

Submissions in Reply for the 2026 State Wage Order

Appl No. CICS 1 of 2026
ON THE COMMISSION'S OWN MOTION

**Western Australian Industrial
Relations Commission**

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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 6.5 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 paragraph 128 that:

The Minister submits that the WAIRC should deliver a fair and considered increase to the SMW and award rates of pay in this year's State Wage Case that takes into account cost of living pressures for award-reliant and minimum wage workers, is sustainable for employers and meets the needs of the low paid, and takes account of the FWC's Annual Wage Review 2026 decision to ensure that State system employees are afforded fair minimum pay rates.

The Minister's submission does not advocate a specific position as to what a fair and considered increase to the SMW and award rates of pay would be. UnionsWA submits that it only the wage claims put forward in our submission and in the submission of WACOSS that would achieve this outcome.

At paragraph 17, the Minister notes that:

Notwithstanding heightened uncertainty in the global economy, the Western Australian economy remains resilient. The domestic economy, measured by State Final Demand, is estimated to grow by 3.5% in 2025-26, with growth underpinned by private demand including a significant lift in business investment, strong growth in dwelling investment and solid household consumption.

UnionsWA contends that the resilience of the Western Australian economy, coupled with the significant lift in business investment as referenced in the quote above means that the WA

economy is well placed for increases to be made to minimum and award wages that compensate for the rising costs of living and materially improve people's circumstances.

UnionsWA submits that the major challenge in the spike in inflation arising from the oil price shock is its impact on the real income of workers. This impact on real incomes will be felt most acutely by minimum and award wage workers.

This is reflected by the statement in the Minister's submission at paragraph 101:

The Minister notes that elevated living costs are particularly challenging for low-income employee households. Many employees reliant on minimum and award wages have limited bargaining power and are unable to negotiate higher rates of pay, either individually or through collective agreements. These workers are particularly susceptible to experiencing poverty, debt and even homelessness, and a fair and considered 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.

The Minister's submission includes a number of pertinent observations regarding the impact that elevated living costs have on workers. At paragraphs 99 and 100, the Minister notes in relation to increased mortgage rates that,

mortgage interest charges have begun to rise again following a period of easing. The RBA's February, March and May decisions to successively raise the cash rate target, flowing on to interest rates, will increase mortgage interest charges going forward, reducing the purchasing power of employee households with a mortgage.

Higher interest costs can also impact rental costs if mortgage costs are partially passed on through higher rents, decreasing the purchasing power of employee households who rent. Overall, the effect of recent interest rate increases is that living costs are likely to rise for employee households in the coming quarters.

In relation to the pressure that the increase in fuel prices have had, the Minister notes at paragraph 28,

Elevated fuel prices have a significant effect on the low paid, who have limited capacity to shoulder unexpected increases in essential living costs. This is particularly an issue for workers with a higher dependence on personal vehicles for work or commuting, including many living in outer suburban or regional areas.

UnionsWA submits that a meaningful real increase to state minimum and award wages is critical for workers to bear these increases and to prevent further income losses.

Equal Remuneration

At paragraph 61, the Minister's submission states:

While the objects of gender equality and equal remuneration encompass more than just the gender pay gap, and some matters will need to be addressed on an individual award basis, the greater reliance by women on minimum and award wages nonetheless underlines the importance of the State Wage Case decision in helping to address gender inequality.

UnionsWA agrees with the position that the State Wage Case decision has an important role in helping to address gender inequality. As noted in our submission, a meaningful 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 3.25 per cent increase to the state minimum wage. UnionsWA contends that an increase of 3.25 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 2026 CPI figures revealing a year-on-year increase of 4.6 per cent, with the increase sitting at 4.3 per cent when the electricity subindex is removed, and Treasury’s forecast in the State Budget that Perth will see a CPI increase of 5.5 per cent (excluding the electricity subindex) for the June quarter 2026 on a year-on-year basis, CCIWA’s proposal would result in a real wage cut for state minimum wage and award-reliant workers.

Productivity

CCIWA submits at paragraph 53 that ‘the Commission should consider productivity as a moderating factor to any increase for the 2026 SMW.’

As UnionsWA identified in our initial submission, at the aggregate level nationally, growth in GDP per hour worked picked up at the end of the year, rising 1.0 per cent over the year to December 2025. Gross value added in the market sector rose at a slightly faster pace, increasing 1.5 per cent over the year to December 2025. The reason for this divergence is that the significant growth of the non-market sector has been found to be weighing down aggregate productivity growth.

