



**GOVERNMENT OF
WESTERN AUSTRALIA**

Industrial Relations Act 1979

**IN THE WESTERN AUSTRALIAN
INDUSTRIAL RELATIONS COMMISSION
No. 1 of 2023
ON THE COMMISSION'S OWN MOTION**



SUBMISSION OF THE MINISTER FOR INDUSTRIAL RELATIONS

Re: 2023 STATE WAGE ORDER

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Contents

Introduction	3
Minister's Position	4
The Western Australian economy and labour market.....	5
Economic outlook.....	5
Labour market conditions in Western Australia.....	6
Employment and unemployment	7
Underemployment	11
Hours worked	11
Inflation.....	12
Trends in wages	12
Equal remuneration	16
Operating conditions for Western Australian businesses	17
Gross operating surplus plus gross mixed income	17
Coverage of the State Wage Order	19
Fairness, living standards and the needs of the low paid	22
Protecting employees who are unable to bargain.....	24
Skills development	25
Apprenticeship data	25
Traineeship data	26
Total numbers in training	27
Apprentices	27
Trainees	27
Apprentices and trainees.....	27
Conclusion	29

Introduction

1. In January 2023, the Western Australian Industrial Relations Commission (WAIRC) issued Application 1 of 2023 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. Western Australian workers should enjoy a modern framework of employment conditions that fairly rewards them for their labour and provides a level of economic security for the lowest paid. At the same time any increase in minimum wage rates needs to be affordable for employers, and take account of the capacity of business to manage higher wage costs.
5. In the 2022 State Wage Case Decision the WAIRC increased the State Minimum Wage (SMW) by \$40.90, lifting it to \$819.90 per week effective from the first pay period on or after 1 July 2022. The WAIRC also increased State award wages below \$887.40 by \$40.90 per week, and it increased award wages of \$887.40 and above by 4.65 per cent.
6. The last 12 months have undoubtedly been challenging for many workers and employers alike, with elevated levels of inflation and a series of interest rate increases creating cost of living and cash flow pressures.
7. There is little doubt that workers on minimum or award wages have been significantly impacted upon by the prevailing economic circumstances over this period in Western Australia and indeed Australia as a whole.
8. Western Australia's labour market has remained tight over the past year, although conditions have started to ease in recent months. The last 12 months has seen robust levels of full time employment growth, while the unemployment rate has remained at historically low levels.
9. The Minister contends the decision of the Fair Work Commission (FWC) in the Annual Wage Review will be a particularly relevant consideration in this year's State Wage Case. In the current environment it would be desirable there be a degree of consistency in minimum wage outcomes in the State and national industrial relations systems, as employers and employees in both jurisdictions are faced with a similar set of circumstances.
10. The Minister encourages the WAIRC to award a fair and meaningful increase to minimum and award wages, taking in consideration all of the relevant statutory criteria prescribed in section 50A(3) of the IR Act, including the latest social and economic data relevant to employers and employees affected by the State Wage Case proceedings.

The Western Australian economy and labour market

Economic outlook

11. 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**.
12. The Western Australian economy, as measured by Gross State Product (GSP), is expected to grow by 4.25 per cent in 2022-23, following growth of 3.1 per cent in 2021-22. Strong growth in 2022-23 has been largely supported by a lift in exports, including for mining commodities and agricultural exports, which has more than offset slower growth in household spending (due to elevated inflation and a lift in interest rates), and dwelling, business, and public investment (due to labour shortages, equipment delays and higher costs).
13. Growth in the Western Australian economy is expected to moderate to 2.25 per cent in 2023-24. This primarily reflects a smaller contribution from international trade and that the domestic economy has started to lose momentum, as higher interest rates impact household spending.
14. Growth in Western Australia's domestic economy, as measured by State Final Demand (SFD), is projected to ease from 5.6 per cent in 2021-22 to 3.25 per cent in 2022-23, 3.0 per cent in 2023-24, and 2.5 per cent in 2024-25. This is primarily due to an easing in household spending as consumers pull back on non-essential purchases given rising mortgage interest rates and elevated prices.
15. Capacity constraints within the economy are also impacting on current investment activity. Houses under construction are taking longer to complete due to labour shortages in the finishing trades, while new demand has also been impacted by elevated costs and rising interest rates. At the same time, some major business investments are proceeding more slowly than originally expected as a result of equipment delays and labour shortages.
16. Growth in the international trade sector is also forecast to moderate and provide a smaller contribution to economic growth from 2023-24 onwards. This reflects a stabilisation in export volumes, given that most new projects sustain rather than lift output, and a return to pre-pandemic international travel patterns (where Western Australians traditionally spend more on overseas holidays than international tourists and students spend in the State).
17. Reflecting trends in the State's domestic economy, employment is forecast to ease from very strong growth of 5.8 per cent in 2021-22, to 1.75 per cent in 2022-23 and 1.0 percent in 2023-24. Demand for labour remains strong as job advertisements have risen to a record level in April 2023 after easing in the second half of 2022.
18. The unemployment rate for Western Australia is forecast to average 3.5 per cent in 2022-23, before gradually rising thereafter as hiring is outpaced by growth in the working age population.

19. Strong demand for labour has buoyed the participation rate, which averaged 69.4 per cent in 2021-22, the strongest annual rate on record, with female participation reaching a record high. Workforce participation has eased slightly since, but is expected to average a very high 69.1 per cent in 2022-23.
20. A more in-depth analysis of Western Australia's economic performance is detailed in **Attachment A**.

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, the labour market in Western Australia remains tight, though conditions have started to ease in line with more moderate domestic economic conditions.
22. Employment grew by 3.0 per cent in annual average terms in March 2023, down from 5.8 per cent in 2021-22. Notwithstanding this, most recently, employment increased by 0.5 per cent in March to reach a new record level, with full time employment also rising to the highest level on record. Full time employment in Western Australia has risen to be 13.9 per cent above pre-pandemic levels in March, reflecting strong demand for labour and limited spare capacity. This has been partially offset by a fall in part time employment, which has fallen to 3.9 per cent below pre-COVID levels.
23. The unemployment rate remains historically low at 3.4 per cent in March 2023, but has risen in recent months from a recent low of 3.0 per cent in April 2022 (the lowest rate since October 2008).
24. Strong labour market conditions in recent years have enticed a record number of Western Australians to join the workforce. The participation rate has eased from an historic monthly record of 70.1 per cent in February 2022 but remains elevated at 69.1 per cent in March 2023.

