



2025 State Wage Case

Chamber of Commerce and Industry WA

May 2025



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Industrial Relations Act 1979

In the Western Australian Industrial Relations Commission

Application No. 1 of 2025

2025 STATE WAGE ORDER

On the Commission's own motion

SUBMISSION BY THE CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA

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1. Introduction

1. The Chamber of Commerce and Industry of WA (CCIWA) welcomes the opportunity to make the following submission to the State Wage Case (SWC) on behalf of Western Australian employers.
2. CCIWA is a member-based organisation with more than 7,000 members, spanning every sector of the economy, every size of business, and every region across our State. We are committed to developing positions on public policy that make WA the best place to live and do business, for the benefit of the entire WA community.
3. Western Australians - employers and households alike - continue to face challenging financial pressures.
4. Smaller employers, which are more likely to be captured by the State IR System, face significant cost pressures, in particular.
5. Employers have faced sustained above target inflation since 2021, which in combination with other economic headwinds, has led to a significant decrease in the viability of small businesses across the nation.
6. While inflation has impacted households over the past two years, government support has significantly eased inflationary pressures over 2024. With further government support expected over 2025, headline inflation is expected to remain in the RBA's target of between 2% and 3%.
7. The latest Consumer Price Index (CPI) data shows that the national rate of inflation has softened to 2.4% over the year to March 2025.¹
8. As a result, interest rates were also cut in February, for the first time since the start of the pandemic, helping to alleviate some of the financial pressures facing households. Further interest rate cuts are expected this calendar year, with financial markets predicting another four or five rate cuts by December 2025.
9. Perth is still positioned as one of the most affordable places to live in Australia, with inflation at 2.8% over the same period.² At the same time, growth in the Wage Price Index (WPI) over the same period has continued to moderate but to a lesser extent and is now sitting at 3.7% in Western Australia. This has resulted in real wage growth of 0.9% for the year to March 2025.³
10. While encouragingly Western Australians are seeing the benefit of lower inflation and real wage growth, concerns of economic uncertainty and instability, driven largely by global factors, still loom large.

¹ ABS (2025), [*Consumer Price Index, Australia March 2025*](#)

² Ibid

³ ABS (2025), [*Wage Price Index, Australia March 2025*](#)

11. The SWC comes at a time when Western Australia's domestic economy continues to show some solid fundamentals, but there is significant uncertainty around the outlook. Elevated costs increased regulatory burden, labour shortages and international trade tensions are significant threats to the viability of Western Australian businesses.
12. The most recent Producer Price Index (PPI) figures show an annual growth of 3.7% to March 2025, with the ABS noting the increase stems from labour shortages, as well as higher input prices associated with increased labour costs and higher operating costs in service industries. These factors all continue to push up the cost of doing business for Western Australian businesses.⁴
13. While WA's overall economic performance remains solid, this performance is patchy. Insolvencies are surging with 290 businesses being placed into administration for the first time in WA for the period between January and April 2025.⁵
14. This reflects an increase of over 30% since April 2024, and over 66% since April 2023.⁶ This is a trend that is expected to continue over the year as pressure on operating margins continues to build.
15. The sectors most represented in the WA Industrial Relations system include accommodation and food services, construction, health care and social assistance, and retail trade.⁷ Across these four sectors in WA, insolvency rates have increased by 21%, 19%, 37%, and 4% respectively between the 2023-2024 and the 2022-2023 financial years.⁸
16. As noted in the February 2025 Monetary Policy Decision, the Reserve Bank of Australia (RBA) continues to display caution regarding Australia's economic outlook. There are several concerning economic factors in play, most notably, the significant uncertainty of the United States tariffs, ongoing weakness in the Chinese property market, greater geopolitical instability and low productivity growth.
17. These, along with other factors, threaten Australia's economic outlook.⁹ They too create uncertainty and instability for Western Australian businesses and the State's economy more broadly.
18. Low productivity is also a significant risk for the inflation outlook. As stated by the RBA, large nominal increases in wages without a commensurate rise in productivity contribute to inflationary pressures.¹⁰

⁴ ABS (2025), [Producer Price Indexes, Australia March 2025](#)

⁵ ASIC (2025), [ASIC Insolvency Statistics – Table 1.3 April 2025](#)

⁶ Ibid – Chart 1.3

⁷ 2023 WAIRC 00330 [32-33]

⁸ ASIC (2024) [ASIC Insolvency Statistics – Series 3.1.1 2023-2024](#), and ASIC (2023), [ASIC Insolvency Statistics – Series 3.1.1 2022-2023](#)

⁹ RBA (2025), [Statement by the Reserve Bank Board: Monetary Policy Decision March 2025](#)

¹⁰ RBA (2023), [Recent trends in Australian productivity, September 2023](#)

