



**GOVERNMENT OF  
WESTERN AUSTRALIA**

*Industrial Relations Act 1979*

**IN THE WESTERN AUSTRALIAN  
INDUSTRIAL RELATIONS COMMISSION  
No. CICS 1 of 2026  
OF THE COMMISSION'S OWN MOTION**

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

**Re: 2026 STATE WAGE ORDER**

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## Introduction

1. In January 2026, the Western Australian Industrial Relations Commission (WAIRC) initiated CICS 1 of 2026 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 minimum rates of pay for the purposes of the *Minimum Conditions of Employment Act 1993* (MCE Act) and State awards.
2. On 13 May 2026, the Minister for Industrial Relations (the Minister) filed a submission on behalf of the Western Australian Government.
3. The Minister's initial submission outlined key economic and labour market data relevant to this year's State Wage Case proceedings, and addressed some of the important social and fairness criteria the WAIRC is required to consider under section 50A of the IR Act.
4. The Minister's initial submission noted that while the current economic outlook is impacted by a highly uncertain global environment and inflationary pressures, the Western Australian economy and labour market remains resilient. Notwithstanding this, many Western Australian workers and businesses are facing increased cost pressures.
5. The Minister submits that the WAIRC should deliver a fair and considered increase to the State Minimum Wage (SMW) and award rates of pay in this year's State Wage Case that takes into account cost of living pressures facing award-reliant and minimum wage workers and is sustainable for employers and meet the needs of the low paid.
6. The Minister also submits it is desirable that any increase determined by the WAIRC in this year's State Wage Case take account of the decision by the Fair Work Commission (FWC) in the Annual Wage Review 2026. This will help to ensure that State system employees are afforded fair minimum wages that are competitive with those applying nationally.
7. This Submission in Reply responds to the submissions of the other parties participating in the 2026 State Wage Case proceedings.

## Position of other parties

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

- (a) The **Chamber of Commerce and Industry of Western Australia (CCIWA)** encourages the WAIRC to take a cautious approach in reviewing the SMW and award rates of pay considering several factors including labour shortages and higher cost pressures facing businesses. It proposes a 3.25% increase to the SMW.

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 \$61.95 per week (equivalent to a 6.5% increase), with commensurate increases of 6.5% to award wages.

UnionsWA contends that the WAIRC should award a meaningful real wage increase for SMW and award-reliant workers, which it asserts is essential to maintaining a fair and relevant minimum safety net for the lowest paid workers in the State industrial relations system.

- (c) The **Western Australian Council of Social Service (WACOSS)** proposes an increase of 6.5% to the SMW and endorses UnionsWA's submission. It submits that an increase of 6.5% to the SMW is required to enable Western Australians to live decent lives.

- (d) The **Western Australian Local Government Association (WALGA)** did not specify a figure by which the SMW and State award wages should be increased, but stated that it supports wage increases that balance the provision of fair and sustainable wages with the capacity of local governments to responsibly manage their budgets in the interests of the communities they serve.

## Consideration of other submissions

### CCIWA

#### Appropriate quantum

9. In its submission, the CCIWA proposes the WAIRC grant a 3.25% increase to the SMW.
10. The Minister contends that a 3.25% increase would effectively amount to a real wage decline for minimum wage earning Western Australian employees, based on current data and the latest forecasts by the Department of Treasury and Finance.
11. Given the current cost of living pressures many employees are experiencing, a real wage reduction would disadvantage many working households, and may not sufficiently take account of the requirement for the WAIRC to consider the needs of the low paid and contribute to improved living standards.

#### Insolvency data

12. At paragraph 14 of its submission, the CCIWA notes that the accommodation and food services, construction, health care and social assistance, and retail trade sectors in Western Australia made up nearly half of all insolvencies over the 2024-25 financial year. While not disputing the figures, the Minister notes that this is not necessarily surprising given those four industries also account for well over 40% of all employment in Western Australia, as outlined in Table 7 of the Minister's initial submission.
13. At paragraph 74 of its submission, the CCIWA also quotes the Reserve Bank of Australia's (RBA) March 2026 *Financial Stability Review*, which stated "company insolvency rates remain elevated in some industries, particularly hospitality and construction." While the RBA did make this observation, it also stated that "company insolvencies have stabilised at around longer run averages at an economy-wide level".

