



**Submission in Reply:  
Western Australian  
2016  
State Wage Case**



*Industrial Relations Act 1979*

In the Western Australian Industrial Relations Commission

Application No. 1 of 2016

**2016 STATE WAGE ORDER**

**On The Commission's Own Motion**

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**SUBMISSION IN REPLY**

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

Paul Moss  
Manager, Industrial Relations and Safety Policy  
180 Hay Street  
EAST PERTH WA 6004  
Tel: (08) 9365 7571  
Fax: (08) 9365 7550  
Email: [paul.moss@cciwa.com](mailto:paul.moss@cciwa.com)

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## 1. Background

- 1.1 The Chamber of Commerce and Industry (**CCI**) welcomes the opportunity to provide the following submissions in reply in relation to these proceedings.
- 1.2 CCI also reserves the right to provide further submissions in relation to any matters arising at the hearing of these proceedings, or otherwise.

## 2. Overview of position

- 2.1 CCI provides the following submissions in reply in relation to the submissions filed by the Minister of Commerce (**Minister**), UnionsWA, Western Australian Council of Social Service Inc (**WACOSS**), and Mr Williams in these proceedings.
- 2.2 In summary, CCI submits that:
  - a) it agrees with the Minister's acknowledgment that *"the current subdued operating environment and trends in the labour market in WA point to continuing pressure on employers in the state system"*.
  - b) it concurs with the Minister's and Treasury's observations about the state of the WA economy and the challenges facing WA businesses;
  - c) given the challenges facing the WA economy, an increase in line with inflation will maintain a high differential between the State Minimum Wage (**SMW**) and the National Minimum Wage (**NMW**), negatively impacting on employers and the employment opportunities for employees.
  - d) the increases sought by UnionsWA and WACOSS are exceedingly high and do not reflect the current circumstances facing the low paid or the economy. CCI is concerned that, if granted, these increases would result in reduced working hours and lost jobs for the low paid employees, as well as establishing a barrier to employment for young workers and the long term unemployed;
  - e) UnionsWA's and WACOSS's submissions fail to demonstrate why the increases sought are appropriate, or how the proposed increases would address the needs of those affected by the State Wage Case (**SWC**) decision. Consequently, there is no justification for the quantum being sought.

### 3. Minister's Submission

3.1 CCI provides the following submissions in reply in relation to the Minister's submission.

#### *The Minister's Position*

- 3.2 The Minister is seeking an increase to the SMW in line with the Department of Treasury's (Treasury) forecast growth in the Perth Consumer Price Index (CPI) for 2015-16.
- 3.3 The Treasury forecast for CPI in the 2015-16 period is 1.5 per cent, which would result in a \$10.20 per week increase in the SMW, and to the award rates of pay generally as a flat dollar increase.
- 3.4 The Minister states at paragraph 5 that *"economic conditions in WA have worsened over the past year, which has flowed through to a softer labour market. Leading indicators suggest that employment growth will remain subdued in the near term"*.
- 3.5 Further, the Minister acknowledges that there is a complex relationship between increases to the minimum wage and the level of employment, and there exist *"potential risks for employers from a significant wage rise at the current time"*.
- 3.6 CCI contends that the information provided by both Treasury and CCI suggest that there has been a substantial decline in the WA economy and we echo the Minister's sentiment regarding the need to be cautious in increasing the cost of wages for employers.
- 3.7 CCI submits that in light of the economic circumstances highlighted by both the Minister's and our own submissions, the most appropriate means of protecting employment opportunities and skills development in WA is through the maintenance of the SMW and corresponding award rates of pay at their current levels, rather than an increase in line with CPI.

#### *The Western Australian economy and labour market*

- 3.8 CCI welcomes the acknowledgement by the Minister in paragraph 4 that economic conditions have worsened in the last year and that this has softened the labour market.
- 3.9 Furthermore, CCI believes it is appropriate that the Minister acknowledges the changed operating conditions for WA businesses, which have experienced a *"total decline across all industries of 13.8 per cent"* in the Gross Operating Surplus plus Gross Mixed Income measure.
- 3.10 CCI is of the view that the information presented by the Minister highlights the changes nature of the WA economy and brings into question the need to maintain a SMW that is higher than the NMW.