As quoted in our initial submission, the Productivity Commission has identified that the healthcare industry and its rapid expansion have been ‘the single biggest contributor to Australia’s measured productivity decline.’ Importantly, this is not due to the actual

performance of the sector itself, but the result of particular challenges that relate to measuring productivity in this sector.¹

As referenced in our Submission in Reply as part of last year's State Wage Case, UnionsWA notes the 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

UnionsWA notes too the recent analysis by Westpac which affirms this view:

The recent expansion in the non-market sector, particularly the care economy – a services-dominated industry which, on average, has a lower level of labour productivity compared to more capital-intensive and interest rate sensitive parts of the economy – has weighed significantly on aggregate labour productivity growth in recent years. Significant swings in mining sector productivity have been an additional complication, masking the underlying productivity performance for the market sector as a whole.⁴

UnionsWA notes too an observation that Westpac has previously made in relation to the non-market and mining sector, which is 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

UnionsWA notes that as discussed in the final Secure Jobs, Better Pay report by Mark Bray and Alison Preston, there is a view that Australia's recent decline in productivity growth may actually be a result of the decline in real wages. The report states:

Productivity growth is considered to be heavily dependent on technological change and the decisions of enterprise managers about whether to invest in technological change are affected by the price of labour – the lower the real wage, the more likely that labour will be chosen over capital, leading to reduced productivity growth.

As referenced in our response to the Question on Notice in relation to productivity as part of last year's State Wage Case, there have been a number of empirical studies internationally into the relationship between minimum wages and labour productivity, as canvassed in a recent publication by the International Labour Organization. These studies suggest that wage

¹ Productivity Commission, *Quarterly Productivity Bulletin* (Report, 25 March 2026).

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

³ Ibid 11.

⁴ Ryan Wells, '[Q4 Labour Account: jobs growth moving past its trough](#)', *Westpac IQ* (6 March 2026).

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

increases may boost worker motivation, reduce turnover, and encourage skill development, resulting in higher levels of productivity.⁶

CCIWA's concern in relation to productivity is outline at paragraph 21.2 where it is contended that 'We risk further inflationary pressure when there is significant wage growth without commensurate increases in productivity'.

UnionsWA submits that there is no justification for productivity to be a moderating factor in the Commission's deliberations.

Inflation

CCIWA submits at paragraph 21.4, that a factor the Commission should take into account is:

WA's issue with stubborn inflation, increasing the risks associated with unsustainable wage growth and further inflationary pressure.

As referenced in our initial submission, analysis by the Australia Institute has found a 'complete absence of a correlation between minimum and award wage increases and future inflation' and 'that over the past 35 years there is no relationship to speak of between the rise in the minimum wage and the level of inflation over the following year.'⁷

As also noted in our initial submission, this analysis found that 'the increased inflation in the latter half of 2025 came from increased profits, not wages or labour costs' with the contributions of labour costs and wages to inflation falling in the past half of the year. As such, given 'overall wages have not had a material impact on inflation growth, an even more substantial case can be made that the minimum wage and award wages will have an even more negligible impact.'⁸

With no evidence presented as to why real wage increases to the state minimum and award wages would risk creating any form of inflationary pressure, UnionsWA submits that no weight should be given to this contention.

Business insolvencies

At paragraphs 12 and 13, CCIWA references ASIC statistics relating to WA businesses being placed into administration for the first time. As referenced in our initial submission, The Reserve Bank has noted that though the share of companies entering insolvency has increased over the past couple of years, on a cumulative basis it remains below the pre-pandemic trend. The Reserve Bank has identified that insolvencies have increased from exceptionally low levels from the pandemic period when businesses were provided temporary support measures to stay afloat longer, which has led to a 'catch-up' as those businesses with underlying issues still failed.⁹

⁶ International Labour Organization, *Economic factors for wage setting* (Report, 2025) 23-26.

⁷ Greg Jericho, *Inflation remains unaffected by Minimum Wages*, Australia Institute (Briefing Paper, March 2026) 14.

⁸ Ibid, 5.

⁹ Reserve Bank of Australia, *Financial Stability Review* (Report, 18 March 2026).

