



2026 State Wage Case

Chamber of Commerce and Industry WA
Submission in Reply

18 May 2026

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In the Western Australian Industrial Relations Commission

Application No. 1 of 2026

2025 STATE WAGE ORDER

On the Commission's own motion

SUBMISSION IN REPLY

BY

THE CHAMBER OF COMMERCE AND INDUSTRY OF WESTERN AUSTRALIA

Filed on behalf of the Chamber of Commerce and Industry of Western Australia by:

Mr Will Golsby
Chief Executive Officer
Level 5, 235 St Georges Tce
PERTH Western Australia 6000
Email: will.golsby@cciwa.com

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Introduction

1. The Chamber of Commerce and Industry of Western Australia (**CCIWA**) provides the following submission in reply to the 2026 State Wage Case (**SWC**) submissions filed by:
 - 1.1. The Minister for Industrial Relations (**Minister**).
 - 1.2. UnionsWA.
 - 1.3. Western Australia Council of Social Services (**WACOSS**); and
 - 1.4. Western Australian Local Government Association (**WALGA**).
2. CCIWA submits that:
 - 2.1. The 6.5% increase proposed by UnionsWA equates to a baseline \$61.95 per week increase or \$3,221.40 per full-time employee a year.¹ A small business with 15 employees would have to find an additional \$48,321.00 to fund this increase.² This increase would place further undue stress on businesses, particularly small and family businesses. Given the low productivity growth, this increase will not only threaten the viability of individual businesses, it also creates further inflationary pressure across the economy.
 - 2.2. Despite being a significant concern for the Reserve Bank of Australia (**RBA**) and Fair Work Commission (**FWC**), the positions held by the UnionsWA do not consider the inflationary pressures that rising wages, above productivity, may cause.
 - 2.3. As illustrated by the rising number of business failures in WA as reported by ASIC, small and family businesses have limited means to absorb further costs. CCIWA's business confidence survey, quoted in our initial submission, found that 64% of businesses find cost pressures a barrier to doing business. This means that costs are either being passed onto the consumer in the form of higher prices for products or services, or there are job losses or reduced hours of work to cut costs.
 - 2.4. The arguments made by UnionsWA are focused on cost-of-living pressures. Given cost-of-living measures have been the centrepiece of both State and Federal Budgets for some years, the Commission in Court (**Commission**) should consider the breadth of measures to support low-income households when making its determination.

¹ Superannuation contributions are calculated on shift penalties, loadings and most allowances. This increase would likely be higher than calculated due to employees where ordinary hours are frequently performed at times when penalty rates apply.

² Utilising the definition of a small business under the *Fair Work Act 2009* (Cth), noting that no comparable definition is present in the State IR System.

Minister's submission

3. The Minister's submission has not nominated a specific quantum increase but instead encourages the Commission to award a raise not less than the Annual Wage Review decision.
4. As CCIWA has raised in previous submissions, if the WA Government is concerned about different minimum wage rates and the inequity that may result, the WA Government could resolve this by referring the remainder of its industrial relations powers to the Commonwealth.
5. Given the WA Government's ongoing position is to maintain its separation from the National industrial relations system, then WA's local factors must be considered in this context.³

WA economy

6. The Minister has recognised that while WA's economy has performed well over the past year, growth is expected to moderate in the coming years, and there are significant risks to the State's economy from geoeconomic and geopolitical fragmentation.
7. In considering the strength of the WA economy, it is important to identify what is driving this outcome. As identified in CCIWA's initial submission, and reaffirmed by the Minister's submission, the mining sector accounts for nearly 50 per cent of our economy (Gross Value Added terms). This means that the WA economy continues to be overly reliant on a single industry sector for our economic prosperity.^{4,5}
8. As noted in Attachment A of the Minister's submission, one of the three domestic risks considered is the volatility of the resources sector, and the subsequent concession that this volatility can delay investment projects.⁶
9. It is also evident that economic growth and prosperity is not shared equally across all industry sectors, as evidenced by the Minister's submission, which notes Gross Operating Surplus (**GOS**) and Gross Mixed Income (**GMI**).⁷ Across the economy GOS/GMI was 4.4% weaker, and in industries most represented in WA industrial relations system, being Construction, Retail Trade, Accommodation and food services, shows a decrease of 2.8%, 0.9%, 0.5%, and an increase in health and social assistance by 22%.⁸
10. This coincides with the weakness in these sectors that have been shown by the number of business failures, which was highlighted in CCIWA's initial submission.