#### *The capacity of employers to bear the costs of increased wages*

- 3.11 CCI welcomes the Minister's acknowledgment of the current position of WA businesses, particularly those in the industries identified as being award-reliant (accommodation and food services and retail trade).
- 3.12 The views of the Minister are in line with those of CCI, with the Minister acknowledging in paragraph 43 *"the current subdued operating environment and trends in the labour market in WA point to continuing pressure on employers in the state system"*.

3.13 We note the Minister's concern about the increased pressure faced by employers covered by the state system. In the interests of providing a balanced approach to minimum wages CCI questions whether a CPI increase to the SMW, that maintains a high differential to the NMW, is in the best interest of state system employers and employees. It is our view that the best means for addressing the pressure on employers in the state system is to move towards equalising the SMW with the NMW, which underpins the vast majority of WA private sector businesses.

#### **Promoting bargaining**

3.14 The Minister submits that a CPI based adjustment *should* protect the needs of the low paid while not impacting on the willingness of employers and employees to undertake bargaining.

3.15 CCI is of the view that a CPI based adjustment at this point in time will impact on the willingness of employers and employees to undertake bargaining.

3.16 The Minister submits that CPI is at 1.5. However, private sector wage growth in WA is currently sitting at 1.48 per cent and is on a clear downward trajectory. It is therefore likely that private sector wage growth will continue to fall below forecast inflation.

3.17 CCI submits that an increase based on forecast CPI will impact both on employer's preparedness to bargain when they have no more to offer employees, or have the negative impact of artificially inflating bargaining outcomes.

#### **Skills and development: trainees and apprentices**

3.18 CCI has considered the data provided in the Minister's submission on apprenticeships and traineeships in the context of the need to promote ongoing skills development.

3.19 The Minister has highlighted in paragraph 67 that the overall number of commencements in traineeships and apprenticeships decreased by 8.9 per cent over the year to December 2015.

3.20 Furthermore, the Minister states that there has also been a 3.6 per cent decrease in the numbers in training.

3.21 CCI supports the Minister's request that the Commission "*consider the potential impact of any minimum wage increase on the willingness of employers to engage staff in training arrangements*".

3.22 CCI is of the view that the Minister's submission regarding apprentices and trainees further supports CCI's submission to maintain award wages at their current rates, so as to not increase the barriers to employers offering these opportunities for skill development. We believe that an increase of CPI to the SMW will only further deter employers from providing training opportunities.

### *Industry/skill level list*

3.23 CCI does not object to the revised industry/skill level list proposed by the Minister.

### *State Awards which reference the National Training Wage Award*

3.24 CCI does not object with the Minister's claim that trainee wage rates within awards should be amended where they fall below the minimum traineeship rates for award free employees.

3.25 However, CCI believes that the proposal by the Minister to insert the following subclause may not be the best way to address inconsistencies in wage rates for trainees:

"except that where an award provides that pay rates in the National Training Wage Award apply, a trainee shall not be paid less than the rates in paragraph 6(b) that apply to a trainee to whom an award does not apply".

3.26 CCI is concerned that this paragraph in the State Wage Order may go unnoticed by many employers and employees. We therefore believe that the relevant clauses should be updated to insert the appropriate minimum rates of pay, or alternatively to direct the relevant party to the minimum wage order.

3.27 We believe that this approach would also address the current difficulty employers and employees may already face in ascertaining the traineeship rates of pay within these awards given its reference to an old federal award.