UnionsWA notes too that the small business restructuring reforms are now an ongoing feature of the insolvency framework, and entry into a Small Business Restructuring Plan is not equivalent with a business ceasing operations. In June 2025, following a review of the operation of the new laws, ASIC reported that 93 per cent of the 1,161 companies that fulfilled a Small Business Restructuring Plan by 30 March 2025 remained registered one month later.¹⁰

Labour shortage

CCIWA states at paragraph 76 that

The availability of skilled labour remains one of the biggest issues facing the WA business community, with 68% of businesses identifying this as a barrier to growth over the coming year.

UnionsWA submits that a real wage cut for award-reliant workers will exacerbate the challenges that these businesses have in attracting labour. Locking in below inflation pay rises in businesses that set rates in accordance with the minimum and award wages would only serve to make these employers less competitive in terms of attracting workers.

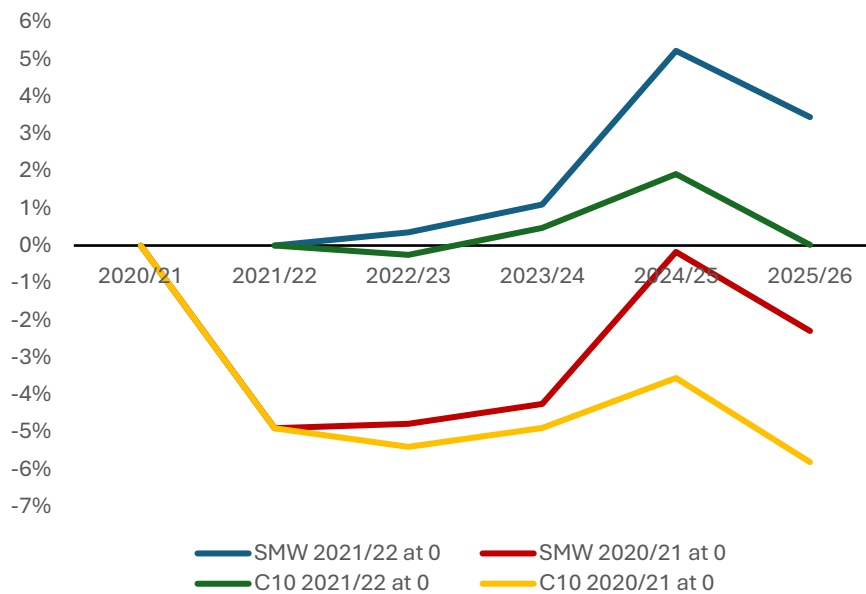
Wage Growth

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. 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 deflates the wage rates using the quarterly CPI figures at the time those wage rates were in place, but we consider the approach that CCIWA have taken where they examine it on a prospective basis to also be analytically justifiable.

We observe that CCIWA has made the 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.

¹⁰ Australian Securities and Investments Commission, *Review of small business restructuring process: 2022–24* (Report No. 810). <https://asic.gov.au/regulatory-resources/find-a-document/reports/rep-810-review-of-small-business-restructuring-process-2022-24/>

Cumulative Real Wage Growth of SMW with different base years



UnionsWA submits that by extending out the period from which real wage growth is measured, it is apparent that the ‘catch up’ to 2021 wage levels for the state minimum wage will be unwound by the projected increase to Perth CPI. UnionsWA calculates that on this basis, award rates at the C10 level will be 5.81 per cent below their 2021 value. Rather than a picture of real wage growth, this shows that state minimum and award waged workers have experienced half a decade of loss of purchasing power.

As such a real wage increase is essential to prevent real income losses and disadvantage for the lowest paid workers becoming further entrenched in the wage system.

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 23 to 24 of our initial submission.

Living Standards and Needs of the Low Paid

UnionsWA suggests caution should 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,

one off cost of living measures implemented by Governments, whilst undoubtedly well received, are not a substitute for the continued beneficial effect of regular increases in minimum wages.¹¹

¹¹ 2025 WAIRC 00348, 75.

CCIWA makes references at para 97 to a 2023 Australian Institute of Health and Welfare that reported that under one quarter of people in receipt of a form of Federal income support 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 notes that analysis published for the 2020 Annual Wage Review examining the *Household, Income and Labour Dynamics in Australia* survey dataset, estimated that just 16 per cent of low-paid award reliant workers were in receipt of government benefits. This indicates that 84 per cent of low paid award reliant workers are not receiving government benefits.¹²

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.