#### Use of the Wage Price Index (WPI)

14. At paragraph 93 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.
15. 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.
16. While it is true that WPI figures for "total hourly rates of pay excluding bonuses" will exclude factors 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.

17. For example, a contract cleaner is unlikely to receive a sign-on bonus or site allowance as part of their employment contract, while a labourer is similarly unlikely to receive performance bonuses as part of their remuneration.
18. 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.

### **Fuel cost relief**

19. In paragraph 100 of its submission, the CCIWA observes that “the Federal Government, with cooperation of the States and Territories, have reduced the fuel excise by 32 cents a litre, due to the conflict in the Middle East, which should approximately reduce the cost of a tank of fuel by \$15-20.00 per fill up. For transport businesses, there has been a full suspension of the Freight User Charge, which is a reduction of \$64.80 per 200l tank for diesel. These relief measures will take pressure off workers’ current incomes and, thus, the current crisis does not justify an unprecedented increase in wage growth”.
20. While these initiatives have undoubtedly helped to cushion the impact of elevated fuel prices in the short term, the Minister also notes these are both temporary measures that are due to expire on 30 June 2026. As such, it is unclear if they will continue to provide relief for workers in the 2026-27 financial year.

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

21. The CCIWA contends that it is appropriate for the WAIRC to consider relevant provisions of the State and Federal budgets aimed at alleviating pressures experienced by the low paid, particularly cost of living relief over the next two calendar years.
22. 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. However, although significant, these initiatives cannot function as a substitute for regular and fair increases to minimum and award wages, which remain a vital element of the wage-setting framework.

### **Interest rates**

23. The CCIWA’s submission notes that elevated interest rates also continue to weigh heavily on businesses, and observes that “[j]ust as higher interest rates increase mortgage repayments for households, they also impact borrowing costs for businesses”.
24. 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.

25. 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**

26. UnionsWA is seeking an increase to the SMW of \$61.95 per week (equivalent to a 6.5% increase) with commensurate increases of 6.5% to award wages. To illustrate the impact of its proposed increase, it outlines the impact to the minimum weekly and hourly rates of pay in the *Manufacturing, Maintenance and Metal Trades Award* at paragraph 2.1 of its submission.
27. While the Minister acknowledges the important role that minimum and award wages play in protecting the needs of the low paid, providing them with economic security, the Minister contends that any increase must still be sustainable for business.
28. Notwithstanding the current economic environment is challenging for many workers, it is also important that any wage increase not come at the expense of jobs and working hours for Western Australian employees who depend upon employment for their livelihoods.

### **State of the economy**

29. UnionsWA notes the strength of the WA economy and labour market on a number of measures, and reproduces a number of key metrics from the 2026-27 Western Australian State Budget as well as information from the latest CommSec *State of the States* report.
30. The Minister acknowledges the Western Australian economy has remained resilient, particularly the domestic economy, which has benefited from continued strong growth in household consumption, business investment and dwelling investment.
31. While Western Australia has enjoyed robust domestic economic conditions over the last 12 months, recent inflationary headwinds arising from the Middle East conflict and unpredictable global trading conditions also pose challenges for local businesses. A fair and considered increase to minimum and award wages that balances these factors will benefit employers and employees alike.

### **Cost of living and needs of the low paid**

32. UnionsWA's submission reproduces material demonstrating that many essential and non-discretionary expenses have been rising faster than the total Consumer Price Index (CPI).
33. Similarly, at paragraph 4.10 of its submission, UnionsWA notes the RBA's observation in its most recent *Financial Stability Review* that "lower income households, many of whom are renters, are more likely to experience financial stress as their essential expenses are a larger share of their disposable income and they tend to have lower savings buffers than other households".

34. The Minister agrees that low-income households, including those who are renting, are more likely to experience financial stress. A larger share of their disposable income is undoubtedly devoted to essential costs, and such households will tend to have lower savings buffers.
35. 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 and award rates of pay.

### **Training and skills development**

36. 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 initial submission.
37. The Minister acknowledges that lower training wages can act as a barrier to entry for apprenticeships and traineeships. The State Government has implemented a range of incentives and support payments to encourage the uptake of training in a number of important fields, however 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.

