



2025 State Wage Case

Chamber of Commerce and Industry WA
Submission in Reply

19 May 2025

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In the Western Australian Industrial Relations Commission

Application No. 1 of 2025

2025 STATE WAGE ORDER

On the Commission's own motion

SUBMISSION IN REPLY

BY

THE CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA

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Introduction

1. The Chamber of Commerce and Industry of Western Australia (CCIWA) provides the following submission in reply to the 2025 State Wage Case (SWC) submissions filed by:
 - 1.1. The Minister for Industrial Relations (Minister)
 - 1.2. UnionsWA
 - 1.3. WA Council of Social Service (WACOSS); and
 - 1.4. WA Local Government Association (WALGA).
2. CCIWA submits that:
 - 2.1. The 4.5% increase proposed by UnionsWA and WACOSS equates to a baseline \$41.34 per week increase or \$2,646.30 per full-time employee inclusive of the legislative super increase.¹ A small business with 15 employees, would have to find an additional \$39,694.60 to fund this increase.² This increase would place further undue stress on businesses, particularly small and family businesses. Given the absence of productivity growth, this increase will not only threaten the viability of individual businesses, it also creates inflationary pressure across the economy.
 - 2.2. Despite being a significant concern for the RBA and Fair Work Commission, the positions held by the UnionsWA and WACOSS do not consider the inflationary pressures that rising wages, above productivity, may cause.
 - 2.3. As illustrated by the rising number of business failures in WA as reported by ASIC, small and family businesses have limited means to absorb further costs. CCIWA's business confidence survey, quoted in our initial submission, found that nearly 70% of businesses find cost pressures a barrier to doing business. This means that costs are either being passed onto the consumer in the form of higher prices for products or services, or there are job losses or reduced hours.
 - 2.4. The submissions made by UnionsWA and WACOSS are focused on cost-of-living pressures, but given cost-of-living measures have been the centrepiece of both State and Federal Budgets for some years, the Commission in Court (hereafter, the Commission) should consider the targeted cost-of-living measures to support low-income households when making its determination.

¹ Superannuation contributions are calculated on shift penalties, loadings and most allowances. This increase would likely be higher than calculated due to employees where ordinary hours are frequently performed at times when penalty rates apply.

² Utilising the definition of a small business under the *Fair Work Act 2009* (Cth), noting that no comparable definition is present in the State IR System.

Minister's submission

3. The Minister's submission has not nominated a specific quantum increase but instead encourages the Commission to award a raise not less than the annual Wage Review decision.
4. If the Government is concerned about different minimum wage rates and the equity position that may occur, it should refer its industrial relations powers to the Commonwealth.
5. Given the WA Government's continued position is to maintain its separation from the National industrial relations system, then WA's local factors must be considered in this context.³

WA economy

6. The Minister has recognised that while WA's economy has performed well over the past year, growth is expected to moderate in the coming years, and there are significant risks to the State's economy from geoeconomic and geopolitical fragmentation.
7. In considering the strength of the WA economy, it is important to identify what is driving this outcome. As identified in CCIWA's initial submission, and reaffirmed by the Minister's submission, the mining sector accounts for nearly 50 per cent of our Gross Value Added. This means that the WA economy continues to be overly reliant on a single industry sector for our economic prosperity.^{4,5}
8. As noted in Attachment A of the Minister's submission, one of the three domestic risks considered is the volatility of this sector, and the subsequent concession that this volatility has delayed investment projects.⁶
9. It is also evident that economic growth and prosperity is not shared equally across all industry sectors, as evidenced by the number of business failures, which was highlighted in CCIWA's initial submission. This has shown a significant rise in business failures in industries that are likely captured in the State industrial relations system when compared to the year before.⁷

This suggests that the outlook for some sectors of the economy is not as strong as the headline figures suggest. There is a two-speed economy at play, and the substantial increases in business costs proposed by WACOSS and UnionsWA would hit the very businesses that are under threat.

Inflation

³ 2018 WAIRC 00363 [230-235]

⁴ CCIWA Submission, para 55-63

⁵ Minister's Submission: Attachment A, Economic Outlook, para 8.2 Domestic Risks

⁶ Ibid.

⁷ CCIWA submission, para 13-15

10. The Minister's submission discusses the inflationary pressures in the WA economy and highlights the challenge with controlling such pressures.⁸
11. The Minister's submission does not note the RBA's concerns that wage growth sits well above productivity. As indicated in CCIWA's initial submission, large and unsustainable wage increases, without a commensurate increase in productivity, will likely result in higher inflation once again, as indicated by the RBA.⁹ The RBA has, in its most recent data, raised its forecast for inflation and continues to hold concerns with the inflationary aspect of wages growth in a low productivity environment.¹⁰
12. CCIWA also notes that both the State and Federal Governments have recognised the difficulty of the recent period of high inflation and continue to announce measures to address the cost-of-living for the low paid.

