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BEFORE THE WESTERN AUSTRALIAN INDUSTRIAL RELATIONS COMMISSION

CICS 1 of 2025

BETWEEN

ON THE COMMISSION'S OWN MOTION

Applicant

v

(NOT APPLICABLE)

Respondent

2025 STATE WAGE ORDER PURSUANT TO SECTION 50A OF THE ACT (PART
HEARD)

TRANSCRIPT OF PROCEEDINGS

AT PERTH ON WEDNESDAY, 4 JUNE 2025, AT 11:31 AM
Continued from 21/05/2025

COMMISSION IN COURT SESSION

CHIEF COMMISSIONER S J KENNER
SENIOR COMMISSIONER R COSENTINO
COMMISSIONER T KUCERA

MR B ENTREKIN (Principal Labour Relations Advisor, PSLR) on behalf of the Hon.
Minister for Industrial Relations

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

MS J LOVE (Employee Relations Services Manager) on behalf of the Western
Australian Local Government Association

MR K SNEDDON (of counsel) and with him MR G HANSEN (Research and Policy
Officer) on behalf of UnionsWA

KENNER CC: Yes, we're resuming this morning to hear from the parties in relation to the Fair Work Commission Annual Wage Review 2025 decision. I don't think there's any need to change the order. So we will presume to proceed on the basis of the same order in the first hearing.

And should we turn to you, Mr Entrekina, on behalf of the Minister?

ENTREKINA, MR: Thank you, Chief Commissioner. So yesterday the Expert Panel of the Fair Work Commission delivered the Annual Wage Review decision. The Expert Panel decided to increase all moderate award rates of pay and the national minimum wage by 3.5 per cent, effective from the first pay period on or after 1 July. And we note that proportionate increases will flow to junior employees, apprentices and trainees and employees with a disability.

The Fair Work Commission is separately hearing a number of gender pay equity matters outside of the Annual Wage Review. However, as those matters are still proceeding, it declined to order any additional increases to specific modern awards, as part of the Annual Wage Review. In determining an increase of 3.5 per cent, the Expert Panel paid particular attention to the needs of the low paid. It noted that since July 2021, the real value of modern award wages at the C10 level had declined by 4.5 per cent in real terms. A similar pattern occurred in the state jurisdiction with state award wages declining in real terms between 2021 and 2025. Of course, different results can be obtained depending on, you know, where the starting point for measurement is - - -

KENNER CC: Yes.

ENTREKINA, MR: - - - whether the CPI is for the year just gone or the year ahead and also whether or not electricity is excluded from the CPI. So you can get different figures for that type of thing. And some of the other submissions did touch on that as well.

So the Fair Work Commission noted that the loss and the real value of the national minimum wage has been less than for national modern awards due to the higher increase awarded in 2022-23 when the national minimum wage was rebenchmarked. And it should be noted, that unlike the state minimum wage, very few employees are actually covered by the national minimum wage. And identifying those employees has proven to be quite difficult.

The reduction in real wages since 2021 was really the result of the spike in inflation that commenced in 2021, peaked in late 2022 and then has been on a downward trajectory. Over the last three Annual Wage Review decisions, the Expert Panel has repeatedly deferred taking any action to reverse the ongoing decline of real wages out of a concern that it might contribute to higher inflation.

The result has been that living standards for employees dependent on modern award wages have been squeezed and the low paid have experienced greater difficulty in meeting their everyday needs. The Reserve Bank's assessment that inflation has now sustainably returned to its target range of 2 to 3 per cent, indicates that this inflationary episode is now over or coming to an end. And it provided the Expert Panel with an opportunity to at least partially correct what's happened by awarding a real wage increase to modern award wages and the national minimum wage.