Western Australia's labour force at a glance¹

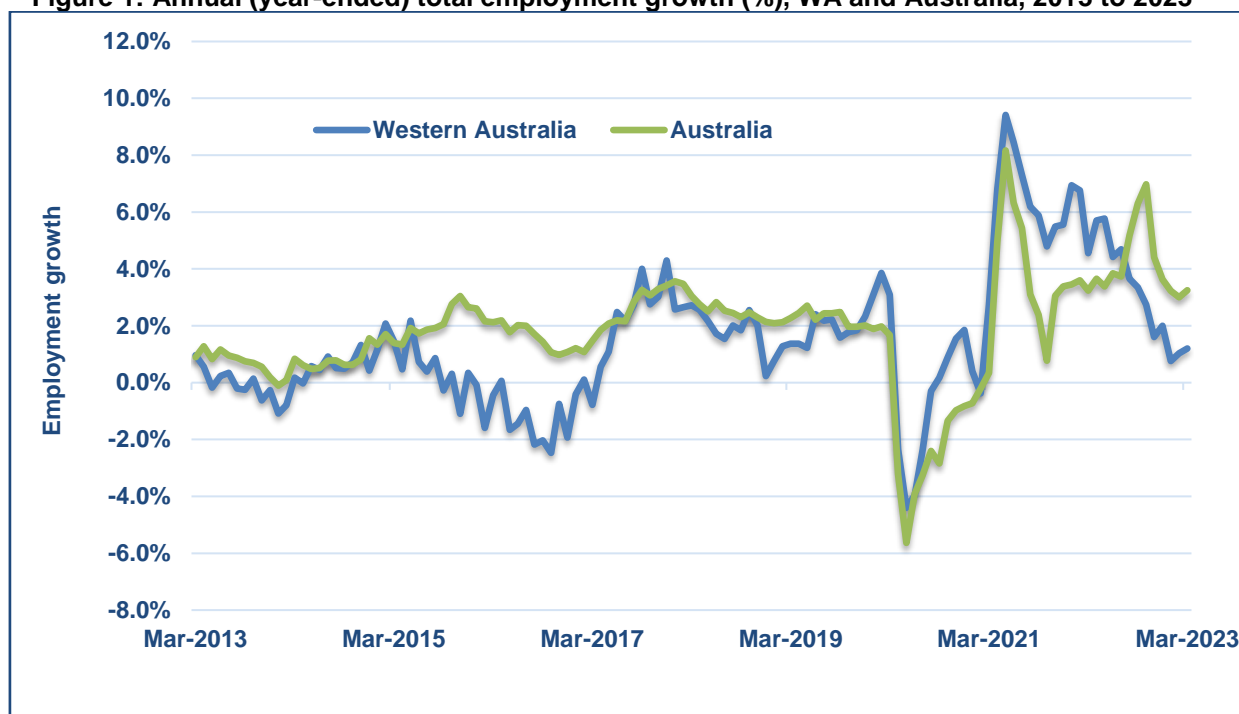
Total employment = 1,527,600	Youth unemployment rate (original data) = 7.7%	Total hours worked = 214,097,500
Annual (year ended) employment growth = 1.2%		Annual increase in job vacancies = 4.3%
	Unemployment rate = 3.4%	
Participation rate = 69.1%	Underemployment rate = 5.7%	

¹ ABS (2023), *Labour Force, Australia, March 2023*, Catalogue 6202.0; and Jobs and Skills Australia (2023), *Internet Vacancy Index, March 2023*, available at [Internet Vacancy Index | Jobs and Skills Australia](#).

Employment and unemployment

25. Employment rose to a record 1.53 million people in Western Australia in March 2023. Demand for labour remains very strong as the number of people employed on a full time basis also reached a new record in March.
26. Notwithstanding strong results in recent months, the number of people employed has broadly steadied in the past year after a period of rapid growth after the onset of the COVID-19 pandemic. In year-ended terms, total employment in Western Australia rose by 1.2 per cent (to 1,527,600 persons) in the 12 months to March 2023, down from 4.6 per cent growth in the 12 months to March 2022.
27. An easing of employment growth may be partially attributable to businesses having difficulty hiring workers, as job vacancies remain near record levels and there has been a trend for people to work more hours.

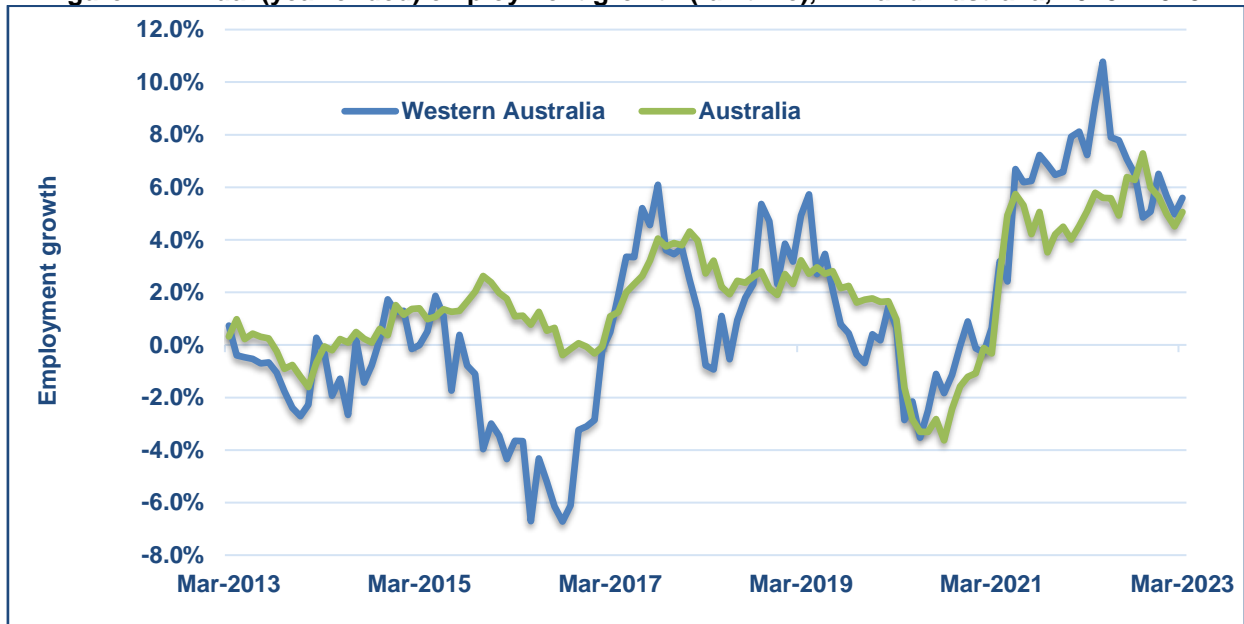
Figure 1: Annual (year-ended) total employment growth (%), WA and Australia, 2013 to 2023²



28. There has been a compositional shift in employment towards full time work in Western Australia over the past year, with robust growth in full time employment more than offsetting a decline in part time employment.
29. Over the year to March 2023, full time employment increased by 5.6 per cent in Western Australia in year-ended terms, while nationally the figure was 5.1 per cent.

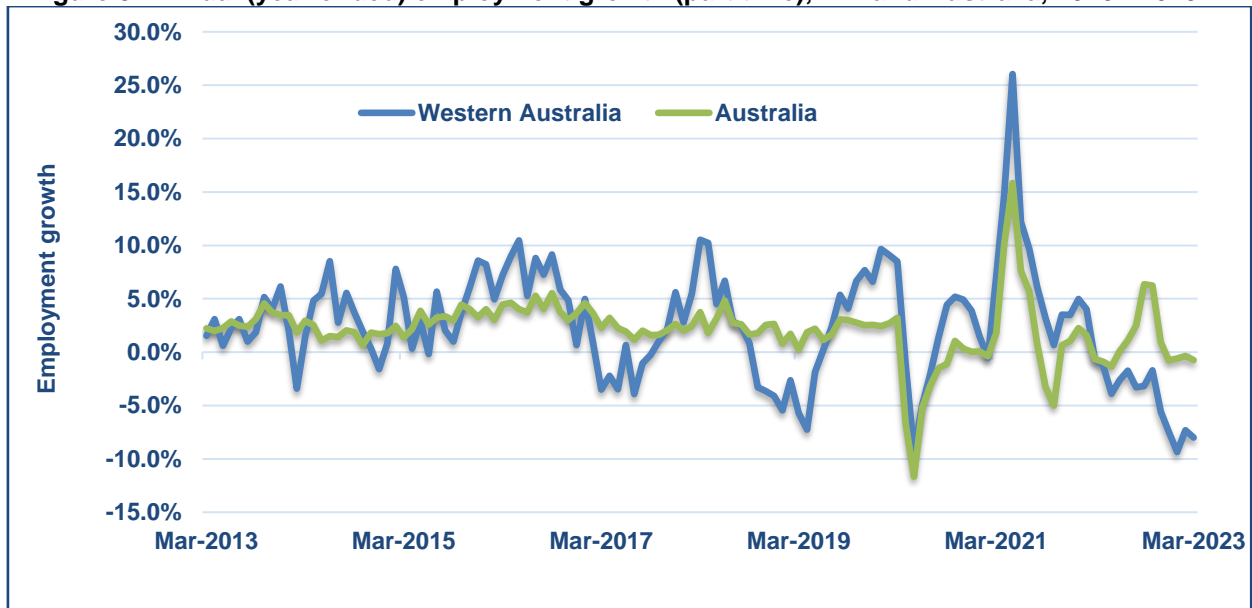
² ABS (2023), *Labour Force, Australia, March 2023*, Catalogue 6202.0, Time series, Tables 1 & 8 (seasonally adjusted series).