### **CPI Data**

38. In paragraph 4.4 of its submission, UnionsWA notes the observation by the Bankwest Curtin Economics Centre that "it will not be until the April CPI figures to be released on 24 June 'that we will start to get a good sense of the full flow-on effects on inflation' from the impact of higher fuel prices".
39. On a technical point, the Minister notes the April CPI data will be released by the Australian Bureau of Statistics on 27 May 2026, while the May CPI data will be released on 24 June 2026.

## **WACOSS**

### **Social equity considerations**

40. The Minister notes WACOSS is seeking a 6.5% increase to the SMW, which is the same quantum advocated for by UnionsWA.
41. 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.
42. The use of case studies outlining the lived experience of low wage earners also presents a human face for the issues affecting minimum wage and award-reliant workers.

## Gender equality

43. Chapter 8 of the WACOSS submission notes some of the key structural issues that have produced a gendered workforce and have contributed to the gender pay gap in Western Australia. Much of this information corresponds with the information in the equal remuneration section of the Minister's initial submission.
44. The fact that female-dominated industries tend to be more casualised, lower paid and award reliant is a relevant factor for State Wage Case proceedings, and the Minister contends that a fair and considered increase in wages is important for achieving the objectives established in section 50A(3) of the IR Act, in particular the need to provide equal remuneration for men and women for work of equal or comparable value.
45. In relation to WACOSS's comments that there are practical limitations some employees may face in bringing equal remuneration cases under Part II, Division 3B of the IR Act, the Minister notes there are other avenues that may also be pursued, including, where relevant, award variation applications under section 40 to flow on the outcomes of national pay equity cases to equivalent State awards.<sup>1</sup>

## WALGA

### Award coverage of the local government sector

46. 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.
47. At paragraph 11 of its submission, WALGA states that "[b]oth the relevant State Awards and the LGIA NSIs contain wage rates that are materially affected by movements in the State Minimum Wage. Accordingly, any increase to the State Minimum Wage has a direct impact on the wage costs incurred by Local Governments".
48. The Minister notes that the *Local Government Officers (Western Australia) Award 2021* (which is the most widely used State award applying to the local government sector) contains no adult rates of pay that are set at the level of the SMW. Similarly, under the *Municipal Employees (Western Australia) Award 2021*, the only level pegged to the SMW (Level 1A) is purely an introductory rate of pay that entry level employees would only remain on for a very short duration.

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<sup>1</sup> This occurred with the equal remuneration payments applied to the *Social and Community Services (Western Australia) Interim Award 2011* (APPL 78 of 2012) and the *Crisis Assistance, Supported Housing Industry – Western Australian Interim Award 2011* (APPL 77 of 2012), which flowed on the national Social, Community and Disability Services Industry Equal Remuneration Order 2012.

## **Wage increases in the local government sector**

49. At paragraph 50 of its submission, WALGA states that “[i]n relation to wage increases provided under Local Government Industrial Agreements, an analysis of 33 Local Government agreements registered since 1 July 2025 demonstrates that those instruments will deliver an average annual wage increase of approximately 3.7% over their term. This rate of increase is broadly consistent with national CPI outcomes for the December quarter and exceeds the short-term projected Perth CPI rate of 3.25%”.
50. While the Minister appreciates the information regarding average annual wage increases in State industrial agreements, it is noted the short-term projected CPI rate is above 3.25%. In year-ended terms, the projected Perth CPI (excluding electricity) for 2025-26 is 5.5% (or 4.0% in annual average terms), while for 2026-27 it is projected to be 3.75% (or 4.75% in annual average terms).<sup>2</sup>
51. In paragraph 49 of its submission, WALGA states that “[r]ecent years has seen above average wage outcomes for Local Government employees, increasing by an average annual rate of 8.5% over 2022-23 and 2023-24, which was significantly greater than the average annual rate of 2.4% over the preceding seven-year period between 2015-16 and 2021-22”.
52. While not disputing these figures, the Minister notes that the figure of 8.5% is an aggregate measure for employee expenditure across the whole local government sector, rather than a measure of average wage increases per employee. This figure will be influenced by growth in the total number of local government employees over the respective period.

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

53. 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.

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<sup>2</sup> Department of Treasury and Finance (2026), *2026-27 Western Australian State Budget*.