So the Expert Panel stated that it was concerned that if the opportunity wasn't taken, the loss in the real value of wages, which has occurred, would become permanently embedded in the modern award system and a reduction of living standards for the lowest paid in the community would therefore be entrenched. The Expert Panel also noted the relatively small contribution to the national wage bill made by the wages of modern award-reliant employees meeting the impact of the review decision is still limited. In last year's decision, the Expert Panel estimated that the 3.75 per cent increase it awarded would contribute approximately 0.4 percentage points to the wage price index. And it ended up contributing 0.36 of a percentage point - - -

KENNER CC: Yes.

ENTREKIN, MR: - - - for Australia as a whole. It's noted that most, although not all of that figure, is national modern awards. Of course, a small portion of that would be the West Australian state jurisdiction as well.

KENNER CC: Yes.

ENTREKIN, MR: So overall, award wage increases represented about 10.8 per cent of the total increase in the national WPI over the year to March 2025, meaning that the National Wage Decision had only a relatively limited impact on aggregate wages growth.

In 2025-26 the national CPI is projected to rise slightly. And that's mainly because of the winding back of the Australian government's energy rebates. The Expert Panel was confident its decision to award a 3.5 per cent increase to wages would not jeopardise inflation remaining within the Reserve Bank's target range.

In relation to the modern award workforce, the Expert Panel noted that modern award-reliant workers have different characteristics from the workforce as a whole. They tend to be disproportionately female. More than two-thirds of them are now working part-time hours and more than half of them are now casual and more than a third are low paid as well. And as it's done previously, the Expert Panel also noted the four industry sectors that contain the largest proportions of modern award-reliant employees, that being accommodation and food services, health care and social assistance, retail, trade and administrative and support services.

KENNER CC: But that profile is pretty similar to the state profile in Western Australia.

ENTREKIN, MR: It is. It is. Indeed. In fact, I think - - -

KENNER CC: Both in terms of industry spread and characteristics of the workforce themselves.

ENTREKIN, MR: Yes. And usually each year we provide a table as the proportion of - - -

KENNER CC: Yes.

ENTREKIN, MR: - - - each workforce in Western Australia and nationally in each industry. They're very similar. Most industries, it's a little bit lower in Western Australia because of mining. Mining is about 9 per cent and nationally it's about 2 per cent. So that squeezes out all the other categories by a little bit. But it's pretty similar. So together those four industry sectors accounted for over two-thirds of all modern award-reliant employees. And the Minister notes that award-reliant employees in the state system display similar characteristics to those working under national modern awards and are likely to be concentrated in similar industries.

In reaching its decision, the Expert Panel noted that productivity had been subdued in recent times. However, it also noted the disproportionate growth in employment in the non-market sector and that that had distorted the productivity picture as there'd been modest growth in labour productivity in the market sector over the last five years. But it's been outweighed by the productivity loss in the non-market sector, where the effective measurement of labour productivity is more problematic. And those industries tend to be government subsidised as well or government funded.

KENNER CC: Just on the issue of productivity – and it's a question that might be perhaps addressed by all of the parties, we note that the statutory scheme in the Fair Work Act is somewhat different to the State legislation. If we can just point out section 284(1)(a) of the Fair Work Act focuses the attention on establishing and maintaining - - -

ENTREKIN, MR: Yes.

KENNER CC: - - - minimum award wages.

ENTREKIN, MR: Yes.

KENNER CC: And one factor to be taken into account is productivity.

ENTREKIN, MR: Yes.

KENNER CC: Whereas under 50A(3)(b) of the Act, we're required to take into account the state of the economy.

ENTREKIN, MR: The economy. Yes.

KENNER CC: And then secondly, to assess the effect of our decision on employment inflation and productivity. Quite a subtle but important difference - - -

ENTREKIN, MR: Yes.

KENNER CC: - - - in the statutory scheme.

So we'd be interested to hear what the parties may make of that, in terms of what we're required to do. On one view, if you take a neoclassical view of what an economy is, it's a process of production, distribution and consumption in relation to scarce resources allocated according to (a) the market; or (b) the non-market economy. But we're required to focus, it seems, on those three latter points in subparagraph B.