19. Over the year to December 2024, Australia's productivity declined 1.1% to sit back at 2018-19 levels. Concerningly, the Federal Government does not expect productivity growth to increase over the coming four years.¹¹
20. In recognition of the significant uncertainty surrounding the economic outlook, we encourage the Western Australian Industrial Relations Commission ('Commission') to take a cautious approach in reviewing the State Minimum Wage ('SMW') and award rates of pay, by taking into consideration the following key factors:
 - 20.1. Businesses continue to face significant challenges in doing business in WA, driven by labour shortages and higher cost pressures, which has reduced the ability for businesses to stay afloat.
 - 20.2. Productivity among Australian workplaces continues to lag below the long-run average, which risks further inflationary pressure when there is significant wage growth without commensurate productivity increases.
 - 20.3. The rising levels of insolvencies among Western Australian businesses, which are commonly represented in the WA Industrial Relations system.
 - 20.4. Superannuation changes that will increase contributions by another 0.5%, taking it to a high of 12.0%.
 - 20.5. WA's steady decline in the rate of inflation, reducing the need to build in unsustainable levels of wage growth and risking further inflationary pressure.
 - 20.6. Recent changes to State awards, which have reduced the capacity of businesses to pay further increases in the SMW.
 - 20.7. The Federal Government's reduction in income taxation, which is targeted to low and middle-income brackets.
 - 20.8. The role of the federal tax and transfer system in supporting lower wage earners.
21. Considering the above, CCIWA proposes a 2.5% increase to the SMW, in addition to the 0.5% superannuation guarantee increase, providing an overall uplift of 3%. This will:
 - 21.1. promote a fair system of wages and conditions of employment by not disadvantaging small and family-run business operators with an unsustainable rise in the SMW; and
 - 21.2. ensure that any increase does not exacerbate inflationary pressures in the Western Australian economy.

¹¹ RBA (2025), *Statement by the Reserve Bank Board: Monetary Policy Decision March 2025*

2. Economic Considerations

International Economic Outlook

22. The global economy faces numerous headwinds, including cost pressures, high interest rates and geopolitical uncertainty. The global economy grew 3.2% over 2024.¹²
23. The Organisation for Economic Co-operation and Development (OECD) expects the global economy will continue growing over the coming years, albeit at lower rates. The global economy is forecast to grow 3.1% in 2025 and 3.0% in 2026. While still positive, this is below the long run average, as global economic fragmentation and low underlying productivity growth globally are expected to weigh on future economic growth.¹³
24. Inflationary pressures continue to linger in many economies. The OECD projects inflation to be higher than previously expected over the year, although still moderating as economic growth softens. Headline inflation globally is expected to fall from 5.3% in 2024 to 3.8% in 2025. This is 0.3 percentage points higher than previously expected.¹⁴
25. The geoeconomic fragmentation currently underway poses significant risks to both growth and inflation. In particular, the sweeping tariffs recently announced by the US on almost every economy in the world is threatening a global economic slowdown, as supply chains are forced to re-shuffle.
26. Australia, and indeed Western Australia, are not immune to the impacts of these tariffs. While having limited direct impact, Australia has significant indirect exposure through the effect tariffs will have on our trading partners, most notably China.
27. China has been the most heavily impacted by the United States' tariff agenda, initially facing tariff rates of 145% on all goods from 12 April 2025. On 12 May 2025, China and the United States agreed to a 90-day reduction of the tariffs between the US and China. However, beyond the 90-day reduction, at this point, US tariffs on China will resume at 145% and China's tariffs on US goods resume at 125%.
28. While this latest agreement will assist conditions in the short-term, there still remains significant uncertainty about the trading relationship between US and China over the mid-to-longer term.¹⁵
29. Despite this concession, the Chinese tariff rate remains significantly higher than all other economies, placing China's export sector at a disadvantage to its competitors for products being sent to the US.

¹² OECD (2025), *OECD Economic Outlook, Interim Report March 2025*, March 2025

¹³ Ibid

¹⁴ Ibid

¹⁵ Barrenjoey (2025), *US-China tariff announcement materially reduces the risks to global growth*, 12 May 2025

30. As a result, many commentators have significantly downgraded their forecasts for China's economic growth in 2025. Vanguard, for example, has downgraded its forecasts from 4.5% to just above 4%.¹⁶
31. This is particularly relevant to Western Australia, as approximately half (53%) of our exports are sent to China every year. Any slowdown in China is likely to be felt most in Western Australia, as weaker economic growth results in weaker demand.
32. There is, at this point, a downside risk for the Australian economy as well, due to our trade-oriented economy, particularly if the global market continues to be volatile.¹⁷ This is especially the case if any of China's domestic responses fail to mitigate some of the impact of the United States' tariff regime.
33. However, China has other significant structural issues threatening its economic outlook, including the persistent downturn in the property market, high levels of debt and an ageing population.¹⁸
34. In particular, the weakness in China's property market is a key risk for Western Australia's economy. This is because China's real estate sector represents around 20% of its economic output and accounts for approximately one third of its total steel (derived from iron ore) demand.^{19,20} China accounts for approximately 85% of WA's iron ore exports, which in turn comprises approximately 50% of WA's total exports.^{21,22}
35. Recent data has shown real estate investment in China continues to contract, falling 9.5% over the year to February 2025.²³ Floor space under construction has also fallen 9.1% over the same period, and is now 24.8% lower than the end of 2021.
36. The significant uncertainty surrounding the impact of tariffs on China's export sector, combined with the persistent weakness in its property sector, means caution should be taken when assessing China's economic outlook. Given Western Australia's reliance on China's demand for its exports, the health of China's economy should be considered a key risk to the outlook for Western Australia.

National Economic Outlook

37. The Australian economy slowed over 2024, growing just 1.3%, down from the 1.5% recorded in 2023. This is well below the long run average of 2.7%.²⁴

¹⁶ Vanguard (2025), *Our economic outlook for China* | Vanguard

¹⁷ See: Westpac (2025), *Westpac Market Outlook – Tariffs, April 2025*

¹⁸ World Bank (2024), *Reviving Demand, Regaining Momentum*, December 2024

¹⁹ IMF (2024), *China's Real Estate Sector: Managing the Medium-Term Slowdown, February 2024*

²⁰ S&P Global (2021), *Analysis: China's property steel demand, February 2021*

²¹ WA Government (2024), *WA Trade Profiles – May 2024*

²² WA Government (2025), *WA Iron Ore Profile – January 2025*

²³ NAB (2025), *China's economy at a glance*

²⁴ ABS (2025), *Australian National Accounts: National Income, Expenditure and Products December 2024*

