁴ This equates to approximately 234,000 employees being paid entirely in accordance with a State or national award in 2021.
65. Nationally, award reliance also rose between 2018 and 2021, increasing from 22.5 per cent to 24.7 per cent of non-managerial employees.³⁵ As at May 2021, approximately 2.66 million Australian employees were paid entirely in accordance with an award.

Figure 8: Method of setting pay - WA - May 2021³⁶

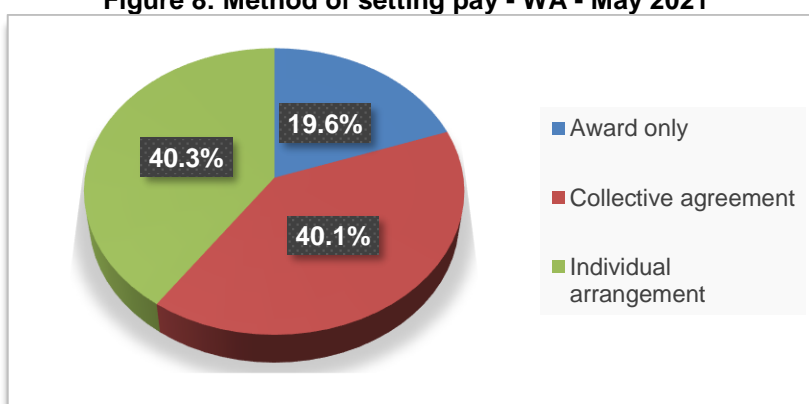
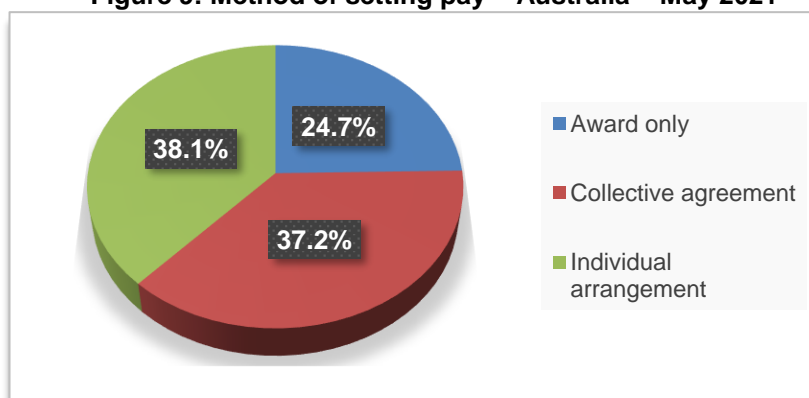


Figure 9: Method of setting pay – Australia – May 2021³⁷



³³ ABS (2022), *Employee Earnings and Hours, Australia, May 2021*, Catalogue 6306.0.

³⁴ ABS (2022), *Employee, Earnings and Hours, Australia, May 2021*, Catalogue 6306.0 and ABS (2019), *Employee Earnings and Hours, Australia, May 2018*, Catalogue 6306.0.

³⁵ Ibid.

³⁶ ABS (2022), *Employee Earnings and Hours, Australia, May 2021*, Catalogue 6306.0.

³⁷ Ibid.

66. Table 5 illustrates proportions of employment by industry in both Western Australia and Australia, and shows that those industries known to have a high degree of award reliance (such as Accommodation and food services; Retail trade; and Health and community services) make up a sizable portion of the State's workforce.

Table 5: Employment and award reliance by industry - WA and Australia, February 2022