It seems that employment and inflation are probably readily – more readily grappled with, because if employment rises and inflation falls, and logically, a decision has not had an effect – a negative effect on employment or inflation, but how do we assess the effect on productivity?

If we just put that on the table for the parties to think about. Because I don't think it's an easy one to grapple with, because there's been some focus on productivity this year.

So if there are any at the Bar table who wish to vent your review about that, then we'd welcome any submissions you might wish to make.

ENTREKIN, MR: Certainly. Thank you, Chief Commissioner.

KENNER CC: It seems the emphasis is - - -

ENTREKIN, MR: Yes.

KENNER CC: - - - federally, is on the setting of rates.

ENTREKIN, MR: Yes.

KENNER CC: Whereas our emphasis is on the effect of our decision - - -

ENTREKIN, MR: The effect of the decision on - - -

KENNER CC: - - - which I think is, as I've said, a - - -

ENTREKIN, MR: - - - productivity is a little bit different.

KENNER CC: - - - notable difference. Yes.

ENTREKIN, MR: Yes. No. You're right. There is a subtle difference in the wording there. And we're more than happy to have a look at that.

Unfortunately, I was going to say, the National Accounts figures did just come out this morning for the March quarter.

KENNER CC: Yes.

ENTREKIN, MR: Although, there's only been limited time to - - -

KENNER CC: Yes. Of course.

ENTREKIN, MR: - - - sort of digest those and to analyse it. But that's right.

So basically, what the Fair Work Commission was basically saying is, if you take out mining, which has obviously had negative productivity growth in the last couple of years, and you just look at the market sector, minus mining, there's a reasonable level of productivity growth. Not spectacular, but it's reasonable over the cycle.

And then it's effectively mining and the non-market sector that is kind of dragging that down.

KENNER CC: Yes. And that seemed to be the thrust of Mr Christmas' evidence as well - - -

ENTREKIN, MR: It was. Yes.

KENNER CC: - - - when he – certainly, I think, for the first time, as far as I can recall - - -

ENTREKIN, MR: Yes.

KENNER CC: - - - sought to assist us with State by State - - -

ENTREKIN, MR: Yes.

KENNER CC: - - - productivity performance, which is not an easy - - -

ENTREKIN, MR: No.

KENNER CC: - - - thing to tease out, because all of these indicators are generally aggregated nationally.

But certainly, it was his view that if you extract mining from the Western Australia figure, then there will be a positive result. But he wasn't in a position to assist with what that positive result might be. I think that was probably a bridge too far to ask - - -

ENTREKIN, MR: Yes.

KENNER CC: - - - him, given the difficulties in making those assessments.

ENTREKIN, MR: Yes. That's right.

And for what I understand – it's difficult enough to get the figures at the aggregate State level. But from what I understand, getting the figures at the industry level by State is quite difficult.

KENNER CC: Yes.

ENTREKIN, MR: And that was challenging. But certainly, with mining being such a large component in the State economy, that you do get a very different figure when you take the mining out of the market sector in Western Australia.

KENNER CC: Yes. Thank you.

ENTREKIN, MR: Thanks.

So the expert panel concluded that it didn't consider the overall lack of productivity growth was a reason not to do anything to restore the real value of modern award wages, but it did operate as a restraining factor on the size of the real wage increase to be awarded. So they did moderate the quantum of the real wage increase, taking that into account.

It also observed that the productivity problem won't be resolved by the indefinite continuation of a reduction in real wages. And as I mentioned just before, the quarterly figures for the National Accounts were released this morning. GDP grew by 0.2 per cent for the March quarter 2025. That's the national GDP figure. And 1.3 per cent in the year to March 2025.

KENNER CC: Yes.

ENTREKIN, MR: And although it's important not to read too much into a particular quarter of data, because it can be quite volatile, the ABS did note that economic growth was soft in the March quarter, public spending recorded the largest detraction from growth, and extreme weather events reduced domestic final demand and exports. Weather impacts were particularly evident in mining, tourism and shipping.