Trends in wages

13. The growth in WPI, as indicated in the Minister's submission, shows there has been real wages growth in Western Australia over the past year.¹¹
14. It is important to note that those who are reliant on the SMW have also had a real wage increase over the year when utilising the WA Government's inflation forecast.¹²
15. However, real wage growth, without a corresponding increase in productivity, can drive inflation, as outlined in CCIWA's initial submission and substantiated by the RBA.¹³
16. Given this, the Commission should consider the impact a substantial rise may have on inflation, especially considering the low levels of productivity in the current environment.
17. CCIWA contends the Commission should consider the comments made by the Full bench of the Fair Work Commission about the impact of labour productivity and wage rises referenced in CCIWA's initial submission.¹⁴

Gender pay gap

18. The Minister has identified that based on average weekly ordinary time earnings, the gender pay gap decreased by 1.5 percentage points in the 12 months to November 2024.¹⁵

⁸ Minister's Submission, para 34-41

⁹ CCIWA Submission, para 44-47

¹⁰ RBA (2025), *Statement of Monetary Policy, February 2025* – 3.3 *The domestic outlook*

¹¹ Minister's Submission Table 2: Annual Growth in CPI and WPI – WA

¹² CCIWA Submission, para 88

¹³ RBA (2022), [Wage-price Dynamics in a High-inflation Environment](#); CCIWA Submission, 48-52

¹⁴ CCIWA Submission, para 53

¹⁵ Minister's Submission, para 52.

19. The submission also notes that WA has the highest gender pay gap compared to other States.¹⁶
20. WA's high gender pay gap remains an ongoing matter of concern for the WA community. However, the reasons for the gap are complex and multi-faceted and require a considered approach to identify and address the multiple causes. This is not achievable through these proceedings.
21. CCIWA, therefore, suggest the Commission's previously held position that there are limits to the extent that increases in the SMW can have a material impact on the gender pay gap, continues to hold.¹⁷

Operating conditions for Western Australian businesses

22. CCIWA's initial submission highlights the difficult operating conditions that WA businesses currently face, which is further reflected in the increase in business failures across the State over the last 12 months.
23. As noted in CCIWA's initial submission, the impact of cost pressures for WA businesses, particularly SMEs, means they have very limited capacity to bear further costs.¹⁸
24. Business failure data shows a considerable rise in the number of business failures, which suggests the health of these sectors is not as positive as suggested.¹⁹
25. It is also important for the Commission to consider the impact that high interest rates, higher input prices and higher labour costs are all having on businesses likely to be captured in the state system.
26. In CCIWA's initial submission, the RBA's concerns around the profitability of smaller businesses due to these pressures was highlighted.²⁰
27. For this reason, the Commission should consider CCIWA's position of awarding a 2.5% increase to the SMW and award rates of pay. This would limit the impact on businesses, and any flow-on consequences from an unsustainable rise (i.e.: job losses and/or reduced working hours).

Fairness

28. The Minister notes there are some groups of employees covered by the state system that are currently award free, including workers in occupations that would traditionally be considered award type work.
29. The WA Government has addressed this concern through the *Industrial Relations Legislation Amendment Bill 2021 (WA)*, which provides the Commission with the capacity to, of its own accord, expand the scope of private sector awards to cover parts of an industry not previously covered.

¹⁶ Ibid, para 53.

¹⁷ 2017 WAIRC 00330 [259-262]

¹⁸ CCIWA Submission, para 66-71

¹⁹ CCIWA Submission, para 11-13

²⁰ CCIWA Submission, para 70-71

30. CCIWA believes if the Government holds concerns in relation to this matter, a more appropriate and long-term approach would be to provide additional funding to the Commission to undertake a comprehensive review of all awards, rationalising where appropriate, and making sure they are usable for employers and employees.
31. This measure is intended to address the concern raised by the Minister in relation to this matter.
32. CCIWA also notes that from 1 July 2025, income tax rates will lower as a result of recently legislated tax cuts, which will increase the take-home pay of the lower-paid.²¹
33. CCIWA also contends that as the Commission is currently going through a process to vary awards occurring in the state system, the Commission should consider these changes alongside any SWC determination.