Figure 2: Annual (year-ended) employment growth (full time), WA and Australia, 2013 - 2023³



30. Robust levels of growth in full time employment can be contrasted with part time employment, which has declined at the state and national level. In the year to March 2023, Western Australia recorded an 8.0 per cent decline in part time employment, while nationally, part time employment declined by a more subdued 0.8 per cent.

Figure 3: Annual (year-ended) employment growth (part time), WA and Australia, 2013 - 2023⁴



31. ABS data regarding employment within Western Australia indicates the number of jobs increased in most industries in the year to February 2023. The Mining industry in particular continued to display strong employment growth, while jobs in Accommodation and food services also expanded over the year. However, employment contracted in several industries, with retail employment declining by 10.0 per cent over the same period.

³ Ibid.

⁴ Ibid.

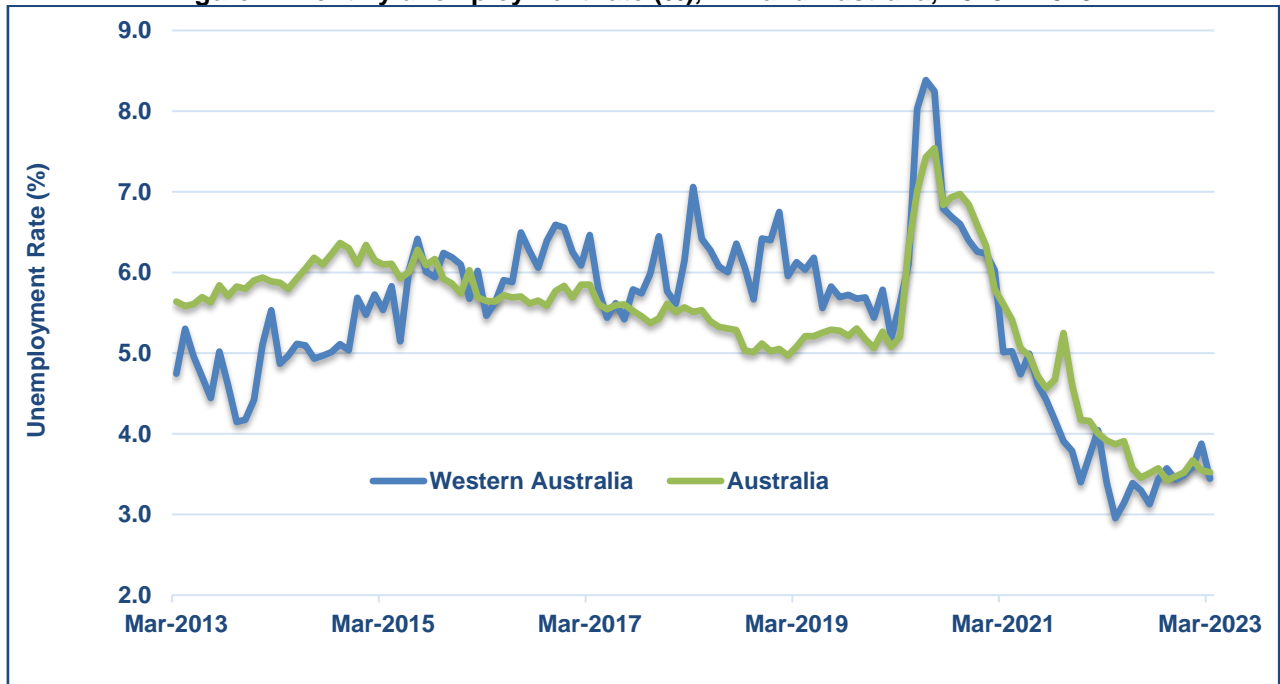
Table 1 – Employment by industry in WA (000s), February 2022 – February 2023⁵

TOTAL EMPLOYED ('000)	Feb-22	Feb-23	Employment growth (000s)	Employment growth (%)
Agriculture, forestry and fishing	32.6	31.7	-0.9	-2.7%
Mining	130.1	147.8	17.7	13.6%
Manufacturing	87.3	85.5	-1.7	-2.0%
Electricity, gas, water and waste services	16.8	20.4	3.5	21.0%
Construction	132.6	137.6	5.0	3.8%
Wholesale trade	36.5	41.1	4.6	12.6%
Retail trade	141.0	126.8	-14.2	-10.0%
Accommodation and food services	93.3	104.7	11.5	12.3%
Transport, postal and warehousing	73.4	77.8	4.4	6.0%
Information media and telecommunications	12.5	13.7	1.3	10.3%
Financial and insurance services	32.9	34.0	1.1	3.4%
Rental, hiring and real estate services	22.9	25.0	2.1	9.1%
Professional, scientific and technical services	112.1	119.7	7.6	6.8%
Administrative and support services	45.8	48.6	2.8	6.0%
Public administration and safety	99.6	95.8	-3.8	-3.8%
Education and training	121.8	118.6	-3.2	-2.6%
Health care and social assistance	196.5	203.9	7.5	3.8%
Arts and recreation services	26.2	27.3	1.1	4.1%
Other services	63.5	61.1	-2.4	-3.8%
Total	1,477.2	1,521.1	43.9	3.0%

32. Western Australia's headline unemployment rate continued to decline in the year to March 2023, reflecting a continuation of tight labour market conditions. The seasonally adjusted monthly unemployment rate averaged 3.4 per cent in the year to March 2023, the lowest annual average rate in 14 years.

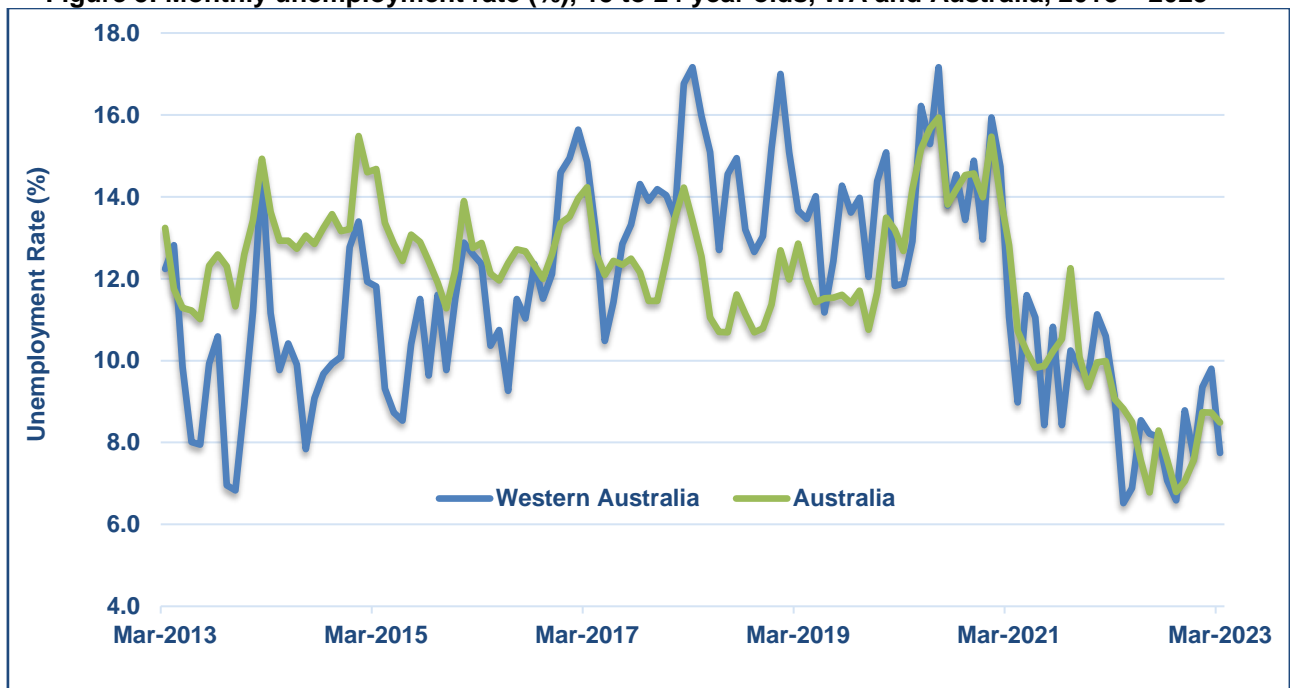
⁵ ABS (2023), *Labour Force, Australia, Detailed, February 2023*, Catalogue 6291.0.55.003, Table 5 (original data). Note: Industry employment data is only released four times per year and is not seasonally adjusted. Figures displayed here are an average of the four quarters in the year to February 2022 and 2023 respectively. This data collection differs from the ABS monthly labour force survey, and figures may not sum to the total due to rounding.

