



Submissions in Reply for the 2025 State Wage Order

**Appl No. CICS 1 of 2025
ON THE COMMISSION'S OWN MOTION**

**Western Australian Industrial
Relations Commission**

19 May 2025

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1. Submissions in Reply

The Western Australian Industrial Relations Commission (Commission) issued an application to make a State Wage Order pursuant to section 50A of the *Industrial Relations Act 1979 (WA) (IR Act)* to determine rates of pay for the purposes of the *Minimum Conditions of Employment Act 1993 (WA) (MCE Act)* and State awards.

UnionsWA filed a submission requesting the Commission issue a general order pursuant to Section 50A of the Act to increase award wages and the statutory minimum wage by 4.5 per cent.

UnionsWA notes the following submissions made by section 50 parties and other interested stakeholders:

- Western Australian Government (**the Minister**)
- Chamber of Commerce and Industry of WA (**CCIWA**)
- WA Council of Social Service Inc (**WACOSS**)
- WA Local Government Association (**WALGA**)

The submission below is the UnionsWA response to issues raised in these submissions, as well as other matters raised by the parties.

2. Submission – Minister for Industrial Relations

The Minister’s submission states at para 14 that:

To preserve the integrity of the State jurisdiction, and to ensure it remains modern and relevant for Western Australian employers and employees, the Minister submits it is desirable that any increase determined by the WAIRC in 2025 not be less than that awarded by the FWC in this year’s Annual Wage Review.

UnionsWA strongly agrees that any award wage increases should not be lower than any awarded by the Fair Work Commission in the Annual Wage Review. Without knowing in advance what quantum the FWC will award, however, we are unable to comment at this stage as to whether it will be sufficient.

UnionsWA contends that a meaningful real wage increase is essential to make substantial progress in repairing the real value of award wages and to address the sustained increases in living costs. As such, we remain of the position that the state minimum wage and award rates should be increased by at least 4.5 per cent.

As the Minister notes at para 38, ‘while headline inflation has continued to ease, cost of living pressures, particularly rental and housing prices, as well as health, education and insurance expenses, are still being felt by many households. ‘

At para 89, the Minister's submission further states:

The Minister notes that elevated living costs have been particularly challenging for low income employee households. Many employees reliant on minimum and award wages are unable to negotiate higher rates of pay, either individually or through collective agreements. These workers are particularly susceptible to experiencing poverty, debt and/or homelessness, and a fair and sustainable increase in wages is essential to help safeguard their interests.

These are important observations and critical considerations for the Commission as part of this year's decision. An increase in the state minimum wage in WA is critical to assist those workers who are less likely or unable to negotiate liveable increases for themselves. An increase is also of great importance for lower income households where income is principally derived from wages.

Equal Remuneration

The Minister's submission states at para 54 that:

Greater reliance by women on the minimum and award wages safety net underlines the importance of the State Wage Case decision in helping to address gender inequality, and the Minister submits this should be a key focus for the WAIRC in its deliberations.

UnionsWA strongly agrees that this is a critical area for the WAIRC to focus on in its deliberations. As noted in our submission, a substantial real wage increase to the state minimum wage and award wages is necessary to improve wage outcomes for low paid women and as an important contribution to narrowing the aggregate gender pay gap.

3. Submission – Chamber of Commerce and Industry WA

The Chamber of Commerce and Industry WA (CCIWA) proposes a 2.5 per cent increase to the state minimum wage. It is not readily apparent from their submission if they are proposing that this increase would also apply to award rates of pay.

UnionsWA contends that an increase of 2.5 per cent would not meet the considerations under s 50A(3) of the *Industrial Relations Act 1979 (WA)*, and in particular would not:

- (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*

With the March 2025 CPI figures revealing a year-on-year increase of 3.4 per cent when the electricity subindex is removed and Treasury's forecast in the Pre-Election Financial Statement for 2024/25 seeing a CPI increase of 2.75 per cent, CCIWA's proposal would result in a real wage cut for state minimum wage and award-reliant workers.