38. Public spending has been the primary driver of growth, with public consumption rising 5.1% and public investment lifting 8.1% over 2024. In contrast, household consumption rose only 0.7% and business investment fell 0.1%, both of which have weighed on growth.²⁵ This is not a sustainable formula for growth.
39. Economic activity is expected to improve in 2025 and 2026, as inflationary pressures moderate and interest rates are widely expected to reduce further, following the RBA's decision to cut interest rates in February.
40. The RBA has forecast Australia's GDP to grow 2.4% in 2025 and 2.3% in 2026.²⁶ Alternatively, the OECD has forecast lower growth of 1.9% in 2025 and 1.8% in 2026.²⁷
41. As a result of weaker demand pressures, the national inflation rate has continued to ease and now sits within the RBA's target band, with headline CPI growth reading 2.4% over the year to March 2025. This is significantly lower than the 4.1% recorded in December 2023, however, this has been artificially pushed down due to the Federal Government's electricity credits.²⁸
42. Trimmed mean inflation, which is the RBA's primary inflation measure, is now within the RBA's target band at 2.9% over the year to March 2025.²⁹ This has also eased, down from 4.2% in December 2023.³⁰
43. The RBA forecasts trimmed mean inflation to return to the target band by June 2025, with a reading of 2.7%. It is then expected to remain at this level over the forecast period.
44. Notably, while still within the target band, it is above the 2.5% mid-point of the band, which is what the RBA targets. This suggests that the RBA will continue to remain cautious about the outlook and the upside risk to inflation.
45. In particular, the RBA has suggested persistent services inflation, which is being predominately driven by the fast-paced growth of unit labour costs resulting from weak productivity, as a key risk to the inflation outlook.³¹
46. Unit labour costs reflect the costs that businesses face in producing a unit of 'output'. This is a function of the cost of labour and labour productivity. If labour productivity increases, unit labour costs decline. Unit labour costs are a critical measure - they affect firms' pricing decisions and therefore, the overall rate of inflation.³²
47. Over the year to December 2024, unit labour costs have risen 4.7%, driven by higher nominal wages growth combined with subdued productivity. This is significantly higher than the pre-pandemic decade average of 1.8%.³³

²⁵ Ibid

²⁶ RBA (2025), [Statement on Monetary Policy – February 2025](#) | RBA

²⁷ OECD (2025), [Steering through Uncertainty](#)

²⁸ ABS (2025), [Consumer Price Index, Australia March 2025](#)

²⁹ Otherwise referred to as core inflation, given it is calculated using only the middle 70% of the distribution of price changes.

³⁰ Ibid

³¹ RBA (2025), [Statement of Monetary Policy, February 2025 – 3.3 The domestic outlook](#)

³² RBA (2023), [Recent trends in Australian productivity, September 2023](#)

³³ ABS (2024), [Australian National Accounts: National Income, Expenditure and Products December 2023](#)

48. Productivity growth, measured as GDP per hours worked, remains weak and continues its downward trend. Over the year to December 2024, productivity declined 1.1% to fall back to levels recorded in 2018-19.³⁴
49. Productivity growth is critically important as it underpins rising living standards and is needed for real wages growth to be consistent with stable inflation over the medium term.³⁵ If wages increase faster than the rate of productivity growth, this puts upward pressure on inflation – ultimately, increases in wages are not sustainable without long-term gains in productivity growth.
50. Despite recent claims to the contrary, recent research by the Productivity Commission continues to show there is a strong causal relationship between labour productivity and real wages growth.³⁶
51. While the Federal Government assumes that productivity growth will improve and return to its long-run average of 1.2%, the RBA is more cautious.³⁷ In the February outlook of Monetary policy, the RBA does not expect a return to the long run average before June 2027.³⁸ The issue of weak national productivity is serious enough that the RBA identifies it as one of its three key risks to the domestic outlook of Australia's economy.³⁹
52. Figure 1 captures Australia's productivity issue. As noted in the 2024 *Annual Wage Review* ('AWR') Decision, labour productivity is yet to improve from 2018 levels and the Full Bench acknowledged the concerns held by the RBA that it remains uncertain if productivity will improve and reach the long term trend.⁴⁰ Given this uncertainty, it is imperative that the Commission considers, to a significant extent, the impact a significant rise in the minimum and award rates of pay would have on inflation, without a commensurate increase in productivity.
53. This is the same position held by the Full Bench of the Fair Work Commission in both their 2023 *Annual Wage Review* Decision, and their 2024 AWR Decisions. In 2023, when providing an increase which did not maintain the real value of modern award minimum wages, the Full Bench said:

*"In the medium to long term, it is desirable that modern award minimum wages maintain their real value and increase in line with the trend rate of national productivity growth. A return to that path is likely to be possible in future Reviews when there is a reversion **to a lower inflationary environment and trend productivity growth.**"*⁴¹ (Emphasis Added)
54. While trimmed mean inflation is trending towards target, there are still concerns productivity will remain flat. These are the same conditions that were present in the 2023 AWR decision,

³⁴ Ibid

³⁵ RBA (2023), *Recent trends in Australian productivity, September 2023*

³⁶ Productivity Commission (2023), *Productivity growth and wages – a forensic look, September 2023*

³⁷ The Commonwealth of Australia (2025), *Budget Paper No.1, Budget 2025-26*

³⁸ RBA (2025), *Statement of Monetary Policy, February 2025 – 3.5 Detailed Forecast Information*