UnionsWA notes too that there were a number of support measures for small businesses from the Federal Budget that were also not mentioned in CCIWA’s submission. These measures include:

- making the \$20,000 instant asset write-off permanent from 1 July 2026
- delivering a permanent two-year loss carry back for all companies up to \$1 billion in turnover, from 1 July 2026
- introducing loss refundability to support start-up businesses invest and grow in their first two years of operation, capped to the value of tax remittances relating to employment, from 1 July 2028

The Government is also abolishing 497 nuisance tariffs from 1 July 2026, bringing the total abolished to around 1,000 and saving businesses \$157 million a year in compliance costs.

These are in addition to temporary measures that the Federal Government had already introduced to support business, including granting temporary relief for businesses unable to meet tax obligations due to fuel supply disruptions and extending the Small Business Responsible Lending Obligation exemption for a further ten years to support timely access to credit.

¹² Roger Wilkins and Federico Zilio, *Prevalence and persistence of low-paid award-reliant employment*, Melbourne Institute of Applied Economic and Social Research, Fair Work Commission Research Report (Report, 2020 February) 3.

4. Submission – Western Australian Council of Social Service

In its submission at page 17, the Western Australian Council of Social Service (WACOSS) submits that:

an increase of 6.5 per cent is necessary to ensure the minimum wage delivers what Western Australians have every right to expect — enough to live on.

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.

As WACOSS notes on page 8 of their submission in relation to cost of living support measures

WACOSS welcomes energy concessions that reach low-income households — they provide real relief to those who receive them. But many minimum wage workers do not qualify, and concessions are no substitute for an adequate wage. Unlike a wage increase, they do not accumulate, are not guaranteed, and can be withdrawn at any time. For households already carrying large utility debts, what is needed is a higher minimum wage, not one-off relief measures that do not last.

The sustained pressure that workers have experienced in the face of increased living costs is evident in the statistics that WACOSS presents. On page 10, WACOSS outlines that

The Financial Wellbeing Collective reported a 147 per cent increase in employed clients accessing emergency relief over the past four years.

The WACOSS submission includes two accounts from Perth residents earning at or around the minimum wage level in April 2026. UnionsWA considers these accounts 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. As WACOSS states on page 17:

Across housing, food, utilities, transport and healthcare, costs are outpacing wages, leaving working households in persistent shortfall and forcing unacceptable trade-offs between basic needs.

These outcomes are not incidental; they are predictable consequences of a wage floor that has not kept pace with the real costs of living. The experiences of Ramona, Mia and the participants in Living Realities show that this gap is not abstract. It is felt in missed meals, deferred care, accumulated debt, and constant worry and strain, as well as the gradual erosion of wellbeing, opportunity and connection.

We note the quote from Ramona in the WACOSS submission on page 18:

Things have really changed in the last 12 months - it doesn't matter what we did to put safety in place, there was no way of protecting our financial future. No matter what we

do. Everything has gone up, whether it be the shops, the petrol, the bills, our house insurance, our car insurance. I just want everything to stop and let us catch our breath.

The stories of Ramona and Mia reflect the experience of so many workers struggling to get by on low wages, including those workers quoted in the case studies as part of the UnionsWA initial submission. A real wage increase is critical to meet the needs of the low paid. Further, a reduced ability for consumers to spend in areas like retail and hospitality will have a direct negative impact on the small to medium enterprises that are more likely to be covered by the state industrial relations system. The maintenance of household consumption needs to be underpinned by a real wage increase.

As Mia states on page 26:

Generally, I spend quite a big part of my budget on food. If I get paid on a Wednesday, by Monday and Tuesday it's quite bare. You know, we might be down to, say, noodles, or baked potatoes. My daughter's lunchbox might be pretty bare. You know, maybe a couple pieces of fruit, but it's just... very low. I access Food Bank, it's not always easy.

In addition to the accounts of Ramona and Mia, the WACOSS submission presents themes and quotes from the third report in their Living Realities research series with Murdoch University. Each of these are worthy of closer consideration, but UnionsWA in particular seeks to highlight the theme regarding the labour required to survive. As WACOSS quote Clara, "Low income means never being able to have savings or even like a rainy day or emergency fund". UnionsWA submits that in a context where consumers are facing increased price pressures, those on the lowest incomes have little to no buffer to absorb those increases. For workers who are already living paycheque to paycheque, this inevitably means having to sacrifice essentials, such as regular meals.