Economic uncertainty

CCIWA urges the Commission to take a cautious approach in this State Wage Case due to the economic uncertainty resulting from Trump's tariffs.

As noted in our initial submissions, modelling by the Australian Treasury for the Commonwealth Budget, found that 'the total impact (direct plus indirect) of the tariffs on Australia's economy by 2030 is expected to be modest.'

Similarly, a 'model-based scenario' on global tariffs presented to the Reserve Bank Board indicated that 'the effects on GDP growth and inflation in Australia could be relatively modest'. The Board minutes noted that this 'reflected Australia's limited direct trade exposure to the United States, additional policy support in China and Australia's flexible exchange rate.'¹

UnionsWA considers that retreating into excessive caution at this time would not be warranted response. Due to the nature of award-reliant industries in Western Australia, we contend that domestic factors, rather than as yet unrealised international ones, are more relevant for these deliberations.

Productivity

CCIWA refers to recent outcomes in aggregate GDP per hours worked as a mitigating factor against an adequate increase in state minimum and award wages. CCIWA states at para 52 that 'the Commission should consider productivity as a moderating factor to any increase for the 2025 SMW.'

UnionsWA contends that simply using the national GDP per hours worked statistics to represent productivity does not assist the Commission in its deliberations. As noted in our initial submission, this can lead to a misleading picture of what is occurring in the relevant sections of the economy for the State Wage Case.

As stated in a recent research note by David Richardson and Philip Toner, 'Conventional productivity analysis can obscure the relation between productivity and profitability and, in relation to wage claims, obscure the 'capacity' of firms to pay.'² They further note the issues and difficulties of adding market and non-market sectors together into one summary statistic:

Often the value of output [in the non-market sector] is simply measured as the value of the inputs which means productivity over time will appear to have near zero growth. So, for much of the public sector costs is used as a measure of output which inevitably biases productivity growth towards zero.³

As noted in our initial submission, mining has acted as a significant drag on productivity as measured using national GDP per hours worked figures. This is due to higher commodity prices

¹ Reserve Bank of Australia, Minutes of the Monetary Policy Board Meeting (1 April 2025).

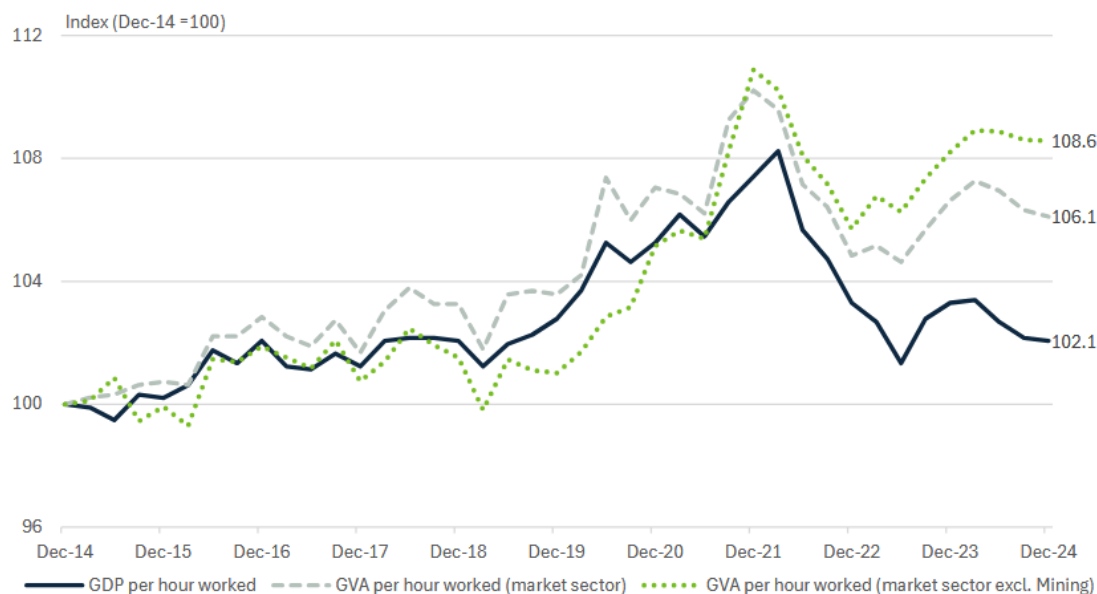
² Philip Toner and David Richardson, *Productivity: A short note, Progress in Political Economy* (Research Note, April 2025) 3 – [available](#).