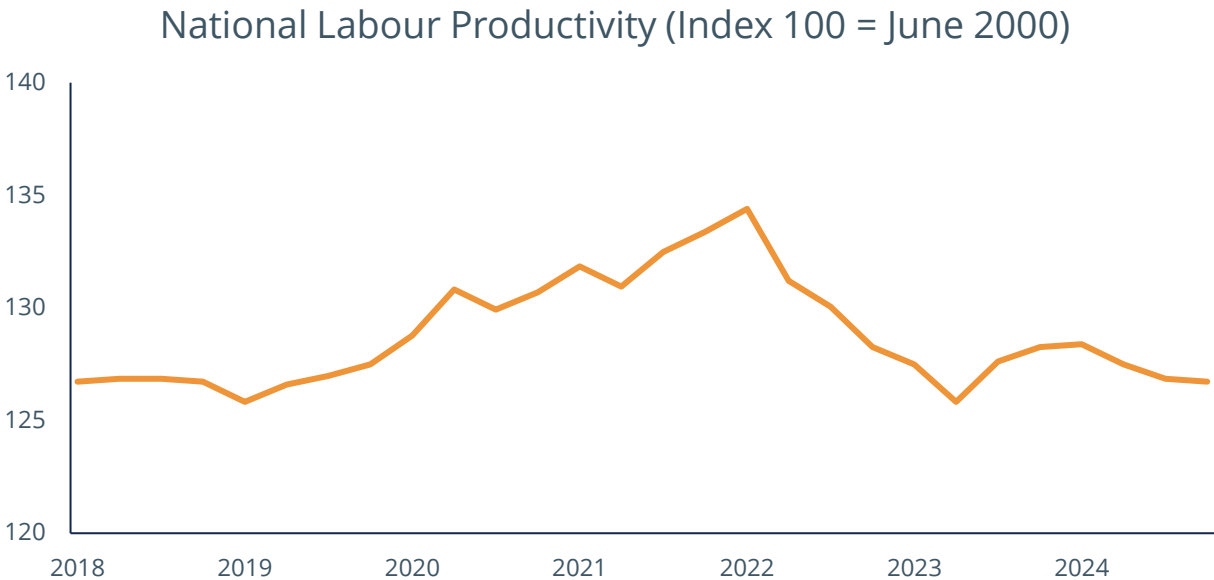
³⁹ RBA (2025), *Statement of Monetary Policy, February 2025 – 3.4 Key risks to the outlook*

⁴⁰ AWR 2024 Decision [2024] FWCFB 3500 at [70] and [150]

⁴¹ AWR 2023 Decision [2023] FWCFB 3500 at [10]

and CCIWA continues to hold the position that the Commission should consider productivity as a moderating factor to any increase for the 2025 SMW.⁴²

Figure 1: National Labour Productivity March 2018 to December 2024⁴³



State Economic Outlook

55. Western Australia’s economy has continued to perform strongly over the past year, growing 3.7% in annual average terms over 2024. While still solid, this is down from the 5.0% recorded over 2023. The key factors underpinning this growth to date includes:
- 55.1. **Solid household consumption:** Despite slowing, household consumption has remained solid, growing 2.0% in annual average terms over 2024. This has primarily been supported by strong population growth, continued employment growth, higher wages and skyrocketing house prices.⁴⁴
 - 55.2. **Surging government spending:** The State Government’s Asset Investment Program has seen a significant increase in public investment activity, rising over 17.6% in 2024. Government consumption has also risen significantly, up 5.6% over the same period, as stronger than expected population growth has seen an increase in demand for services.
56. However, both global and domestic headwinds are expected to impact domestic growth in the coming years. WA Treasury forecasts growth in State Final Demand to moderate to 2.75% over 2025-26.⁴⁵

⁴² AWR 2024 Decision [2024] FWCFB 3500 at [154]
⁴³ ABS (2025), *Australian National Accounts: National Income, Expenditure and Products December 2024*
⁴⁴ WA Treasury (2025), *2025 Pre-election Financial Projections Statement 2024-2025: Table 1 – Economic Forecasts 25*
⁴⁵ Ibid

57. Gross State Product was much weaker over 2023-24, growing just 0.5%. This difference is due to weakness in the external sector, with net exports dropping 7.6%. Net exports are expected to fall a further 0.25% over the current financial year.⁴⁶
58. As a small open economy, international trade plays a significant role in WA's ability to grow its economy – indeed, net exports represent 47% of WA's GSP.⁴⁷ WA is the most export-oriented economy in the nation, and as such, the impact of global headwinds, especially in our major trading partners, opens our economy to significant downside risk.
59. While household consumption slowed over 2024 as high inflation and interest rates started to fully impact consumers, it has remained resilient and now looks to have turned a corner. WA Treasury is expecting household consumption to grow 3.0% in 2025-26, up from 2.5% in 2024-25 as a combination of lower interest rates, higher wages and house prices, and robust population growth support greater spending.⁴⁸
60. In addition, consumer spending has also improved, with retail trade volumes growing 2.0% over the year to December 2024 - its highest rate since June 2022.
61. Headline inflation in Perth was 2.8% over the year to March 2025, down from 3.4% recorded 12 months prior.⁴⁹ This has continued the downward trend experienced since peaking at 8.3% in December 2022, albeit not smoothly, which is due, to a significant extent, to the volatility resulting from the household electricity credits provided by the State and Federal Governments.
62. Inflation in Perth is forecast to decline further and reach the RBA's target band by June 2025. WA Treasury is expecting inflation (excluding the electricity sub-index) to fall to 2.75% in 2024-25 and hold for 2025-26.
63. WA's economy also continues to be overly reliant on a single industry for our economic prosperity. As seen in Figure 2, the mining sector comprises 46% of Gross Value Added (GVA) to the State's economy. The construction sector, the next highest sector, sits at just 5.4% of GVA. This strong reliance on the mining sector means that WA's economy often closely follows commodity cycles, particularly those for iron ore and LNG, which combined account for approximately three quarters of WA's exports.

