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BEFORE THE WESTERN AUSTRALIAN INDUSTRIAL RELATIONS COMMISSION

CICS 1 of 2026

BETWEEN

ON THE COMMISSION'S OWN MOTION

Applicant

v

(NOT APPLICABLE)

Respondent

2026 STATE WAGE ORDER PURSUANT TO SECTION 50A OF THE ACT

TRANSCRIPT OF PROCEEDINGS

AT PERTH ON WEDNESDAY, 20 MAY 2026, AT 10:36 AM

COMMISSION IN COURT SESSION

CHIEF COMMISSIONER S J KENNER
SENIOR COMMISSIONER R COSENTINO
COMMISSIONER T B WALKINGTON
COMMISSION C TSANG

MR B ENTREKIN (Principal Labour Relations Advisor, PSLR) and with him
MS D ARNTZEN (Principal Labour Relations Advisor, PSLR) on behalf of the
Hon. Minister for Industrial Relations

MR C HARDING (Senior Policy Adviser, Workplace Relations) and with him
MR L PRENDEVILLE (Senior Economist) on behalf of the Chamber of Commerce
and Industry WA

MS R HENDON (Secretary) and with her MR G HANSEN (Research and Policy Officer) on behalf of UnionsWA

MS R NEWBURY-FREEMAN (Manager, Social Policy and Projects) on behalf of the WA Council of Social Service

MR M SMITH (Employee Relations Services Advisor) and with him MS J LOVE (Employee Relations Services Manager) on behalf of the Western Australian Local Government Association

AMENDED

KENNER CC: Be seated. Thank you.

Now, I'll take appearances, please.

Mr Entrekin, for the Minister?

ENTREKIN, MR: Thank you, Chief Commissioner. Yes. I appear, along with Danielle Arntzen, on behalf of the Minister - - -

KENNER CC: Yes. Thank you - - -

ENTREKIN, MR: - - - for Industrial Relations.

KENNER CC: - - - very much. Thank you.

Mr Harding, for CCI?

HARDING, MR: Yes. And I appear with Mr Leo Prendeville, just in case there's any economic questions needed.

KENNER CC: Very well. Thank you.

Ms Hendon, for UnionsWA?

HENDON, MS: Yes. Rikki Hendon, alongside my colleague here, Graham Hansen.

KENNER CC: Yes. Thank you very much.

And, Ms Newbury-Freeman, for WACOSS?

NEWBURY-FREEMAN, MS: Yes.

KENNER CC: Thank you very much.

And, Ms Love and Mr Smith – we think it might be Mr Smith – is that right - - -

SMITH, MR: Thank you, Chief Commissioner. And yes, I have - - -

KENNER CC: - - - for WALGA?

SMITH, MR: - - - Ms Love with me today.

KENNER CC: Yes.

SMITH, MR: Thank you.

KENNER CC: Thank you very much.

Now, I think, as we've indicated to you recently, in terms of the order of proceedings, we'll deal with the matters as we usually do. And that is that we'll first hear from Mr Christmas, a witness for the Minister. We'll then hear from the CCI, then WACOSS, then WALGA. And of course, you'll have a right of reply in the usual way.

As we understand it, there are no other preliminary issues that we need to deal with, are there, before we get underway? Anyone want to raise any issues beforehand? We take it that's a "No"?

All right, then. Shall we turn to you, first, Mr Entrekin? Thank you very much.

ENTREKIN, MR: Thank you, Chief Commissioner. If it pleases the Commission in Court Session, we'll begin with the presentation by our expert witness from the Department of Treasury and Finance on the economic outlook for Western Australia. And this will be followed by an opportunity for questions. And then I'll present the Minister's position.

If it pleases the Commission in Court Session, we'll now call Mr Christmas to - - -

KENNER CC: Yes.

ENTREKIN, MR: - - - the witness - - -

KENNER CC: Thank you very - - -

ENTREKIN, MR: - - - box.

KENNER CC: - - - much.

Mr Christmas, please, if you'd come forward? Thank you.

CHRISTMAS, DAVID BRIAN: affirmed:

EXAMINATION-IN-CHIEF BY MR ENTREKIN:

KENNER CC: Good morning, Mr Christmas. Please be seated?---Thanks, Chief Commissioner.

Thank you for your attendance, once again.

Yes. Mr Entrekin?

ENTREKIN, MR: Mr Christmas, can you please state your full name and your position at the Department of Treasury and Finance?---Ah, it's David Brian Christmas. Um, and my position is Director of Economic and Revenue Forecasting.

Thank you. Mr Christmas, can I confirm that you have made a witness statement for these proceedings?---I have.

And can I confirm you have a copy of the statement - - -?---I do - - -

--- in your ---?---- - - indeed. It's - - -

--- witness box?---- - - just with me here.

Thank you?---Yep.

Mr Christmas, your witness statement states that you and your colleagues at the Department of Treasury and Finance have prepared the economic outlook document, submitted as attachment A with the Minister's primary submission. Is that correct?---Yes.

Yes?---That's correct.

Thank you. If it's convenient at this point, Chief Commissioner, I seek to tender the PowerPoint presentation that Mr Christmas will be speaking to today.

KENNER CC: Yes. Thank you. Firstly, the witness statement of Mr Christmas will be exhibit Minister 1.

EXHIBIT MINISTER 1
unspecified

Commissioner DATE

Witness statement of David Christmas.

Secondly, the PowerPoint presentation entitled "The 2026 State Wage Case of the Western Australian Economy" will be exhibit Minister 2.

EXHIBIT MINISTER 2
unspecified

Commissioner DATE

PowerPoint presentation entitled "The 2026 State Wage Case of the Western Australian Economy".

ENTREKIN, MR: Thank you. I'll just hand out the PowerPoint presentations - - -

KENNER CC: Yes. Thank you.

ENTREKIN, MR: - - - if it pleases the Commission?

KENNER CC: Yes. Thank you?---Okay, then.

Mr Christmas, when you're ready?---Thanks, Chief Commissioner. Today's – today's presentation, um, is based on the assessment of the West Australian economy, as at published on the 26/27 State budget, and which was tabled in Parliament on 7 May 2026. It also references the 26/7 Commonwealth Budget released on 12 May, and the International Monetary Fund's April 2026 World Economic Outlook. Key points include West Australia's domestic economy measured by the State Final Demand with, ah, at the – of a robust pace of 3.3 per cent. Ah, it's stronger than nationally, in – of 2.5 per cent in – in calendar 2025.

Domestic growth was underpinned by strong private demand, which actually grew by 3.8 per cent, with a strong lift in business investment, dwelling investment, and a solid growth in household consumption. The domestic economy is estimated to grow by 3.5 per cent in 2025 to '26, with growth easing to 2.25 per cent in '26/7 and '27/8, ah, largely reflecting, ah – so the slow growth is largely reflecting a steady level of investment in the next two years.

Overall growth is measured by Gross State Product. It is projected to lift from 1.3 per cent in '24/25 to 3.25, ah, per cent this year, and then 2.25 per cent next year – in '26/27, rather. Ah, exports are expected to resume growing after declines in the two previous years, due to weather events and sector-specific factors. Um, conditions in the State's labour market are strong. Um, while employment has – was relatively stable for most of 2025, there was a strong lift late that year. And that main maintenance continued into '26. Um, and the unemployment remains low.

Um, finally, inflationary pressures have re-emerged, um, internationally, nationally, and in Perth, exacerbated by high fuel and transport costs, stemming from the current Middle East crisis. Um, in terms of the forecast, there is considerable uncertainty about the scale and duration of the conflict. And impacts outside inflation were not reflected in the budget's central forecast, um, but represent potential material source of downside risk to the economic outlook. Um, and I'd like just to acknowledge the work of the economic and revenue forecasting team, and the Department of Treasury and Finance, who are instrumental in producing the forecasts and outlook, and this presentation.

In terms of the global context, at this time last year, um, oh – well, the presentation, um, the IMF would have downgraded its forecast for global growth in calendar '25, ah, to – from 3.3 per cent to 2.8 per cent. And that was in light of escalating trade tensions, particularly arising from tariffs announced by the Trump administration in the US.

As it happens the IMF now, ah, estimates that the global economy grew by 3.4 per cent in 2025 slightly above its pre-tariff forecast. So the global economy has actually sort of travelled better than expected, ah, despite those tariffs. We've also got a new, um, crisis that, ah, has, ah – oh, well, a – a, conflict that's impacting on, ah, the global, ah, uncertainty. So in – and we can see on the left-hand chart there, um, ah, with geopolitical risk has spiked and right back up to where it was around the time of the Ukraine crisis, um, when – when the Ukraine, Russian, um, war started. Um, and, um, it's – and although world trade uncertainty has come off its peak from last year, um, there's still quite a lot of – it's still elevated so there's a lot of uncertainty around.

Um, and the IMF's global – global growth forecast it really – because of the uncertainty, um, it actually decided to present scenarios rather than a single – um, they're called their base case and reference case. They, um – and under their reference case, which is, um – which was a conflict, which pretty much would have ended by now, um, ah, they were expecting growth to weaken from 3.4 per cent to 3.1 per cent.

Um, they now think it's – the, um, Managing Directors reported as saying it's more likely to be this, um, adverse scenario so with global growth going down to more like 2.5 per cent so they've made some fairly larger revisions there. Um, and then inflation obviously is picking up across the globe. Um, that's probably more than likely to go from around 3.9 per cent forecast pre-conflict to – ah, so they've upgraded by about, ah, one and a half per cent (indistinct) 10.47.17. Um, and you can see from this chart that the headline inflation hasn't, in fact, started increasing across the globe.

Um, global policy rates haven't really been adjusted, um, yet but obviously all central banks are keeping a very close eye on what's happening. Our own central bank has been operating, and we'll get to that in a – in a minute. Um, in terms of the global context and China, China's, um - has – is still growing, um, at a solid pace so, um, the IMF anticipates China's growth will ease from about 5 per cent in 2025 to about 4.4 per cent in '26 so that's just under the bottom of the government's target range. They've – they've moved to a target range of 4.5 to 5 percentage points. Um, and so it's still, um – and the economy actually expanded by 5 per cent in year on year terms in the March quarter so that was mainly supported by consumption and particularly government consumption and a contribution for investment as well.

But as you can see on the right hand chart, the Chinese economy has had a trend declining growth, um, but that's not surprising given it's on top of previous years of strong growth. Ah, investment has been, um, strongest in manufacturing and infrastructure. Um, there was a little bit of weakness towards the end of last year but that seems to have ended. Um, ah, real estate investment has continued to (indistinct) 10.49.07 as the – there was an over investment in housing stock, um, which is impacting on – ah, I haven't shown it here, but it is impacting, um, consumer spending, um, which is still growing but at a slower pace than pre-COVID trends. Um, so that's one area which is the government is trying to promote, um, ah, higher spending, and you can actually see that in the - the – in this cash rate. Well, their equivalent of the - the – the policy rate they've been reducing it to encourage spending.

Um, so one of the risks is that that doesn't - it's not successful yet. Um, one of the - the right-hand chart's a really interesting chart because it really shows you over the last year what's happened with this. So one of the key concerns of the Trump administration was the Chinese, um, trade – trade position with them. And so the – the tariffs were designed to turn that around, um, and there was an expectation that – well, so the higher – higher tariffs on China, in fact, they did reduce Chinese exports to the US but, um, China just, ah, pivoted elsewhere. So you can see, um, their exports to Asia and Africa, um, ah, were higher and even to Japan, Korea and Taiwan. So they've managed to keep export growth happening.

Um, I suppose, ah, there's one area of risk there, which is, um, because some of the goods they supply, um, are seen by some countries as potentially, crudely speaking, swamping their markets, there – there may be some, um, ah, resistance or some – some, um, changes imposed to moderate the level of Chinese exports to some countries. That's just a risk really, um, but at the moment they've been very successful in - in their exports to others. So overall the Chinese Government is committed to returning strong, solid growth so even if there are risks there they do happen to be very good at maintaining good growth.