Figure 4: Monthly unemployment rate (%), WA and Australia, 2013 – 2023⁶



33. Youth unemployment in Western Australia remains low by historic standards, as does national youth unemployment. In March 2023 the youth unemployment rate was 7.7 per cent in Western Australia, while it was 8.5 per cent for Australia.

Figure 5: Monthly unemployment rate (%), 15 to 24 year olds, WA and Australia, 2013 – 2023⁷



⁶ ABS (2023), *Labour Force, Australia, March 2023*, Catalogue 6202.0, Time Series, Table 1 & 8 (seasonally adjusted series).

⁷ ABS (2023), *Labour Force, Australia, March 2023*, Catalogue 6202.0, Time Series, Table 16 (original data).

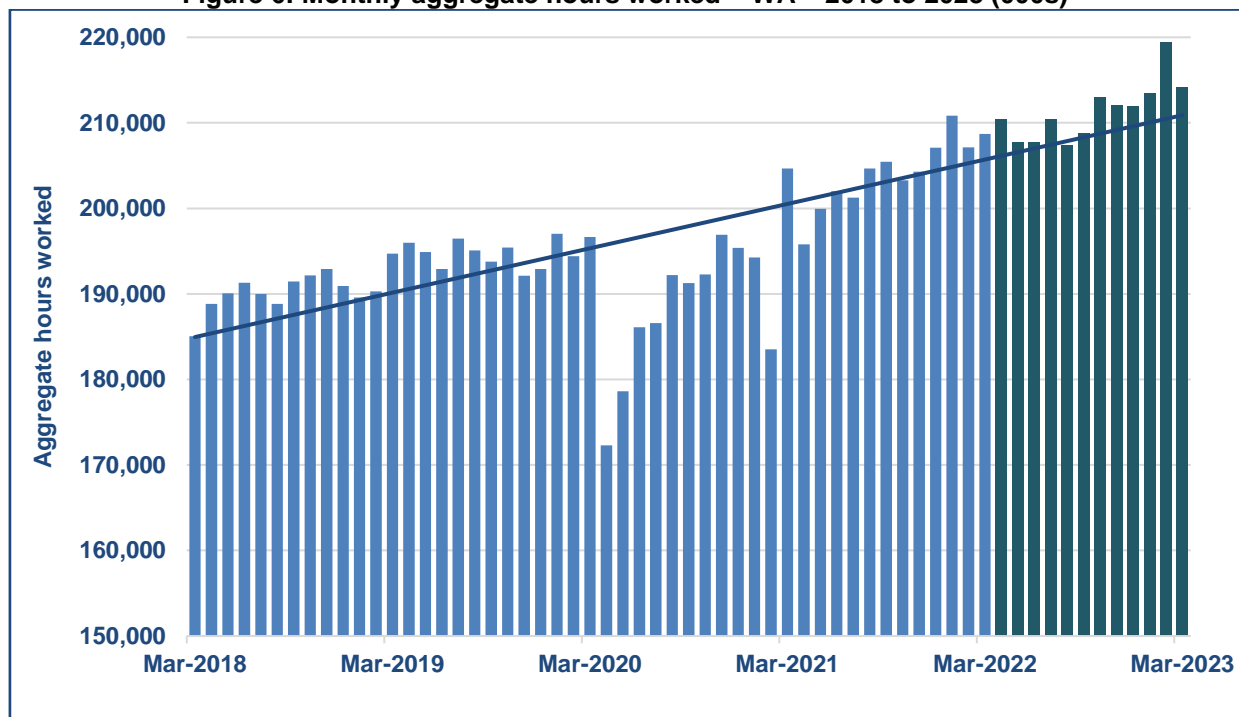
Underemployment

34. 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.
35. Underemployment in Western Australia has declined significantly since mid-2020, as much of the spare capacity in the workforce has been absorbed and a number of previously part time employees have shifted into full time work.
36. Western Australia's underemployment rate was the lowest of the states in March 2023, at 5.7 per cent.⁸ Nationally, the underemployment rate was 6.2 per cent during the same month.

Hours worked

37. Aggregate hours worked in Western Australia continued to trend upward in the year to March 2023, reflecting a shift from part time to full time employment during this period. This included a peak of 219.4 million hours worked in February 2023.

Figure 6: Monthly aggregate hours worked – WA – 2018 to 2023 (000s)⁹



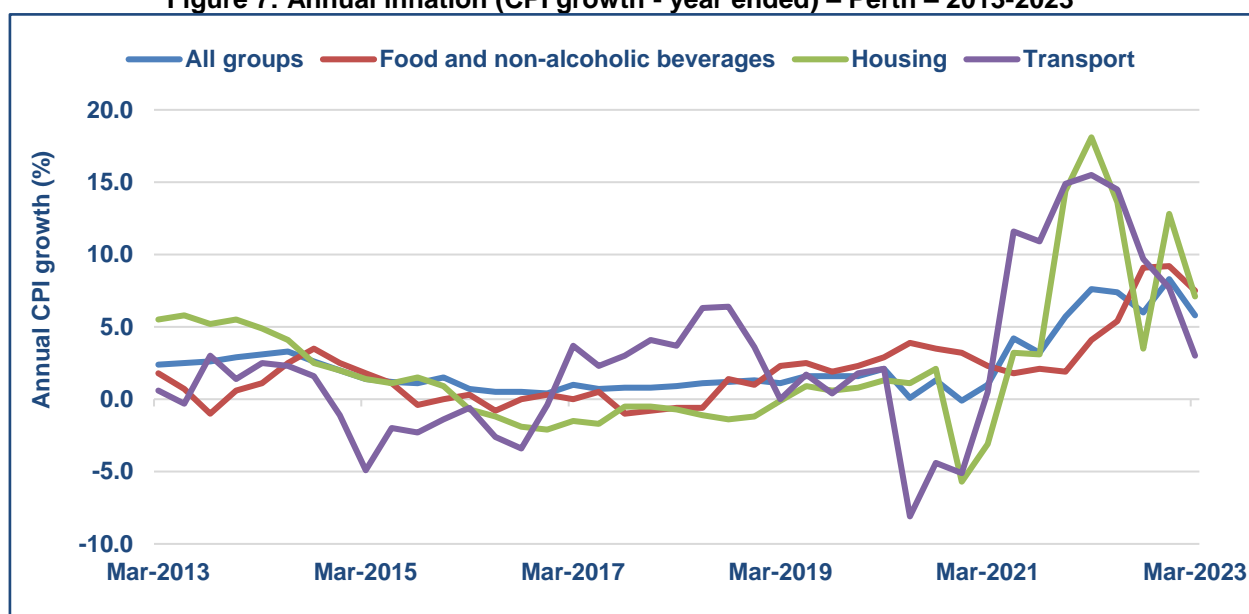
⁸ ABS (2023), *Labour Force, Australia, March 2023*, Catalogue 6202.0, Time Series, Table 23 (seasonally adjusted series).

⁹ ABS (2023), *Labour Force, Australia, March 2023*, Catalogue 6202.0, Time Series, Table 19.