³ Ibid 11.

incentivising the mining of more challenging deposits but is in no way reflective of the sectors' capacity to pay wages or the profits that it is making.⁴

On these factors, UnionsWA referenced analysis by Westpac in our initial submission, which likewise identifies that the non-market and mining sectors continue to weigh on aggregate labour productivity outcomes. Importantly, Westpac notes that 'cost pressures in these sectors are less important for inflation outcomes – non-market output is highly subsidised, and a large share of mining output is exported.'⁵

Chart 2.1: Measures of productivity, indexes—Dec-14 = 100



As can be seen in the chart above presented in the Fair Work Commission's Statistical Report, the trajectory of productivity is very different when the market sector without mining is examined.⁶ Considering the State Wage Case does not materially affect the mining sector, UnionsWA submits that productivity should not be a moderating factor in the Commission's deliberations.

Costs of doing business

CCIWA makes the claim at para 68 that businesses are reporting they are acutely feeling the impacts of rising operating costs on their profit margins. At para 71, they note that the RBA's April 2025 Financial Sustainability Review demonstrates that 'profit margins are only around the level recorded during the 2010s.'

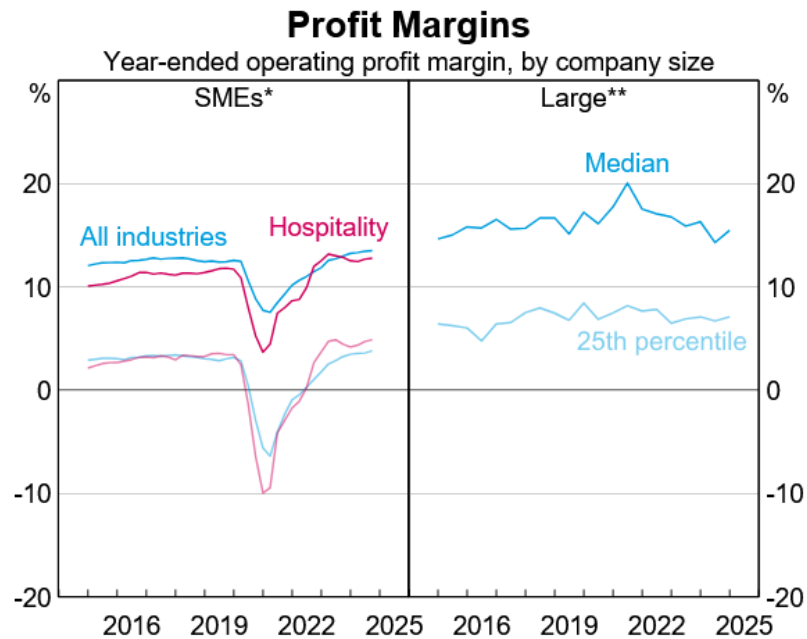
What this reference misses, is that the RBA's FSR demonstrates that for small and medium enterprises, the available data indicates a significant growth in the operating profit margins since the pandemic, while the profit margins of large companies have remained stable despite

⁴ Ibid 17.

⁵ Westpac IQ, *Australian National Accounts Bulletin* (Report, 30 October 2024).

⁶ Fair Work Commission, *Statistical Report – Annual Wage Review 2024-25* (Report, 24 April 2025).

changes in the economic environment. This can be observed in the chart below from the RBA's April 2025 FSR and included on page 9 of our initial submission.