Um, and I should just say the Chinese, Um, ah, Government actually – or China as a whole has very – has relatively good, um, reserves of oil. Um, so they had an excess of – well, estimated to have in excess of a hundred days of, ah, reserves at the start of, um, ah, the - the conflict, the Middle East conflict, which is, um, you know, so that's three months' worth, which is a good – good amount, but they've also got other diversity in their energy sources. So while there are inevitably risks, um, they're probably fairly well placed.

In terms of our commodity prices, um, ah, they've been relatively stable over the past year, and one of the reasons for that stability is the iron ore prices traded, um, within a fairly narrow range and that accounts for 50 per cent, more than 50 per cent of our basket of - of – of that index. Um, and so while other - you can see there has - in March we are expecting - that's an estimate, but we are expecting to rebound fairly strongly and that reflects some of the impact of the, um, well, higher lithium prices, higher gold prices, higher, um - higher lithium and gold particularly. Um, we have - oil impacts on this but with a bit of a lag so you won't see that impact until beyond March '26. And obviously that's gone up so there's potential upside to that next quarter.

Um, and the exchange rate has appreciated over the last year, um, so, ah - but you're – you're talking around, you know, three cents, US cents, it's not - um, nationally – nationally the Australian economy, um, forecast to grow by 2.25 per cent this year. Ah, a bit of a slower rate of growth next year and that's, um, the expectation that households', ah, will, ah - consumption will be a little bit weaker weighed by, um, ah, the conflict in the Middle East, um, and the inflationary pressures that results. So they're basically saying the - the inflation will, um, cause households to be a bit more cautious in their spending. Um, that said they – they know the Australian economy is growing faster than every major advanced economy and employment remains low.

The labour force participation remains - rate remains high. Wages growth is solid and public finances are amongst the strongest in the developed world, um, so they - there is a view that Australia, um, although it's facing, ah, the impacts of the global oil shock, um, it is coming from a position of relative strength comparatively. That said, they are – they do expect that the economic consequences will be felt from that conflict. Um, well, the Reserve Bank of Australia has just raised the - the other day rates. Ah, the cash rate, um, 25 basis points and that follows two earlier rate increases this year, um, and that's largely because inflation has been sitting above the target band and they expect it to do so for a while. Ah, and, um, so their – their assessment, ah, was that the risk to inflation are tilted to the outside.

Looking at the notes or the notes of – of the meeting do suggest that going forward there's a bit of a wait and see what – what, um – what that does and what the new data, ah – ah, shows on the impact of – of, um, the Middle East crisis, ah, and just normal conditions are as to whether this rate rise has been effective. Um, and I think there's mixed views. I think the market's still assessing there to be one more rate rise, at least a little bit more than one, based on today's numbers, um, but the – the bigger banks are mixed in their commentary.

KENNER CC: I think the RBA in its latest monetary policy statement is forecasting inflation to remain at about 4 per cent to the December quarter?---That's correct.

Or something like that?---That's correct, Chief Commissioner. Yep. Yep. So turning to the West Australian economy, household, um, and business confidence have been impacted by the Middle East conflict. Um, what we are seeing - so that means consumer sentiment has weakened again. Um, but what we do see is, um, while consumers are reporting some, um, negative views or, ah, sentiment they're still spending so their actions don't always meet, ah, what they - they're sort of reported views are.

Um, and you can see that on the left-hand panel where consumption's still quite positive even though, um, consumers - and - and that's been evident for the last - well, for the post-COVID period actually, where the spending's been very strong but their - their sentiment has been quite weak. Um, business - so, ah, business confidence has also been weak. Um, ah, it's bounced back a little bit from the immediate post-conflict, um, survey, um, but it's still quite negative, but it's - but business confidence is - is very volatile, as you can see from that chart.

But interestingly though business investment remains pretty solid?---It does.

So perhaps the same factors are at work as with consumers?---Yes. Yeah. Ah, and, also, the conditions that, ah, this - this is a NAB, National Australia Bank, survey and their conditions are still positive and quite strong relative to other States. Um, so it's, again, a conditions versus confidence matter. So in terms of households' consumption, um, the pace of growth has eased from very high COVID rates, um, but it's sort of come back a little bit, ah, in - in the last year. Ah, it's certainly strengthened from, um, December '24 levels, um, and, ah, what - that's - that's evident both in essential spending and - and discretionary spending so discretionary spending has been outpacing total spending. Um, so that's sort of up till - up till the December quarter. Yes, that's pre-March.

Um, but, ah, it's - it is saying that consumers, ah, have been prepared to get out there and - and spend and - and we're obviously from that right-hand panel stronger than other States and considerably stronger than national. Ah, later data into the March quarter, um, and that will include some, ah - some input from the month of March, does show that, ah, growth in household spending has stabilised. Um, this is a slightly different measure to the actual household consumption. It's - it's - it represents about two-thirds of household consumption. But what it is it's saying it's fairly steady, maybe a slight easing at the - at the end, um, and that's what we've sort of built into our forecast, a bit of an easing in '26/6, which I'll get to in a minute. But the household spending indicator, the left-hand side is real, so that's inflation adjusted, and that's where you can see it's relatively flat. On the right-hand side you get, um, nominal household spending, which is still very strong. And it's stronger, because that's got an inflationary component in there. But again, it's showing we're doing better than everyone else. And, um, even our discretionary spending is - is very - is much stronger than elsewhere.

In terms of household savings rate, WA, um, does have a very high savings rate of 15.2 per cent in the year to June '25. Um, and that – that sort of – that compares with national, ah, saving of 6.1 per cent. So our households are, um, in a – in an – in an aggregate, in a sense. And there will be pockets that are suffering. And that I – I have to be upfront about that. This is an aggregate number. But in aggregate terms, um, the balance sheets are doing quite well. And you can see, again, in aggregate terms, um, residential – residential mortgage arrears have really come off, um, over the past five years, um, to be, um, you know, below – well below the 20-year average, um, for WA, and – and sort of below, even, the average for, um, Australia.

Ah, and so we're expecting household consumption to increase by 2.75 per cent, ah, this, ah, year, '25/26, ah, um, and, ah, going through to '27/28, and then moderating to 2.5 per cent in the last two years. Um, so it's pretty solid, ah, household consumption, that we expected. Um, and that's supported by income growth and housing wealth, as well as population. Um, the housing market is, ah – we've – we've had quite a pickup in dwelling investment, increased by 8 per cent in 2025, currently supported by strong increase in commencements, um, relatively elevated completions, um, and work on dwellings under construction. So completions have – you can see, on the right-hand side, have come off a little bit. But they are still elevated.

Um, and the lead indicators of future activity point to near term strength. So you can see the building approvals numbers, ah, have really been very solid, um, up till March. Um, and that – that's a – sort of a rolling quarterly number. Um, and, ah, we've got total new loan commitments. Ah, they've sort of stabilised. Um, really in the last quarter or two, they've jumped up a bit. And then, ah, HIA new home sales have, um – well, bounced around a bit. But what the HIA sales tends to lead building approvals. Um, and so what we're expecting is the number of building approvals to flatten off a bit, and therefore, the pace of growth will - - -

KENNER CC: Slow down a little bit?---Yeah. That's correct.

Especially, as the interest rates hikes kick in, presumably?---That – that – that'll – that'll, um - - -

Flow through - - -?---That should - - -

- - - in the next couple - - -?---- - - impact on - - -

- - - of quarters?---- - - on – yeah, um, on that. Um, that'll still – because we've got a lot in the – in – already happening, it'll sustain for a little while, and then sort of (indistinct 11.03.33) off. Yep. And that's where you can see, this chart, um, it has a – has that bigger increase this year, slightly smaller increase, and then progressively smaller growth rates, in – in the long term. Um, but solid – solid increases.

Um, ah, business investment outlook is – we were expecting this to be a bit slower in '25/6, and to be stronger in '26/7. Um, it looks like we had a very good last half of last year. So half – the first part of '25/6 was very solid. So we've revised our forecast upwards, ah, to 6.75. But that does mean, ah, the next two years, we've got slightly slower growth forecast. Um, so if – in a way, it's sort of bringing upfront, that – that growth.

Um, part of the reason the next couple of years are going to be a little bit, ah, (indistinct 11.04.38), where we won't have so much growth, is some of these big projects. Like, particularly, the Scarborough Pluto Project, and I think, Jansz-lo. Um, some of those projects are sort of coming towards the end of their construction phase. And so other – other projects would be required, just to replace that investment. Um, but in the last couple of years of – of the – the forecast period, we do have a little bit – growth resuming enough, because some very big projects, like, Rhodes Ridge and Perth Airport re-development or development enhancement, and a couple of data centres, ah – ah, we're expecting to – to come into the system pipeline.

Um, so overall, our domestic economy grew, as I mentioned before, 3.3 per cent in 2025, um, ah, which is stronger than national, and I think, the strongest of States, other than South Australia. Um, and we're forecasting growth of 3.5 per cent in '25/6. So that's – that's a pretty solid rate of growth. Um, we are expecting it to ease next year. Um, and that's, again, largely because that business investment has stabilised, and – and dwelling investment moderates.

Um, in terms of the external sector – so our overall growth, um, ah, or, ah, economy, um, ah, has – has external sectors, as well as that domestic sector. And we've had two weeks of – two years of fairly weak, um, external sector. Um, we're expecting that to bounce back this year. So in the last couple of years, there's been some things, like, weather. Um, we've had nickel exports really impacted by Indonesia's, um, decision to support their nickel sector, um, which has made us reduced our nickel exports dramatically.

Um, and last year, ah, for example, our, ah – even our iron ore exports were impacted by, um, bad weather – so cyclones. We – we did have a cyclone that had some impact this year, but, um, it was less of an impact than last year. So we are having a recovery in the line of exports. Ah, lithium production is on a – on an upward trajectory, in any case. And the high gold price is stimulating some increase in gold exports. So as well as in '25/6, um, there was a – we had a record harvest last year. So that will help, um, with this year's exports.

Um, in terms of next year, in '26/7, we do have, ah, agricultural exports being a bit weaker, because we've had so much, ah, carry over for the – from the record harvest. We are expecting there to be, um, exports of agricultural goods not to be as impacted as they otherwise would be.

Um, so what that means for total economic growth, ah, we're forecasting 3.25 per cent in '25/6, following growth of 1.3 per cent last year. Um, and then we're having – we're expecting, probably, growth of about 2 per cent per annum, going forward. And that's – that's lower than our, um, GSP numbers – sorry, ah, State Final Demand numbers. And that's sort of reflecting our exports. Um, our external sector is, um – we're expecting more moderate rates of growth, because, ah, production's, ah, close to capacity.

Um, in terms of my, ah, population numbers, West Australia's population growth, um, actually peaked in – in the year to September '23, ah, at 3.6 per cent. But even since last year, growth has slowed from 2.7 per cent to 2.2 per cent. And what I mean by "Last year", is it would have been – yeah. September '25 is our latest data point, ah, for population.

Um, net overseas migration has slowed in – just in that last year, from just over 52,000 people to just over 41 – well around – sorry, around 41,000 people. So that's quite a dramatic slowing. Um, and you can see that evident in the last – on the right-hand side of the, um – where we've mapped just – this isn't total net overseas migration, just the migration mentioned here. We – there's a – that's a large proportion of it. And you can see a partial indicator of what's happening, which is – we get from the ABS. Um, it shows a continual downward trend in – in, ah, overseas migration.

Um, and we also have interstate migration. That eased from around – from about 30,400 people to 10,300 people, roughly, um, in the last – that last year, between, um, September '24 to September '25. So even that we're projecting that to slow and so what we are seeing is, um, we expect, um, this year, so by June '26, the population growth to fall to 1.8 per cent and then after that go down to 1.5 per cent, um, per annum onwards. Um, labour market, ah, so for a lot of 2025 you can see there that, ah, employment's relatively flat, um, but in the last four months, so in the December month and onwards, there was a like – ah, it's resumed, well, jumped a level and it's stayed high and it's actually, um, increased in the March - the month of March by .5 per cent. So we do have, um, renewed employment growth, um, which is a great thing.