Industry	WA: Proportion of Workforce ³⁸	Australia: Proportion of Workforce ³⁸	Australia: Proportion of employees paid by award ³⁹
Accommodation and Food Services	6.4%	6.6%	63.0%
Administrative and Support Services	3.1%	3.1%	44.9%
Other Services	4.2%	3.9%	42.1%
Health Care and Social Assistance	13.4%	15.1%	34.3%
Retail Trade	10.3%	9.6%	30.8%
Arts and Recreation Services	1.7%	1.7%	28.3%
Rental, Hiring and Real Estate Services	1.6%	1.7%	25.3%
Manufacturing	5.1%	6.3%	21.1%
Construction	8.9%	8.6%	15.8%
Transport, Postal and Warehousing	5.2%	5.1%	14.0%
Public Administration and Safety	6.6%	6.7%	13.5%
Wholesale Trade	2.4%	2.4%	11.1%
Information Media and Telecommunications	1.2%	1.6%	8.0%
Education and Training	7.4%	8.3%	8.0%
Professional, Scientific and Technical Services	7.8%	9.5%	6.6%
Electricity, Gas, Water and Waste Services	1.1%	1.3%	6.1%
Financial and Insurance Services	2.5%	4.2%	5.5%
Mining	9.0%	2.1%	1.1%
Agriculture, Forestry and Fishing	2.2%	2.2%	N/A [†]
All industries	100.0%	100.0%	24.7%

[†] 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.

67. 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.
68. 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. The reach of the State Wage Case is therefore likely to extend beyond just those employees paid entirely in accordance with a State award.
69. The Department of Mines, Industry Regulation and Safety (DMIRS) has analysed the top 10 mostly frequently accessed WA Award Summaries for private sector awards on its website, which are outlined in Table 6 below.

³⁸ ABS (2022), *Labour Force, Australia, Detailed, February 2022*, Catalogue 6291.0.55.001 (original data). The share of the Western Australian workforce employed in most industries is lower than it is at the national level due to the significance of the Mining industry in the State.

³⁹ ABS (2022), *Employee Earnings and Hours, Australia, May 2021*, Catalogue 6306.0.

Table 6 – Top 10 most frequently accessed award summaries prepared by Wageline⁴⁰

Rank	Award
1	Restaurant, Tearoom and Catering Workers' Award
2	Shop and Warehouse (Wholesale and Retail Establishments) State Award 1977
3	Clerks (Commercial, Social and Professional Services) Award No. 14 of 1972
4	Building Trades (Construction) Award 1987
5	Hairdressers Award 1989
6	Social and Community Services (Western Australia) Interim Award 2011
7	Metal Trades (General) Award
8	Farm Employees' Award 1985
9	Cleaners and Caretakers Award, 1969
10	Transport Workers (General) Award No. 10 of 1961

70. Table 7 outlines the top 10 private sector awards that are discussed with employers and employees who contact the Wageline call centre.

Table 7 – Top 10 most frequently discussed awards in calls to Wageline⁴¹

Rank	Award
1	Building Trades (Construction) Award 1987
2	Restaurant, Tearoom and Catering Workers' Award
3	Hairdressers Award 1989
4	Shop and Warehouse (Wholesale and Retail Establishments) State Award 1977
5	Metal Trades (General) Award
6	Clerks (Commercial, Social and Professional Services) Award No. 14 of 1972
7	Contract Cleaners Award, 1986
8	Farm Employees' Award 1985
9	Cleaners and Caretakers Award, 1969
10	Transport Workers (General) Award No. 10 of 1961

71. The above tables indicate that State awards in the hospitality, retail, building trades, hairdressing, metal trades, social and community services, 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.

