



**GOVERNMENT OF  
WESTERN AUSTRALIA**

*Industrial Relations Act 1979*

**IN THE WESTERN AUSTRALIAN  
INDUSTRIAL RELATIONS COMMISSION  
No. 1 of 2025  
OF THE COMMISSION'S OWN MOTION**

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**SUBMISSION IN REPLY OF THE MINISTER FOR  
INDUSTRIAL RELATIONS**

**Re: 2025 STATE WAGE ORDER**

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19 May 2025

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## Introduction

1. In January 2025, the Western Australian Industrial Relations Commission (**WAIRC**) initiated CICS 1 of 2025 of its own motion. The application seeks to make a State Wage Order pursuant to section 50A of the *Industrial Relations Act 1979 (IR Act)* to determine rates of pay for the purposes of the *Minimum Conditions of Employment Act 1993 (MCE Act)* and State awards.
2. On 14 May 2025, the Minister for Industrial Relations (**the Minister**) filed a submission on behalf of the Western Australian Government.
3. The Minister's initial submission canvassed a variety of economic and labour market data relevant to this year's proceedings, and addressed some of the key social and fairness criteria the WAIRC is required to consider under section 50A of the IR Act.
4. The Minister's submission also addressed another specific issue the WAIRC has requested the parties to consider, regarding clause 8(b)(i) of the State Wage Order. This sets out the adjustment of trainee rates of pay following any increase in the State Minimum Wage (**SMW**) and minimum award wages.
5. The Minister's initial submission noted that while labour market conditions are relatively buoyant and inflation has moderated, many low-and middle-income households continue to experience cost of living pressures and elevated housing costs.
6. The Minister believes that any increase determined by the WAIRC should, as a minimum, meet the needs of low paid workers and keep pace with changes in the cost of living.
7. The Minister also submits it is desirable that any increase determined by the WAIRC in 2025 not be less than that awarded by the Fair Work Commission in this year's Annual Wage Review.
8. This Submission in Reply responds to the submissions of the other parties participating in the 2025 State Wage Case proceedings.

## Position of other parties

9. The Minister notes the following positions have been advocated by parties participating in this year's State Wage Case:

- (a) The **Chamber of Commerce and Industry of WA (CCIWA)** encourages the WAIRC to take a cautious approach in reviewing the SMW, and proposes a 2.5 per cent increase to the SMW, noting this would be in addition to the 0.5 per cent superannuation guarantee increase and provide an overall uplift of 3 per cent.

The CCIWA submission states this will 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 ensure that any increase does not exacerbate inflationary pressures in the Western Australian economy.

- (b) **UnionsWA** proposes an increase to the SMW of \$41.34 per week with commensurate increases of 4.5 per cent to award wages.

UnionsWA contends that the WAIRC should make a substantial real wage increase for SMW and award-reliant workers, which it argues is essential to make substantial progress in repairing the real value of award wages and to address the sustained increases in living costs, which is particularly impacting non-discretionary spending in areas such as housing.

- (c) The **Western Australian Council of Social Service (WACOSS)** is seeking a 4.5 per cent increase to the SMW, which it considers is needed to meet the needs of the low paid and ensure their standard of living more closely align with community expectations. It does not advocate a specific position regarding State award wages.

- (d) The **Western Australian Local Government Association (WALGA)** provided a submission supporting wage increases that balance the need for fair wages with the requirement for local governments to carefully manage their budgets in the interest of their communities as well as 'increases in line with wage fixing principles'.

10. The following section responds to the submissions of the above parties in further detail.

## Consideration of other submissions

### CCIWA

#### Appropriate quantum

11. In its submission, the CCIWA proposes the WAIRC grant a 2.5 per cent increase to the SMW.
12. The Minister notes that a 2.5 per cent increase would effectively amount to a real wage decline for minimum wage earning Western Australian employees, based on current data and the latest Treasury forecasts.
13. Given the cost of living pressures experienced in recent years, a real wage reduction would disadvantage many working households, and would not adequately take account of the requirement for the WAIRC to consider the needs of the low paid and contribute to improved living standards.