Um, and – but, um, the earlier – the earlier weakness does mean in annual average terms there's a decline in employment. Um, that's running now, um, ah, in annual average terms to March was 1.6 per cent. Um, but what we can - you can also see in that quarterly year ended, which – which sort of tends to lead annual average growth, um, that that's, ah - it's sort of troughed a little and it's increasing slightly and that's behind a forecast, um, of employment growth troughing at 1.5 per cent this year and increasing slightly to 1.75 per cent next year. Um, a lot of that employment's been by the - in the private or what we call market sector. Um, and, ah, so about a year ago, um, there's a lot more non-market sector and government employment growth and now it's transferring back to - - -

KENNER CC: It's shifting back to the market?---Yeah. It's shifting back. Um, and – and you can see from that – that's the chart on the right-hand side, um, some of those increases, ah, manufacturing, retail, trade, construction, um, amongst other things. Um, mining employment has actually declined a bit. Ah, job vacancies still remain historically quite high and, in fact, they've picked up from a trough, um, you know, probably six months ago, just eyeballing that. Um, so that's sort of pointing to – it's sort of consistent with that recent strength in – in employment growth or employment.

Um, in the right-hand side the - the - there's various measures of job – job advertisements. Um, and you can see the Indeed one really picked up and it's just come off a little bit in the last month or two but in general they've all come off at that sort of trough. So that's – that's encouraging for some - for – for the sort of ongoing strength and that strength is sort of why we're projecting, um, forecasting growth of 1.5 per cent, um – um, in '25/6 and then strengthening to 1.75 per cent, ah, before easing in the following, ah, years. The unemployment has lifted, um, ah, so it's averaging 4.1 per cent over the year to March '26. Um, that is, ah, compared to a recent cyclical low overall, um, ah, of 3.5 per cent around March - year to March 2023. There was a couple of months where it was about one – um, 3.5 per cent, um, but it remains well below, it's longer than the average of 5.8 per cent.

And that - when I say that, that's 35 years of – of data. The youth unemployment rate is average of 9.7 per cent and that has been increasing, um, but it's just under the national rate. Um, and then our total forecast is – is for the unemployment rate to average 4.0 per cent in this, um, calendar - sorry, financial year, um, and it has been, ah, over the year to March it was 4.1 per cent so it's – it's very close. There might be a modest upside risk there but it's very modest. Um, ah, participation rate remains high. I mean it's come off from the 69.1 per cent recorded in '24/'25, and over the year to March it was 68.7, but it's still, um, very high. And then the right-hand chart just says - shows that it's come off slightly for both, um, males and female participation rates. But, again, um, that's - overall it's still very solid. In terms of wages, um, we use the WPI, ah, it's a preferred measure of underlying wage growth because it's designed to measure wage change from fixed quality and quality of labour. So abstracts from things like changes in average hours worked and compositional changes in the labour market, um, which can impact on the rate of growth, ah, of other indicators. So that grew by 3.6 per cent, um, over the year to March quarter, down slightly from 4.1 per cent in 2025. Um, so it's sort of – ah, we had strong – we've had some fairly strong public sector, um, growth that's contributed to those rates, particularly, ah, '25, because of the timing of agreements - - -

KENNER CC: Significant industrial agreements were registered - - -?---Yeah.

- - - around that time. Yes?---Yeah. Um, but once – um, we we're almost through the current round of agreements, um, ah, and so that's – that's sort of coming off. Um, we're expecting – well, the strongest rates of growth have been in - you can see that - that - the – how, ah, the public sort of industries are showing that strong growth, which I've just explained. But the – you know, there is some other growth in the, um, professional services and mining that's higher than the 3.5 per cent, well – well, 3.5 per cent in those cases. Um, so some solid growth outside of the public sector as well. Um, quarterly year ended growth in salary – salary so sort of these other indicators of what's going on. Seek, ah, has an advertised salaries index and that's, um - while that peaked at 5.5 per cent in the, ah, year to October '23, um, and since it did trough it's - it's now come back a bit and it's approaching 3.8 per cent in the year to March, 2026. So that's broadly in line with, um, you know, our expectation, um, ah, that wages growth, um, around that sort of between three and four per cent over the - the budget period. Inflation, um, per CPI, excluding electricity, um, which is our preferred measure because the – because of the electricity credits move the headline rate around so much, that increased by 3.7 per cent of the year to the March quarter, um, lifting from 2.8 per cent in the June quarter 2025. So, um, the increase, ah, well, um, that – that captures a 32.7 per cent increase in the rise of, um, automotive fuel in the month of March. So you can see on the monthly CPI, um, growth, um, we - we have monthly CPI relative to the year before of 4.3 per cent so March month of, um, on March 2025. And this is, basically since we talked last, well, the last year's present - State Wage Case, there this has been publishing monthly CPI. And so that - you can see on that right-hand side where that – that, ah, automotive fuel really impacted on – on the March month. So in the month of March the CPI went up by 1.22 per cent and that was pretty much entirely driven by that automotive fuel, ah, um, contribution.

So yes, the Middle East, um, conflict is having an – an impact on the inflation rate. Um, we're projecting an – in year ended terms, that that will increase Perth's – well, the budget's projecting it to increase by 5.5 per cent in '25/26. Now, that's – that's year ended. So June on the previous June. And if you were, ah – were to use the four quarters of '25/6 on the four quarters of '24/5, it would be four percentage points. Um, so we are then expecting that to come off, ah, to 3.75 per cent in the, ah, year to June quarter, um – June quarter, 2027. And then it'll move to the – within the RBA's target range after that.

Again, the – the key driver for this year is automotive fuel. Um, the reason why we have it still elevated next year is there's pass through to things like - - -

KENNER CC: A lag effect?---- - - food.

The second-round effects of - - -?---That's correct.

- - - these increases. Yes?---Yes. That's correct, Chief Commissioner. Yep. Um, this chart here does show our CPI forecast relative to, um, the national Commonwealth Budget CPI forecast, for the national CPI, and a – a Reserve Bank statement of monetary policy, which was, um, released early in May as well. Um, and that, ah – ah – ah the rate of our forecast is a little bit higher than the national forecast. That – that partly, um, reflects timing. So our budget was settled. We – we – we can't have a, what we call a "Cut-off date", which is when we take the data up to that date into account, which happens to be, I think, the day of, um – of, ah – of – the ceasefire was announced. But it was announced after close of business.

Perfect timing?---Perfect timing. Um, anyway, the bottom line is, the ceasefire was announced after we, ah, cut off. And – and – and that resulted in oil prices coming off of a bit. Um, and so we – we use the oil futures as our – as an input to our CPI forecast. Um, and so the oil futures were higher than – than they have been, going into the – the finalisation of the Commonwealth Budget and the – the national. That said, um, automotive fuel is – is, um – is, ah – well, prices dipped (indistinct 11.22.37). In terms of, ah, oil – oil futures have climbed up a bit. That's yet to flow into - - -

Play out - - -?---- - - retail - - -

- - - as to how that's going to work. Yes?---- - - prices. So there's – there's still a lot of uncertainty, as to how that may – might go. Um, so not trying to discount that – that forecast, um, ah, just (indistinct 11.22.59) to – just so why we have slightly different forecasts. And then going into the, ah – ah – next year, I think, it's – it's – also has different assumptions about, um, the – the extent of flow through, um, as well. And we have a – a slightly different economy, in any – in any case. So, um, that would explain the differences. Ah, I did, ah, um - - -

Sorry. Just coming back to the inflation figures - - -?---Mm.

- - - for a moment - - -?---Yep.

- - - Mr Christmas - - -?---Yep.

- - - does that mean, in terms of the headline forecast, say, for example - - -?---Mm.

- - - the on a year-end basis of 5.5, that there need to be some looking through of that number, as a bit of a spike?---Um - - -

It's a difficult situation, I know?---Yes.

I wouldn't want to be in your shoes, forecasting right at the moment, I have to say?---Yeah. Look, um, there's, ah, probably a, um – the Commonwealth Budget's forecasting 5 per cent. And we have been running a little bit over, as you can see, in '24/5, a little bit, ah, higher than the Commonwealth. The arches have been a bit higher here. And one of the reasons for that is our housing – our housing market's a little bit - - -

Pretty frothy?--- - - contributing a bit more to the inflation rate. So, um, you'd expect, ah, um, given us we've still had some strong growth in our housing component, um, we would be, um, perhaps a little bit above the national. Um, we're, um – but given the, um – the oil futures have come off from the – the rate, when we locked it in, there's maybe some downside risk. But again, it's hard – hard to give an exact quantification.

It can't be definitive at the - - -?---Yeah.

- - - at this point?---But – but you'd probably say somewhere between, you know – and – and – I get the comfort that, in a sense, we know, if – if the Commonwealth's forecasting 5 per cent, then we know we're – for – for a number of reasons, we're a little bit more than that, it's – you know, it's not going to be – that – that gives you an idea of where it might - - -

It's - - -?--- - - lie.

- - - the range, perhaps?---Yeah. Yeah.

Thank you?---Um, just turning to productivity, um, ah, that has been – so the ABS has released these experimental instruments, because it is a concern that people take – well, ah, it's – it's – it's – they use the term, ah, "Experimental", because it doesn't see them as robust as other data it publishes. Um, so also, um, it – it's worth noting that, um, the ABS does caution using sort of annual figures. They – they recommend using longer term, um, trends as indicators of what's happening. Because it's, um – it's a hard enough concept to measure, in any case. So, ah, that's why they caution it. And it can be volatile. Um, so that – this just shows multi-factor productivity, which is, um, output relative to various inputs, including capital and labour, um, ah, declining over the past five years, um, ah, by 0.4 per cent per annum, relative to national of 0.4 per cent growth.

Um, and that's largely likely to be, because, um, mining productivity has been, ah, pretty weak. And the reason for that is, um, most mine producers are – well, particularly, the larger producers are approaching their - - -

Capacity?---- - - capacity. They have actually been putting people on, except for the last year. It's just sort of seemed to have turned down. But that means you've – you've got production staying relatively steady, um, with increases in employment, which means you – you have slightly – well, you've got a weaker productivity measure. Um, and so, you know, that – that – that will have dragged down our, ah – just because our – our economy is so heavily weighted to productivity, ah – sorry, mining. But that would've been a bit of a drag.

Um, so that – that's, um, ah, the productivity sort of story, um, noting there's lots of caveats about productivity measures. Um, so overall, ah, we're – our economy in '25/6, ah, is, um, as (indistinct 11.27.50), um – as we're expecting it to go. Pretty solid rates of growth. Um, employment's, ah, performing well, given it's on top of several years of strong growth. Um, the unemployment rate is still, historically, very low. Um, the main impacts, ah, seem to be on the – the Consumer Price Index to date, um, acknowledging we haven't built in any other effects, um, on – on our other aggregates yet.

Um, and that's where we get to those risks. The most significant risk, obviously, is the – the global and, um – to the global and domestic outlook is from that Middle East conflict. Um, and whether that, ah – to date, it's mainly been price impacts. And then the question will ultimately be, is it – is it broader than that? Um, trade policy. You – that – the chart – and I showed you upfront, does say that there's still elevated risk. Although, the world did traverse last year fairly well, in terms of growth.

Ah, the Chinese domestic economy, as I've noted, is exposed less to the energy crisis, because they've got a diversity of supply of energy. Even though they do take a lot of oil from the Middle East, they do have a diversity of supply of their whole energy mix. And they do have, ah, other sources. Um, they do have a – a pipeline through Russia, for example. So that said, the, um, ah – their – their shift towards technology-driven growth, um, and the problems with the housing sector do mean that it's always a bit of a risk as to how resource intensive that growth might be.

Um, the inflation figures, you know, I mean, if – if they're stronger for longer, um, then households may become more cautious. And then indeed, um, if this impacts, um, on commodity prices, and – and in – just general, then certainly, that has potential to postpone investment decisions as well. So there's a range of those risks, um, but they are - ah, can be quite difficult to actually quantify. So that is the essential picture on - on the economy. Um, um, but happy - happy to take questions, Commissioner - - -

Thank you very - - -?--- - - - Chief Commissioner.