³ 2018 WAIRC 00363 [230-235]

⁴ CCIWA Submission, para 54-62

⁵ Minister's Submission: Attachment A, Economic Outlook, para 8.2 Domestic Risks

⁶ Ibid.

⁷ Minister's submission, Table 6.

⁸ Ibid.

CCIWA's submission has shown a significant rise in business failures in industries that are likely captured in the State industrial relations system when compared to the year before.⁹

There is a two-speed economy at play, and the substantial increases in business costs proposed by UnionsWA would negatively impact the very businesses that are under threat.

Inflation

11. The Minister's submission discusses the inflationary pressures in the WA economy and highlights the challenge with controlling such pressures.¹⁰
12. The Minister's submission does not, however, reference the RBA's concerns that wage growth sits well above productivity. As indicated in CCIWA's initial submission, large and unsustainable wage increases, without a commensurate increase in productivity, will likely result in higher inflation once again, as indicated by the RBA.¹¹ The RBA has, in its most recent data, raised its forecast for inflation and continues to hold concerns with the inflationary aspect of wages growth in a low productivity environment.¹²
13. CCIWA also notes that both the State and Federal Governments have recognised the difficulty of the recent period of high inflation and continues to announce measures to address the cost-of-living pressures of the low paid.

Trends in wages

14. The growth in WPI, as indicated in the Minister's submission, shows there has been real wages growth in Western Australia over the past year, once the energy component of CPI is excluded.¹³
15. It is also important to note that wages growth in Western Australia is differentiated between the public and private sectors. In the private sector, wages growth has been tracking at 3.3% over the year to March 2026, compared to 5.0% for the public sector.¹⁴
16. Furthermore, the Commission should note that those who are reliant on the State Minimum Wage (**SMW**) continue to have real wages growth in the medium term when utilising the WA Government's inflation forecast.¹⁵

⁹ CCIWA submission, para 14.

¹⁰ Minister's Submission, para 42-47

¹¹ CCIWA Submission, para 45-50.

¹² RBA (2026), *Statement of Monetary Policy, March 2026 – 3.4 The domestic outlook*

¹³ Minister's Submission Table 2: Annual Growth in CPI and WPI – WA

¹⁴ ABS (2026) *Wage Price Index, March 2026 – Tables 3B and 4B.*

¹⁵ CCIWA Submission, Figure 6.

17. However, real wage growth, without a corresponding increase in productivity, can drive inflation, as outlined in CCIWA's initial submission and substantiated by the RBA.¹⁶
18. Given this, the Commission should consider the impact a substantial rise may have on inflation, especially considering the low levels of productivity, and significant inflation in the current environment.
19. CCIWA contends that the Commission should consider the comments made by the Full bench of the Fair Work Commission about the impact of labour productivity and wage rises referenced in CCIWA's initial submission.¹⁷

Gender pay gap

20. The Minister has identified that based on average weekly ordinary time earnings, the gender pay gap decreased by 0.9 percentage points in the 12 months to November 2025.¹⁸
21. The submission also notes that WA has the highest gender pay gap compared to other States.¹⁹
22. WA's high gender pay gap remains an ongoing matter of concern for the WA community. However, the reasons for the gap are complex and multi-faceted and require a considered approach to identify and address the multiple causes. This is not achievable through these proceedings.
23. For this reason, CCIWA suggest the Commission's previously held position that there are limits to the extent that increases in the SMW can have a material impact on the gender pay gap, continues to hold.²⁰

Operating conditions for Western Australian businesses

24. CCIWA's initial submission highlights the difficult operating conditions that WA businesses currently face, which is further reflected in the increase in business failures across the industries likely captured by the State industrial relations system over the last 12 months.
25. As noted in CCIWA's initial submission, the impact of cost pressures for WA businesses, particularly SMEs, means they have very limited capacity to bear further costs.²¹
26. It is important for the Commission to consider the impact that high interest rates, higher input prices and higher labour costs are all having on businesses likely to be captured in the state system.

¹⁶ RBA (2022), [Wage-price Dynamics in a High-inflation Environment](#); CCIWA Submission, 44-50.

¹⁷ CCIWA Submission, para 52.