#### Measures of real wages growth

14. At paragraph 9 of its submission the CCIWA submits that Perth is still positioned as one of the most affordable places to live in Australia, with annual inflation of 2.8 per cent and annual growth in the Wage Price Index (**WPI**) of 3.7 per cent, resulting in a real wage growth of 0.9 per cent in the year to March 2025.
15. In regard to the above figures, it is worth noting that the timing and coverage of certain public sector agreements have recently pushed up the overall WPI to 3.7 per cent, as several large government agreements made initial upfront payments to employees in the March quarter 2025.
16. Private sector WPI was only 3.5 per cent in the year to March 2025, which was only marginally above the Perth CPI excluding the electricity subcomponent (which was 3.4 per cent over the same period).
17. The Minister contends the CPI excluding electricity represents a more realistic measure of underlying inflation in Perth, and regardless of whether the overall WPI figure or the private sector WPI figure is used, in practice there has only been a marginal real wage increase in the last 12 months. Nonetheless, it is encouraging to see that real wages growth has returned to positive territory in recent months.

#### Use of the Wage Price Index

18. At paragraph 89 of its submission the CCIWA submits that the WPI underestimates the real growth in wages, as it does not account for the use of allowances and bonuses to increase overall remuneration.
19. The CCIWA observes that 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, all of which are additional costs for employers.

20. Although it is true that WPI figures for “total hourly rates of pay excluding bonuses” will exclude things such as sign on bonuses, site allowances and performance bonuses, it is also unlikely that many low paid workers engaged on the SMW or minimum award wages will be receiving such benefits.
21. A barista or waitperson working in a local café is unlikely to receive a sign on bonus as part of their employment, while a cleaner is similarly unlikely to receive performance bonuses as part of their remuneration.
22. While it is not a perfect measure of wages growth, the WPI is still a useful indicator of price movements for a fixed basket of jobs. Given that bonuses and performance incentives are unlikely to be widely used in the case of minimum and award wage earners, measures of wage movements that exclude bonuses are likely to be a more appropriate proxy for this cohort of workers.

### **External trade risks**

23. The CCIWA’s submission notes a range of potential risks to the Western Australian economy, in particular a potential slowdown in Chinese economic activity, and significant uncertainty regarding escalating trade tensions concerning the United States and key trading partners.
24. The Minister acknowledges the uncertain global economic environment, and its potential impact on Western Australia’s future prosperity. The Minister’s submission also contained a variety of information on this issue.
25. While global economic uncertainty presents some downside risk to future projections, as the CCIWA itself notes, the Western Australian economy continues to perform strongly.
26. The Minister submits a fair and sustainable wage increase is warranted in this year’s proceedings, taking into account current economic and labour market data.
27. The benefit of having an annual State Wage Case is it provides a regular review process for wage adjustments, enabling parties to take stock of the prevailing circumstances in any given year. In the event there is any material change to the economic landscape, this can be considered in future wage case proceedings.

### **Impact of allowances on wage increases**

28. At paragraphs 96 to 97 of its submission, the CCIWA contends that increases to certain allowances in State awards have a direct benefit to employees and represent an improvement in the overall wages and conditions of employment. It further submits that any increase to the SMW should be moderated, as these allowances make part of the total employment.
29. In regard to the allowances contained in State awards, a small handful of allowances, out of thousands operating across the State system, have recently been updated as part of award review processes. The Minister notes most of these allowances have been frozen for many years (to the benefit of affected employers), and the award updating processes bring such allowances up to an amount that represents their contemporary value.

30. The Minister contends that the updating of a meal allowance or tool allowance to reflect present day values should have no bearing on the level of any general increase in wages for employees across Western Australia earning the SMW or award rates of pay.

### **Impact of casual loading on wage increases**

31. At paragraph 95 of its submission, the CCIWA submits that the Commission's decision to increase the rate of casual loading in 117 private sector awards pursuant to a recent General Order should be factored into the SWC decision.
32. The Minister acknowledges the CCIWA's cooperation in the casual loading General Order matter, which will have longer term benefits for many employers and employees.
33. The Minister notes the increase to casual loadings recently implemented does have a cost impact for some affected employers. However, it should be noted the establishment of a 25 per cent minimum casual loading in State private sector and local government awards aligns with the long-established national standard.
34. It is also noted that a number of the key State awards most widely used in the State system already contained a 25 per cent minimum casual loading prior to the General Order and were therefore unaffected.<sup>1</sup>

### **Living standards and needs of the low paid**

35. In paragraph 101 of its submission the CCIWA notes that the WAIRC 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.
36. The CCIWA contends that it is appropriate for the WAIRC 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.
37. The CCIWA highlights a number of these initiatives in greater detail, including energy bill relief, the indexation of various social security and Medicare benefits, the capping of public transport fees, student assistance payments, and proposed personal income tax cuts.