- - - much indeed, Mr Christmas?---Thank you.

Now, at the Bar table, do we have - - -

HARDING, MR: Just on the - - -

KENNER CC: - - - any questions for Mr Christmas, please. Mr - - -

HARDING, MR: Yes.

KENNER CC: - - - Harding.

CROSS-EXAMINATION BY MR HARDING:

HARDING, MR: Just only have two. So, Mr Christmas, obviously, the Federal Government has done broad sensitivity analysis around potential scenarios, adverse 1, adverse 2 of whatever happens in terms of the Middle East crisis, and obviously, the RBA has well. Has the WA Treasury done any of that in terms of the budget modelling over that period of time to show if it was to go for longer what that increase might be to CPI or that impact might be on GDP or - - -?---So - - -

- - - factors like that?--- - - - we - we've been very upfront in the - I've copy of the paper with me and I can even direct you to the right paragraph, but, um, what - what our approach has been, given the uncertainty that we - we - we'd - we can see the impact on prices already, so we have - have to build that in. But given the uncertainty associated with other impacts, we didn't - we haven't presented any other - - -

Great?--- - - - alternatives.

No, I completely understand. It's a difficult time in - to do it anyways. Also, just in terms of the budget - and I don't have the exact percentage in front of me, but I know that obviously iron ore export - ah price is expected to drop by - to the long run average over the forwards. Is that factored in, in any charts, into your modelling of the wage price index, obviously, being a large contributor to our economic prosperity, more broadly in terms of wage growth, as well as employment in the State?---The - our wage price index, um - or our outlook for - is - is - that would be linked more to things like the overall global market conditions. To the extent that, um, ah, the iron ore price will impact on the outlook, um, that - that sort of - it has an implicit and unquantified impact, but it's not - we see the labour market conditions as pretty steady going forward, one-and-a-half per cent employment growth and - and, um - and, ah, the unemployment rate only creeping up very gradually over the period, so you know, we've - that's why we've got fairly stable wage outlook.

Okay?---It's - it's really - it's - you know, it's not very - it's not driven by the iron ore price in - - -

No, but it obviously - - -?--- - - - in a - in a - in that - - -

- - - iron ore price - - -?--- - - - sort of sense.

- - - going - you know, fluctuations will obviously change the - the economics of - of the amount of people that may be required in terms of meeting certain volumes or if other such items are - so obviously have an impact on - - -?---Yep.

- - - the employment levels more broadly. So just as kind of where I was wanting to trying to understand - - -?---Oh. Okay.

- - - if that's factored in?---Yeah, yeah.

Because obviously, the higher amount of labour that's, you know, in the market, we might end up with a lower - lower wage growth more broadly?---Well, yeah. It's - it's - it's not been - it's not explicitly in that sense, um, that's, um - - -

No, that's - that's all good. No problem.

That - that's all from me.

KENNER CC: Thank you, Mr Harding.

Ms Hendon from Unions WA, any questions for Mr Christmas?

HANSEN, MR: No questions from Unions WA, thank you.

KENNER CC: Thank you very much.

On behalf of WACOSS, Ms Newbury-Freeman, any questions of Mr Christmas?

NEWBURY-FREEMAN, MS: No, thank you.

KENNER CC: What about for WALGA, Mr Smith?

SMITH, MR: No questions, Chief Commissioner.

KENNER CC: All right. Thank you.

Thank you very much indeed, Mr Christmas. As usual, your presentation has been extremely helpful to us and we're very grateful to you and your colleagues for the work you've put in. Thank you very much indeed?---Thank you, Chief Commissioner. Thank you, Commissioners.

WITNESS WITHDREW

KENNER CC: Mr Entrekina, when you're ready.

ENTREKIN, MR: Thank you, Chief Commissioner, and thank you to Mr Christmas and his team. We know that they undertake a significant amount of work to produce that presentation and quite a bit of - - -

KENNER CC: Yes.

ENTREKIN, MR: - - - time goes - - -

KENNER CC: Indeed.

ENTREKIN, MR: - - - into it, so - - -

KENNER CC: Thank you.

ENTREKIN, MR: --- the Minister and the Department extend their sincere appreciation for the time today. I'll now move onto the Minister's position. So the Minister acknowledges the significant importance of the State Wage Case. Many employees in the State jurisdiction rely on the Commission's determinations for their financial wellbeing, and it's primarily these workers and their employers that are at the focus of the State Wage Case.

While the needs of the low paid and their wage outcomes are highly relevant objectives, wage adjustments also need to be affordable for employers, allowing them to provide the jobs that sustain West Australian workers. While not quantifying a specific figure, the Minister submits that any increase determined by the Commission in this year's proceedings should take account of the cost of living pressures facing award-reliant and minimum wage workers, be sustainable for employers and meet the needs of the low paid, and take account of the annual wage review to ensure that State system employees are afforded fair minimum pay rates.

In relation to that last part of the Minister's position, I just want to clarify for the benefit of the Commission and the other parties, the Minister has asked the Commission to take account of the annual wage review, not specifically that any increase should not be less than the annual wage review. That's a subtle but distinct difference and differs a little bit from last year's position. That's also consistent with the criteria contained in section 50A of the Industrial Relations Act, in particular, the need to consider relevant decisions of other industrial courts and tribunals.

As the Minister's submission noted, it's not yet known whether the Fair Work Commission will implement any substantive changes regarding the national minimum wage and/or modern award classifications as part of this year's annual wage review. This appears to be a live issue that's still being addressed through supplementary submissions to the Fair Work Commission. And indeed, I note that today there are further hearings in the Fair Work Commission. It's acknowledged that if any significant structural changes are implemented by the Fair Work Commission, any corresponding review of the State Minimum Wage or State award framework would need to be conducted outside of this year's State Wage Case given the timeframes involved.

While the Minister's position asks for consideration of the annual wage review, the Minister's submissions do take account of WA's local factors and contain a significant amount of local data and information, some of which was presented this morning. The Minister notes the West Australian economy has displayed considerable resilience over the last year, underpinned by strong domestic activity, including buoyant household consumption, business investment and dwelling investment. The State's labour market also remains relatively tight and actually picked up strength in late 2025 and the first few months of this year, and much of that showed up in Mr Christmas' presentation.

However, the outbreak of the conflict in the Middle East has created significant uncertainty in the global economy, and that's created a number of downside risks for the domestic economy. A sharp rise in energy and fertiliser prices following the closure of the Strait of Hormuz and damage to key infrastructure has fuelled significant inflationary pressures, not all of which have yet shown up in official data. The IMF and Reserve Bank have modelled various scenarios regarding the impact of the conflict, with some scenarios having greater adverse impacts than others.

While Western Australia's economy has been resilient, the Minister acknowledges the situation is volatile and unpredictable. Cost of living pressures have been challenging for many workers. This is particularly true for salary and wage earners who are more likely to have mortgage and loan repayments to service or rents to pay. Over the past year, West Australian property prices have continued to accelerate and rents have continued to rise by more than average wages. Three interest rate increases since February have also contributed to the squeeze being felt by many households, adding to their expenses. And a number of non-discretionary expenses, including various food items, education and childcare have also significantly exceeded the total Perth CPI over the last 12 months.

The Minister notes that rising inflation is also an impost for many employers, with higher input costs creating price pressures for businesses, particularly those exposed to the impact of higher diesel costs. As the Minister's initial submission acknowledged, inflationary pressures have required some businesses to absorb increased costs or lift prices and/or reduce operations. Increased interest rates also affect many businesses, raising the cost of borrowing and reducing profit margins, and potentially also reducing turnover if consumers pull back on spending.

The State and Federal Governments have implemented a number of initiatives to help ease the financial burden both for households and businesses. All these initiatives are welcome. They're also not a substitute for fair and considered adjustments to minimum rates of pay, and their impact would be defeated if wage outcomes were to be discounted because of them. On a somewhat related issue, the Minister also notes a significant number of minimum wage and award-reliant workers are not receiving social security benefits, and in many cases, don't qualify for them. The latest Treasury projection for inflation for Perth is for prices to increase by 5.5 per cent in '25/'26 in year ended terms before easing to 3.75 per cent in '26/'27.

And the WA wage price index is projected to increase by 3.75 per cent in '25/'26, reducing to 3.25 per cent in '26/'27. It's acknowledged there's significant uncertainty around the future direction of inflation and the economy more broadly due to the unpredictable nature of the Middle East conflict. While inflation is widely expected to accelerate in the short term, particularly in the June quarter, the ongoing impact of the Middle East conflict will depend on its length and duration. Real wages in Western Australia are projected to decline in the current financial year and in the next financial year, which does put pressure on many West Australian workers.

Real wages also declined marginally in the 12 months ending the March quarter 2026, including when electricity is excluded. Minimum and award wage earners are a vulnerable subgroup of workers in the State system as they often have little or no financial buffer to meet unexpected expenses or respond to emergencies. The most recent seasonally adjusted estimate of average weekly ordinary time earnings in Western Australia is \$2,193.10 or a little over \$114,400 per annum. At the same time, the State Minimum Wage is currently around \$49,700 per annum, and the C10 classification - that's skilled tradespersons' classification - is just over 55,000 per annum.

As outlined in the Minister's primary submission, the most recent data indicates that award-reliant employees in WA have much lower average earnings than those employed on other pacesetting arrangements and slightly lower average earnings than award-reliant employees nationally. This underscores the importance of a fair and considered increase in wages being granted as part of this year's State Wage Case.

In relation to gender equity considerations, the Minister notes that female employees are more likely to be reliant on minimum and award wages and notes they're also more likely to be low paid award-reliant employees. This is confirmed by recently released microdata from the Australian Bureau of Statistics, which breaks down employment, gender and earnings by industry in WA. And some of that data wasn't previously available, and that has been quite useful. While the State Wage Case can only play a limited role in reducing gender pay inequality, the fact that women are more likely to be both award-reliant and low paid reiterates the importance of a fair and considered increase being awarded in this year's proceedings, which will undoubtedly be of benefit to many female employees.

The Minister's written submission included some breakdowns in the most commonly accessed award summaries produced by the Department, and it is notable that the top 10 awards accounted for a substantial portion of the total downloads. Now, while the number of award downloads is not a direct proxy for the number of employees employed under particular State awards - and once again, my colleagues and I are certainly guilty of contributing to some of those total downloads - this information does nonetheless provide some anecdotal evidence as to the industries most affected by the State Wage Case. The data in the Minister's submissions suggests that a relatively small number of State awards account for the bulk of private sector and local government award coverage, and indeed, in most years, the top award summaries are fairly consistent from year to year.

KENNER CC: Yes.

ENTREKIN, MR: A similar observation has been observed in the national jurisdiction where research has found the majority of award reliant employees are employed under a fairly small number of moderate awards. The Minister notes that significant progress continues to be made outside the State Wage Case to update a number of key State awards and to expand their scope, and this work is vitally important to ensure that the award system remains relevant and accessible for employers and employees, and the State Wage Case process compliments this work.

The Minister's written submission also includes detail on apprenticeship and traineeship commencements and numbers and training. The information regarding training arrangements in Western Australia has been provided by the Department of Training and Workforce Development and the Minister thanks that department for this information. As outlined in the Minister's written submission, apprenticeship commencements remained largely unchanged in 2025 while traineeship commencements continued to decline. Traineeship commencements have declined in the last three years following the withdrawal of certain Commonwealth wage subsidy incentives in 2022. The total number of West Australians presently engaged in training declined by just under 3,000 persons in 2025 with most of the fall attributed to a decline in the number of people engaged in traineeships.

Western Australia continues to experience skill shortages in a variety of sectors. A fair and considered wage adjustment for State award wages will flow through to the rates of pay for apprentices and trainees, which is important for facilitating the take-up of vocational education and training opportunities in Western Australia. An updated schedule of registered training packages and industry skill levels was appended to the Minister's primary submission for use in this year's State Wage Audit. In terms of the date of effect, the Minister submits that any increase awarded in this year's State Wage Case should take effect from the first pay period on or after 1 July in line with normal conventions.