¹⁸ Minister's Submission, para 58.

¹⁹ Ibid, para 59.

²⁰ 2017 WAIRC 00330 [259-262].

²¹ CCIWA Submission, para 69-75

27. In CCIWA's initial submission, the RBA's concerns around the profitability of smaller businesses due to these pressures was highlighted.²²
28. CCIWA also note that the Road Transport Contractual Chain Order made by the Fair Work Commission on 20 April 2026 will have a detrimental impact on the ability of businesses in the state system to afford large wage rises.²³
29. This is because, despite not being in the National System, the interaction of the Fair Work Act's authorisation of an order can capture entities outside of the National System if they contract with a party that is a National System employer.²⁴
30. For this reason and the other reasons outlined, the Commission should consider CCIWA's position of awarding a 3.25% increase to the SMW and award rates of pay. This would limit the impact on businesses, and any flow-on consequences from an unsustainable rise (i.e. job losses and/or reduced working hours).

Fairness

31. The Minister notes there are some groups of employees covered by the State System that are currently award free, including workers in occupations that would traditionally be considered award type work.²⁵
32. The WA Government has addressed this concern through the *Industrial Relations Legislation Amendment Bill 2021 (WA)*, which provides the Commission with the capacity to, of its own accord, expand the scope of private sector awards to cover parts of an industry not previously covered.
33. If the Government holds concerns in relation to this matter, CCIWA recommends the Commission be funded to undertake a comprehensive review of all awards, rationalising where appropriate, and making sure they are usable for employers and employees.
34. This measure would address the concern raised by the Minister in relation to this matter.
35. CCIWA also contends that as the Commission is currently going through a process to vary awards occurring in the State System, the Commission should consider any award changes alongside any SWC determination.

²² CCIWA Submission, para 74-75

²³ Fair Work Commission (2026), *Road Transport Contractual Chain Order – Fuel Cost Recovery – 2026*, MS900102.

²⁴ See: *Fair Work Act 2009* (Cth) s 15RA(1)(b).

²⁵ Minister's Submission, para 85.

UnionsWA submission

36. At 6.5%, UnionsWA is seeking a substantial and unsustainable increase to the SMW and award rates of pay. This equates to a baseline of \$61.95 per week increase or \$3,221.40 per full-time employee a year.²⁶ A small business with 15 employees, would have to find an additional \$48,321.00 to fund this increase.²⁷
37. For C10 classification, this equates to a \$68.58 per week increase or \$3,566.16 a year per full time employee under the *Metal Trades General Award*.²⁸ For 15 employees, this would equate to an additional \$53,492.40 this year for those paid at C5 under the *Metal Trades General Award*.
38. CCIWA holds the view that this position does not adequately consider the cost challenges facing WA employers most likely in the State System, and their ability to pay.
39. Moreover, this position does not give due consideration to the impact such an increase could have, specifically, in the form of higher prices for goods and services, and potential loss of jobs and/or reduced hours.
40. CCIWA contends the position on productivity highlighted by UnionsWA is incorrect. The RBA forecasts that labour productivity does not reach the estimated long run average of 1.2%, instead remains below that at 1.0% by the end of their forecasts.²⁹
41. The Commission instead should consider the comments of the Productivity Commission in their latest productivity bulletin, which finds Australia's productivity growth is at its lowest level in 60 years.³⁰ This is based on the findings that labour productivity in Australia has only increased by 1.0% to December 2025.³¹

State of the economy

42. UnionsWA contends that a substantial increase to the minimum rate of pay is required, given the performance of the WA economy, WPI, and headline CPI for Perth.
43. For the reasons specified in CCIWA's initial submission, this position fails to consider the following:
 - 43.1. The composition of the economy, and that much of the State's strong economic performance has been largely underpinned by the strength of the mining sector. This does not reflect the difficult operating conditions that

²⁶ Superannuation contributions are calculated on shift penalties, loadings and most allowances. This increase would likely be higher than calculated due to employees where ordinary hours are frequently performed at times when penalty rates apply.

²⁷ Utilising the definition of a small business under the *Fair Work Act 2009* (Cth), noting that no comparable definition is present in the State IR System.

²⁸ Minister Submission, para 18.