The complete picture of the data indicates that business profit margins are in a healthy position relative to pre-pandemic norms and remain resilient.⁷

UnionsWA suggests caution should be exercised too in reaching any conclusions about the extent to which the current level of insolvencies can be taken as demonstrative of broader business conditions. As noted in our initial submission, the RBA has observed that on a cumulative basis, the share of companies entering insolvency remains below the pre-pandemic trend. The Reserve Bank has identified that insolvencies have increased as pandemic supports for businesses have been removed. The RBA has also noted that ‘the introduction of the small business restructuring – a new process of restructuring debts – may also have slightly affected aggregate insolvencies since 2021.’⁸ As identified in our initial submission, over 2023-24 there was a net growth in the number of businesses in Western Australia, which increased by 8,698, compared to 6,384 the year before. Along with the ACT, WA had the largest percentage increase of businesses in the nation at 3.5 per cent.⁹

Real wages

CCIWA contends at para 88 that

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.

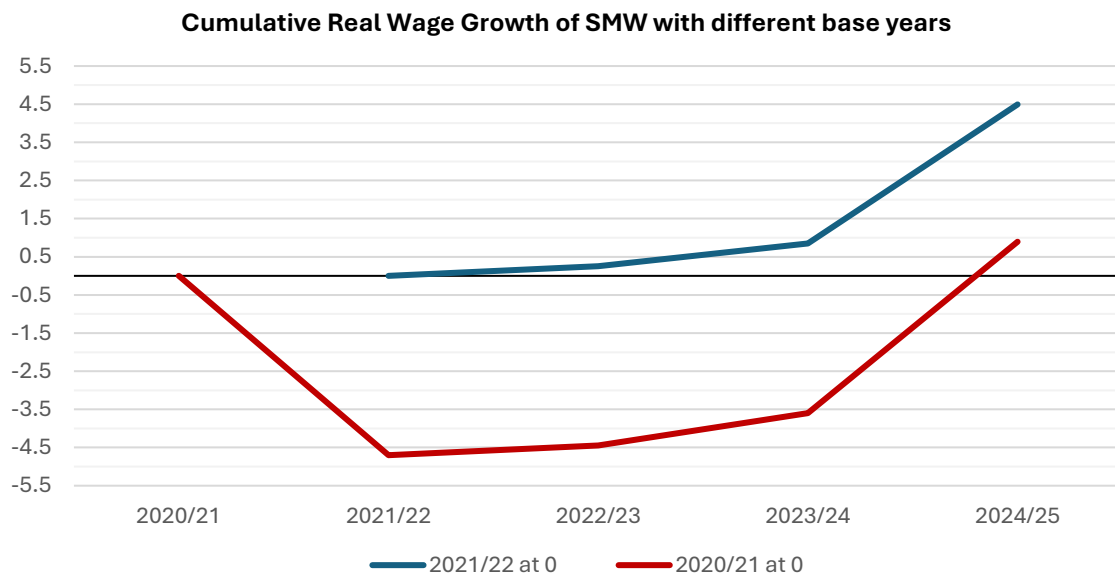
⁷ Reserve Bank of Australia, *Financial Stability Review* (Report, 3 April 2025).

⁸ Ibid.

⁹ Australian Bureau of Statistics, *Counts of Australian Business, including Entries and Exits* (27 August 2024).

Examining Figure 6 in CCIWA’s submission, we understand that they have taken a different approach to presenting real wage growth than UnionsWA has in our submission. Whereas in the table on page 22 of our submission, we took the approach of deflating the state minimum wage rate by CPI at the time the decision came into effect, CCIWA appear to have used the method of deflating it by the year-on-year CPI percentage increase from the following year. UnionsWA presumes this to be on the basis that this represents the cost increases experienced while on the wage throughout that year. Our approach was to treat the decisions as ‘catching up’ to price increases, but we consider the approach that CCIWA have taken where they examine it on a prospective basis to also be analytically sound.