Equal Remuneration

UnionsWA notes the observation that WACOSS makes regarding the ongoing impact of the gender pay gap at page 16,

The consequences of the gender pay gap extend beyond the immediate wage shortfall and compound across a lifetime. Lower pay makes it economically rational for women to sacrifice paid work in favour of childcare and unpaid domestic labour, which only deepens occupational segregation over time. Time spent out of the workforce interrupts career development, salary progression and professional advancement, resulting in women retiring with substantially less superannuation than men and a retirement income gap that mirrors and magnifies the gender pay gap.

This is a crucial point. The total earnings disparity between men and women continues to reflect a fundamental imbalance not only in occupational segregation but also in workforce participation, forms of employment and caring responsibilities. There are still significant barriers to the fuller participation of women in the workforce. As well as impacting workforce participation, cost is a driver of decisions in partnered households as to which partner should take parental leave and or shoulder greater caring responsibilities. As referenced in the initial submission by UnionsWA, analysis by the Workplace Gender Equality Agency of its employer

gender pay gap data found that strong growth in wages in lower earnings quartiles can reduce the overall gender pay gap, due to the overrepresentation of women in those quartiles.

WACOSS too notes what can be the gendered consequences of financial insecurity and low pay. On page 16, WACOSS states:

Financial insecurity thus does not merely correlate with vulnerability to family violence — it actively prevents women from being able to leave a dangerous situation, and the employment consequences of that violence further entrench their financial insecurity.

UnionsWA submits that this is an important consideration when examining the gendered impacts of low pay in Western Australia.

5. Submission – WA Local Government Association

In paragraph 3 of its submission, WALGA states:

WALGA supports:

- a. 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; and*
- b. Wage increases determined in accordance with established wage-fixing principles.*

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

WALGA states at para 47 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 also serves as an advantage for local governments as employers to respond to increased costs.

WALGA notes at paragraph 48 that 'cost of living pressures are negatively impacting on the community.' This is raised in relation to what implications there may be from increases in wage costs for rate setting processes. UnionsWA submits that local government workers are likewise facing increased cost of living pressures, which are likely to be hitting them particularly hard if those workers are award-reliant.

WALGA submits at paragraph 24 that appropriate weight should be given to heightened economic uncertainty arising from geopolitical events in determining the State Minimum Wage and State Award wages. At paragraphs 60 and 61, WALGA presents hypothetical increases that could occur to selected sub-components of the Local Government Cost Index. WALGA submits

that the risk of such increases means there is a need for caution in assuming cost stability in forward-looking wage and expenditure settings. UnionsWA submits that the uncertainty of global events should not outweigh the value of actual indicators and the near-term forecasts produced by the WA and Commonwealth Governments. UnionsWA contends that retreating into excessive caution would be an unhelpful response that could itself introduce additional volatility and uncertainty. Further it is neither a fair nor reasonable proposition for minimum and award-waged workers to shoulder this burden through their already falling real wages.

WALGA states too at paragraph 43 in relation to the labour market that

Local Governments should expect to continue to find attracting and retaining staff challenging in the short term, however this challenge is expected to ease in the medium term as the tightness in the labour market eases.

As noted in our response above to CCIWA's comments regarding labour shortages, real increases to minimum and award wages are essential if these employers are to be competitive in terms of attracting workers. Higher living costs, including in WA's regional areas, need to be addressed by real wage increases. As such, a real wage increase is essential for local government to be able to deliver their services.

6. Conclusion

UnionsWA continues to contend that the Commission in Court Session should make a meaningful real wage increase for state minimum wage and award-reliant workers. This is essential to maintaining a fair and relevant minimum safety net for the lowest paid workers in the state industrial relations system, and address the sustained increases in living costs, which is particularly impacting non-discretionary spending in areas such as housing. Despite the impacts of the global oil shock, growth forecasts for the WA and national economy remain positive, making both economies well placed to increase minimum and award wages in such a way that maintains and materially improves the living standards of low waged workers.

As such, UnionsWA's claim remains for an increase to the State Minimum Wage of **\$61.95 per week**, with commensurate increases of **6.5 per cent** to award wages.