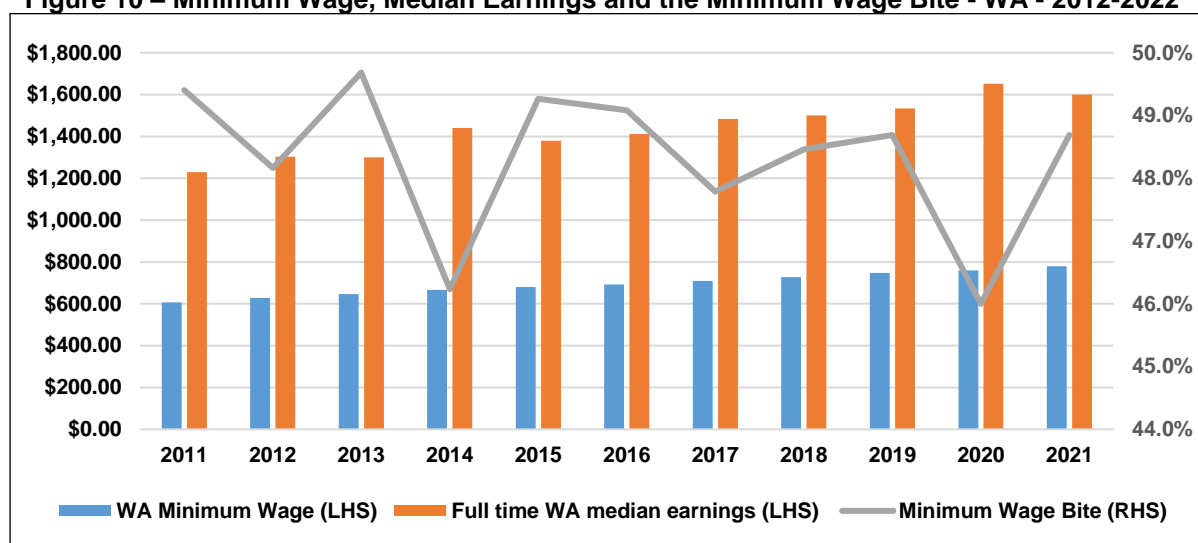
⁴⁰ Refers to the award summaries produced by Wageline that were the most frequently viewed between 1 July 2021 and 20 April 2022. It should be noted information produced by Wageline for award free employees is generally downloaded more than any individual award summary.

⁴¹ Refers to the top 10 awards that Wageline advised on between 1 July 2021 and 20 April 2022. There were also a significant number of calls concerning information for award free employees.

Fairness, living standards and the needs of the low paid

72. The Minister notes the pivotal 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.
73. The Minister submits that in meeting the objectives of the IR Act, the WAIRC should take a balanced approach to its statutory functions, so that economic, social and industrial criteria are all given appropriate consideration.
74. The most recent EEH data from 2021 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.⁴²
75. Many low paid workers are solely dependent on increases awarded in the State Wage Case to meet their everyday living costs. This includes those employees who are not presently covered by an award and who are paid in accordance with the statutory minimum rates of pay provided for under the MCE Act.
76. The Minister notes that there are 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. Employees who are award free have significantly fewer protections than those who are covered by an award, and many award free employees are reliant on adjustments to the statutory minimum pay rates.
77. As at August 2021, the State Minimum Wage equated to 48.7 per cent of median earnings for full time Western Australian workers (excluding casuals).⁴³ While the Minimum Wage Bite has remained relatively steady in recent years, employees receiving the State Minimum Wage are unquestionably low paid. By granting a fair and considered wage increase, the WAIRC can help to alleviate the financial disadvantage these workers face.

Figure 10 – Minimum Wage, Median Earnings and the Minimum Wage Bite - WA - 2012-2022



⁴² ABS (2022 *Employee Earnings and Hours, Australia, May 2021*, Catalogue. No. 6306.0, Datacube 5, Table 5.

⁴³ ABS (2021) *Employee Earnings*, August 2021, Catalogue 6337.0.

Protecting employees who are unable to bargain

78. 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.
79. 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;
 - community, health and disability support organisations;
 - local government authorities;
 - registered political parties;
 - security services; and
 - unions / labour organisations.
80. 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 equitable increase in minimum and award wages will help to protect such employees.

Skills development

81. 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 2021 and previous years, including information on the proportion of each type of training arrangement undertaken by employees over the age of 21. Data on the total number of apprentices and trainees in training is also presented.⁴⁴
82. This data has been supplied by the Department of Training and Workforce Development, and is included to provide guidance on longer-term trends in the take up of apprenticeships and traineeships in Western Australia.
83. 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**.

Apprenticeship data

84. As shown in Table 8 below, apprenticeship commencements increased significantly in 2021, rising from 8,652 to 12,352. This is the fifth straight year in which apprenticeship commencements have increased, and follows a significant investment by the Western Australian Government in recent years to incentivise vocational education and training.