We observe that CCIWA has made the analytical choice in their analysis to set 2021/22 at zero to establish a base year from which to measure the change in wages. It is unclear from their submission as to why that year was selected as the base. The result is that it misses the significant increases in inflation that occurred during that financial year. As such, we consider it more illustrative for this approach to set 2020/21 as the base year. On that basis, cumulative state minimum wage growth over the period is just 0.89 per cent.



We note too that this growth only enters positive territory as a result of last year’s decision to realign the state minimum wage to the C13 level. As such, it does not reflect the experience of workers being paid on award wages above the state minimum wage and would not represent the trajectory in real wages for the majority of award-reliant workers.

UnionsWA also observes that as it is conducted on a prospective basis, CCIWA has to use the CPI forecast in the Pre-Election Financial Statement for 2024/25 which is for an increase of 2.75 per cent, excluding electricity, in order to deflate last year’s state minimum wage increase. The most significant growth that is modelled occurs in this forecast period.

For a clearer picture of the trajectory of the state minimum wage and award wages over a longer time period, we would seek to draw the Commission in Court Session’s attention to the charts presented on pages 20 to 22 of our initial submission.

Impact of Superannuation Increases

CCIWA submits at para 94 that consider the scheduled increase in the Superannuation Guarantee contribution rate by 0.5% effective from 1 July 2025 to superannuation as a moderating factor when determining the extent of any minimum wage increase.

UnionsWA recognises that the Commission has consistently taken the position that increases in the superannuation contribution rate are a moderating factor in its deliberations, though without applying it as a direct discount whereby it is subtracted from any potential increase. UnionsWA contends that the 4.5 per cent increase to award rates that we seek appropriately balances the range of factors the Commission may consider, including changes to the Superannuation Guarantee.

Variation of State Awards

CCIWA submits at para 95 that the Commission's decision to increase the casual loading rate in 117 private sector awards as per the *2025 General Order for Casual Employees Subject to Specified Awards* should be factored into the SWC decision.

UnionsWA notes the submission of CCIWA as part of the proceedings for that General Order that in the absence of such an order, employers will incur administrative costs associated with the current arrangement as they would have to navigate different casual loading rates between the awards and the MCE Act. Further, they submitted that prior to the General Order it was more difficult for employers, particularly the smallest employers, to comply with entitlements as the anomaly creates two potential casual loading rates for employers to navigate.¹⁰

As stated by the Commission in its reasons for decision, the General Order reduced the administrative burden on employers in applying casual rates of pay. As such, the General Order can be understood to have been to the benefit of employers who employed workers subject to the relevant awards.

UnionsWA also notes casual loading for awards in the national system has been set at 25 per cent since 2010, subject to transitional arrangements up to 1 July 2014, following the 2008 determination by the Full Bench of the Australian Industrial Relations Commission as part of the award modernisation process. As such, from that time until the General Order took effect, award-reliant state system employees subject to the relevant awards and engaged in similar casual work to national system employees have not been in receipt of a loading of equal value. As such, WA businesses that employed workers subject to those awards have had a significant period of time where they were able to benefit from a lower casual loading rate. To moderate increases to award wages due to this discrepancy being addressed would not be in the interest of fairness.

¹⁰ 2025 WAIRC 00129, 27-28.

Further, to moderate increases to award wages on the basis of that General Order would be to penalise both those not paid casual rates and those reliant on an award that was not subject to that Order.

Given this, UnionsWA contends that the decision made in the General Order for Casual Employees subject to specified awards should have no moderating impact on any potential award wage increases determined for the State Wage Order.

Living Standards and Needs of the Low Paid

UnionsWA suggests caution must be taken when examining cost-of-living policy initiatives as part of the Commission's determination. To directly discount or moderate wage increases on the basis of these measures would be to negate government action that is intended to benefit low paid households. In fact, not only would the result be to remove the benefit from households, but it would effectively result in the transfer of that benefit from workers to employers.