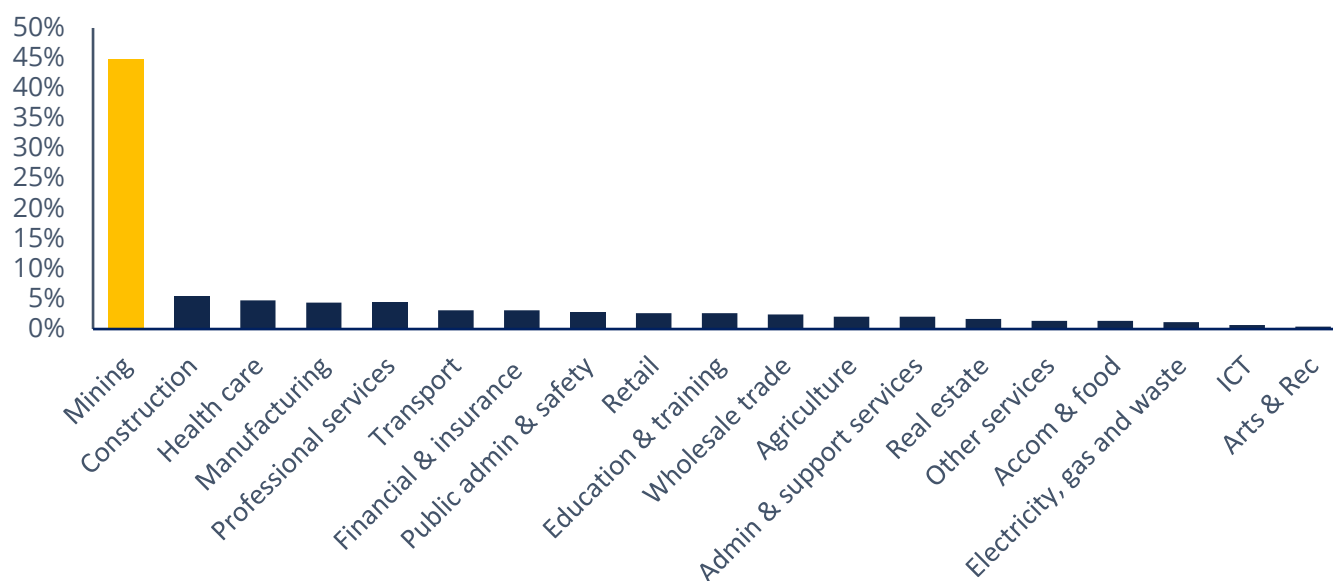
⁴⁶ Ibid

⁴⁷ WA Government (2025), [WA Trade Profile March 2025](#)

⁴⁸ WA Treasury (2025), [2025 Pre-election Financial Projections Statement 2024-2025](#): Table 1 – Economic Forecasts 25

⁴⁹ ABS (2025), [Consumer Price Index, Australia, December 2025](#)

Figure 2: Gross Value Add Western Australia, proportion by sector, 2023-24 ⁵⁰



The confidence of the WA business community

64. Business confidence remains stuck below pre-Covid levels. Since 2006, WA businesses have been asked about their expectations for economic conditions over the next 12 months, which is then converted into a long-standing index. In CCIWA's *March 2025 Business Confidence Survey*, business confidence has improved 2.5% since the same time last year to reach its highest level since December 2021. However, this is still 4.7% lower than immediately prior to the pandemic. The last time confidence was at such low levels before the pandemic was in September 2017.
65. It is worth noting that this survey was conducted prior to the significant announcement of the wide-ranging US tariffs, which has damaged business confidence in more contemporaneous surveys, such as the NAB Monthly Business Survey which saw confidence remain negative once again.⁵¹ CCIWA anticipates that this event, and the subsequent volatility experienced since, has also weakened business confidence in Western Australia.
66. These lower levels of business confidence are reflected in both metropolitan and regional areas as shown in Table 1. We've identified confidence levels to be lower as a result of the confluence of many factors, most notably, significant increases in operating costs and persistent labour shortages, which are being further exacerbated by a lack of housing in the regions.

⁵⁰ ABS (2024), *Australian National Accounts: State Accounts, 2023-24 financial year* | Australian Bureau of Statistics

⁵¹ NAB (2025), *NAB Monthly Business Survey – April 2025*

Table 1: WA regional business confidence, March 2025⁵²

Confidence by Region (WA)	Short-Term Conditions (3-Months)			Longer-Term Conditions (12-Months)		
	Stronger	About the same	Weaker	Stronger	About the same	Weaker
Peel	47%	33%	20%	28%	48%	24%
South West	28%	55%	17%	20%	60%	20%
Great Southern	56%	35%	9%	27%	59%	14%
Wheatbelt	33%	43%	24%	40%	40%	20%
Goldfields-Esperance	50%	32%	18%	41%	42%	17%
Mid-West/Gascoyne	35%	54%	11%	27%	49%	24%
Pilbara	40%	32%	28%	24%	56%	20%
Kimberley	44%	39%	17%	33%	50%	17%
WA Regions	40%	43%	17%	28%	52%	20%
Perth	42%	39%	19%	26%	47%	27%