KENNER CC: So there's no suggestion from any party that there should be some deferral given the instability in the Middle East, which we have no control over I might add.

ENTREKIN, MR: Not from us, Chief Commissioner.

KENNER CC: All right.

ENTREKIN, MR: In conclusion, the Minister supports a minimum wage framework that protects the interest of WA workers whilst ensuring that wage increases are sustainable for business. This year's State Wage Case is taking place through a period of significant uncertainty due to the conflict in the Middle East and the resulting disruption to global supply chains. This has impacted the global economy and exacerbated domestic inflationary pressures with higher fuel and transport costs expected to flow through to inflation in the near term. Despite this the West Australian economy and labour market have remained resilient in the past year with the robust workforce participation, high levels of employment, and strong growth in domestic private demand. West Australian workers who are reliant on award wages continue to experience challenges in meeting their essential needs.

Similarly, West Australian businesses are faced with increased operating costs in an uncertain global trading environment. The Minister submits that the Commission should deliver a fair and considered increase to the State Minimum Wage and award rates of pay in this year's State Wage Case, which takes into account cost of living pressures for workers, is sustainable for employers, and meets the needs of the low paid, and takes into account the annual wage review decision. The Minister has no further substantive information for these proceedings but reserves the right to respond to the matters raised in the presentations of other parties. If it pleases the Commission in Court Session, this concludes the Minister's submission.

KENNER CC: Thank you very much indeed, Mr Entekin. Yes, thank you very much.

ENTREKIN, MR: Thank you.

KENNER CC: Now, Mr Harding from the CCI, please.

HARDING, MR: May it please the Commission in Court. CCIWA primarily relies on the written submissions that have been tabled and shared with all parties. However, I just take the opportunity today to summarise our position. Some of the economic insights referred to in my contribution today, as well as our two submissions, are produced in-house. Every quarter we run our business confidence survey. This is one of the largest and long running and comprehensive business surveys in WA. We survey WA businesses of all sizes and sectors across the State on a quarterly basis. We look at business confident levels, the level of profitability, as well as exploring key concerns facing businesses such as labour costs, supply chain pressures, and skill shortages. For our March 2026 quarter we saw 385 respondents. Of those respondents approximately 41 per cent came from businesses with less than 10 employees. More than one-third of respondents were businesses most likely to be captured in the State industrial relations system.

For reported comparison, the National Australia Bank Small Business Survey has around a hundred respondents total from WA. In addition to this, CCIWA ran a snap survey to understand the pain points of business as a result of the Middle East conflict. This survey had 452 respondents with approximately more than one-third of those in the industries likely captured under the WA industrial relations system. While a lot of the evidence from this survey focuses on the Middle East impacts by the oil price and the flow on impacts through the WA economy, it is also important for us to continue looking at the context prior to the conflict. For example, WA businesses have, for some time, faced significant uncertainty and concern. Stubborn inflation is rising once again and had been before the Middle East pandemic - a pandemic, sorry, Middle East crisis. And this has had a significant impact on the cost for businesses. It is a situation that has created uncertainty resulting in calls from economists that Australia, and even potentially Western Australia, may end up in a position of stagflation.

Added to this is a substantial external global shock with the Middle East crisis disrupting a third of the world's crude oil trade and 20 per cent of global LNG exports. The impact for the WA economy is substantial and the risk of WA businesses and residents continues to be concerning. As to summarise, CCIWA contends the Commission in Court should take a cautious approach this year to setting the State Minimum Wage and award wages with an increase of 3.25 per cent. Our justification for this will follow.

Chief Commissioner and Commissioners, at first we think we must look at the state of the global economy. While the global economy has been more resilient than anticipated, considering the number of headwinds and external shocks over the years, significant concerns remain and there is considerable uncertainty going forward. The OECD expects the global economy will continue to grow, but at lower rates. Global growth is forecast at 2.9 per cent in 2026 and 3.0 per cent in 2027. This is below the long run average and is attributed to sluggish productivity and global geoeconomic fragmentation. The geoeconomic fragmentation and disruption currently underway poses significant risk to both growth and inflation here and globally. In particular, the Middle East conflict continues to impact supply chains following the hit from last year's tariff changes as a result by the United States.

Unlike the tariffs of last year the oil shock has a substantial direct impact on Australia and/or Western Australian economy. Commonwealth Treasury modelling estimates that under their conservative short-term scenario where the impact of oil prices being a USD\$100 a barrel, a near one per cent increase in headline CPI will occur, which results in a decrease of GDP growth of approximately 0.2 per cent. That equates to nearly a 40 billion hit to Australia's economy.

In addition to this, Australia's major trading partner is also going through its own prolonged economic slowdown, the likes of which that have not been seen since 1990. The risk of China's economic outlook are more structural than anticipated as well, and with the Middle East conflict in place, are more likely to be more pronounced. As a result, many commentators have downgraded their forecast for China's economic growth in 2026. Vanguard, for example, has downgraded its forecast to 4.5 per cent, the lowest rates outside of the COVID pandemic. This is particularly relevant to Western Australia as approximately half of our exports are sent to China each year. Any slowdown in China is likely to be felt most in Western Australia as weaker economic growth results there and result in weaker demand for WA exports.

The structural issues in China threatens its economic outlook include the persistent downturn of the property market, high levels of debt, and the changing of its economic composition and declining population. China's economic troubles have a direct impact on Western Australia, and importantly, 85 per cent of WA's iron ore exports, a quarter of which is used in China's property sector. Recent data has shown real estate investment in China continues to contract falling 11.1 per cent over the year to March 2026. Floor space under construction has also fallen 9.1 per cent over that period. This continues the drop of real estate investment experienced since 2021. The uncertainty surrounding the impact of the Middle East crisis, and the reintroduction of tariffs as well by the US that has quietly occurred, but behind all this combined with the persistent weakness in its profit sector, means caution should be considered when assessing China's economic outlook. Given WA's reliance on China's demand for our exports the health of China's economy should be considered a key risk to our outlook and in turn for WA businesses.

I'll just now touch on the national economy. According to the ABS, Australia's economy grew 2.6 per cent over the year to December 2025. This is higher than the 1.2 per cent growth experienced in 2024, but it's still below the long run average of 2.7. It is important to note that higher public spending was a main driver of that growth, with government consumption at that period rising 3.1 per cent. In contrast, household consumption rose only 2.4 per cent, and business investment fell 0.1 per cent, both of which weigh on growth.

Commissioners, as stated before in previous hearings, this is not a sustainable formula for growth for the Australian economy, as it continues to be heavily financed by significant cash deficits, and will ultimately weigh on Australians in the future, either through higher taxation, or reduced services to the Australian population.

Concerningly, economic activity is expected to decrease further in 2026 and once again in 2027 as inflationary pressures continue and interest rates increase further following the RBA's decision to raise interest rates in May. Producer prices, which are measured by the producer price index by the ABS continue to remain elevated as well, at 3 per cent over the year to March 2026. It has now grown at a rate not less than 3 per cent per annum since September 2021 and is double the per annum average experienced between December 2013 to December 2019. The ABS found that this increase stems from labour shortages as well as higher input prices associated with increased labour costs and higher operating costs in the service industries.

This continues to push up the costs of doing business in Western Australia and Australia, making it much harder for small and family-run business to weather unsustainable wage increases. For consumers, inflation continues to rise in a similar way, which is now at 4.5 per cent of the year to March. Trimmed mean inflation, which is the RBA's primary inflation measure, is now once again outside the RBA's target band at 3.3 per cent. In their most recent statement of monetary policy, the RBA has revised inflation to not reach their target band until December 2027.

It is also important to note that the RBA's figures themselves were cautious and predicted a short-term end to the Middle East conflict. This still means that there is a substantial upside risk to inflation and its impact to GDP. In assessing the risks of the inflation outlook, the RBA has also identified low levels of productivity growth as one of the risks underlying high inflation gaining traction in this country once again. The impact of this is significant because inflation is regressive, meaning it will impact those on the lowest incomes the most and erode whatever benefit comes from large nominal wage increases.

One of the most important aspects CCIWA contends should be considered by the Commission as well is the issue of productivity. Productivity growth is important because it enables the rising living standards and is needed to ensure real wages growth can be consistent with stable inflation over the medium term. Ultimately, increases in wages are not sustainable without long-term gains and productivity growth. If labour productivity increases, unit labour costs decline. Where unit labour costs are the additional costs of the extra unit of output, unit labour costs are a critical measure as they affect business pricing decisions, and therefore, the overall rate of inflation.

Productivity in Australia continues to remain weak, having grown just one per cent over the year to December 2025. As a result, productivity levels have returned to where they were in 2022/'23. However, it is still important to note that that is the same level of labour productivity Australia had prior to COVID-19. This is an issue and it will continue to get worse most likely. As noted by the 2024 annual wage review, the Fair Work Commission made the decision to limit the increase to the rise in the national minimum wage and award wages because one of the moderating factors was lagging productivity.

In this decision, the Commission said this poor productivity performance was a moderating factor in the determination of the quantum of minimum wage increases awarded. Right now, while the nation's labour productivity has marginally gone forward again from when the Full Bench made that statement, it is still well below the level to sustain long-term higher wages growth. This also includes not reaching the long run average as expected by the RBA. I'll just now touch on WA's economy and its outlook.

KENNER CC: Yes, thank you.

HARDING, MR: We have been extremely well positioned in WA as WA continues to perform strongly over the year. This has been driven by solid dwelling investment as well as increased government spending. As noted in the WA's governance budget, inflation is forecasted to rise to 5.5 per cent by June this year and is expected to not decline to the RBA's target band until '27/'28. While we have been incredibly lucky, our economy continues to be overly reliant on a single industry for economic prosperity, with the mining sector comprising 46 per cent of the State's gross value add. This overreliance on the mining sector means that WA's economy continues to follow a booms, bust cycle.

When commodity demand is strong and prices are high, economic activity typically picks up and vice versa. As you can see, our State's robustness is largely due to the significance and strength of our mining industry, with that economic prosperity not always shared across our industry sectors. This is why we caution using any headline figures in determining whether or not businesses can afford a significant rise. As seen in the Minister's submission, gross operating surplus and gross mixed income continues to show the areas most likely in the State system are facing real reductions in their gross profits and mixed income. Both short-term and long-term business confidence in WA has fallen and remain below levels experienced prior to COVID.

Nearly 70 per cent of business involved in our March survey indicated rise of operating costs as the biggest barrier to growing their business over the coming year. Interest rates also continue to weigh heavily on these business. Just as higher interest rates increase mortgage repayments for households, they too impact the borrowing cost for businesses. As I've noted before the Commission in Court Session previously, the RBA has stated the higher impact of higher interest rates tend to be larger for these smaller businesses. These are the businesses also most likely to be in the State industrial relations system.

All of this has continued to put sustained pressure on businesses, with the rate of business failure continuing to grow, particularly in these sectors, most likely, in the State system. Accommodation and food services, construction, healthcare and social assistance, and retail trade, are experiencing rising business failures. These sectors, as I said, are most likely in the State system. When looking at the rate of these business failures, we suggest it broadly indicates that the overall capacity to pay for businesses in WA continues to remain restricted.

Rising costs pressures is an ongoing issue. Just like many Western Australian employees are feeling the pressure, so too are employers. But, Commissioners, you don't need to take my word for it. Here are some of the quotes taken from some of our recent surveys:

"We are impacted by logistics levies and increases that are being applied to us by suppliers. There is no resentment to these businesses, as they are trying to survive themselves. We have been trying to absorb and avoid flow-on increases to customers. However, the longevity of this situation is creating stress, profit losses and staffing."