And it also noted that, when looking at the data, it's important to note that the government electricity credits affect the individual components within the National Accounts data. In effect, they temporarily shift expenditure from households to government and can alter the figures that would otherwise be produced. So - - -

KENNER CC: Yes.

ENTREKIN, MR: - - - you can look at the household consumption, and that can appear lower or higher in a particular quarter, depending on what's happening with the electricity credits.

KENNER CC: Yes.

But the – also, the ABS, last Thursday, published CapEx expenditure reports for the March quarter. Both the December to March quarter and the year to the March quarter this year. And Western Australia emerged fairly positively from that, with positive business - - -

ENTREKIN, MR: Yes.

KENNER CC: - - - investment, as opposed to negative business investment for most of the states and territories. Western Australia's growth for the March quarter 2025 was 5.85 per cent. And for the quarter – sorry, through the year to March, but for the quarter to the March 2025, was an increase of 2.1 per cent, with all the other states, from recollection, being in the negative territory, except one.

ENTREKIN, MR: Yes. There is a number of large projects that are still ramping up and - - -

KENNER CC: They're feeding through into - - -

ENTREKIN, MR: They're feeding through.

KENNER CC: - - - the investment profile. But - - -

ENTREKIN, MR: And - - -

KENNER CC: - - - I just thought we'd mention that, because that's recent data, only a week - - -

ENTREKIN, MR: Yes.

KENNER CC: - - - or so old.

ENTREKIN, MR: And I imagine some of those projects that Mr Christmas discussed in his presentation, particularly, you know, Scarborough and Pluto and some of those projects, are probably feeding into that, as well as housing, of course, as well.

So while the expert panel awarded a real wage increase for award-reliant workers, it also noted several moderating factors it took into account in determining the quantum. In addition to productivity, these figures included the final 0.5 per cent increase to the Superannuation Guarantee Contribution rate that takes effect from 1 July this year, some weakness in the accommodation and food services sector – this is at the national level, and the fact that Australia's economic prospects are – may be less favourable because of the global economic uncertainty caused by the shift in US trade policies.

So as a result of the decision to award a 3.5 per cent increase, the National Minimum Wage will increase to \$948 a week, or \$24.95 per hour.

So what does that mean for the State Wage Case? Well, following the Annual Wage Review, the Minister reiterates support for a fair and sustainable increase to rates of pay that meet the needs of the low-paid, keep pace with changes in the cost of living, and are not less than that awarded by the Fair Work Commission in the Annual Wage Review.

So annual growth in the first CPI, excluding electricity, is currently sitting at 3.4 per cent and is projected to come in at 2.75 per cent for this financial year. And as we've discussed, the Expert Panel awarded a 3.5 per cent increase in the Annual Wage Review. So taking all that into account, the Minister submits that any increase in this year's State Wage Case should be not less than 3.5 per cent. If it pleases the Commission, that concludes the Minister's remarks.

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

Mr Harding.

HARDING, MR: May it please the Commission in Court, yesterday's decision, the Fair Work Commission handed down a 3.5 per cent increase to the national minimum wage and modern award rates of pay. When factoring in the superannuation increase, this equates to a 4 per cent minimum increase on the wages bill for all employers in the national system. The Fair Work Commission, in their decision, acknowledges that the business climate continues to be uncertain, particularly for one of the largest users of the award system in accommodation and hospitality businesses. Their decision also articulates the challenge it is facing Australian businesses with lagging productivity broadly in Australia. These concerns speak directly to the concerns CCIWA outlined in our original submission and submissions in reply. This is why we will continue to contend that a significant and permanent rise to the state minimum wage and award rates of pay without a commensurate rise in productivity would have a negative impact on the state economy.