## 4. UnionsWA Submission

4.1 CCI makes the following submission in reply in relation to UnionsWA's submission.

### *Ambit of Claim*

- 4.2 UnionsWA is seeking a \$30 per week increase to the SMW for award rates of pay to C10 and a 3.9 per cent increase for award rates of pay in excess of the C10 grade. This equates to a 4.4 per cent increase to the SMW, which would see it increase from \$679.90 per week to \$709.90 per week.
- 4.3 UnionsWA's submission provides no basis as to how they arrived at this claim. CCI is concerned that an increase of this nature is unsustainable in the current economic environment and would have a significant negative impact upon those employees whom the claim seeks to benefit.
- 4.4 UnionsWA also seek to have the increase to take effect from the end of June 2016. CCI is uncertain as to what is being sought with respect to this aspect of the claim, given the operation of section 50A(5) of the *Industrial Relations Act 1979 (WA)* which provides that the State Wage Order should take effect on 1 July, with any increase to commence from the first pay period on or after that date.
- 4.5 UnionsWA also seeks the full increase to be applied to apprentices and juniors. CCI believes that such an approach would significantly disadvantage young workers who are already disadvantaged in the labour market. Furthermore, UnionsWA has not provided draft orders or otherwise identified how it seeks its proposed \$30 per week increase is to be applied to apprentice and junior rates of pay. Given the manner in which these rates are established within the awards it is unclear as to how a full increase could readily be applied.

### *Impact on Employment*

- 4.6 In supporting its claim that increases to the minimum wage have no adverse effect on employment, UnionsWA makes reference to a report by Doucouliagos and Stanley into the experiences of minimum wages in the United States of America.
- 4.7 Caution needs to be given when considering the transferability of international studies into the Australian context, particularly given that the United States of America:
- a) has a minimum wage substantially lower than Australia's national minimum wage (\$US7.24 v \$US15.17 respectively);<sup>1</sup> and
  - b) does not have an equivalent to our award system which establishes minimum rates of pay above the minimum wage, along with allowances and penalty rates.
- 4.8 The Productivity Commission has identified that there have been far fewer studies on the effect of minimum wage increases in the Australian context given the greater consistency between minimum rates of pay between jurisdictions. The exception to this being the period between 1994 and 2001 in which changes to the WA's State Minimum Wage (**SMW**) were out of step with the federal system. The Productivity Commission refers to research which studied the effects of this difference by comparing subsequent changes in the ratio of aggregate

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<sup>1</sup> OECD (2016) Comparison of minimum hourly rates of pay for 2015 (\$US).



employment to population in Western Australia to the changes in the ratio for the rest of the country, which concluded that:

*“this measure of employment in Western Australia fell after all but one increase, with the greatest effects on younger workers. Most annual effects were negative and statistically significant. Across the workforce as a whole, Leigh calculated an employment elasticity with respect to the minimum wage of 0.29 (which implies that a 10 per cent increase in the minimum wage would reduce employment by 3 per cent, other things equal). Leigh also considered how employment effects varied for different age cohorts and found that the effect was greatest for workers aged 15-24 (an elasticity of 1).”<sup>2</sup>*

- 4.9 The Productivity Commission in its report also expressed concern that increases to the minimum wages for low skilled workers would establish an incentive for businesses to reduce the employment of such workers, invest in labour displacing capital, make greater use of skilled workers or increase prices (warning that the latter may also have negative consequences).<sup>3</sup>
- 4.10 UnionsWA’s submission suggests that the Productivity Commission does not consider increases to the minimum wage to have an effect on employment. This is not the case, with the Productivity Commission identifying in its key points on minimum wages that:
- a) *“While not definitive, the Productivity Commission’s assessment is that modest increases in Australia’s minimum wage are unlikely to measurably affect employment, but that large increases in minimum wages would reduce employment. How, and at what rate, such effects manifest will vary depending on economic conditions and other policy settings.”;* and
  - b) *“The wage regulator should systematically consider the risks of variations in economic circumstances on employment and on the living standards of the low paid. To safeguard and expand job opportunities, it should moderate the growth in minimum wages whenever the employment outlook is weakening. In improved circumstances, minimum wages could rise at a faster pace.”<sup>4</sup>*
- 4.11 These findings do not support the quantum of the claim sought by UnionsWA.

#### ***Who is likely to be impacted by the State Wage Case?***

- 4.12 UnionsWA identifies in its submissions that employees affected by the SWC are likely to be aged between 15-24 years old and working in a part time capacity.
- 4.13 This accords with CCI’s submission at paragraph 8.26 that increases to state award rates of pay will largely apply to young workers in the retail and hospitality industry who are likely to be living at home whilst studying and not solely reliant on their income to support their household expenses.
- 4.14 CCI contends that it is appropriate for the Commission to consider the full range of households in which low paid work reside. It is appropriate that in considering the impact of minimum wage increases on improving the living standards for employees and providing a fair standard that the view of the Commission is not limited to the single stereotype offered by UnionsWA.