Another member in the construction industry, which is likely to be represented in the State system:

"The increased cost in freight charges has a knock-on effect to our suppliers, which, in turn, has been passed onto us. In order to absorb these additional costs, it is expected they'll be taken into consideration when pricing up customer projects. With this current state of the economy, our customers are not prepared to wear those additional costs, unless the job is a necessity. Thus, a decline in quote conversions and workflow is occurring."

In addition to this, the recent Fair Work Commission Road Transport Contractual Chain Order has added another cost layer for all WA businesses, including those in the State system. And this is obviously because of the interaction of this order by section 15RA(1) of the Fair Work Act, which captures State system employers, who contract with road transport operators, who are often likely in the national system themselves. From initial discussions with members, they estimate a 25 to 30 per cent increase in their freight costs alone. I obviously can't confirm each of these members being in the State or national system, but just, obviously, for some advice and guidance.

So we are trying – we are finding that, due to the expansive definition, more and more businesses are being captured than they thought before. These factors ultimately impact their profit margins, reducing the capacity for employers to cover any high wage increases. We therefore believe the Commission should consider these comments, and the RBA and recent ASIC data, to show the restricted capacity to pay.

In terms of system of fair wages and conditions, WA private sector growth only grew 3.3 per cent over the year, to March 2026, while the public sector did grow to 5 per cent. WA's own budget figures estimate, broadly, the public will see a real wage decrease for the rest of the Western Australian public, until '27 and '28, and nationally, not until June '27, under the RBA statement of monetary policy outlook.

Yes. And in terms of the needs of the low paid, the Commission has taken the approach previously, that is important for wages growth for the low paid to not be looked at a singular point in time, but over successive periods. Over the past four years, those reliant on the minimum wage have seen real wages growth. They have continued to improve, especially when compared to the rest of Western Australia. Since '21/22, real wages growth, for those reliant on the State Minimum Wage, has grown in real terms, to 3.7 per cent, while the rest of Western Australia fell at the same time, 2.2 per cent.

Importantly, as stated by the Commission itself in previous decisions, the State Minimum Wage alone cannot address the – all the needs of the low paid. And as such, tax and transfer payments have a significant role in providing targeted relief to those in the low paid. The State government is providing cost of living relief as well, for those who are low paid. The Federal government is attempting to address this as well. It is not to suggest that it should be discounted, but more taken into consideration in this approach as well. This is through, obviously, a varied approach, which may include greater social welfare benefits, such as rental assistance and other measures, including income tax changes, which have been directed at those at the lowest income levels.

Chief Commission and Commissioners, I would just like to conclude in CCI holds that the position of a 3.25 per cent increase is the most economically responsible course while assisting the needs of the low pay, while not being inflationary nor detrimental to WA businesses. Our reasoning for this is simple, the economic environment for large increases to the State Minimum Wage is not there. The fundamentals for the WA economy are being challenged by a myriad of local, national and international factors. Our largest trading partner is caught in a large economic transition itself in addition to the conflict having global ramifications, which WA is not immune to. We continue to see rising business failures suggesting the headline figures do not align with the reality of operating in Western Australia and the areas most represented in the State system continue to struggle. For these reasons are why we suggest a 3.25 per cent increase. This concludes my remarks. Thank you.

KENNER CC: Thank you very much indeed, Mr Harding. Thank you.

Now, Ms Hendon, would you like to proceed now?

HENDON, MS: Yes. Thank you very much, Chief Commissioner. It's reasonable to expect that in the wealthiest State in one of the wealthiest countries in the world every full-time worker can meet their needs and enjoy a decent standard of living but here in Western Australia, the economic powerhouse of our nation, the lived experience of people on State Minimum Wage and State award wages tells us otherwise. As my colleague, Mr Hansen will articulate in greater detail, and in contrast to the representation of the CCIWA State minimum and award waged workers have experienced half a decade of loss of purchasing power. And now with the cost of living soaring. and according to the recent WA State budget projected to continue to rise, they face the further erosion of their real wages.

Chief Commissioner, Senior Commissioner, Commissioners, Unions WA is advocating for a meaningful real wage increase to the State Minimum Wage of \$61.95 cents per week at the C14, C13 level and commensurate increases of 6.5 per cent for subsequent classifications. I'll contribute to Unions WA's oral submissions in support of this position today by highlighting present realities of WA State minimum and award wage earners. I will do so by sharing real worker stories gathered from a survey conducted by Unions WA between December 2025 and February 2026. I'll examine these stories with reference to factors listed under Section 50A(3) of the Industrial Relations Act 1979 WA to which the Commission shall give consideration when making an annual State wage order.

I'll begin with meet the needs of the low paid. A key need of the low paid is housing. Being able to afford housing is critical to a decent, secure, stable life for workers in Western Australia to enable them to settle, contribute, and belong. It is also essential to our communities, which need people who undertake a diversity of jobs, including those that attract the State minimum and award wages, to live and work within them to function. But as our written submission articulates, it is becoming increasingly difficult for people on low incomes to keep a roof over their heads in the places where they work. Perth is cementing itself one of the least affordable capital cities in Australia for renters. Core Logic's quarterly rental review reported that Perth had the second largest annual rental increase among capitals up 6.7 per cent with median weekly rent at \$761 as of March 2026. This makes Perth the second most expensive city in Australia in which to rent after Sydney.

The vast majority of minimum wage workers are forced to spend more than 30 per cent of their income on rent pushing them into housing stress. As of April 2026 median house rents consume an astronomical 76.6 per cent of the State Minimum Wage and median unit rents 73.45 per cent. The case study of Joanna from our written submission illustrates the impact of having roughly three-quarters of a person's income consumed by rent. I'll take this moment to clarify that Joanna is a pseudonym, as are all the names of the other case studies in our written and verbal submissions. Joanna lives in Metro Perth. She works full-time and her income is in the range of 960 to \$1,149 per week. To get by she skips meals on a daily basis, has had to let her garden die due to not being able to water it, and doesn't use air conditioning or heating. To the question, "How are you and your household coping financially?" Joanna replies:

"Barely coping. After paying the majority of my income on rent –

And she says that rent has gone up an extra \$330 a week over two years. She was paying \$400 per week and is now paying \$730 per week. She says:

- I have enough to buy some groceries and fuel to get to work. I try to keep my power bills low by not using the air con or heating and appliances because I can't afford to pay the bills. I have had to use the HUGS grant -

And I will just clarify that that is the hardship utility grant scheme:

- to cover my power bills. I've had to cancel my health insurance. I can't afford contents insurance to secure my belongings. I pay rent, groceries, utilities, one car rego, one car insurance, and fuel, and anything my kids need. We have no luxuries. I've had to take superannuation out under hardship in order to make ends meet. I have to use community agencies to help cover bills and food or sometimes I buy a Woolie's gift card on Afterpay to buy groceries. I tried to do some odd jobs through word of mouth to make a little extra money to get by. Mum gave me a \$200 for my birthday. I used it to buy extra groceries. We are only just scraping by but it won't be long before we start getting into severe financial hardship."

It is almost impossible for low paid workers to avoid circumstances like Joanna's because rental accommodation in an affordable price range for them barely exists. According to Anglicare WA 2026 rental affordability snapshot only 13 properties or 0.4 per cent of all properties listed for rent on the 14/15 March 2026 across Western Australia were affordable and appropriate. For single parents or a single parent on minimum wage with two children, and for a couple with one child where they're receiving one minimum wage and the parenting payment, there were 24 properties or 0.7 per cent of those listed. For a couple with two children where both parents are earning a minimum wage there were only 115 properties across the entire State that were affordable and appropriate accounting for 3.5 per cent of advertised rental properties.

One of the many aspects of Joanna's case study worth reflecting on more deeply is that she regularly skips meals. Sadly, her inability to consistently afford nutritious food was not an isolated experience among the low paid workers who shared their stories with Unions WA. Abby, for example, told us she eats more like a student so that her child can eat better. In response to the question:

“How would better pay help you or your family?”

Piper answered:

“I would be able to eat proper meals including steak, which I've missed.”

We note the reference in WACOS's written submission to Food Bank's latest Hunger Report released in September 2025. According to that report, more than two-thirds of low income households in Australia are experiencing food insecurity with little leftover for a trip to the supermarket after rent comes out. Low paid workers are forced to make impossible decisions at the checkout, often at the cost of their health and wellbeing. Food and shelter are not privileges, they are human rights, yet for low paid workers, they are not consistently and reliably accessible.

I will shift focus now to the need to provide fair wage standards in the context of living standards generally prevailing in the community. Australia ranks highly on both the OECD Better Life Index and UN Human Development Index. Western Australians overall enjoy a good standard of living and rightly expect no less for a fair day's work. This is not so for many low paid workers in Western Australia. Olivia's story highlights this well. Olivia lives in outer metro Perth. She works full-time and her weekly income is in the range of \$1,150 to \$1,529. When asked:

“How are you and your household coping financially?”

She answers:

“It's a struggle. I've disconnected the internet, have no heating or air con. Stop driving as much to not only save on fuel but wear and tear on my car as I don't have money to service it. I rarely go out and socialise as I don't have money, so it's incredibly isolating. I work to survive but I'm not living.”

And I'll repeat that for emphasis:

"I work to survive but I'm not living. My clothes are second-hand only off the \$2 sale racks, except underwear, and don't get me started on bras. I can't afford ones that actually fit as they start at \$60 and \$70 in my size and Kmart doesn't sell my size. I ended up buying what I can at op shops. I work fulltime and cannot afford basic necessities and have no savings for emergencies. I have started to sell off belongings to try and somehow get emergency funds saved, but it's near impossible. No Internet, no air conditioning, no driving. At best, this standard of living is not in keeping with the community at large. At worst, it poses a risk to safety and wellbeing. An inability to seek relief at home from high temperatures in the summer months, for example, can increase the risk of heat-related illness. "

Olivia also speaks of an inability to socialise and feeling isolated:

"When money is tight, participation in social, cultural and recreational activities is often the first thing to fall away despite their importance to mental wellbeing and community connection. For low paid workers, these financial barriers intensify disadvantage, erode support networks and limit opportunities to thrive."

Before I hand over to Mr Hansen to continue Unions WA's verbal submissions, I would like to briefly touch on the consideration of encouraging ongoing skills development. Our written submission contents low rates of pay present a significant barrier to those who would otherwise be interested in undertaking an apprenticeship or traineeship as well as a barrier to completion. We note that this was reinforced in the Minister's submission in reply, in which it was acknowledged that lower training wages can act as a barrier to entry for apprenticeships and traineeships, and that in addition to other initiatives, regular and fair adjustments to training wages are essential, particularly 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.

With major projects of national and state importance such as those associated with AUKUS and the clean energy transition projecting significant increased demand for trade skills in the coming years, it's now more important than ever to support the uptake of apprenticeships and traineeships to ensure their success. The ability of workers reliant on the State Minimum Wage and awards to secure housing, put food on the table, develop the skills needed by our economy and live with dignity is at a critical juncture.

Chief Commission, Senior Commissioner, and Commissioners, you have the authority to materially improve their living standards. Your determine in this year's State Wage Case can deliver a genuine and meaningful improvement in their security, stability, health and social wellbeing. As I mentioned earlier, Unions WA contends that the Commission should make a meaningful, real wage increase to the State Minimum Wage of \$61,95 per week at the C14, 13 level and commensurate increases of 6.5 per cent for subsequent classifications. I will now hand over to Mr Hansen to continue our verbal submissions, thank you.

KENNER CC: Thank you very much, Ms Hendon.

Yes, Mr Hansen.

HANSEN, MR: Thank you, Chief Commissioner. Workers in Western Australia are experiencing significant and sustained price increases, eroding the purchasing power of their wages. In this context, with the March 2026 monthly 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 in the June quarter an increase from the corresponding quarter last year of 5.5 per cent, excluding the electricity subindex, Unions WA submits that our position that a 6.5 per cent increase is needed to the State minimum and award wages is a modest claim.

A real wage increase for award and minimum waged workers is needed to prevent real income losses becoming entrenched and low waged workers being further disadvantaged. As other parties have noted, these proceedings take place in the context of the disruptions caused by the US war with Iran. Unions WA submits that the evidence presented by Mr Christmas included in our submission indicates that the Western Australian economy approached this situation from one of resilience, with broad base strength across all components of private demand, including strong levels of business investment and growth in household consumption.