Table 8: Apprenticeships commenced in WA, 2011 to 2021⁴⁵

Year	Under 21 years	21 years & over	Total	% 21 years & over
2011	2,925	6,907	9,832	70.3%
2012	3,220	6,456	9,676	66.7%
2013	2,784	5,928	8,712	68.0%
2014	2,946	5,759	8,705	66.2%
2015	2,711	5,176	7,887	65.6%
2016	2,313	4,111	6,424	64.0%
2017	2,381	4,057	6,438	63.0%
2018	2,645	4,204	6,849	61.4%
2019	2,811	4,264	7,075	60.3%
2020	3,610	5,042	8,652	58.3%
2021	5,778	6,574	12,352	53.2%

85. After falling to a low of 6,424 in 2016, apprenticeship commencements have increased dramatically in recent years, almost doubling in the last four years alone.

⁴⁴ 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.

⁴⁵ Department of Training and Workforce Development, 22 March 2022.

86. As can be seen in Table 9, apprenticeship commencements have increased notably in a number of sectors, including Automotive trades; Building and Construction; Electrical trades; and Metals, Manufacturing and Services. The increase in commencements for Automotive trades has been particularly strong, with commencements increasing by 176 per cent since 2016.

Table 9 – Apprenticeship commencements by trade category⁴⁶

Contract type / trade category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Arts, Sport & Recreation	5	5	5		5	2	3	2	1	2	3
Automotive	1,655	1,797	1,451	1,225	1,048	1,026	1,253	1,539	1,744	2,042	2,899
Building & Construction	1,978	1,760	2,130	2,635	2,330	1,499	1,275	1,141	1,152	1,579	2,662
Community Services, Health & Education	19	15	10	8	6	10	11	16	7	17	29
Electrical	1,651	1,642	1,453	1,537	1,493	1,116	1,157	1,199	1,241	1,503	2,163
Food	361	351	261	212	217	206	203	181	167	186	240
Hospitality & Tourism	588	596	590	492	428	481	370	390	362	360	540
Light Manufacturing	373	310	319	317	319	242	202	195	197	277	316
Metals, Manufacturing & Services	2,253	2,220	1,570	1,390	1,231	1,071	1,275	1,438	1,417	1,719	2,256
Primary Industry	57	123	122	79	78	73	74	53	60	101	111
Process Manufacturing	10		1			17	6	11	37	32	28
Utilities, Electrotechnology & Printing	86	151	100	153	108	93	77	122	177	157	230
Wholesale, Retail & Personal Services	796	706	700	657	624	588	532	562	513	677	875
Total	9,832	9,676	8,712	8,705	7,887	6,424	6,438	6,849	7,075	8,652	12,352

Traineeship data

87. As outlined in Tables 10 and 11 below, traineeship commencements declined every year from 2012 to 2019, falling from 26,175 to 10,945. However, this trend has reversed substantially in the last two years, with the State recording a significant increase in commencements in 2020 and 2021, including 5,000 more commencements in 2021 alone.
88. In 2021, traineeship commencements increased noticeably in Community Services, Health and Education; Finance, Property and Business Services; Hospitality and Tourism; Mining; Transport and Storage; and Wholesale, Retail and Personal Services.

⁴⁶ Department of Training and Workforce Development, 22 March 2022.

Table 10: Traineeships commenced in WA, 2011 to 2021⁴⁷

Year	Under 21 years	21 years & over	Total	% 21 years & over
2011	13,524	6,221	19,745	31.5%
2012	19,419	6,756	26,175	25.8%
2013	17,701	5,064	22,765	22.2%
2014	15,630	5,146	20,776	24.8%
2015	15,124	4,313	19,437	22.2%
2016	10,920	4,165	15,085	27.6%
2017	10,244	4,444	14,688	30.3%
2018	7,186	4,307	11,493	37.5%
2019	6,969	3,976	10,945	36.3%
2020	8,543	4,303	12,846	33.5%
2021	11,849	6,041	17,890	33.8%