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<sup>1</sup> Examples include the *Restaurant, Tearoom and Catering Workers' Award*; *Hotel and Tavern Workers' Award*; *Club Workers' Award*; *Motel, Hostel, Service Flats and Boarding House Workers' Award*; *Metal Trades (General) Award*; *Shop and Warehouse (Wholesale and Retail Establishments) Award* and the *Clerks (Commercial, Social and Professional Services) Award*.

38. The Minister acknowledges these initiatives are an important part of the recent State and Federal budgets, and are designed to alleviate cost of living pressures and assist the low paid. Although significant, these initiatives cannot be seen as a substitute for regular and fair increases to minimum and award wages, which remain a vital element of the wage setting framework.
39. Critically, the intended effects of State and Federal budget initiatives aimed at alleviating cost of living pressures for Australian households would be undermined if the level of general wage adjustments were to be discounted because of them.
40. The Minister also notes the *Treasury Laws Amendment (More Cost of Living Relief) Act 2025* will not provide any tax relief until the 2026-27 financial year, which is more than 12 months from now.

### **Interest rates**

41. The CCIWA's submission notes that elevated interest rates also continue to weigh heavily on businesses, and observes that "just as higher interest rates increase mortgage repayments for households, they too impact the borrowing costs for businesses."
42. The Minister acknowledges that elevated interest rates have impacted on businesses and households alike. Higher interest rates have presented challenges for some small and medium enterprises servicing their debts, just as they have impacted significantly on the housing costs of many workers.
43. Interest rate movements are a relevant consideration in determining the capacity of employers as a whole to bear the costs of increased wages, salaries, allowances and other remuneration, as well as the need to ensure that Western Australians have a system of fair wages and conditions of employment.

## **UnionsWA**

### **Proposed position**

44. UnionsWA is seeking an increase to the SMW of \$41.34 per week with commensurate increases of 4.5 per cent to award wages. To illustrate the impact of its proposed increase it outlines the impact to the minimum weekly rates of pay in the *Metal Trades (General) Award* in paragraph 2.1 of its submission.
45. On a technical point, the Minister notes that the long-standing rounding formula is for minimum weekly rates of pay to be rounded to the nearest 10 cents, which would mean an increase of \$41.30 to the SMW, rather than \$41.34. Similarly, rates of pay in the *Metal Trades (General) Award* would be rounded to the nearest 10 cents.

### **State of the economy**

46. UnionsWA notes the strength of the WA economy and labour market on a number of measures, and reproduces a variety of data from the Pre-election Financial Projections Statement and the Australian Bureau of Statistics to demonstrate this.



47. The Minister acknowledges the Western Australian economy has remained buoyant, particularly the domestic economy, which has benefited from continued resilience in household spending. This adds weight to the Minister's call for a fair and sustainable increase to minimum and award wages, which will particularly benefit low paid and award reliant workers.

### **Cost of living**

48. UnionsWA's submission reproduces material demonstrating that many essential and non-discretionary expenses have been rising faster than the total CPI. As with the Minister's submission, it also reproduces the Living Cost Indexes for selected households, which shows cost of living movements for "Employee" households being well above the national CPI.<sup>2</sup>
49. The Minister acknowledges that living costs for many minimum and award reliant workers have risen faster than for the community as a whole, particularly as wage and salary earners are more likely to have mortgage and rent payments to service. This is a relevant consideration for the WAIRC in determining an appropriate increase for minimum rates of pay that will help meet the needs of the low paid and contribute to improved living standards.

### **Real wage movements**

50. UnionsWA produces a range of calculations demonstrating that in the aggregate, real wages for employees earning the SMW and award wages have declined since 2021.
51. The Minister acknowledges minimum and award wage earners have been negatively impacted by heightened inflation in recent years, and many lower income households have borne the brunt of these pressures.
52. With inflation now substantially lower, there is an opportunity for the wages of minimum and award wage workers to be improved over time. However, the challenge is doing this in a sustainable way that ensures Western Australia's economy and labour market continues to prosper.
53. The WAIRC is best placed to make this important decision, weighing all of the relevant criteria contained in section 50A of the IR Act.