We are concerned however that, particularly after several years of cumulative real wage losses, award-reliant workers have few buffers and may not prove as resilient. High fuel prices have eaten away at the real wages of workers, who in addition, face the pass-through of higher fuel and energy costs into other prices. Unions WA contends that retreating into excessive caution in the face of these global events could itself introduce additional volatility and uncertainty. Further, we submit that it is neither a fair nor reasonable proposition for minimum and award waged workers to shoulder this burden through their already falling real wages.

Though transport and fuel prices have had a significant impact on the current CPI figures, as outlined in our written submission, Unions WA notes that the impact of inflation on workers and consumers had already been increasing towards the end of 2025 prior to the commencement of the current conflict. In assessing the drivers of the uptick inflation nationally during that time, we note the observations by Commonwealth Directory Secretary Wilkinson, who identified that the pickup in underlying inflation reflects a combination of temporary and more persistent factors, with business and service providers rebuilding margins following a period in which they were unable to pass higher input costs onto households.

This accords too with the findings of the Australian Institute analysis reference in our initial submission, which states in effect the increased inflation in the latter half of 2025 came from increased profits not wages or labour costs. For Perth, housing costs continue to be a significant contributor to inflation with rental price increases remaining a pronounced pressure on low paid workers. Ms Hendon has discussed a number of the statistics relating to rent and wages in Perth already. I'll note that on page 21 of our initial submission, the ABS national accounts data demonstrates that the lowest two income quintiles, rent consumes the greatest share of income.

The result of this is that the historically large rental increases being experienced by households in Perth have the effect of crowding out expenditure and other consumption categories as there is less income remaining after covering those costs. As such, these increases have a serious and detrimental effect on the living standards of workers. Using Perth CPI and previous State Wage orders, we charted the trajectory of real award wages, as presented on pages 23 and 24 of our initial submissions.

Real award wages is measured using Perth CPI shows a decline of 4.34 per cent from the peak in June 2020. An even greater decline of 4.9 per cent from June 2020 is observed when the electricity subindex is excluded. Conducting that exercise for the State Minimum Wage reveals a different trajectory due to the realignment from the C14 to the C13 levels. When the electricity subindex is excluded from Perth CPI, a real wage decline has occurred from the June 2020 highpoint of 2.1 per cent. Unions WA recognises that CCIWA has taken a different approach to measuring real wages than we did in our initial submissions.

We consider their approach to be analytically justifiable for the reasons outlined in our submissions in reply. However, as we noted in our submission in reply and in our submissions as part of last year's proceedings, we contend that by setting 2021/'22 as the base year, it excludes the commencement of the period which saw significant inflationary increases. Unions WA submits that by extending out the period from which real wage growth is measured, it's apparent that the catch up to 2021 wage levels for the State Minimum Wage be unwound by the projected increases to Perth CPI.

Unions WA 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 award waged workers have experienced half a decade of loss of purchasing power. Unions WA also submits that the State Wage order has an important role to play in addressing the gender pay gap. While I would certainly not contend that award wage increases alone is sufficient to overcome it, the significant overrepresentation of women workers on award wages means that the increases in the minimum award wages provide greater benefit to women workers.

We note the findings of the Workplace Gender Equality Agency's reporting on employer gender pay gaps released in March this year. The report found that as the balance of women and men across remuneration quartiles is uneven, differences in wage growth between those quartiles will change the gender pay gap. In particular, it found that where pay increased at a greater rate for the lower and lower-middle quartiles than it did for the upper quartiles, the result was a reduction in the overall gender pay gap.

On the subject of productivity, Unions WA reiterates the position put forward in our written submission that in terms of the statutory consideration of the Commission regarding the effects of its decision on productivity in Western Australia, Unions WA contends it's not likely to have any significant impact. On the matter of productivity more generally, we know that as of last year, there is a clear divergence between the growth nationally in market sector and non-market sector productivity. The Productivity Commission has identified that the healthcare industry and its rapid expansion has been the single biggest contributor to Australia's measured productivity decline.

As the Productivity Commission notes, however, this extension has been critical to meeting the changing needs of the population. Importantly too is it's not due to the actual performance of the sector itself but the result of the particular challenges that relate to measuring productivity in this sector. As referenced in our initial submission, previous analysis by the Productivity Commission which studied healthcare for particular diseases between 2011 to 2018 found that when productivity was adjusted for quality changes instead, it had increased by 3 per cent per annum.

Unions WA submits that to the extent that it is determined to be necessary to consider national productivity statistics as part of these proceedings is the growth in the market sector excluding mining that is the most relevant measure. The reason why we consider it necessary to separate mining is due to measured productivity not necessarily being an accurate representation of productive efficiency in that industry. It's easier to mine resources often depleted first with higher commodity prices than incentivising the mining of more challenging deposits. Unions WA notes that this was the position taken by the Fair Work Commission in paragraphs 33 and 34 of the annual wage review decision last year.

Regarding concerns around any inflationary impacts from increases to minimum award wages, Unions WA notes the analysis by the Australia Institute of average inflation nationally over the four quarters following annual wage review decisions, as referenced in our initial submission, which found a complete absence of a correlation between minimum 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, with the percentage of workers paid in accordance with an award in Western Australia already lower than that nationally and only a proportion of that WA figure will be paid in accordance with a State award, Unions WA submits that there is no reason to consider that the increase to the State Minimum Wage and award wages would have a discernible impact on inflation.

We contend too that government cost of living initiatives are no substitute for award wage increases, and we note the Commission has previously stated that one-off assistance initiatives cannot replace the ongoing beneficial effect of regular increases in minimum wages. In addition, we submit that directly discounting or moderating wage increases on the basis of these measures would be to negate government action that is intended to benefit the lowest paid households. We note the contention by CCIWA that on the basis of the estimation by the Australian Institute of Health and Welfare, that in 2023, under one quarter of recipients of Federal Government income supports declared earnings from employment that it could be assumed that a sizeable percentage of workers would be impacted by the State Wage Case decision would also likely be in receipt of government benefits.

Unions WA submits that this assumption is simply not supported by that statistic in any way. Further, we note that the analysis published for the 2020 annual wage review examined the household income and labour dynamics in Australian survey dataset estimated that just 16 per cent of low paid award-reliant workers were in receipt of some form of government benefits. Notably, this included specifically-targeted payments including but not limited to disability support payments, study assistant payments and carers' payments.

Unions WA considers absolutely no credence should be given to what appears to be the suggestion by CCIWA that the annual indexation of 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, Unions WA submits that this should not be considered a relevant factor.

On the matter of business insolvencies, Unions WA notes that the levels of insolvency are not a reliable indicator of business conditions given insolvency activity can reflect other factors and do not necessarily equate to business closure. Unions WA notes that the small business restructuring reforms are now an ongoing features 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 these new laws, ASIC reported that 93 per cent of the companies that fulfilled a small business restructuring plan by 30 March 2025 remained registered one month later.

Finally, Unions WA notes that an issue for consideration in this year's annual wage review by the Fair Work Commission's expert panel is the proposition to phase out the C13 rate so that the C12 rate becomes the lowest pay rate applicable to ongoing employment in the modern award system. If the C13 rank is phased out in the national system and not in the Western Australian system, it would create a disparity between the Western Australian and national system of wages and conditions and erode the perceived fairness of the Western Australian system. Unions WA notes the statements by the Commission in Court Session in its reasons for decision as part of the 2024 State Wage Case that:

"Given the lengthy history of the relationship between the State Minimum Wage and the national minimum wage, should not realign the basis for setting the State Minimum Wage in this jurisdiction of disadvantaged low paid employees in this State relative to those in the national system and would not contribute to improving the living standards for employees, nor would it meet the need to provide fair wage standards in the context of living conditions prevailing generally in the community in circumstances where a majority of employees in the private sector in this State would not be paid below the national minimum wage based on the C13 classification rate."

Unions WA submits that should the C12 rate become the lowest paid rate in the national system, that this reasoning would also apply in that scenario. As such, if the expert panel does decide to phase out the C13 rate, Unions WA submits that it would be necessary for such an approach to be adopted for the State minimum award rates. In conclusion, Unions WA submits the net increase of 6.5 per cent balances the range of factors that the Commission must consider. We consider that would make an important contribution to restoring the real value of award wages and addressing the cumulative loss in purchasing power. If it pleases the Commission in Court Session, that concludes my submissions.

KENNER CC: Thank you very much indeed for those submissions, Mr Hansen. Yes, thank you very much.

Now, from WACOSS, please, Ms Newbury-Freeman.

NEWBURY-FREEMAN, MS: Thank you, Chief Commissioner. Commissioners, thank you for the opportunity to appear today. I refer to WACOSS' written submission and also Unions WA's submission in the proposal to increase the State Minimum Wage by 6.5 per cent in order to provide fair wage standards and meet the needs of low paid West Australians. The community expects the minimum wage to provide a stable foundation, to be enough each week to pay housing costs, cover bills, buy healthy food and access healthcare. A strong minimum wage is a public good. It protects workers, supports families and provides the foundations of an economy that works for everyone.

In Western Australia, however this public good has been eroded over a number of years. Essentials, particularly housing costs, have risen faster than the minimum wage, pushing many workers into housing stress, food rationing and deferred healthcare. This is not an abstract problem. It is experienced daily, in daily decisions about what people go without, and these decisions can have long-term consequences to their and their families' wellbeing. Following on from last year's State Wage Case, WACOSS again seeks to provide the Commission insight to the experience of life on low income in Western Australia.

We have included two accounts of people living on around the minimum wage. They are Ramona and Mia. Their full case studies can be found in the WACOSS written submission. Mia is a single parent of four children, three of whom still live at home. She combines peer support work with Centrelink payments, carefully managing around \$1,000 a week, while Ramona, who is a grandmother supporting a large multigenerational family, works multiple jobs while earning between 750 and 900 per week. Despite their efforts, both describe lives defined by the constant negotiation of limited resources. As Ramona shares:

"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, petrol, the bills, our house insurance, our car insurance. I just want everything to stop and let us catch our breath."

While these are individual stories, we hope that they are able to bring the economic data to life and be a reminder of the importance of the decision on the everyday lives of West Australians living on low incomes. Housing remains a dominant cost. Not only because it is high, but because people will sacrifice other basic needs to secure it. It is often the non-negotiable cost that is paid before all else. Anglicare Australia's 2026 rental affordability snapshot, surveying 3,314 private listings around the State found just 13 properties in Western Australia that were affordable and appropriate for a single person on minimum wage.

Median rents across Perth have risen by 10 per cent from last year and 74 per cent from 2021 while the minimum wage has increased by 25 per cent since 2021. When rent consumes this level of income, other essentials are inevitably sacrificed. Food quality and quantity drops, healthcare is deferred, heating and cooling are switched off, even when unsafe. Housing in this context is not just a cost. It dictates the entire structure of people's lives. Food is often the category where people in financial hardship try to make some savings in order to pay for other essentials. Fresh fruit and vegetables should not be a luxury item, but for minimum wage households, they often are. Mia describes how quickly her food runs out:

"If I get paid on a Wednesday, by Monday and Tuesday, it's quite bare. We might be down to noodles or baked potatoes. My daughter's lunchbox might be pretty bare. It's just very low."

Ramona's family faces the same challenges:

"We go shopping. We struggle because we can't do a week or a fortnight in advance because the cost is phenomenal, so we do short-term shopping. Fruit and veg have been an absolute privilege to get because of the costs."

What we are seeing is not poor financial management. It is the breakdown of budgeting as a viable strategy when there is not enough. Utilities are another essential cost, where households are under increasing strain. WACOSS welcomes energy concessions increase in the budget that reach some low-income households. They provide real relief to those who need them. But many minimum wage workers do not qualify for these concessions and are left without support. Mia explains:

"I don't use heating in my home due to the expense of electricity and gas. I do use air conditioning a bit because the heat affects mine and my children's mental health, which is then its own expense. I am careful about using the air con because I know when I get the power bill, you can see a huge difference."