Trainee Rates

34. CCIWA notes engagement with other Section 50 parties in relation to a new expression of calculating the rate of pay for trainees.
35. On the drafting proposed by the Minister, CCIWA is supportive of the concept as drafted, bar any minor/technical or stylistic changes proposed by the Commission, as it would incorporate the current practice undertaken by the Commission.²²
36. CCIWA thanks the Chief Commissioner for bringing it to the attention of Section 50 parties.

UnionsWA submission

37. UnionsWA is seeking a substantial and unsustainable 4.5% increase to the SMW and award rates of pay. This equates to a \$41.34 per week increase or \$2,646.30 a year per full-time employee to the SMW, with the superannuation increase included.²³ A small business with 15 employees would have to find an additional \$39,694.60 (inclusive of superannuation).²⁴
38. For C10 classification, this equates to a \$45.76 per week increase or \$2,939 a year per full time employee under the *Metal Trades General Award*.²⁵ For 15 employees, this would equate to an additional \$43.946 this year for those paid at C5 under the *Metal Trades General Award*.

²¹ CCIWA Submission, para 104

²² UnionsWA Submission, para 10.3

²³ Superannuation contributions are calculated on shift penalties, loadings and most allowances. This increase would likely be higher than calculated due to employees where ordinary hours are frequently performed at times when penalty rates apply.

²⁴ Utilising the definition of a small business under the *Fair Work Act 2009* (Cth), noting that no comparable definition is present in the State IR System.

²⁵ Minister Submission, para 18.

39. CCIWA holds the view that this position does not adequately consider the cost challenges facing WA employers most likely in the State IR System's, and their ability to pay.
40. Moreover, this position does not give due consideration to the impact such an increase could have, specifically, in higher prices for goods and services, and potential loss of jobs and/or reduced hours.
41. CCIWA contends the position on productivity highlighted by UnionsWA is incorrect. The RBA forecasts that labour productivity does not reach the estimated long run average of 1.2% but rather remains below that at 1.0% by the end of their forecasts.²⁶
42. The Commission instead should consider the comments of the FWC Full Bench in the 2024 Annual Wage Review, which noted that labour productivity has not improved since 2018-19 levels.²⁷

State of the economy

43. UnionsWA contends that a substantial increase to the minimum rate of pay is required, given the performance of the WA economy, WPI, and headline CPI for Perth.
44. For the reasons specified in CCIWA's initial submission, this position fails to take into consideration the following:
 - 44.1. The composition of the economy, and that much of the State's strong economic performance has been largely underpinned by the strength of the mining sector. This does not reflect the difficult operating conditions that businesses, especially small and family businesses in non-mining industries are facing, which is reflected in a growing number of business failures.
 - 44.2. Perth has recorded the lowest quarterly CPI growth of all States, tied with South Australia, in March 2025 at 0.5 per cent, and an annual rate of 2.8 per cent.
 - 44.3. The concerns the RBA holds about substantial wages growth leading to increased inflationary pressures due to lagging productivity; and
 - 44.4. The measures taken by the State and Federal Governments to address cost-of-living pressures.

Needs of the low paid

45. In considering the needs of the lower paid, UnionsWA focuses on individual components of CPI, which the Commission has previously rejected.²⁸ We suggest the Commission should maintain this position and reject any cherry picking of CPI data when analysing the impact of inflation.

²⁶ RBA (2025), *Statement of Monetary Policy, February 2025 – 3.5 Detailed Forecast Information*

²⁷ AWR 2024 Decision [2024] FWC 3500 at [70] and [150]

²⁸ 2021 WAIRC 00173, 2021 State Wage Case. [67]

46. UnionsWA also refers to lower paid workers usually being 'price takers' where non-tradable goods such as rent are concerned, highlighting the issue of rental affordability for workers across Western Australia.²⁹ Issues such as housing affordability, grocery prices, and other items are complex and cannot be resolved through the SWC decision.
47. CCIWA addresses these concerns in our initial submission, and notes that those likely to be on the SMW are also likely to be eligible for a range of welfare supports provided by the Commonwealth.³⁰
48. Some of these measures have been targeted to directly address housing and rental concerns, including an additional increase to the Commonwealth Rent Assistance.³¹
49. As noted in the UnionsWA submission, real wages for those reliant on the SMW have not gone backwards in any comparable benchmark against the rest of WA.³² Importantly, the growth in wages for the lowest paid continues to outpace what has been experienced by the rest of the WA population.
50. The UnionsWA submission does not consider the RBA's concerns around wages growth exceeding productivity. As raised earlier in this submission, it is well understood the disproportionate impact of high and sustained inflation has on those who are low paid, and their living standards.