Inflation

38. Price pressures in Australia have been elevated over the past 12 months, in Western Australia and nationally. Importantly, price growth appears to have peaked in the December quarter 2022, with growth in Western Australia and nationally declining in the March quarter 2023.
39. Annual growth in Perth's headline CPI reached a peak of 8.3 per cent in the December quarter 2022, and subsequently declined to 5.8 per cent in the March quarter 2023. Nationally, annual CPI growth declined from 7.8 per cent to 7.0 per cent over the same period.¹⁰

Figure 7: Annual inflation (CPI growth - year ended) – Perth – 2013-2023¹¹



40. Elevated inflation is an impost on businesses and households alike. Individuals face cost of living pressures as the price of goods and services (particularly non-discretionary items) eats into household budgets. On the other hand, local businesses can face higher input costs, which can lead to cash flow challenges (particularly for small and medium sized businesses).
41. To control inflation, the Reserve Bank of Australia (RBA) has increased interest rates. Although necessary to control inflation, higher rates put further pressure on households and businesses in the short term.
42. At the most recent RBA Board meeting in May, the RBA raised interest rates for the eleventh time in the past year, increasing the cash rate target by a further 25 basis points, to 3.85 per cent. The cash rate has now been increased by 375 basis points since the start of May 2022.

¹⁰ ABS (2023), *Consumer Price Index, March 2023*, Catalogue 6401.0. National CPI refers to the weighted average of the eight capital cities.

¹¹ Ibid.

43. In his press release following the latest decision on 2 May,¹² the RBA Governor noted the Board's assessment that:

Inflation in Australia has passed its peak, but at 7 per cent is still too high and it will be some time yet before it is back in the target range. Given the importance of returning inflation to target within a reasonable timeframe, the Board judged that a further increase in interest rates was warranted today.

44. The RBA is forecasting that the national inflation rate will slow from its current rate of 7.0 per cent to 6.3 per cent in June quarter 2023 and to 3.6 per cent in the June quarter 2024, before returning to within the RBA's target range of two to three percent.¹³

45. In a post-Board meeting dinner,¹⁴ the RBA Governor noted that:

Looking forward, some further tightening of monetary policy may be required to ensure that inflation returns to target in a reasonable timeframe, but that will depend upon how the economy and inflation evolve. The Board is not on a pre-set course. It will continue to pay close attention to developments in the global economy, trends in household spending and the outlook for inflation and the labour market. Once again, we will do what is necessary to bring inflation back to target.

46. The Minister notes that the elevated levels of inflation over the last 12 months have been challenging for low income households, and a fair and meaningful increase in minimum and award wages is warranted to protect the State's most vulnerable workers.

47. The 2023-24 Budget projects that Perth inflation will ease to 5.75 per cent by the June 2023 quarter and 3.5 per cent by the June quarter 2024, reflecting improved global supply chains, slower growth in consumer demand (as a result of higher interest rates), easing inflation for goods, more moderate growth in the price of new housing, and a normalisation of travel prices as additional flight capacity is brought online.

48. The projected moderation in inflation is supported by the decline in annual growth in the national monthly CPI indicator from 8.4 per cent in December 2022 to 6.3 per cent in March 2023. It is also consistent with the Federal Reserve's global supply chain pressure index which has declined from a peak in December 2021, and is now below pre-pandemic levels. Shipping container costs from China have also fallen by around 80 per cent from the peak in January 2022. In addition, the rate of producer price inflation for new houses has eased from 6.4 per cent per quarter in the first half of 2022 to 1.1 per cent per quarter in the following three quarters.

¹² Statement by Philip Lowe, Governor: Monetary Policy Decision, 2 May 2023.

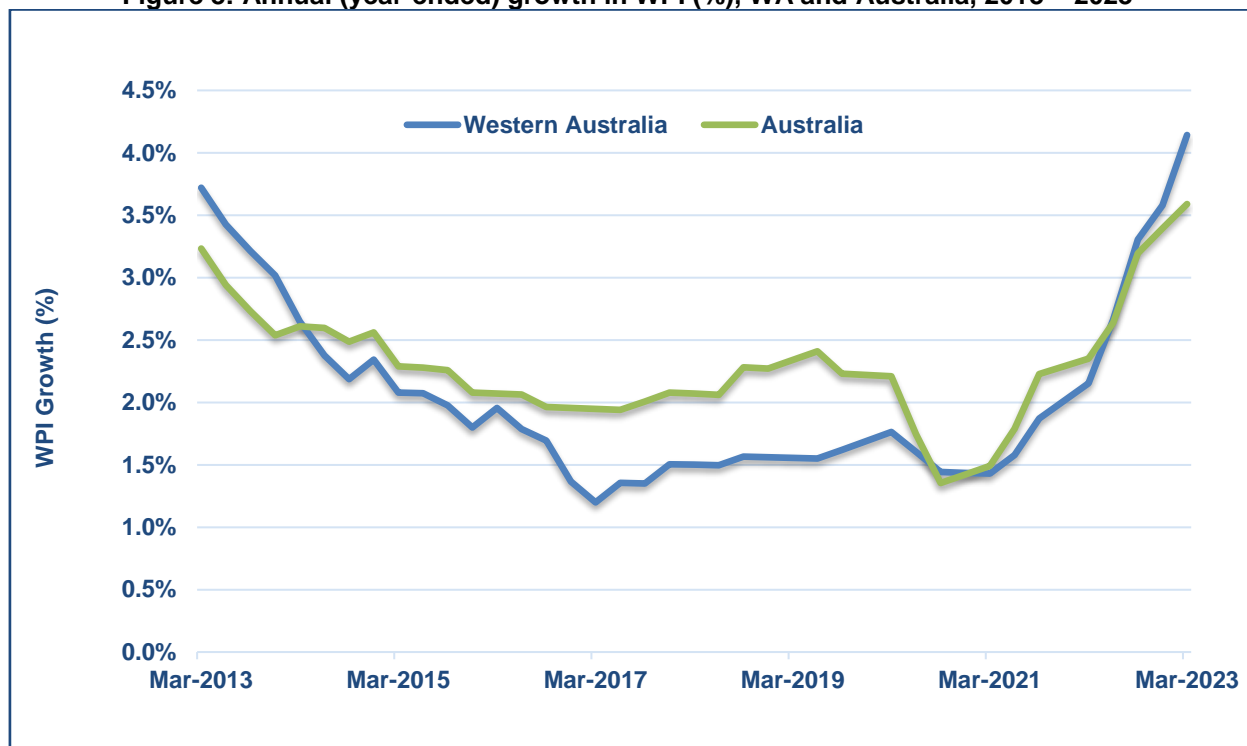
¹³ Reserve Bank of Australia, *Statement on Monetary Policy*, May 2023.

¹⁴ Remarks at the Reserve Bank Board Dinner, 2 May 2023.

Trends in wages

49. 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, with the Wage Price Index (WPI) growing by 4.1 per cent in year-ended terms in the March quarter 2023 – the strongest growth in over 10 years.¹⁵
50. Growth in the WPI at the national level has also begun to lift, with the WPI for Australia increasing by 3.6 per cent in year-ended terms in the March quarter 2023.¹⁶ 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 2022 paid an Average Annualised Wage Increase (AAWI) of 3.5 per cent.¹⁷

Figure 8: Annual (year-ended) growth in WPI (%), WA and Australia, 2013 – 2023¹⁸



51. 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.
52. 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.

¹⁵ ABS (2023), *Wage Price Index, Australia, March 2023*, Catalogue 6345.0, Time Series, Table 2b.

¹⁶ Ibid, Time Series, Table 1.

¹⁷ Department of Employment and Workplace Relations (2023), *Trends in Federal Enterprise Bargaining Report*, December Quarter 2022.

¹⁸ ABS (2023), *Wage Price Index, Australia, March 2023*, Catalogue 6345.0, Time Series, Tables 1 and 2b (year-ended growth).