Ramona is in the same situation:

"I've got some medical conditions that require heating but I can't use it, so that makes things really hard. The rest of the family struggle with the heat, and at night-time, the kids struggle to sleep and everybody is grumpy cos we can't afford to run the air conditioning overnight."

These are not discretionary choices. They are trade-offs between meeting costs and looking after a family's wellbeing. Transport for minimum wage workers is a significant and unavoidable cost of getting to work and school, particularly for low wage workers who tend to live in outer suburban or regional areas, where public transport is limited. These costs cannot be easily reduced. Mia shares:

"There's always at least one day a week when I'm driving with the red light on the petrol gauge hoping we make it. Car maintenance is often deferred entirely. My car engine's light has been on for roughly a month. I just keep driving it when I can afford to until it finally breaks down because there's no way I can afford to get it to a mechanic. It is always waiting until crisis point, you know."

High transport costs can also affect other areas. For Ramona, when talking about shopping for cheaper alternatives, she says:

"Now, we can't afford the petrol to go and look elsewhere. We need to go only local. We can't go to the other shops that might advertise it's cheaper because of the cost of the petrol, so we can't even frugally manage our budget."

Transport constraints reinforce disadvantage, limiting access to cheaper goods, to some services, to supports and to opportunity. Healthcare is another area where costs force delay or avoidance. These are not optional expenses but they are often treated as such because they must compete with housing and food. Mia explains:

"I have recently undergone some testing for ongoing back pain, it's disc bulging on the spine. The doctor recommended seeing a physiotherapist under a medical plan. I will not be able to front up the money to attend regardless of any portion of reimbursement from Medicare I can get."

For Ramona the situation is even more acute:

"I have some serious chronic health conditions that could kill me and I have to pay upfront to see a doctor. I don't get to access a specialist without paying money because of the timeframe. Waiting for the public health system I will die. These are the realities for us and they're really sad."

She goes on to say:

“If we can be lucky enough to get into a health service we can't even afford the fuel to get there and then you have to pay for parking. Even if we access public hospitals we have to pay for parking. We don't have the money so how can you do it? You just avoid. So then our health gets worse, so by the time we get somewhere, it's either too late or in crisis and it requires all hands on deck and it costs 10 times more for the government. I don't understand why we don't have access to more preventative health for ourselves and our children.”

This is the system functioning exactly as the current wage bill requires, essential care delayed until crisis point. This has poor outcomes for individuals, communities, and the services that they rely on. When income falls short of cost of living the questions for household is not how to get ahead but what to go without. For many minimum wage households this begins with small everyday decisions but accumulates into a pattern of missing out, particularly for children and family life. Mia describes how even routine school related costs become difficult to meet:

“My youngest daughter, she wants to do soccer classes. It's like, okay, now there's photos, now there's uniform, now there's soccer shoes. Now she's grown out of the soccer shoes.”

She goes on to say:

“I can't keep up with all of that and it affects my self-esteem and my daughter's as well. Even small school events can create stress because money is fully allocated. Things that come up mostly for me are things for the kids. When there's extra, say a disco or crazy hair day, my money is sort of allocated in food and this and that. Usually a day or two after I've been paid there's nothing left. And when larger costs arise this pressure intensifies. We've got school camp coming up and I'm freaking out, I can't start paying it off because - I have to start paying it off because I don't want my daughter to miss out. Year 6 camp is the ultimate experience of their life.”

She goes on to say:

“I feel a bit embarrassed to say it but I am unsure how I'll buy winter clothes for my children.”

What is evident here is not an inability to budget but the impossibility of absorbing even the modest additional cost within an already stretched income. For Ramona the impact of low income is experienced across large, interconnected family network, children, grandchildren, and her extended family members. She describes how financial pressures limit even the most basic forms of generosity and connection:

“We should be able to buy a coffee as a treat with a friend and go for a walk along the beach, but you have to second guess it, and also you can't expect somebody else to do it just because you've managed to save five dollars. The person you want to come with might not be able to and you can no longer go, 'Well, that's okay. I'll get you one'. You can't even be kind. You can't be kind to others. This extends to significant family moments and to experiences that were once achievable, even when operating on a low budget. But every now and again, it'd just be nice to take my grandkids somewhere. It'd be nice to share an experience with them. We used to be able to do that even if we just picked one lot and it was like, okay, well, this year we'll take them to the movies and go the whole hog and get ice cream and some popcorn, or go to Disney On Ice. We're going to save \$300 and we'll go here because, oh, my Lord, it's just such a good memory. But they're not options anymore.

If you want to watch movies on the TV you've got to pay. Even little things like DVDs. Everything's been phased out that used to save us money. Instead of encouraging families to stay together, we're encouraging isolation.”

Here low income does not just limit consumption. It constrains relationships, time, and the ability to participate in family life. Western Australia continues to have the largest gender pay gap of any State or Territory in Australia. Women in Western Australia earn significantly less than men on average reflecting deep structural inequalities in the labour market. This disparity is driven by highly gender nature of the workforce. Men are disproportionately represented in higher paying industries such as mining and construction while women are overrepresented in sectors such as healthcare, social assistance, retail, education and accommodation. These industries tend to attract lower wages, be more casualised, and are more likely to be award reliant.

The consequences of the gender pay gap extend beyond weekly earnings. Lower wages reduce lifetime income, limit superannuation accumulation, and contribute to lower financial security in retirement. Because of this structure increases to the State Minimum Wage are one of the most direct and effective mechanisms available to reduce the gender pay gap. Female dominated sectors rely more heavily on award wages and minimum wage settings, meaning the changes at the wage floor disproportionately benefit women.

WA should be a place where minimum wage provides a reliable foundation for a decent life. The evidence in this submission and experience of people living on minimum wage shows that it does not across housing, food, utilities, transport, and healthcare costs are outpacing wages. The experience of Mia and Ramona show 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 connection, dignity, and opportunity. Ramona shares:

“I fear for the future of not only my household but every household. I don't see any answers coming forward. Our communities aren't supported. We look around and it's depressing what you see. We have families living in cars, double income families living in cars, and they're still trying to go to work but how long can they manage that and how long can their families stay together. I have never thought that working hard and doing all the right things would mean that myself and my family would miss out on basic human interactions and human rights because we should be able to go out for a meal once in a blue moon. We should be able to feed our children fresh fruit and vegies. That used to be the cheap way. The other way was expensive but it's cheaper to buy crappy junk food now. There is no light at the end of the tunnel. It's like after COVID the lights were turned off”.

A meaningful increase to the State Minimum Wage would deliver immediate relief while generating longer term benefits across the economy and the community. WACOS submits that an increase of 6.5 per cent is necessary to ensure the minimum wage delivers what West Australians have every right to expect, enough to live on. Thank you. That concludes our submission.

KENNER CC: Thank you very much indeed for that, Ms Newbury-Freeman.

Now, Mr Smith for WALGA, please.

SMITH, MR: Thank you, Chief Commissioner. We thank the Commission in Court Session for the opportunity for WALGA to participate in these proceedings on behalf of the Local Government sector in Western Australia. WALGA has provided written submissions and we do not intend to reiterate those submissions today but to supplement them in today's proceeding. WALGA supports wage increases that balance the need for fair wages with the requirement for Local Governments to manage their budgets in the interest of the communities they serve. In support of this position I'll briefly address several key points.

Firstly, I will address the varying capacity across Local Governments to absorb minimum wage increases and how these will affect smaller and regional Local Governments' ability to maintain services. Secondly, I'll turn to address the ongoing and volatile cost pressures that constrain Local Governments' capacity to absorb and respond to rising costs. Finally, I'll note that Local Governments are not profit making entities and have limited revenue so any wage increase requires trade-offs through higher rates, reduced services, or a combination of both.

Turning to my first point. Local Governments vary significantly in size, geography, and financial capacity. In this context many smaller regional Local Governments, which have limited financial capacity, operate under the State awards or industrial instruments that are directly affected by the State Minimum Wage and thus are particularly exposed to increases. For that reason WALGA submits the Commission should have regard to the disproportionate impact of substantial minimum wage increases on smaller and regional Local Governments, which have less capacity to absorb these rising labour costs.

Turning to the impact of the conflict in the Middle East on Local Governments, and the current cost environment more broadly, as outlined in our written submissions and reinforced in my learned friend's oral submission today, recent geopolitical instability has increased economic uncertainty and placed renewed upper pressure on inflation, particularly through higher global resources prices such as oil. These pressures are being felt acutely by Local Governments with rising fuel costs, increased road transport regulatory obligations arising from the RTCCO, and ongoing supply chain disruptions driving up operating expenses. We note that these impacts are especially pronounced in regional Western Australia where Local Governments rely heavily on fuel to deliver essential services and often rely on complex supply chains.

More broadly, the Local Government sector is experiencing sustained and increased volatile cost pressures, as reflected in the Local Government cost index, which tracks the costs typically incurred by Local Governments. The index clearly shows a clear upward trend with conservative estimates rising from 3.1 per cent in the 2025/'26 financial year rising to 4.8 per cent for the same period. In these circumstances WALGA submits that when setting the State Minimum Wage the Commission in Court Session should have regard to the heightened economic uncertainty and sustained cost increases, which materially have limited the Local Government sector's capacity to absorb further increases in wage costs.

Against that background I turn to the need to carefully consider Local Governments' limited capacity to absorb these costs when determining the appropriate level of the State Minimum Wage and State award rates. Local Governments are not profit making entities. Their revenue raising options are constrained and they must remain financially sustainable to continue to deliver essential services to their communities. When faced with significant cost increase or economic shocks, Local Governments have only two practical responses, increase rates or reduce essential services. Each of these outcomes directly affects the communities they serve. WALGA submits that Local Governments face real constraints in raising rates frequently or at short notice to meet rapidly changing cost pressures given statutory budget cycles and governance requirements. In any event, increasing rates does not address those pressures. We would say it simply shifts the burden onto the community. That community often includes Local Government employees with many employees being ratepayers already affected by the current economic conditions.

Given that wage costs are a significant driver for Local Governments, and there are limited mechanisms available to manage or absorb those costs, the consequences for local communities are often unavoidable. In WALGA's respectful submission, those constraints and impacts on the community should be considered in a setting of the State Minimum Wage and State award rates. In summary, WALGA submits to the Commission in Court Session should have regards to the impacts of minimum wage increases on Local Governments, particularly in light of current economic uncertainty, rising costs and limited revenue capacity, which constrains Local Government's ability to absorb those increases without affecting the services to the communities they serve. Accordingly, WALGA supports a balanced approach to wage increases that takes into account the cost pressures and their impacts on Local Government. If it pleases the Commission, that would conclude WALGA's verbal submissions.

KENNER CC: Thank you very much, Mr Smith.

SMITH, MR: Thank you.

KENNER CC: Thank you. Thank you very much. Now, do we have any reply submissions to those that have already been put? We don't mind who goes first.

ENTREKIN, MR: Nothing from us.

KENNER CC: We're in your hands.

HARDING, MR: And nothing from us, Chief Commissioner.

KENNER CC: Nothing from you. Thank you very much.

HENDON, MS: Nothing from us, Chief Commissioner.

KENNER CC: Ms Newbury-Freeman?

NEWBURY-FREEMAN, MS: No. Thank you,

SMITH, MR: Nothing from us either, Chief Commissioner.

KENNER CC: Well, that was very brief. Thank very much. We're most impressed by the speed with which you've dealt with matters this morning. Thank you very much. As you know, what we do in these proceedings is adjourn until the Fair Work Commission decision is handed down. Our Associate will be in contact with the parties as soon as that occurs obviously to arrange a time to relist the matter to hear from you all in relation to that decision and its implications for our decision. So we thank you again for your efforts this morning and this afternoon and we'll adjourn until that time. Thank you.

AT 12.53 PM THE MATTER WAS ADJOURNED ACCORDINGLY

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