As the Commission has stated previously,

while acknowledging the role of Government cost of living measures, such as electricity bill credits and other payments, these one off assistance initiatives cannot replace the ongoing beneficial effect of regular increases in minimum wages.¹¹

UnionsWA submits that this remains the appropriate approach to these cost of living measures.

In relation to \$150 energy bill relief provided to households, it is worth noting that noted that the average Synergy bill sits around \$212-\$332.¹² As such, this payment, though welcome, does not resolve the underlying and continuing issue of insufficient wages. UnionsWA notes too that in its suggestion that this energy bill relief should be considered as part of the State Wage Case, CCIWA has not made mention that this payment is also being provided to small businesses.

UnionsWA notes too that there were a number of other support measures for small businesses from the Federal Budget that were also not mentioned. These include the *Treasury Laws Amendment (Tax Incentives and Integrity) Act 2025*, assented to on 27 March 2025, which extended the small business instant asset write-off until 30 June 2025, with Labor committing to extend the write off until 30 June 2026; support for the hospitality sector through changes to the alcohol tax settings to pause indexation on draught beer excise for two years; and energy efficiency grants for small and medium sized businesses.

UnionsWA contends that it would not be appropriate to in any way reduce potential award wage increases on the basis that workers will benefit from the increases in the Medicare levy low-income threshold or the changes to the lowest tax bracket. As stated above, this would risk negating measures that are clearly intended to benefit low paid households. UnionsWA notes too that, considering the levels at which it is set, the increases to the threshold will likely impact

¹¹ 2024 WAIRC 00293, 63.

¹² 'Compare your bill', Synergy (Web Page) <www.synergy.net.au>.

few, if any, award-reliant workers and for those that it does, the savings will be relatively small. For a single employee, they would have to earn between \$28,000 and \$32,000 a year to receive the maximum savings of \$122, with no benefit for single employees who earn \$26,000 or under or \$35,000 or above.¹³

CCIWA makes reference at para 107 to a 2023 Australian Institute of Health and Welfare that reported 22 per cent of people in receipt of a form of unemployment payments were engaged in some form of paid work. UnionsWA makes the observation that this statistic provides no insight into the percentage of the workforce that receives income support and certainly cannot be used to make the claim, as CCIWA does, 'It could be assumed a sizable percentage of workers who would be impacted by the SWC decision, would also likely be in receipt of government benefits.'

UnionsWA considers that absolutely no credence should be given to what appears to be the suggestion by CCIWA that Commonwealth income support should in any way be a moderating influence on wage increases. The social security system does not exist so that employers can avoid paying their workers a liveable wage.

It also fails to account for the fact that the nature of our means-tested welfare system is such that the more waged work someone engages in results in a sharp decline in the amount of income support that they can access. As such, the idea that it is a relevant factor should be rejected out of hand.

4. Submission – Western Australian Council of Social Service

In its submission (p. 4), the Western Australian Council of Social Service (WACOSS) states:

lifting income for the low paid is the most meaningful way to assist workers to meet their basic costs and achieve a decent standard of living, relative to the broader community.

UnionsWA agrees and commends the WACOSS submission to the Commission in Court Session. We would like to draw the Commission's attention to the following points made by WACOSS.

The WACOSS submission provides unique data points from the Emergency Relief and Financial Assistance Service and financial counselling services of the Financial Wellbeing Collective.

For employed clients earning between \$40,000 and \$60,000 per annum, the average level of housing stress increased from 37 per cent to 44 per cent between 2021/22 and 2023/24. The same cohort of waged clients accessing HUGS [Hardship Utility Grant Scheme] has increased from 7 per cent to 12 per cent between 2022/23 and 2023/24.

¹³ Australian Government. (2025, April). Budget 2025–26 Fact Sheet: New tax cuts for every Australian taxpayer, <https://budget.gov.au/content/factsheets/download/factsheet-new-tax-cuts.pdf>.

The submission notes too data from the food relief charity OzHarvest, that ‘working families still unable to make ends meet’ are one of the key groups experiencing particular vulnerability to food insecurity.