A much more economically sensible approach is reflected in CCIWA's original submission, which calls for the 2.5 per cent increase. In my contribution today, I'll touch on key issues in more detail. Firstly, with respect to inflationary pressures, the Fair Work Commission stated at paragraph 37 that inflation has reduced and that the environment currently allows for a larger increase. We do not agree with the Fair Work Commission that the inflationary episode has completed because there continue to remain significant risks to inflation that may see it rise once again. With respect to this, we would also point the Commission in Court to what the RBA outlined in the May statement of monetary policy and was referred to in our oral submission, particularly the comment about upside risk to inflation on page 48 and in CCIWA's oral submission and submissions in reply.

Chief Commissioner and Commissioners, there is, in our view, a continued risk to inflation once again increasing as we stated. Unit labour costs rose to 5.3 per cent in December 2024, and from this morning's numbers in the national accounts, over the year to March 2025 is now at 5.6 per cent. This means inflation continues on this – if these continue on this trajectory, there will be continued pressure on inflation. And all this means is that the hard work by both employers and employees trying to fight inflation and the pain will be all for vain. CCIWA submits that wage arbiters must consider to a significant extent how permanent wage increases can drive inflationary pressures. For this reason CCIWA cautions the need for a large – cautions against the need for a large economically irresponsible permanent wage increase.

I will also now touch on some of the economic outlook provided by the Fair Work Commission. The Fair Work Commission noted of the uncertain and weakened economic outlook that is present for the Australian economy. In paragraphs 50 and 51 they also noted that retail and accommodation and food services sectors, those predominantly that fall in the state system as well, is experiencing ongoing weakness on a national level. This too is found in WA. A day after our first hearing for the State Wage Case a report by Creditor Watch was released which stated WA has a closure rate of 8.6 per cent in the hospitality sector. I have printed copies if any party does want. However, I can share it after this hearing as well.

KENNER CC: Thank you.

HARDING, MR: As raised in CCIWA's submissions, we hold significant concerns about the viability of WA businesses, particularly small and family businesses in these sectors. The ASIC data that was outlined in CCIWA's initial submissions paints a concerning picture with a significant rise in administration. As noted in CCIWA's submissions, the RBA Financial Stability Review suggests that smaller businesses are particularly feeling the effects of interest rate increases. CCIWA continues to hold the position that small businesses will be more disproportionately impacted by the cost increases as they generally have a small profit margin and less capacity to influence price, including supplier price and compared to their larger competitors and are ultimately price-takers in this regard.

KENNER CC: One of the other points raised by the RBA Stability Review was on the question of insolvencies was the effect of the ATO's holiday against recovery of tax debts. And that's now changed where I think the ATO is now pursuing businesses in relation to tax debts. And that seems to be a factor playing into some elevated insolvencies, at least those businesses that might be at the margin in the face of tax debt. I think that's one relevant factor as well.

HARDING, MR: Quite rightly but there is also, obviously – and I may not – I don't have the exact point on the top of my head. But I also understand in the Financial Stability Review they also noted that while profit margins for those particularly in the smaller end are still quite constrained, even if it's not just related to tax; and also notes that through their business liaison in the latest monetary policy statement, that the ability to pass on any cost rises that are incurring as being limited due to weakened demand. So I think there's it's obviously absolutely one factor but I don't think it is the only factor.

KENNER CC: I think cost control is another thing or is it cost control to generate profit.

HARDING, MR: Yes.

KENNER CC: I think the RBA made the point that profitability is there but it's a result of fairly stringent cost controls, which obviously paints a picture that there is that tension in some of those sectors.

HARDING, MR: And it would be – it's also obviously important to note that our unit labour costs are still well above the pre-pandemic average of 1.8 per cent, which was noted in our original submission, I believe.

KENNER CC: Yes, thank you.