Trainee Rates

51. CCIWA notes engagement with other Section 50 parties in relation to a new expression of calculating the rate of pay for trainees.
52. On the drafting proposed by UnionsWA, CCIWA is supportive of the concept as drafted, bar any minor/technical or stylistic changes proposed by the Commission, as it would incorporate the current practice undertaken by the Commission.³³
53. CCIWA thanks the Chief Commissioner for bringing it to the attention of Section 50 parties.

WACOSS' submission

54. As in previous years, WACOSS' claim of a 4.5% increase to the SMW and award rates of pay reflects the quantum sought by UnionsWA.
55. In justifying its position, WACOSS is primarily focused on the challenges facing low-income households in terms of housing and electricity costs as well as food insecurity and financial security.
56. Issues such as housing affordability, poverty, and food security are complex, and cannot be resolved exclusively through the SWC decision.

²⁹ UnionsWA Submission, para 4.2-4.11.

³⁰ CCIWA Submission, para 104-107.

³¹ CCIWA Submission, para 89.

³² UnionsWA Submission, para 4.11-4.18.

³³ UnionsWA submission, para 10.3

Inflation and wages

57. WACOSS' submission refers to Perth CPI holding back those who are low paid and uses this to justify the 4.5 per cent increase to the SMW. As identified in the UnionsWA submission, WACOSS is also cherry picking the CPI data.³⁴
58. As noted at paragraph 44 of this reply submission, the Commission should continue to reject the cherry picking of CPI at section three, as each of these all contribute together to a holistic picture of a basket of goods the average consumer would purchase.
59. As noted in CCIWA's initial submission, those who are likely to be on the SMW would be in receipt of Commonwealth supports, including rental assistance.³⁵
60. As noted by the RBA, and reflected in CCIWA's initial submission, the way to ensure the living standards of those who are low-paid are not eroded is to lower inflation from its current levels. Inflation is regressive, and elevated inflation if it does come back, will erode the benefit of large wage increases for those who are lower paid.³⁶
61. The Commission should also strongly consider the targeted support measures taken by the State and Federal Governments to address the cost-of-living pressures identified in CCIWA's initial submission.³⁷ As many of these are targeted measures, they will directly benefit low-income households, and will improve their ability to meet their needs, without adding further unnecessary pressures through an unsustainable rise in the SWC on WA's smallest employers.

Gender pay gap

62. WACOSS expresses concern about gender undervaluation and suggests increases to the SMW is an appropriate mechanism to help address this issue.³⁸
63. CCIWA rejects the assertion that increases to the SMW is an effective mechanism to address this concern.
64. CCIWA's position is supported by a FWC commissioned report, which consequently led to a gender undervaluation process to be undertaken by the Commission as per their powers through s 157(3)(a) of the *Fair Work Act*.^{39,40}
65. In starting this process, the Full bench of the Commission itself admitted it would not be appropriate to utilise any interim increase to address alleged gender undervaluation through the Annual Wage Review but rather took an extensive process to hear evidence on the matter.⁴¹
66. CCIWA contends that, if gender undervaluation is present in any awards, a more appropriate process should be followed through a general order application.

³⁴ WACOSS Submission, point 3, Pages 5-6

³⁵ CCIWA Submission, para 104-107.

³⁶ CCIWA submission, para 36-39

³⁷ CCIWA Submission, Para 102-109

³⁸ WACOSS Submission, Point 5

³⁹ Ibid

⁴⁰ *Gender-based undervaluation – priority awards review* [2025] FWCFB 74

⁴¹ *AWR 2024 Decision* [2024] FWCFB 3500 at [171-172]

WALGA's submission

67. WALGA's submission notes the constrained capacity of local governments to bear even greater costs in what is a high-cost operating environment. Consequently, local governments must weigh up any increase in costs with an increase in rates charged, or commensurate reduction in services.⁴²
68. This is reflective of the situation of many WA businesses, particularly SMEs, which are unable to bear the burden of higher costs and will be forced to pass these costs on to the customer in the form of higher prices for products and services, and/or a reduction in jobs and hours.
69. As such, the SWC outcome should seek not to disadvantage small business operators and local governments, with particular consideration of smaller local governments with an unsustainable and substantial rise to the SWC.
70. CCIWA agrees that the impact of the superannuation increase should also be considered when setting the SMW and award wages.⁴³

⁴² WALGA submission, para 41-45.

⁴³ WALGA, para 21.