The WACOSS submission includes three case studies from a research project they have undertaken with Murdoch University. UnionsWA considers these case studies to be a worthwhile addition to the materials before the Commission in Court Session to consider as part of the State Wage Case process. Through the use of these case studies, insight into the direct lived experience of workers on or earning around the state minimum wage is provided.

WACOSS makes the important observation that community engagement is a critical component in meeting the needs of the low paid, as reflected in the statement by the Commission in last year’s decision that meeting the needs of the low paid ‘ means enabling the low paid to obtain the essentials needed for them to achieve a decent standard of living and to take part in community life.’¹⁴ As outlined by WACOSS, ‘Financial insecurity hinders participation in community, as the need to prioritise basic needs can come at the expense of social engagement due to cost barriers, or a lack of time and energy.’

WACOSS rightly notes that the experience of low waged workers is not uniform. Though that is the case, this reality is something that unions see and hear from their members and on worksites every day.

We note the quote from Heather in the WACOSS submission on page 17:

When you look at an hourly rate I could earn as a casual – because I don’t have permanent employment – you need to work 24 hours a day 7 days a week to actually have a decent life. You need a second person in your home to help you with rent. And when you have children that have behavioural issues it is impossible to have roommates or whatever people living with me.

A real wage increase is critical to meet the needs of the low paid. Only the UnionsWA and WACOSS claims would provide such an increase.

5. Submission – WA Local Government Association

In para 4 of its submission, WALGA states:

WALGA supports:

- a. 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.*
- b. Increases in line with wage fixing principles.*

WALGA does not make clear in its submission what such a wage increase would be.

¹⁴ 2024 WAIRC 00293, 52.

WALGA states at para 37 that:

Local Governments' primary lever for generating revenue is rates – which are a form of property tax levied by Local Governments to fund local infrastructure and services. Rates are the sector's primary source of revenue – accounting for 60% of the sector's revenue in 2019-20, and 70% of the sectors own-sourced revenue. Local Governments also rely heavily on grants from the Federal and State Governments to meet their operating and capital needs.

UnionsWA suggests that the ability of local governments to be able to set rates to generate revenue places them in a very strong position to be able to respond as an employer to increased costs in order to manage their budgets.

WALGA proposes that the changes to the classification levels in the Municipal Employees (Western Australia) Award 2021 should be considered when setting the State minimum wage and award wages. UnionsWA notes that the decision to vary the award states that the parties reached a consensus as to proposed new wage rates.¹⁵ The parties to this matter included WALGA. It is unclear how it would be reasonable or fair to moderate any potential state minimum and award wage increases as a result of changes to a single award that were approved by WALGA.

In relation to the changes in the minimum casual loading in the MCE Act and through the recent General Order, UnionsWA refers to its commentary in response to CCIWA earlier.

It should also be noted that most local governments have industrial agreements already in place which set out their wage rates and entitlements, and would have been negotiated with the legislated increases to Superannuation Contributions in mind, which WALGA also references in paras 20 and 21.

According to the Australian Services Union WA Branch, which is the main union for local government workers, while there are 139 local governments in Western Australia, as of 2023 only around 12 per cent of them apply the *Local Government Officers' (Western Australia) Award 2021* (LGO Award) or the *Municipal Employees (Western Australia) Award 2021* (ME Award).

Therefore, a state minimum and award wage increase would not have any dramatic state-wide effect that would require a significant increase to local government rates.

6. Conclusion

UnionsWA continues to contend that the Commission should make a substantial real wage increase for state minimum wage and award-reliant workers. This is essential to address the ever-widening gap between low paid workers and the rest of the workforce in WA, including national system employees, and address the sustained increases in living costs, which is particularly impacting non-discretionary spending in areas such as housing.

¹⁵ 2024 WAIRC 01008.

As such, UnionsWA's claim remains for an increase to the State Minimum Wage of **\$41.34 per week**, with commensurate increases of **4.5 per cent** to award wages.