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<sup>2</sup> Productivity Commission (2015) [Workplace Relations Framework, Vol 1](#), page 191

<sup>3</sup> Productivity Commission, page 185

<sup>4</sup> Productivity Commission, page 177

- 4.15 In the context of employees in low income households, whilst increases to the minimum wage will have the greatest benefit, so too will the impact of any negative effects, such as loss of shifts, etc.
- 4.16 UnionsWA have made reference to the views expressed by Mr Dirou, Executive Officer of the WA No Interest Loan Network (**WA NILS**), in his 2015 witness statement regarding the perceived benefits of higher wages for young people living at home. CCI notes that the opinions expressed by Mr Dirou on this issue draws upon his own personal views as a parent of teenage children rather than the experience of WA NILS, which provides no interest loans to persons reliant on social security payments as their primary income. Consequently WA NILS does not have experience in relation to employees on the SMW or award rates of pay.
- 4.17 CCI is of the opinion that the majority of parents value the employment opportunities that their children are able to access whilst they are living at home and the role it plays in assisting them in transitioning into the employment market once they have finished their secondary or tertiary studies.
- 4.18 For many young workers, employment in the retail and hospitality sector is their first experience of paid employment, providing practical workplace skills and experiences to supplement their formal studies. The experience benefits these employees in their transition from study to full time employment in their chosen career.
- 4.19 A longitudinal study into the effect of part time and casual employment during secondary schooling demonstrated this point, concluding that:
- “Labour market outcomes were also positive for student-workers, with a clear relationship between part-time employment while at school and a lower incidence of unemployment in the post-school years. It seems undeniable that Australian school students who have part-time jobs gain a knowledge of the labour market and develop skills and contacts which provide them with some advantage in that labour market, at least in the early years after leaving school. It can be concluded that having a part-time job while at school is one of the ways in which a young person can achieve a smoother transition into later full-time employment”.*<sup>5</sup>
- 4.20 This study also identified that most *“students indicated that they worked not simply for financial reasons; they liked the independence their job gave them, they generally enjoyed the work, and believed that the experience of part-time work would help them obtain employment in later life”.*<sup>6</sup>
- 4.21 Consequently there are greater advantages to be derived by ensuring that young people have access to these opportunities, beyond the wage they receive for their work. CCI is concerned that a high increase to award wages, particularly a disproportionately high increase for juniors and apprentices, will limit these opportunities.

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<sup>5</sup> Robinson, L (1999) [\*The effects of part-time work on school students\*](#). Australian Council for Educational Research, page 35

<sup>6</sup> Robinson, L. page v

## Fair System of Wage

- 4.22 UnionsWA contends that the gap between the SMW and average earnings has fallen and that decreasing this gap is vital for maintaining a fair system of wages and conditions of employment.
- 4.23 UnionsWA does not identify how it has reached this conclusion, nor has it provided any evidence to support it.
- 4.24 In considering the relevant of the SMW against average earnings, regard needs to be had to the impact on award rates of pay. Unlike many overseas jurisdiction, our system of awards means that there are a multitude of different minimum rates of pay operating within the WA jurisdiction.
- 4.25 It is the view of CCI that of the industries which have been identified as having greater representation in the state system are likely to be underpinned by a common rule award. These awards generally provide for rates of pay significantly above the SMW or alternatively the SMW applies for a short transitional period, as shown in the table below:

**Table 1 – Relationship between Selected Award Rates of Pay and the SMW**

<i>Award</i>	<i>Classification</i>	<i>Current Rate (\$ per week)</i>	<i>Difference (\$ per week)</i>
Shop and Warehouse (Wholesale and Retail Establishments) Award	Shop Assistant	\$742.90	\$63.00
Restaurant Tearoom and Catering Workers Award	Introductory	\$679.95	\$-
	Level 1	\$697.55	\$17.65
	Level 2	\$724.05	\$44.15
Building Trades (Construction) Award	Group 4 Labourer <i>(includes industry and special allowance)</i>	\$746.20	\$66.30