HARDING, MR: Thank you. Sorry, I just lost where I was. Here we go. In the case of small businesses increased wages costs are most likely to be absorbed by reducing workers' hours or passing on these cost increases to consumers where possible, adding further to cost of living challenges. This benefits no one, not the employer, the employee, the customers or the economy at large. Fewer working hours means less income for employees, particularly those on the margins and poorer customer service and less capacity to grow and innovate.

I'll just touch on wages growth in relation to the Fair Work Commission's decision. Unlike the national award system, using the methodology that was in the original submission by CCIWA, the state award wages using the rate of C10 had a cumulative growth of 1.5 per cent in real terms. This was alongside the 3.64 per cent cumulative rise for those directly reliant on the state minimum wage over the same period of time.

The argument that minimum wages have fallen in real terms here, which was used by the Fair Work Commission to increase above inflation, does not apply, CCIWA contends, as it did in the national system. Importantly, as well, CCI does note that commentary made by the previous State Wage Cases, that the Commission needs to be cognisant of the impact these wage decisions will have in setting a benchmark for wage negotiations across the economy.

I just have one last point which is in relation to productivity. The Fair Work Commission noted that low productivity is attenuating the inflationary pressures of large wage increases. At paragraph 141, the Fair Work Commission also raised the issue that for the past four years there's been no net growth in labour productivity and that is a moderating influence on their decision. Despite the comments about the Fair Work Commission and the market sector having an increase in labour productivity when excluding agriculture and mining, these comments differ directly from what the RBA itself has said. CCIWA would suggest the Commission in Court refer to the May RBA statement of monetary policy, which said on page 35:

"Market sector, excluding agriculture and mining, labour productivity fell by 0.1 per cent over the same period. Labour productivity is now at 2015 levels."

The Fair Work Commission also acknowledged that they could not give a larger increase, similar to previous years, due to the fact of the labour productivity issue. CCIWA reinforces the need for the Commission in Court to consider the concerns surrounding low productivity to a significant extent when determining this year's State Wage Case.

To conclude my remarks today, as noted in our oral submissions, CCIWA does not believe that the economic environment for large increases in the state minimum wage is there due to the fundamentals of the WA economy being challenged by a myriad of local, national and international factors. This, in our view, should mean that the WAIRC should consider a 2.5 per cent increase to the state minimum wage and award rates of pay. Thank you. That shall conclude my remarks. If there's any questions?

KENNER CC: Thank you very much indeed, Mr - - -

Now, Mr Sneddon.

SNEDDON, MR: Chief Commissioner, we'll continue to rely on the submissions that we've already filed under submissions in response. And look, we're cognisant that the Bench has read the decision of the Expert Panel. So we'll keep our submission brief and we will make five observations that UnionsWA believes are both salient and relevant to the work that the Commission is tasked with.

Firstly, the Expert Panel found that the real value of the award wage federally had declined relative to CPI. And the result of that is that living standards for employees dependent on modern award wages have been squeezed. And the low paid experience greater difficulty in meeting their everyday need. I think my friend from the government has touched on that. At paragraph 107 of the Expert Panel's decision in discussing the low paid, the Expert Panel said that:

"The inflationary spike over the recent years has resulted in a reduction in their real wages –

that's the low paid –

"which has undoubtedly made it more difficult for the low paid to meet their needs. The position is likely worse if regard is had to other measures of the cost of living."

Low paid workers in Western Australia are not immune to this squeeze. The value of their wage packet has also reduced. Secondly, the Expert Panel, in discussing relative living standards of the low paid, at paragraph 139 of the decision handed down by the Full Bench, noted that and I quote:

"WPI has increased by 3.4 per cent over 12 months to the March quarter 2025 and projected to grow by up to 3.25 per cent in '25-26."

Accordingly, unless modern award minimum wages and the national minimum wage are increased by a comparable amount, we can expect that there will be a relative decline in living standards amongst the low paid compared to the workforce as a whole.