The rising cost of doing business

67. Consistent with last year, rising cost pressures remain the most prevalent issue facing the WA business community, with 68% of businesses reporting this as a barrier to growing their business over the coming year.⁵³ Increased wages, skyrocketing insurance, higher supplier costs and taxes are the primary drivers of these higher cost pressures.
68. These rising cost pressures are also evident when analysing the Producer Price Index (PPI). Over the year to March 2025, producer prices nationally increased by 3.7% - greater than the rate of inflation over the same period.⁵⁴ The cost of inputs such as rent, materials, freight, energy and labour are all contributing to rising operating costs, with businesses reporting they are acutely feeling the impacts on their profit margins.
69. Interest rates also continue to weigh heavily on WA businesses. Just as higher interest rates increase mortgage repayments for households, they too impact the borrowing costs for

⁵² CCIWA Regional Pulse, March Quarter, 2025

⁵³ CCIWA (2025), CCIWA Business Confidence Survey: March Quarter 2025

⁵⁴ ABS (2025), [Producer Price Indexes Australia March 2025](#)

businesses. As indicated by the RBA in its September 2024 Financial Stability Review (FSR), “the impact of higher interest rates tends to be larger for smaller businesses”. These are also the businesses that are more likely to be captured under the State IR system.⁵⁵

70. The RBA’s April 2025 FSR highlights that “company insolvencies have continued to rise to be at the top of the range observed in the 2010s – primarily among smaller firms that face a particularly challenging operating environment...”.
71. The April 2025 FSR also acknowledges that while most businesses remain profitable, profit margins are only around the level recorded during the 2010s. This contradicts much of the public discourse suggesting businesses have been profit gouging. Importantly, the RBA indicates that data for small businesses is only available to September 2024 and “...surveys suggest that these businesses have faced increased pressure on their profitability since then”.

Labour shortages

72. The availability of skilled labour remains one of the biggest issues facing the WA business community, with 62% of businesses identifying this as a barrier to growing their business over the coming year.⁵⁶ While this has eased marginally since it peaked in September 2022, it is still consistently one of the highest barriers to growth. It also received more than double the responses as the next most prevalent barrier reported.
73. This continues to flow through in the form of higher labour costs, with 77% of businesses reporting an increase in labour costs over the March 2025 quarter.⁵⁷ As seen in Table 2, this applies across almost every industry sector.
74. The combination of the above factors shows that businesses across industries are faced with difficult operating conditions. Labour shortages, high interest rates, and rising operating costs have and continue to place considerable strain on businesses. As a result, this has been reflected in a rising number of insolvencies this year.

⁵⁵ RBA (2024), *Financial Stability Review, September 2024*

⁵⁶ CCIWA (2025), *CCIWA Business Confidence Survey: March Quarter 2025*

⁵⁷ Ibid

Table 2: Labour costs per person, March Quarter 2025⁵⁸

	Decrease	No Change	Increase
Agriculture, Forestry & Fishing	5%	28%	67%
Resources	0%	20%	80%
Manufacturing	2%	18%	80%
Utilities Services	0%	11%	89%
Construction	0%	20%	80%
Retail Trade	5%	21%	74%
Food & Accommodation Services	5%	20%	75%
Transport, Postal & Warehousing	8%	8%	84%
Real Estate Services	0%	50%	50%
Professional, Scientific & Technical Services	0%	38%	62%
Education & Training	6%	13%	81%
Health Care & Social Assistance	4%	29%	67%
Arts & Recreation Services	0%	44%	56%
Total	2%	21%	77%

75. As mentioned at paragraphs 13 to 16, recent data released by ASIC identified an increase in the sectors most likely to be covered by the State IR system.
76. This suggests the capacity of employers to bear even higher costs is already at a critical point and adding any significant further costs would place additional undue strain and risk their viability.

3. Labour Market Considerations

77. The current labour shortages that are being experienced by WA businesses is significant, as an analysis of current labour force and the labour market indicates, the State is near or at full utilisation of the workforce.
78. The following section analyses the WA labour market, which suggests that any significant increase in the SMW and awards rates of pay would neither address employers' current issues with labour shortages nor encourage new employment.

Labour Force

79. While easing marginally over the past year, WA's labour market remains tight. As seen in Figure 4, WA's unemployment rate currently sits at 3.6% and has remained well below the decade average of 5.2 % over the past year.⁵⁹ This is also the lowest of all States across the nation.
80. At the same time, the number of people employed in WA has grown to a record high. The number of people in employment grew 3.4% in annual average terms over the year to March 2025, following the same rate the year prior.

⁵⁸ CCIWA (2025), *CCIWA Business Confidence Survey: March Quarter 2025*

⁵⁹ ABS (2025), *Labour Force, Australia February 2025*

81. WA's participation rate also sits at 69.1%, close to the highest rate in a decade and just below the record high. WA's participation rate is significantly higher than any other state, with Victoria next highest at 67.8%⁶⁰.
82. In addition, the underemployment rate continues to sit at a very low level, reading 5.6% in February 2025. This is still well below the decade average of 8.0%.⁶¹
83. The combination of the unemployment and underemployment rates is commonly used to assess the underutilisation rate. WA's underutilisation rate sits at 9.1% as of February 2025 – this remains close to the lowest levels recorded since 2012.
84. This is also reflected in the number of job vacancies in the State. As seen in Figure 5, while the number of job vacancies has fallen almost 10% over the year to February 2025, it has recently risen to its highest level since February 2024. The number of vacancies also remains around 56% above pre-Covid levels.⁶²
85. WA Treasury anticipates WA's labour market will ease slightly in the coming year. The unemployment rate is forecast to increase slightly from an average of 3.5% in 2024-25 to an average 3.75% in 2025-26, while employment growth is expected to drop to 1.75% from 3.25%. Despite this, labour market conditions are expected to remain robust, with the unemployment rate to remain well below the decade average.⁶³