- 4.26 The above table shows that the base rate for shop assistants and labourers is over \$60 per week higher than the SMW. In the case of hospitality workers, the introductory grade applies for a maximum of three months, with Level 2 setting the minimum rate for a general waitperson at \$44 higher than the SMW.
- 4.27 The award system also means that increases to the SMW are unlikely to have a significant impact on the minimum wage bite, given that it also increases the award rates of pay by an equal or greater amount. Consequently the award rates of pay will result in minimum wage decisions having a greater impact on average earnings, than an increase to the SMW alone would.
- 4.28 We therefore believe that this comparison is a poor indicator of the impact of SWC decisions on establishing a fair system of wages and conditions.
- 4.29 UnionsWA has also referred to the Professor's Whiteford's paper on family joblessness. In considering this paper it is important to note that his report focuses on the role of the tax transfer system in discouraging people from entering the labour market. He identifies that in Australia 70 per cent of poor children live in jobless households, which is the highest level of all OECD countries. In other countries a greater proportion of poor children live in families that work.

4.30 Consequently paid employment in Australia allows for families to improve their standard of living. The primary concern of Professor Whiteford is not the level of the minimum wage, but the role that the tax transfer system plays in encouraging people not to enter the labour market and remain reliant on welfare payments.<sup>7</sup>

#### ***Needs of the Low Paid, Fair Wage Standard & Improved Living Standards***

4.31 We submit that the CPI is the best measure of inflation and as previously identified by CCI, caution needs to be had in unpacking it.

4.32 What is clear is that CPI for Perth is at historically low levels, and that increases in some areas have been offset by others, with notable decreases to the cost of transport and accommodation.

4.33 CCI also cautions having regard to the impact of both the recent State and Federal budget as part of these proceedings. Importantly the Federal budget measures will largely be taken to the upcoming election in addition to the normal parliamentary process. Consequently, the measures of concern to UnionsWA are not a given.

4.34 It should also be noted that proposed increases to utility prices affect not only consumers but also businesses. CCI contends that increases to utility prices will have a greater impact on businesses given that they are the largest user of such services.

4.35 With respect to the availability of housing affordability, an increase in the vacancy rate and lower rental prices is making accommodation more affordable for low income earners. In the Anglicare report this can be seen in the increase in the proportion of affordable and appropriate properties for two income families on the minimum wage from 21 per cent to 39 per cent of properties in the Perth metropolitan area<sup>8</sup>. For award reliant employees who normally earn more than the minimum wage, this percentage will be higher.

4.36 UnionsWA also makes reference to rental prices in the North West. Karratha is often used as an example of a regional town facing high cost of living expenses as a result of increased employment during the recent boom, which also resulted in rapid growth in wages across most sectors. With the finalisation of many of the large projects in that region and the downturn in the resources industry, rental prices have fallen sharply. Karratha's average advertised weekly rental price has dropped for the 17th consecutive quarter, down from \$1,784 in the September 2011 quarter, to \$524 in December 2015.<sup>9</sup>

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<sup>7</sup> Whiteford, P. (2009) *Family Joblessness in Australia*, January 2009 pages 60-61

<sup>8</sup> Anglicare Australia (2016) [Rental Affordability Snapshot](#) page 95

<sup>9</sup> Pilbara Development Commission (December 2015) [Pilbara Residential Housing & Land Snapshot – Quarter Ending December 2015](#), page 4