Interestingly, Chief Commissioner, the March quarter figures for WA are 3.7 per cent. And current WA Treasury projections have the Wage Price Index as being 3.75 per cent for the 24/25 financial year. Again, WA workers are not immune to these numbers. And their relative living standard, along with the value of the wage packet, unless corrected to reflect WA numbers, will continue to decline.

Thirdly, the expert panel, we say – and really, forms the nub of the work that they've done, have identified that there now exists an opportunity to correct the decline in value that has occurred over the past, at least, three years. A strong labour market, controlled inflation, both provide an environment in which we can start to reverse the loss suffered by the lowest paid. The expert panel has effectively said, "If not now, then when?"

At paragraph 7, they said:

"We are concerned that if this opportunity is not taken in this review, the loss in the real value of wages which has occurred will become permanently embedded in the modern award system and the reduction in living standards for the lowest paid in the community will thereby be entrenched."

We note that the expert panel preferred an outcome in reaching 3.5 per cent that led to an outcome in excess of the growth rate in CPI. We would also note that the Perth CPI for the 12 months through to the March quarter is currently a percentage point higher than that which the Fair Work Commission considered at 3.4 per cent. And we also note our earlier observations on the WPI rate – that is, the national comparison to the WA.

It's now time for the low-paid in WA to see real wage increase. That's the nub of the consideration that the Fair Work Commission worked on – the expert panel worked on. And in order to do that in WA, we can't rely on the number that was relied on by the Fair Work Commission. The conditions on the ground in WA are different and we need to recognise that. Only by running ahead of CPI and WPI can we see a reversal in the real value of wages and relative living standards. We say that's the conclusion that the Fair Work Commission came to.

Fourthly, the expert panel – the Fair Work Commission expert panel, concludes that a policy of catch-up for the lowest paid workers is unlikely to have a significant effect on the economy more broadly. And perhaps this goes to one of the points that the Chief Commissioner raised before.

At paragraph 140 of their decision, they said:

"In the current economic environment, it is difficult to see that any outcomes of the review" -

- that was their review -

- "within reasonable bounds could meaningfully affect the projected rate of inflation."

At paragraph 41 of the decision handed down:

"Detrimental effects on national economic and business competitiveness are unlikely. Nor in the context of a labour market, which remains strong overall, is it likely that there would be any aggregate disemployment effect."

Again, talking about the pay rise.

It would be reasonable, in our submission, to conclude that any increase within reasonable bounds that may be awarded by this Commission would have an even more limited impact on the projected rate of inflation or business competitiveness.

Fifthly, the expert panel commented, when considering the gender pay gap – and this is at paragraph 60 of their decision:

"Because of the predominance of women in the modern award-reliant workforce, an adjustment to modern award minimum wages which exceeds wages growth in the labour market as a whole will have an effect, albeit small, in narrowing the aggregate gender pay gap."

UnionsWA said that this is a particularly salient observation here in Western Australia, as this State continues to have a gender pay gap far worse than the national average and far worse than any individual State or Territory. ABS reporting of November 2024 has the pay equity gap in Western Australia standing at 20.2 per cent, which is almost double the national measure of 11.9 per cent.

KENNER CC: Just on that, Mr Sneddon, the legislation now, of course, enables applications to be made for equal remuneration orders. And the wage fixing principles have had that principle and principles now for a few years. The capacity for the Commission to do anything about – substantively about differentials between industry sectors and rates of pay based upon – that might be based upon gender undervaluations is very limited. It needs to be really at the initiative of parties to bring those sorts of proceedings.

So if that's an ongoing issue, then the challenge is there, I think, for the parties themselves to address it through applications, perhaps in relation to certain awards, to deal with that issue.

SNEDDON, MR: Well, it is an ongoing issue. I don't think that there's an "If" that's attached to that, Chief Commissioner.

I think the decision handed down by the Fair Work Commission recognised some of the difficulties in that space. And having observed some of the work that was done, particularly around the aged care sector and the early childhood sector federally, both the resource, time and effort that's required to do that is quite considerable. So I think that there's a desire there, particularly from the union movement.