Figure 4: Western Australia Unemployment Rate⁶⁴



⁶⁰ Ibid

⁶¹ ABS (2025), *Labour Force, Australia February 2025*

⁶² ABS (2025), *Job vacancies, Australia February 2025*

⁶³ WA Treasury (2025), *2025 Pre-election Financial Projections Statement 2024-2025: Table 1 – Economic Forecasts 25*

⁶⁴ ABS (2025), *Labour Force, Australia March 2025*

Figure 5: Western Australia Job Vacancies⁶⁵



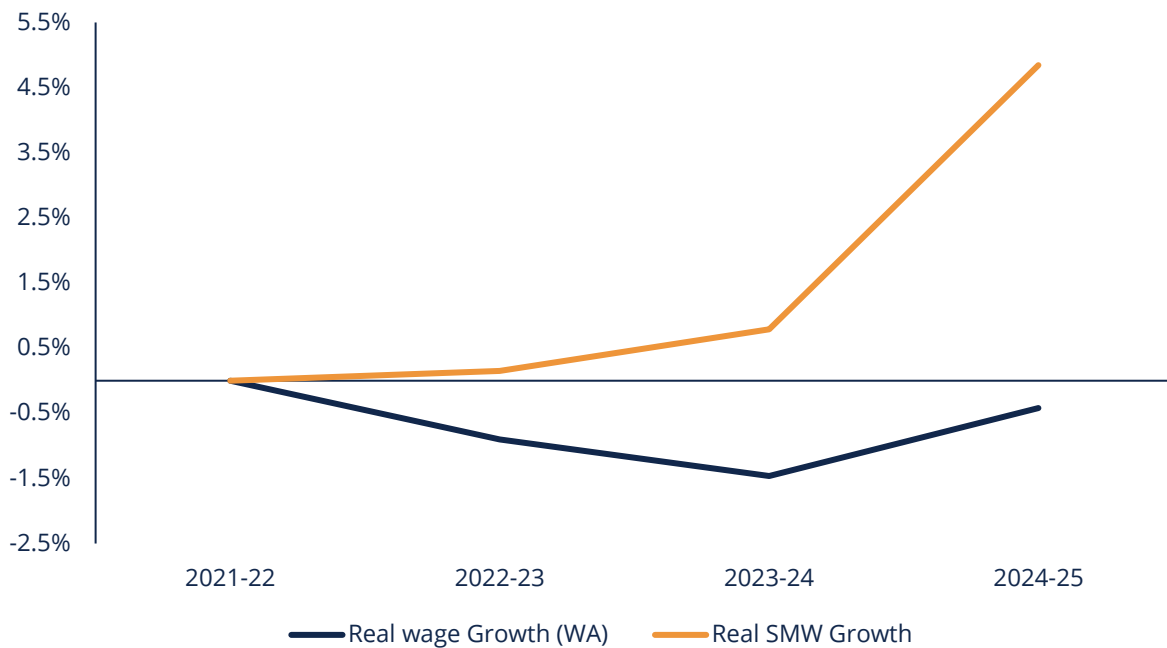
Wage Growth

86. Based on the Wage Price Index (WPI), wages in WA grew 3.7% over the year to December 2024, compared to the national growth of 3.4%. This is the highest rate of wage growth of all States.⁶⁶
87. As indicated in paragraphs 45 to 51 of this submission, the RBA continues to remain concerned that current levels of wage growth, without the necessary productivity improvements, could result in inflation remaining above target for longer.
88. As shown in Figure 6, cumulative real wages growth has fallen due to the significant impact of inflation. As inflation has now moderated, real wages growth is expected to be positive this financial year bringing it nearly back to the same level of 2021-22. Yet, for those reliant on the State minimum wage, they have benefited from a large increase in their cumulative real wage growth over the four years compared to the rest of Western Australia.

⁶⁵ ABS (2025), *Job vacancies, Australia February 2025*

⁶⁶ ABS (2025) *Wage Price Index, Australia March 2025*

Figure 6: Cumulative Real Wage Growth of SMW and WA⁶⁷



89. The WPI underestimates the real growth in wages, by not accounting for the use of allowances and bonuses to increase overall remuneration. The use of performance bonuses, site allowances, and sign on and retention bonuses continue to be used to attract and retain workers in a tight labour market without significantly increasing the base rate of pay. These are all additional costs for the employer.

Impact of Superannuation Increases

90. Superannuation also forms an important part of an employee's overall remuneration. It is a key element of an employee's safety net that needs to be considered when reviewing the SMW and award rates of pay generally.
91. Effective from 1 July 2025, statutory superannuation contributions will increase from its current rate of 11.5% to 12.0%. For employers covered by the State system, this will result in an additional:
- 91.1. \$238.83 per annum (\$4.59 per week) for a full-time employee on the SMW.
 - 91.2. \$264.42 per annum (\$5.08 per week) for a full-time employee on the equivalent to the C10 rate under the *Metal Trades (General) Award*; and
 - 91.3. \$306.90 per annum (\$5.90 per week) for a full-time employee on the equivalent to the C5 rate under the *Metal Trades (General) Award*.⁶⁸

⁶⁷ CCIWA Analysis on WAIRC State Wage Case decisions, ABS Wage Price Index alongside CPI (Excluding Electricity sub index). For 2024-25 Financial year, WA Treasury's forecast for the 2024-25 financial year has been used for both WPI and CPI (excluding Electricity sub index)

⁶⁸ Based on 2024 rates.