53. The latest figures indicate that full time Average Weekly Ordinary Time Earnings (AWOTE) in Western Australia rose by 4.9 per cent over the 12 months to November 2022, from \$1,895.80 to \$1,988.50.¹⁹
54. Across the whole workforce, average weekly total earnings (AWE) in Western Australia increased by 6.7 per cent over the year to November 2022, rising from \$1,432.90 to \$1,528.20.²⁰ Higher growth in AWE partly reflects a shift towards full time employment in the past 12 months, and a subsequent increase in the hours worked by Western Australian employees.

¹⁹ ABS (2023), *Average Weekly Earnings, Australia, November 2022*, Catalogue 6302.0, Time Series, Table 12E (seasonally adjusted data).

²⁰ Ibid.

Equal remuneration

55. 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.
56. The ongoing gender based disparity in earnings 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.²¹
57. As indicated in Table 2 below, the gender pay gap in Western Australia increased from 21.2 per cent to 22.1 per cent in the year to November 2022, as male earnings grew at a faster pace than female earnings. Nationally, the gender pay gap reduced from 13.8 per cent to 13.3 per cent over the same period.

Table 2: Average weekly ordinary time earnings and the gender pay gap (GPG), WA and Australia, November 2021 and November 2022²²

		Nov 2021	Nov 2022	Change over year
WA	Males	\$2,045.90	\$2,162.80	5.7%
	Females	\$1,611.60	\$1,684.70	4.5%
	GPG	21.2%	22.1%	+ 0.9 pp
Australia	Males	\$1,846.50	\$1,907.10	3.3%
	Females	\$1,591.20	\$1,653.60	3.9%
	GPG	13.8%	13.3%	- 0.5 pp

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

Table 3: Gender Pay Gap by State / Territory, November 2022²³

State / Territory	Male AWOTE	Female AWOTE	Gender Pay Gap
NSW	\$1,894.30	\$1,686.10	11.0%
VIC	\$1,894.00	\$1,640.10	13.4%
QLD	\$1,862.50	\$1,590.00	14.6%
SA	\$1,702.00	\$1,569.70	7.8%
WA	\$2,162.80	\$1,684.70	22.1%
TAS	\$1,621.90	\$1,525.10	6.0%
NT	\$1,868.20	\$1,602.70	14.2%
ACT	\$2,114.50	\$1,903.00	10.0%
AUS	\$1,907.10	\$1,653.60	13.3%

59. 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 limited, but important, role in helping to reduce gender pay inequality.

²¹ Section 50A(3)(a) of the IR Act.

²² ABS (2023), *Average Weekly Earnings, Australia, November 2022*, Catalogue 6302.0, Time Series, Table 2 and 12E (seasonally adjusted data).

²³ Ibid, Tables 2 and 12A-12H (seasonally adjusted data).

Operating conditions for Western Australian businesses

Gross operating surplus plus gross mixed income

60. 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.
61. 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 2021-22 financial year.
62. Figures produced by the ABS indicate that Gross Operating Surplus (GOS) plus Gross Mixed Income (GMI) increased across a majority of industries over the course of the 2021-22 financial year, although results were somewhat mixed. 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.
63. As illustrated in Table 4, 12 out of 19 industries recorded a rise in GOS plus GMI, led by Agriculture, Forestry and Fishing (up 63.5 per cent), which experienced highly favourable growing conditions resulting in a bumper harvest for the State's broadacre crops, notably wheat and canola.²⁴
64. Across all industries, GOS plus GMI increased by 8.8 per cent in 2021-22.²⁵ As in previous years, the Mining industry accounted for bulk of this figure, given high commodity prices and the magnitude of this industry on the Western Australian economy.

²⁴ ABS (2022), *Australian National Accounts: State Accounts, 2021-22*, Catalogue 5220.0, Time Series, Table 6 (original data).

²⁵ Ibid.

Table 4: Gross Operating Surplus (GOS) and Gross Mixed Income (GMI) by industry, WA, current prices, 2021 and 2022²⁶

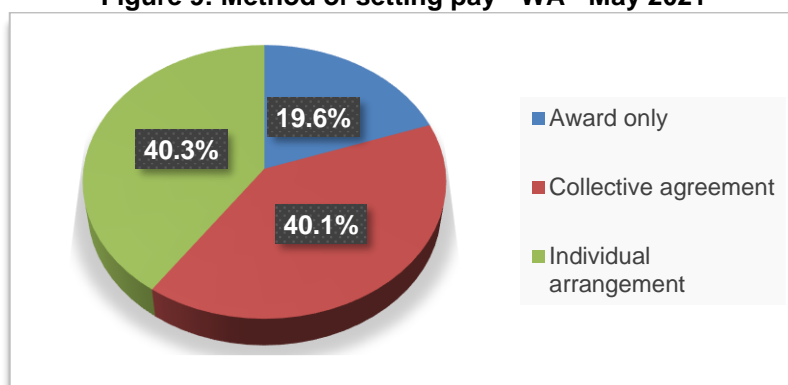
Industry	GOS + GMI June 2021 (\$m)	GOS + GMI June 2022 (\$m)	Annual Increase (\$m)	Annual Increase (%)
Agriculture, forestry and fishing	5,340	8,733	3,393	63.5%
Mining	153,418	165,892	12,474	8.1%
Manufacturing	6,958	9,257	2,299	33.0%
Electricity, gas, water and waste services	2,790	2,766	-24	-0.9%
Construction	6,382	6,826	444	7.0%
Wholesale trade	3,468	3,964	496	14.3%
Retail trade	4,050	3,894	-156	-3.9%
Accommodation and food services	1,903	1,571	-332	-17.4%
Transport, postal and warehousing	4,745	4,751	6	0.1%
Information media and telecommunications	1,716	1,929	213	12.4%
Financial and insurance services	7,347	7,584	237	3.2%
Rental, hiring and real estate services	3,191	3,267	76	2.4%
Professional, scientific and technical services	4,207	4,107	-100	-2.4%
Administrative and support services	1,269	1,177	-92	-7.2%
Public administration and safety	1,918	1,987	69	3.6%
Education and training	1,446	1,554	108	7.5%
Health care and social assistance	2,600	2,603	3	0.1%
Arts and recreation services	583	466	-117	-20.1%
Other services	1,982	1,550	-432	-21.8%
Total all industries	230,550	250,890	20,340	8.8%

²⁶ Ibid.

Coverage of the State Wage Order

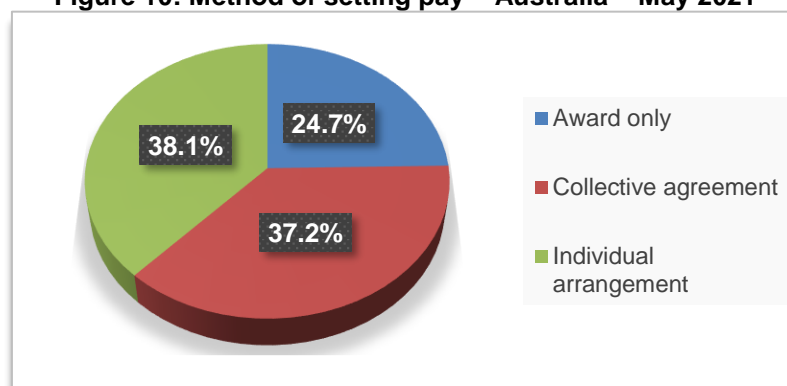
65. The most recent 'Employee Earnings and Hours' (EEH) data from 2021 indicates award reliance has increased in Western Australia, albeit it remains at lower levels than for Australia as a whole.²⁷
66. Award reliance in Western Australia increased from 15.0 per cent in May 2018 to 19.6 per cent in May 2021.²⁸ This equates to approximately 234,000 employees being paid entirely in accordance with a State or national award in 2021.

Figure 9: Method of setting pay - WA - May 2021²⁹



67. Nationally, award reliance also rose between 2018 and 2021, increasing from 22.5 per cent to 24.7 per cent of non-managerial employees.³⁰ As at May 2021, approximately 2.66 million Australian employees were paid entirely in accordance with an award.