Nevertheless, the submission that we make in relation to this is that if this Commission can make some impact – and we say it can, albeit small, then it should.

I suppose, a couple of - - -

KENNER CC: Yes.

SNEDDON, MR: - - - concluding remarks, that's the five - - -

KENNER CC: Yes. Thank you.

SNEDDON, MR: - - - substantive submissions that we need to make.

But in conclusion, the task that this Commission in Court has is a balancing act, one that weighs the need of the lowest paid in the State against the ability of the State and employers to pay.

Looking at section 50A(3) of the Industrial Relations Act, you are required to take into consideration the provision of fair wage standards in the context of living standards generally prevailing in the community. And what we would say is that any such consideration can only reach one conclusion.

Workers on award wages, workers on the minimum wage, do not and will not have a living standard that generally prevails in the rest of the WA community. They don't have a living standard that comes anywhere near. And the decision of this Commission in Court won't change that.

Those workers on the minimum wage can't survive in a one-income household. They can barely survive with dual incomes. Those workers on the minimum wage have no certainty over a home in which to raise their families. Those workers eat what is cheapest, not what's best. Those workers decide between medicine and fuel. They take risks with their health. Those workers on minimum wage are not going to Bali in the next school holidays, or the one after that. Those workers do not have a living standard that prevails generally.

You're tasked with ensuring that the decision meets the needs of the low-paid. No matter what you decide, it won't. The needs of the low-paid outstrip the capacity of this Commission to make corrections. What you can do, though, is make sure those workers are not further left behind. If our poorest workers – and that's who we're talking about today, don't see real wage growth in times like this, then it begs the question if they ever will.

We don't see the national decision that came out of the Fair Work Commission as being a ceiling for this Commission, but rather, the floor upon which this Commission might build. Different conditions exist in Western Australia and must play a part of the work that you need to do here today. CPI, Wage Price Index, and the gender pay gap point towards a figure higher than that awarded nationally be warranted for the low-paid workers in Western Australia. Those workers are looking at this Commission to help alleviate the real financial pain that they're feeling. Your decision will impact the lives of many of those workers not reaping the benefits of our buoyant economy.

For those reasons, we say that the 4.5 per cent pay rise that UnionsWA and their affiliates has called for is reasonable and warranted.

Chief Commissioner.

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

Now, Ms Love?

LOVE, MS: Thank you, Chief Commissioner.

Just a couple of comments from WALGA. As the other parties have provided, WALGA notes the expert panel's reasons for decision in awarding a 3.5 per cent increase to the National Minimum Wage and modern award minimum wages, including the moderating factors that we pointed out in our written submissions, such as the increase to the Superannuation Guarantee and the potential impact of the change in US trade policies.

We would just simply like to stress to the Commission in Court Session that WALGA supports a balanced approach to wage increases that takes into account the impact on costs – of costs for local governments, which include a real constrained ability to raise revenue to meet those costs, because it has a direct impact on the communities that they seek to serve.

If it pleases the Commission in Court Session, I have nothing further to add.

KENNER CC: Thank you very much, indeed - - -

LOVE, MS: Thank you.

KENNER CC: - - - Ms Love.

In relation to the point of the legislation that we raised at the outset, given that it was raised without notice, as it were, could we suggest that if any party wishes to make a submission on that matter, that if you could kindly do so by midday this Friday?

We're not suggesting that everyone's obliged to do so, but if you wish to do so, that would be helpful in relation to that particular matter.

And on that basis, then, we thank the parties for your written and oral submissions thus far on the proceedings and this morning. Subject to receipt of any further written submissions on the point that I've just mentioned, we'll reserve our decision. And our Associate will be in contact with you when we're in a position to deliver it.

And we'll stand adjourned until that time.

Thank you very much.

AT 12.15 PM THE MATTER WAS ADJOURNED ACCORDINGLY