92. It should also be noted that superannuation contributions are calculated on shift penalties, loadings and most allowances (other than expense allowances).⁶⁹ Consequently, the increase for most award-based employees will be higher, particularly for employees covered by retail and hospitality awards where ordinary hours are frequently performed at times when penalty rates apply.
93. The Commission has previously acknowledged that statutory superannuation is a direct cost to employers and forms part of the total cost of employment.⁷⁰
94. We submit that the Commission should continue to hold the view that “*such increases should have a moderating influence on an increase in the SMW.*”⁷¹.

Impact of Variation of State Awards

95. With the Commission’s decision to increase the rate of casual employment in 117 private sector awards as per the *2025 General Order Re Casual Employees subject to Specified Awards*, CCIWA submits that this should be factored into the SWC decision.⁷²
96. Allowances are taken into consideration by employers when determining employment levels and working hours. In addition, the increase also has a direct benefit to employees and represents an improvement in the overall wages and conditions of employment. Any increase to the SMW should be moderated, with the similar position because of these award variations to allowances make part of the total employment cost.
97. Therefore, we suggest that in instances where variations have resulted in, or are expected to result in, an increase in employee allowances, these variations should be factored into the decision-making process as required by Section 50A(d) of the *Industrial Relations Act 1979* (WA).

4. Living Standards and Needs of the Low Paid

98. The needs of the low paid should be considered across the medium term, not at a single point in time. As indicated earlier at paragraphs 53 to 54, CCIWA holds the view that this is the appropriate mechanism to consider the needs of the low paid.
99. For the past four years, unlike the entire WA Workforce, those on the SMW have seen their wage rates broadly stay in line with their real value. As seen in Figure 6, over the past four years, real wage growth from minimum wage grew 4.8% since 2021, while WA’s population saw their real wages fall by 0.4%.
100. As noted in paragraphs 88, this is in direct contrast to the impact felt by the broader WA community in terms of wages growth over the past four financial years.

⁶⁹ ATO (2009) *Superannuation Guarantee Ruling – SGR 2009/2*

⁷⁰ 2021 WAIRC 00173 [96]

⁷¹ Ibid

⁷² 2025 *General Order Re Casual Employees Subject to Specified Awards* 2025 WAIRC 00129

101. It is also important to note that the Commission has previously recognised that *“the SMW alone cannot address all the needs of the low paid”* and as such, tax and transfer payments have a significant role in providing targeted relief to the low paid.
102. It is therefore appropriate for the Commission to consider relevant provisions of the State and Federal Government Budgets, as well as election commitments, aimed at alleviating pressures experienced by the low paid, particularly any cost-of-living challenges over the next two calendar years (2025 and 2026).
103. The Federal Government handed down its Budget on 25 March 2025 for the 2025/26 Budget, which included the following cost-of-living measures:⁷³
- 103.1. \$150 in energy bill relief for all Australian households.
- 103.2. Increase of the Medicare levy low-income threshold to \$27,222 for singles, \$45,907 for families, \$43,020 for single seniors/pensioners and \$59,886 for family seniors/pensioners. The family income thresholds will also increase by \$4,216 for each dependent child, up from \$4,027.
104. In addition, a key policy announcement the Commission should have regard for is the Federal Government’s income tax rate changes as reflected in the *Treasury Laws Amendment (More Cost of Living Relief) Bill 2025*. From 1 July 2026, these changes will see the lowest tax bracket reduce to 15% from 16%, which will increase the take home pay of those on low- and middle-income levels. From 1 July 2027, this tax bracket will reduce even further to 14%.
105. In addition, twice a year, indexation occurs for a range of social security benefits, such as rental assistance and jobseeker payments. In the most recent increase, the base rate of Jobseeker/Austudy and Youth Allowance saw an additional \$15.00 per week.⁷⁴
106. According to a recent Australian Institute of Health and Welfare (AIHW) report, it was estimated that just under one quarter of recipients of Federal Government income support declared earnings from employment.⁷⁵
107. While the AIHW report does not provide a break-down across States and Territories, it could be assumed that a sizable percentage of workers who would be impacted by the SWC decision, would also likely be in receipt of government benefits.
108. The WA State Government has also promised throughout the recent election cost of living support beyond what was provided in the Budget handed down on 9 May 2024. This included:
- 108.1. Capping of public transport fees to \$2.80, which is expected to save commuters \$625 per year.⁷⁶

⁷³ Commonwealth Department of Treasury & Department of Finance, *2025-26 Budget Paper Number 2*, (2025)

⁷⁴ Commonwealth Department of Social Services, *Indexation Rates January 2025*, (2024)

⁷⁵ Australian Institute of Health and Welfare (2023) *Unemployment payments*, AIHW,

⁷⁶ Pin, P. ABC News (2025), *WA Labor made \$3.4 billion in election promises, here’s what to expect*. 10 March 2025

- 108.2. The extension of the \$250 for every secondary school student, and \$150 for primary and kindergarten students.⁷⁷
109. We also note that by having a financially strong and stable State Budget, the WA State Government retains the capacity to respond to future cost-of-living pressures, better than other States and Territories, with other targeted measures.
110. The State Government will be handing down a new budget in June 2025, with the potential for new targeted cost of living measures provided.⁷⁸
111. As is the case with the WA State Government, the Federal Government is also in a financial position to provide future support if cost-of-living pressures continue to persist.
112. Due to these cost of living supports, the current lagging productivity and reduced headline inflation, a 2.5% rise to the SMW will address the needs of the low paid, while balancing all other statutory considerations under the Act.

⁷⁷ Cook, R. WA Government (2025), [*Cook Government to deliver new cost-of-living relief to WA families*](#) 10 April 2025

⁷⁸ Spagnolo, J. The West Australian (2025), [*State Budget: Welfare Agencies plead for more help in WA's June post-election Budget*](#). 30 March 2025