Figure 10: Method of setting pay – Australia – May 2021³¹



²⁷ ABS (2022), *Employee Earnings and Hours, Australia, May 2021*, Catalogue 6306.0. This data was also presented in the Minister's submission to the 2022 State Wage Case.

²⁸ 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.

²⁹ ABS (2022), *Employee Earnings and Hours, Australia, May 2021*, Catalogue 6306.0.

³⁰ 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.

³¹ ABS (2022), *Employee Earnings and Hours, Australia, May 2021*, Catalogue 6306.0.

68. 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, although many of the affected employees are subject to transitional arrangements and will not be directly impacted by this year's State Wage Case.
69. 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 5: Employment and award reliance by industry - WA, February 2023

Industry	WA: Proportion of Workforce ³²	Australia: Proportion of employees paid by award ³³
Accommodation and Food Services	6.9%	63.0%
Administrative and Support Services	3.2%	44.9%
Other Services	4.0	42.1%
Health Care and Social Assistance	13.4	34.3%
Retail Trade	8.3	30.8%
Arts and Recreation Services	1.8	28.3%
Rental, Hiring and Real Estate Services	1.6	25.3%
Manufacturing	5.6	21.1%
Construction	9.0	15.8%
Transport, Postal and Warehousing	5.1	14.0%
Public Administration and Safety	6.3	13.5%
Wholesale Trade	2.7	11.1%
Information Media and Telecommunications	0.9	8.0%
Education and Training	7.8	8.0%
Professional, Scientific and Technical Services	7.9%	6.6%
Electricity, Gas, Water and Waste Services	1.3	6.1%
Financial and Insurance Services	2.2%	5.5%
Mining	9.7	1.1%
Agriculture, Forestry and Fishing	2.1	N/A [†]
All industries	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.

70. 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.

³² ABS (2023), *Labour Force, Australia, Detailed, February 2023*, 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 2023 respectively. This data collection differs from the ABS monthly labour force survey, and figures may not sum to the total due to rounding.

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

71. 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.
72. 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.

Table 6 – Top 10 most frequently accessed award summaries prepared by Wageline³⁴

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

73. 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 Wageline³⁵

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

74. 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.

³⁴ Refers to the award summaries produced by Wageline that were the most frequently viewed between 1 July 2022 and 9 May 2023. The data relates to unique visits by individuals, however when the measurement includes multiple visits to award summaries by the same individuals, the Local Government Officers Award replaces the Farm Employees Award in the top 10. It should be noted information produced by Wageline for award free employees is generally downloaded more than any individual award summary.

³⁵ Refers to the top 10 awards that Wageline advised on between 1 July 2022 and 9 May 2023. There were also a significant number of calls concerning information for award free employees.

Fairness, living standards and the needs of the low paid

75. 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.
76. 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.
77. As illustrated in Figure 11, 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.³⁶

Figure 11 - Average hourly cash earnings by method of setting pay - WA - May 2021³⁷



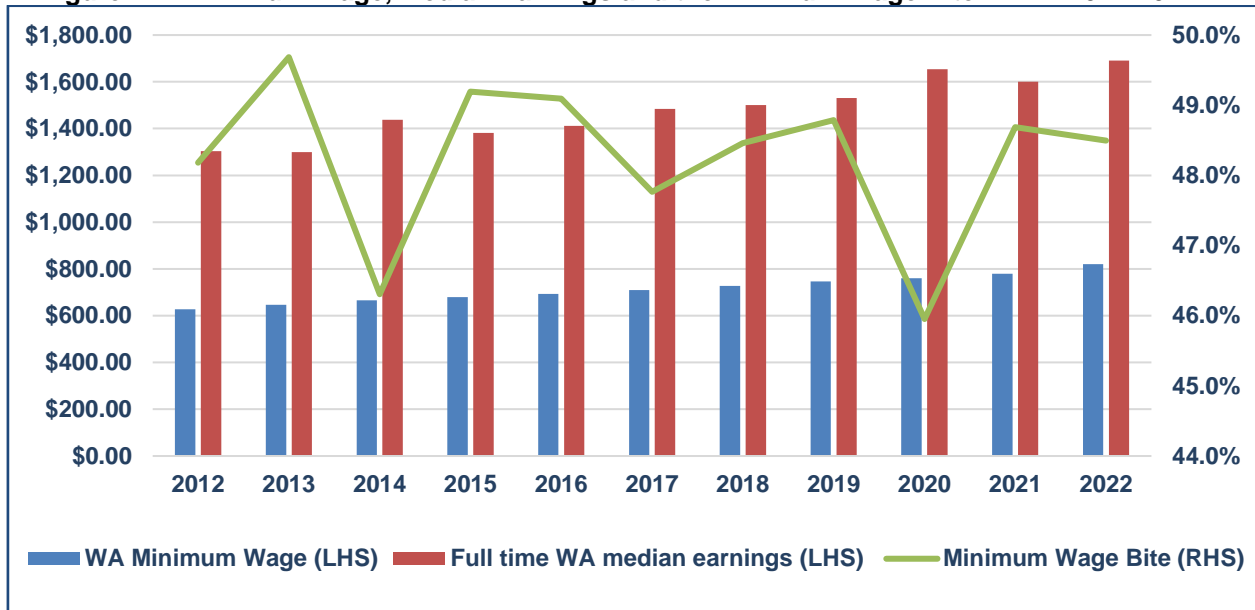
78. Many low paid workers are dependent on increases awarded in the State Wage Case to meet their everyday living costs.
79. The Minister notes there remain sections of the workforce that are currently award free in the State jurisdiction, including workers engaged in occupations that would traditionally be considered award type work. 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 that occur as part of the State Wage Case process.
80. As at August 2022, the State Minimum Wage equated to 48.5 per cent of median earnings for full time Western Australian workers (excluding casuals).³⁸ While the Minimum Wage Bite has remained relatively steady in recent years, employees receiving the State Minimum Wage are undoubtedly low paid. By granting a fair and meaningful wage increase, the WAIRC can help to protect the most vulnerable workers in the community during a challenging period for many households.

³⁶ ABS (2022) *Employee Earnings and Hours, Australia, May 2021*, Catalogue. No. 6306.0, Datacube 5, Table 5.

³⁷ Ibid.

³⁸ ABS (2022) *Employee Earnings, August 2022*, Catalogue 6337.0.

Figure 12 – Minimum Wage, Median Earnings and the Minimum Wage Bite - WA - 2012-2022³⁹



³⁹ Ibid.

Protecting employees who are unable to bargain

81. 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.
82. 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.
83. 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. A fair and meaningful increase in minimum and award wages will help to protect such employees.

Skills development

84. 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 2022 and previous years. Data on the total number of apprentices and trainees in training is also presented.⁴⁰
85. 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.
86. 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

87. As shown in Table 8 below, apprenticeship commencements increased marginally in 2022, rising from 12,399 to 12,521. This is the sixth 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, 2012 to 2022⁴¹

Year	Total
2012	9,676
2013	8,712
2014	8,705
2015	7,887
2016	6,424
2017	6,440
2018	6,851
2019	7,075
2020	8,671
2021	12,399
2022	12,521

88. After falling to a low in 2016, apprenticeship commencements have increased substantially in recent years, almost doubling in the last five years. While overall commencements only increased marginally in 2022, this followed significant increases in a number of trades in the 2021 calendar year.

⁴⁰ 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.

⁴¹ Department of Training and Workforce Development, 1 May 2023.