### **Training and skills development**

54. The Minister notes the data provided by UnionsWA regarding apprenticeship and traineeship commencements and completions. This data complements much of the information provided by the Department of Training and Workforce Development in the Minister's submission.

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<sup>2</sup> The submission of UnionsWA uses a slightly different reference period for selected living cost indexes than that used in the Minister's submission. UnionsWA's submission references selected living cost indexes for the December quarter 2024, whereas the Minister's submission references data for the March quarter 2025.

55. At paragraph 6.1 of UnionsWA's submission it notes the findings of the Commonwealth Strategic Review of the Australian Apprenticeship Incentive System, which determined that low training wages are a significant factor for why apprentices do not complete their training, as well as acting as a barrier to entering into an apprenticeship in the first place.
56. The Minister acknowledges that lower training wages can act as a barrier to entry for apprenticeships and traineeships. While the State Government has implemented a variety of incentives and support payments to encourage the uptake of training in a number of important fields, regular and fair adjustments to training wages are also essential. This is particularly so in the State jurisdiction, where in many State awards the minimum rates of pay for apprentices and trainees are lower than those in national modern awards.

### **Equal remuneration**

57. UnionsWA's submission notes the high gender pay gap in Western Australia, and includes some of the same data regarding gender pay disparity as referenced in the Minister's submission.
58. The Minister agrees that female employees are more likely to be reliant on minimum and award wages, and re-iterates the importance of increases in the SMW and award wages for promoting equal remuneration and supporting working women in Western Australia.

### **Pay rates for award reliant workers**

59. Paragraph 5.3 of UnionsWA's submission contains information regarding the gap in average hourly total cash earnings of non-managerial employees working under awards compared to other pay setting methods. A very similar set of information was provided in the Minister's submission, highlighting the significantly lower average earnings award reliant workers receive.
60. Data concerning the earnings of award reliant workers reinforces the need for a fair and sustainable increase to SMW and award wages, which will help to boost the earnings of low paid State system employees and contribute to their financial wellbeing.

## **WACOSS**

### **Social equity considerations**

61. The Minister notes WACOSS is seeking a 4.5 per cent increase to the SMW, which is the same quantum advocated for by UnionsWA.
62. The Minister acknowledges the detailed information provided by WACOSS regarding living costs, inequality and poverty, including issues concerning access to affordable housing, food, utilities, transport and education amongst marginalised and vulnerable members of the community. This information provides valuable background for the WAIRC's consideration of the section 50A criteria for the State Wage Case.

63. The use of case studies outlining the lived experience of low wage earners also presents a human face for the issues affecting minimum and award reliant workers.
64. The Minister concurs with WACOSS that women are more likely to be employed on the SMW, and face many financial barriers that disadvantage them across their working lives and into retirement.
65. The Minister also acknowledges WACOSS' observation that financial insecurity can hinder participation in community activities, as the need to prioritise basic needs can come at the expense of social engagement.
66. The Minister submits that these social and gender equity considerations raised by WACOSS provide support for a fair and sustainable increase in this year's State Wage Case proceedings.

## **WALGA**

### **Award coverage of the local government sector**

67. The Minister notes that in its submission WALGA has provided information regarding award coverage in the local government sector, which is helpful for parties to understand the working arrangements underpinning the sector.
68. The Minister acknowledges that rates of pay in the *Municipal Employees (Western Australia) Award 2021 (ME Award)* were recently increased pursuant to APPL 80 of 2023. The Minister also notes this was a joint application with the Western Australian Services Union and the final increases were agreed upon by consent.
69. While the Minister commends the parties for reaching a joint position on the appropriate quantum of wages to apply in the ME Award, the Minister submits a consent application to increase rates of pay in a single award should not have a material bearing on the quantum of any increase awarded to minimum and award wage earners across the entire State jurisdiction.

### **Capacity of local government to meet increased wage costs**

70. The Minister notes the information provided by WALGA regarding local government finances and the capacity of local government authorities to pay higher wages. This information is a relevant consideration for the State Wage Case, as is the need for local government workers reliant on minimum and award wages to receive a fair wage increase as part of this year's proceedings.