²⁹ RBA (2026), *Statement of Monetary Policy, March 2026 – 3.6 Detailed Baseline Forecast Information*

³⁰ Productivity Commission (2026), *PC productivity insights: Quarterly bulletin – March 2026*

³¹ CCIWA Submission, para 47.

businesses, especially small and family businesses in non-mining industries are facing, which is reflected in a growing number of business failures.

- 43.2. WA businesses continue to struggle with higher costs pressures and reduced income.
- 43.3. The concerns the RBA holds about substantial wages growth leading to increased inflationary pressures due to lagging productivity; and
- 43.4. The measures taken by the State and Federal Governments to address cost-of-living pressures.

Needs of the low paid

44. In considering the needs of the lower paid, UnionsWA focuses on individual components of CPI, which the Commission has previously rejected.³² We suggest the Commission should maintain this position and reject any cherry picking of CPI data when analysing the impact of inflation.
45. UnionsWA also refers to lower paid workers usually being 'price takers' where non-tradable goods such as rent are concerned, highlighting the issue of rental affordability for workers across Western Australia.³³ Issues such as housing affordability, grocery prices, and other items are complex and cannot be resolved through the SWC decision.
46. CCIWA addresses these concerns in our initial submission, and notes that those likely to be on the SMW are also likely to be eligible for a range of welfare supports provided by the Commonwealth.³⁴
47. Some of these measures have been targeted to directly address housing and rental concerns, including an additional increase to the Commonwealth Rent Assistance.³⁵
48. In addition, the Federal and State Budgets both attempt to address housing and rental affordability through increased supply.
49. Importantly, the growth in wages for the lowest paid continues to outpace what has been experienced by the rest of the WA population.³⁶
50. The UnionsWA submission does not consider the RBA's concerns around wages growth exceeding productivity. As raised earlier in this submission, it is well understood that high and sustained inflation has a disproportionate impact on those who are low paid, and their living standards.

³² 2021 WAIRC 00173, *2021 State Wage Case* [67].

³³ UnionsWA Submission, para 4.9.

³⁴ CCIWA Submission, para 95-98.

³⁵ CCIWA Submission, para 98.

³⁶ CCIWA Submission, para 93.

WACOSS' Submission

51. WACOSS' submission is consistent with the UnionsWA position, and similar arguments made earlier in this submission apply.
52. CCIWA recommends the Commission should continue to hold its position that the SMW cannot deal with all issues that impact the low-paid.
53. Many issues identified in WACOSS' submission deserve merit, however, they may be more appropriately addressed through other forms of government policy, including recent cost-of-living announcements in the 2026-27 State and Federal Budget.
54. CCIWA would note that the responses with respect to WACOSS on inflation decreases and the corresponding increases to the SMW does not appropriately consider the causes of inflation at that time.³⁷
55. It is entirely self-evident that wage prices form a significant component of business costs and factor through into the development of expectations on inflation and other pressures.
56. This position is one accepted by former Fair Work Commission President Iain Ross in his presentation to the RBA conference in 2023.³⁸ The large increases of nominal wages without any commensurate increase in productivity can increase expectations of inflation, facilitating a "wage-price cycle".
57. In addition, large nominal increases to wages, can and do have the impact of potentially pricing out potential participants from the labour market whose utility is less than the hourly wage they are statutorily provided for.³⁹
58. CCIWA would contend that the way to ensure the living standards of the low paid are not eroded is to lower inflation from its current levels. Inflation is regressive, and higher than target inflation for longer will erode the benefit of large wage increases.

³⁷ WACOSS' Submission page 16-17.

³⁸ Iain Ross (2023), *Wage-Price Spiral: What is the Historical Evidence?*, Reserve Bank of Australia Research Conference, 5-6.

³⁹ Productivity Commission (2015) Workplace Relations Framework, Vol 1, page 185, 191.

WALGA's submission

59. WALGA's submission notes the constrained capacity of local governments to bear even greater costs in what is a high-cost operating environment. Consequently, local governments must weigh up any increase in costs with an increase in rates charged, or commensurate reduction in services.⁴⁰
60. This is reflective of the situation of many WA businesses, particularly SMEs, which are unable to bear the burden of higher costs and will be forced to pass these costs on to the customer in the form of higher prices for products and services, and/or a reduction in jobs and hours.
61. As such, the SWC outcome should not seek to disadvantage small business operators and local governments, through an unsustainable and substantial rise to the SMW and award rates of pay.

⁴⁰ WALGA submission, para 44-51.