Table 9 – Apprenticeship commencements by trade category⁴²

Contract type / trade category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Arts, Sport & Recreation	5	5		5	2	3	2	1	2	3	2
Automotive	1,797	1,451	1,225	1,048	1,026	1,253	1,538	1,744	2,044	2,909	2,999
Building & Construction	1,760	2,130	2,635	2,330	1,499	1,277	1,141	1,152	1,596	2,680	2,624
Community Services, Health & Education	15	10	8	6	10	11	16	7	17	29	29
Electrical	1,642	1,453	1,537	1,493	1,116	1,157	1,199	1,241	1,502	2,169	2,268
Food	351	261	212	217	206	203	181	167	186	240	198
Hospitality & Tourism	596	590	492	428	481	370	391	362	360	545	479
Light Manufacturing	310	319	317	319	242	202	195	197	277	320	329
Metals, Manufacturing & Services	2,220	1,570	1,390	1,231	1,071	1,275	1,440	1,417	1,718	2,249	2,359
Primary Industry	123	122	79	78	73	74	53	60	103	121	164
Process Manufacturing		1			17	6	11	37	32	28	53
Utilities, Electrotechnology & Printing	151	100	153	108	93	77	122	177	157	231	256
Wholesale, Retail & Personal Services	706	700	657	624	588	532	562	513	677	875	761
Total	9,676	8,712	8,705	7,887	6,424	6,440	6,851	7,075	8,671	12,399	12,521

Traineeship data

89. 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 recent years, with the State recording a significant increase in commencements.

Table 10: Traineeships commenced in WA, 2012 to 2022⁴³

Year	Total
2012	26,175
2013	22,765
2014	20,776
2015	19,437
2016	15,085
2017	14,686
2018	11,491
2019	10,945
2020	12,827
2021	17,936
2022	19,287

⁴² Ibid.

⁴³ Ibid.

Table 11 – Traineeship commencements by trade category⁴⁴

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Arts, Sport & Recreation	355	274	351	252	268	323	302	320	310	376	388
Automotive	317	270	185	143	136	135	122	124	174	244	240
Building & Construction	707	614	613	744	405	557	421	387	549	568	276
Community Services, Health & Education	2,834	2,608	2,471	1,776	1,337	1,239	1,150	1,464	1,885	2,739	3,525
Electrical								1	1	3	39
Finance, Property & Business Services	6,716	4,863	5,110	4,608	3,800	3,290	1,933	2,391	2,770	3,990	3,695
Food	578	397	352	295	227	219	223	191	385	200	401
Hospitality & Tourism	2,652	2,866	2,876	2,836	2,560	2,241	1,970	1,386	1,116	2,129	2,355
Light Manufacturing	146	74	71	52	77	41	51	27	33	44	26
Metals, Manufacturing & Services	211	133	319	259	105	127	175	124	323	275	334
Mining Industry	1,400	1,396	1,382	1,550	1,327	1,885	2,087	1,961	2,094	2,746	2,938
Primary Industry	780	806	632	500	440	409	471	347	409	508	533
Process Manufacturing	2,723	3,611	2,204	2,529	958	1,111	344	353	393	368	512
Public Administration	359	336	266	218	213	199	153	165	167	212	254
Transport & Storage	2,865	2,079	1,638	1,480	1,350	1,111	763	505	533	1,242	1,187
Utilities, Electrotechnology & Printing	853	712	652	536	429	395	172	125	323	390	495
Wholesale, Retail & Personal Services	2,678	1,726	1,654	1,657	1,453	1,404	1,154	1,074	1,362	1,902	2,089
Other	1			2							
Total	26,175	22,765	20,776	19,437	15,085	14,686	11,491	10,945	12,827	17,936	19,287

Total numbers in training

Apprentices

90. The total number of apprentices in training increased by 11 per cent between 2021 and 2022, from 22,147 to 24,587. This is the fifth year in a row that total apprenticeship numbers have risen in Western Australia, with growth driven by increases in Automotive trades; Building and Construction and Electrical trades.

Trainees

91. The total number of trainees in training also rose between 2021 and 2022, from 18,241 to 19,551. A notable increase was recorded in Community Services, Health and Education.

Apprentices and trainees

92. Across Western Australia, the total number of people in training (apprentices and trainees) rose by 9.3 per cent between 2021 and 2022, from 40,388 to 44,138.

⁴⁴ Ibid.

Table 12 - Apprentices and trainees in training by trade category⁴⁵

Contract type / Trade category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Apprenticeships	19,070	18,272	17,862	17,320	15,697	15,082	15,224	15,701	18,280	22,147	24,587
Arts, Sport & Recreation	12	5	1	6	6	8	6	6	4	5	4
Automotive	3,471	3,317	3,044	2,665	2,462	2,702	3,171	3,750	4,529	5,490	6,112
Building & Construction	3,511	3,465	4,018	4,379	3,797	3,301	2,886	2,625	3,033	4,115	4,768
Community Services, Health & Education	40	30	25	21	21	22	27	28	37	46	57
Electrical	4,074	4,121	4,113	4,089	3,649	3,453	3,283	3,233	3,630	4,368	5,023
Food	548	427	371	358	389	391	367	298	355	405	400
Hospitality & Tourism	673	665	614	600	666	619	609	562	610	719	776
Light Manufacturing	621	562	572	587	533	487	457	401	499	578	645
Metals, Manufacturing & Services	4,655	4,192	3,657	3,168	2,785	2,856	3,169	3,438	3,974	4,553	4,690
Primary Industry	203	218	207	176	164	151	140	130	176	214	266
Process Manufacturing	4	2			16	22	33	67	71	68	96
Utilities, Electrotechnology & Printing	212	273	307	294	258	181	199	305	358	424	493
Wholesale, Retail & Personal Services	1,046	995	933	977	951	889	877	858	1,004	1,162	1,257
Total Traineeships	23,600	23,044	22,494	21,978	19,044	17,002	13,561	11,556	14,100	18,241	19,551
Arts, Sport & Recreation	197	168	143	90	87	111	93	86	75	124	152
Automotive	219	232	219	193	107	126	102	120	178	199	208
Building & Construction	629	562	692	855	657	629	497	452	641	651	421
Community Services, Health & Education	2,548	2,587	2,494	2,307	1,761	1,500	1,308	1,516	2,239	3,073	3,691
Electrical								1	1	3	33
Finance, Property & Business Services	5,669	5,022	5,280	5,350	4,699	4,290	2,506	2,118	2,850	4,014	3,889
Food	570	476	355	329	288	217	227	206	410	356	444
Hospitality & Tourism	2,177	2,739	2,490	2,571	2,704	2,336	2,146	1,475	1,226	1,876	2,171
Light Manufacturing	132	87	54	54	71	56	59	41	38	37	32
Metals, Manufacturing & Services	223	108	278	301	183	133	189	154	334	303	325
Mining Industry	1,477	1,224	1,486	1,638	1,604	2,036	2,329	2,297	2,355	2,623	2,773
Other	4	2		2							
Primary Industry	569	566	434	395	349	327	395	334	413	517	518
Process Manufacturing	2,857	3,913	3,834	3,378	2,245	1,439	918	558	660	670	593
Public Administration	405	334	319	195	215	165	113	133	143	171	193
Transport & Storage	3,258	2,916	2,370	2,228	2,260	2,007	1,387	883	819	1,275	1,449
Utilities, Electrotechnology & Printing	797	741	591	490	448	415	190	148	330	507	648
Wholesale, Retail & Personal Services	1,869	1,367	1,455	1,602	1,366	1,215	1,102	1,034	1,388	1,842	2,011
Total in Training	42,670	41,316	40,356	39,298	34,741	32,084	28,785	27,257	32,380	40,388	44,138

⁴⁵ Ibid.

Conclusion

93. 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.
94. The annual State Wage Case process plays an important role underpinning the State industrial relations system, with many employees and their families reliant on increases to minimum and award wages to help meet everyday living costs.
95. This year's State Wage Case proceedings are taking place in a dynamic and somewhat uncertain economic climate, with elevated cost pressures affecting businesses and households, and labour and skills shortages underpinning tight labour market conditions.
96. 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 economic progress.
97. The Minister encourages the Panel to award a fair and meaningful increase to the minimum and award wages, as part of a balanced assessment of the economic, social and industrial objectives prescribed in the IR Act.
98. The decision of the FWC in the Annual Wage Review will be a particularly relevant consideration in this year's State Wage Case, as will be the latest labour market data, to be released shortly.
99. The Minister looks forward to making further contributions to this year's State Wage Case proceedings in due course.