## Graph 1 – Karratha Rental Prices

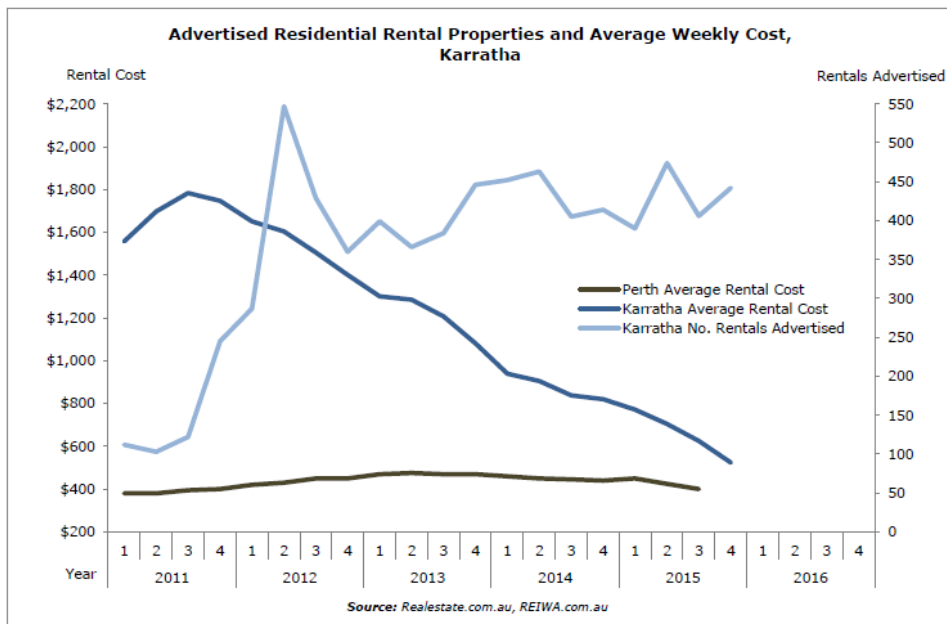


Figure 7

- 4.37 As can be seen in the above graph, in addition to a sharp decline in rental prices, the number of advertised vacancies has also increased, demonstrating a clear switch to a buyers' market.
- 4.38 A similar situation has also occurred in the case of South Hedland where the "average advertised rental price decreased by \$84 to \$476 per week, which is the lowest average advertised weekly rental price since the December 2006 quarter."<sup>10</sup>
- 4.39 In considering the issue of housing affordability, the Anglicare report identifies a number of reforms they have identified as important in addressing the issue<sup>11</sup>, including:
- a) tax reform
  - b) increasing housing stock that meets changing population needs;
  - c) growing the supply of social housing; and
  - d) increasing the Newstart and Youth Allowance
- 4.40 Notably Anglicare has not identified increasing the minimum wage, or award rates more generally, as a potential solution.

<sup>10</sup> Pilbara Development Commission (December 2015) [Pilbara Residential Housing & Land Snapshot – Quarter Ending December 2015](#), page 4

<sup>11</sup> Anglicare Australia (2016) [Rental Affordability Snapshot](#) page 17-19

### ***Employee unable to reach an Industrial Agreement***

- 4.41 UnionsWA has drawn heavily on research commissioned by the Fair Work Commission (**FWC**) on minimum wages and their impact on bargaining.
- 4.42 This report was commissioned for the purpose of the FWC's annual wage review.
- 4.43 Whilst there is significant similarity in the overall nature of the objectives underpinning the National Annual Wage Review and the SWC, there is a difference focus when considering its relationship to enterprise bargaining.
- 4.44 Section [134](#) of the *Fair Work Act 2009 (Cth)* (**FW Act**) establishes the modern award objectives, with s 134(1)(b) requiring the FWC to take into consideration the need to encourage collective bargaining.
- 4.45 This is significantly different from s50A(3)(a)(v) of the *Industrial Relations Act 1979 (WA)* (**IR Act**) which requires the Commission to consider the need to protect employees who are unable to reach agreement.
- 4.46 Consequently, the conclusions of this report are not relevant to the consideration of the Commission as part of the SWC.
- 4.47 Although, the conclusion that there is a positive correlation between wage increases in enterprise agreements and the Annual Wage Review increases reinforces CCI's concern regarding the flow on effect of minimum wage increases.
- 4.48 UnionsWA have also referred to the 2013 witness statement of Professor Barrett in which she identified that employer responses to increased wages, such as a reduction in hours, should not automatically be assumed to be bad for employees, as employees may choose to take advantage of the higher hourly rate of pay to work fewer hours. Such an approach only works where the net monetary value in the reduction in hours is equal to the net increase in wages. Such an outcome is unlikely given that the cost to employers of an increase in wages, taking into account superannuation and other on-costs, is greater than the amount received by employees, when discounted for taxation. Consequently, hours of work are likely to be affected to a greater extent than the benefit derived from an increased rate of pay.
- 4.49 Both UnionsWA and WACOSS assert that low paid workers are more vulnerable to fluctuations in wages and hours of work than higher paid employees. In the current environment CCI believes that a high increase to award rates of pay is likely to make their employment more vulnerable.