Table 11 – Traineeship commencements by trade category⁴⁸

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Arts, Sport & Recreation	230	355	274	351	252	268	323	302	320	310	376
Automotive	303	317	270	185	143	136	135	122	124	174	244
Building & Construction	544	707	614	613	744	405	559	421	387	565	582
Community Services, Health & Education	2,523	2,834	2,608	2,471	1,776	1,337	1,239	1,150	1,464	1,885	2,729
Electrical									1	1	3
Finance, Property & Business Services	4,354	6,716	4,863	5,110	4,608	3,800	3,290	1,933	2,391	2,768	3,958
Food	495	578	397	352	295	227	219	223	191	386	201
Hospitality & Tourism	1,514	2,652	2,866	2,876	2,836	2,560	2,241	1,971	1,386	1,117	2,122
Light Manufacturing	110	146	74	71	52	77	41	51	27	33	45
Metals, Manufacturing & Services	297	211	133	319	259	105	127	176	124	322	273
Mining Industry	1,470	1,400	1,396	1,382	1,550	1,327	1,885	2,087	1,961	2,095	2,745
Primary Industry	682	780	806	632	500	440	409	471	347	411	516
Process Manufacturing	1,689	2,723	3,611	2,204	2,529	958	1,111	344	353	394	369
Public Administration	104	359	336	266	218	213	199	153	165	167	212
Transport & Storage	2,361	2,865	2,079	1,638	1,480	1,350	1,111	763	505	533	1,236
Utilities, Electrotechnology & Printing	344	853	712	652	536	429	395	172	125	323	386
Wholesale, Retail & Personal Services	2,721	2,678	1,726	1,654	1,657	1,453	1,404	1,154	1,074	1,362	1,893
Other	4	1			2						
Total	19,745	26,175	22,765	20,776	19,437	15,085	14,688	11,493	10,945	12,846	17,890

⁴⁷ Department of Training and Workforce Development, 22 March 2022.

⁴⁸ Ibid.

Total numbers in training

Apprentices

89. The total number of apprentices in training increased by 21 per cent between 2020 and 2021, from 18,258 to 22,084. This is the fourth year in a row that total apprenticeship numbers have risen in Western Australia, with growth driven by increases in Automotive trades; Building and Construction; Electrical trades; and Metals, Manufacturing and Services.

Trainees

90. The total number of trainees in training also rose considerably between 2020 and 2021, from 14,123 to 18,262. Notable increases were recorded in Community Services, Health and Education; Finance, Property & Business Services; Hospitality and Tourism; Transport and Storage; and Wholesale, Retail & Personal Services.

Apprentices and trainees

91. Across Western Australia, the total number of people in training (apprentices and trainees) rose by 24.6 per cent between 2020 and 2021, from 32,381 to 40,346. This represents a significant increase in training numbers, which are now at similar levels as during the last mining resources boom.

Table 12 - Apprentices and trainees in training by trade category⁴⁹

Contract type / Trade category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Apprenticeships	18,558	19,070	18,272	17,862	17,320	15,697	15,080	15,220	15,697	18,258	22,084
Arts, Sport & Recreation	9	12	5	1	6	6	8	6	6	4	5
Automotive	3,162	3,471	3,317	3,044	2,665	2,462	2,702	3,172	3,751	4,528	5,841
Building & Construction	3,834	3,511	3,465	4,018	4,379	3,797	3,299	2,884	2,623	3,014	4,081
Community Services, Health & Education	49	40	30	25	21	21	22	27	28	37	47
Electrical	3,822	4,074	4,121	4,113	4,089	3,649	3,453	3,283	3,233	3,631	4,361
Food	536	548	427	371	358	389	391	367	298	356	406
Hospitality & Tourism	671	673	665	614	600	666	619	608	561	609	714
Light Manufacturing	691	621	562	572	587	533	487	457	401	499	574
Metals, Manufacturing & Services	4,336	4,655	4,192	3,657	3,168	2,785	2,856	3,167	3,436	3,973	4,559
Primary Industry	155	203	218	207	176	164	151	140	130	174	202
Process Manufacturing	19	4	2			16	22	33	67	71	68
Utilities, Electrotechnology & Printing	91	212	273	307	294	258	181	199	305	358	423
Wholesale, Retail & Personal Services	1,183	1,046	995	933	977	951	889	877	858	1,004	1,163
Traineeships	19,193	23,600	23,044	22,494	21,978	19,044	17,004	13,565	11,560	14,123	18,262
Arts, Sport & Recreation	214	197	168	143	90	87	111	93	86	75	124
Automotive	248	219	232	219	193	107	126	102	120	178	201
Building & Construction	558	629	562	692	855	657	631	499	454	659	684
Community Services, Health & Education	2,289	2,548	2,587	2,494	2,307	1,761	1,500	1,308	1,516	2,239	3,078
Electrical									1	1	3
Finance, Property & Business Services	3,345	5,669	5,022	5,280	5,350	4,699	4,290	2,506	2,118	2,848	3,982
Food	495	570	476	355	329	288	217	227	206	411	361
Hospitality & Tourism	1,281	2,177	2,739	2,490	2,571	2,704	2,336	2,147	1,476	1,228	1,873
Light Manufacturing	197	132	87	54	54	71	56	59	41	38	38
Metals, Manufacturing & Services	322	223	108	278	301	183	133	190	155	334	301
Mining Industry	1,840	1,477	1,224	1,486	1,638	1,604	2,036	2,329	2,297	2,356	2,627
Other	4	4	2		2						
Primary Industry	506	569	566	434	395	349	327	395	334	415	530
Process Manufacturing	2,298	2,857	3,913	3,834	3,378	2,245	1,439	918	558	661	676
Public Administration	290	405	334	319	195	215	165	113	133	143	172
Transport & Storage	2,902	3,258	2,916	2,370	2,228	2,260	2,007	1,387	883	819	1,272
Utilities, Electrotechnology & Printing	442	797	741	591	490	448	415	190	148	330	504
Wholesale, Retail & Personal Services	1,962	1,869	1,367	1,455	1,602	1,366	1,215	1,102	1,034	1,388	1,836
Total	37,751	42,670	41,316	40,356	39,298	34,741	32,084	28,785	27,257	32,381	40,346

⁴⁹ Department of Training and Workforce Development, 22 March 2022.

Further considerations

Inflation for low paid employee households

Introduction

92. The WAIRC has expressed an interest in research, commissioned by the Fair Work Commission for the Annual Wage Review, concerning measures of inflation for low paid employee households.
93. Changes in prices are measured by the CPI, which is designed to provide a general measure of price inflation for households in Australian capital cities. Changes in prices are assumed to be homogenous across all households, even though household spending patterns may differ based on their characteristics.
94. While the CPI measures price changes, it does not specifically measure changes in the cost of living. Changes in living costs are influenced by the spending patterns of households, which can differ based on characteristics such as income, size and location. Cost of living changes are measured by considering the amount of expenditure required to maintain a certain standard of living.
95. To calculate changes in the cost of living, the ABS produces four separate living cost indexes (LCIs) covering “employee households”, “age pensioners”, “other government transfer recipients” and “self-funded retirees”. While the ABS produces a LCI for “employee households”, the LCI does not differentiate between low paid employee households and other employee households (including those earning high incomes).
96. To assist the Expert Panel with this year’s Annual Wage Review, the Fair Work Commission commissioned research into cost of living changes concerning low paid employee households. Academics Kelvin Yuen and David Rozenbes subsequently produced a report titled *Experimental estimates for a Consumer Price Index for low paid households*.

Findings

97. Yuen and Rozenbes’ research found that although low paid employee households have higher expenditure on essential (or non-discretionary) items than other households, the overall differences in changed living costs in recent years have not been significant, with variations mainly attributable to changes in the prices of certain items, such as tobacco, mortgage interest and child care.
98. Differences in expenditure patterns between household types reveal that low-paid employee households spend a higher proportion of their disposable income on Food and non-alcoholic beverages; Housing; Health; Communication; and Education, and a lower proportion on Recreation and culture; Alcohol and tobacco; and Furnishings, household equipment and services.
99. The authors noted that inflation outcomes and increases in the cost of living were relatively low in the years their research covered (mainly the period between 2017 and 2021), which may partly explain why there were only small differences in the cost of living between low paid employee households and all households during this period. Differences in the cost of living between different household types may be greater during a period of higher inflation.

Wages for employees with a disability

100. A further consideration for this year's State Wage Case concerns legislative change that will require the WAIRC to set a minimum wage for employees with a disability.
101. On 22 December 2021 the *Industrial Relations Legislation Amendment Act 2021* (IRLA Act) received Royal Assent. Once the relevant provisions of the IRLA Act are proclaimed, the WAIRC will be required, as part of the State Wage Order, to set a minimum wage for employees with a disability whose productive capacity has been assessed under the Supported Wage System as being reduced because of a disability.
102. The minimum amount set by the WAIRC must be the same as that set by the Fair Work Commission in the National Minimum Wage Order under s 285(2)(c) of the *Fair Work Act 2009*. This amount is currently \$90 per week,⁵⁰ and will be revised as part of the 2021-22 Annual Wage Review. It is anticipated that the National Minimum Wage Order will be issued sometime around mid-June 2022.
103. It is likely that the relevant provisions of the IRLA requiring the WAIRC to set a minimum wage for employees with a disability will be proclaimed prior to 30 June 2022, thereby affecting this year's State Wage Order.
104. The Minister will keep the WAIRC informed of developments concerning proclamation of the IRLA Act throughout the course of the 2022 State Wage Case proceedings, and is available to assist with any matters regarding these provisions.

Statement of Principles

105. Another issue that is relevant to this year's State Wage Case proceedings is the equal remuneration principle.
106. When the relevant provisions of the IRLA Act are proclaimed, the IR Act will specifically require the WAIRC to include an equal remuneration principle as part of the Statement of Principles, to guide the use of a new head of power that will specifically enable the WAIRC to make equal remuneration orders on application by a relevant party.
107. As an equal remuneration principle has already been included in the Statement of Principles since 2019 (with the consent of the section 50 parties), this requirement of the IRLA Act has effectively already been met.
108. To ensure consistency with the new equal remuneration provisions of the IR Act, the Minister has reviewed the existing equal remuneration principle and has suggested several minor technical amendments. The Minister's proposed amendments are included at **Attachment D**.

⁵⁰ The minimum amount payable to employees with a disability under the Supported Wage System is an amount equal to the income test free threshold for receiving a disability support pension.

Conclusion

109. Western Australian workers should enjoy a framework of wages and working conditions that protects and advances their interests, rewards them equitably for their efforts and alleviates the risk of financial hardship.
110. The annual State Wage Case process plays a pivotal role in supporting the State industrial relations system to achieve these aims, as well as furthering a number of social equity objectives, including equal remuneration for men and women.
111. Recent legislative amendments that are soon to take effect will further enhance the importance of the State Wage Order, including through the establishment of a minimum rate of pay for employees with a disability working under the Supported Wage System.
112. Many State system employees are reliant on increases to minimum and award wages to help ease cost of living pressures, and as highlighted in this submission, award reliance in Western Australia has increased in recent years.
113. Last year's State Wage Order was beneficial for many low paid workers, maintaining the real value of their wages during a challenging period for many employers and employees without adversely affecting Western Australia's ongoing recovery from the effects of the pandemic.
114. The Western Australian economy continues to display considerable resilience, notwithstanding a variety of global and domestic challenges. The State is navigating the pandemic effectively, enabling the labour market to recover faster than initially predicted. Most economic and labour market indices are now well above pre-pandemic levels.
115. The prevailing conditions should give the WAIRC confidence to award an increase in minimum rates of pay as part of this year's State Wage Case, taking into account current and emerging data, relevant submissions of the parties and the statutory criteria outlined in section 50A of the IR Act.
116. The Minister looks forward to making further contributions to this year's State Wage Case proceedings in due course.