### ***Encouraging Skill Development***

- 4.50 As identified in the Ministers submission, there has been a significant decline in the number of apprenticeships and traineeships being entered into.
- 4.51 CCI believes that this decline is a reflection of the current economic environment and trends toward lower employment growth and declining full time employment. The decline is not as a result of workers not being willing to undertake an apprenticeship or traineeship due to the lower rates of pay.

4.52 UnionsWA comments at paragraph 8.11 of its submissions support this conclusion, identifying that “workers who are desperate to find employment may well be taking ‘any port in a storm’” with respect to the finding of its survey that some employees are working in jobs where they are underpaid.

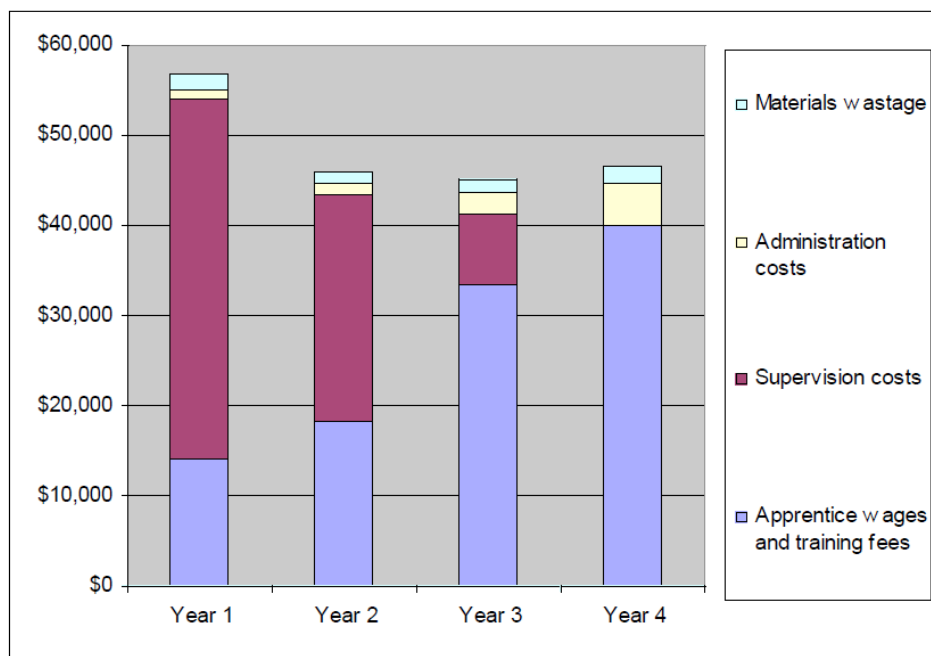
4.53 UnionsWA also re-raises the comments made by the National Council for Vocational and Educational Research (NCVER) that the main cost to an employer in engaging an apprentice is not the wages paid to the apprentice, but the supervision which is required. From this UnionsWA appears to be asserting that an increase to apprentice wages would have little effect on the cost of employing an apprentice.

4.54 This argument fails to consider that:

- a) wages are still a significant part of the cost of employing an apprentice, and this increases as a proportion of total costs as the apprenticeship progresses;
- b) apprentices are frequently supervised by award based employees (e.g. tradespersons) whose wages with either be directly or indirectly impacted upon by the SWC, thus increasing the cost of supervision.

4.55 The NCVER report demonstrates the impact of wages on the total cost of employing an apprentice, as shown in the following graph.<sup>12</sup> It highlights that in the first two years, whilst supervision is the major cost wages remain a substantial proportion of the overall cost. This shifts in year three and four of the apprenticeship, in which wages become the major expense.

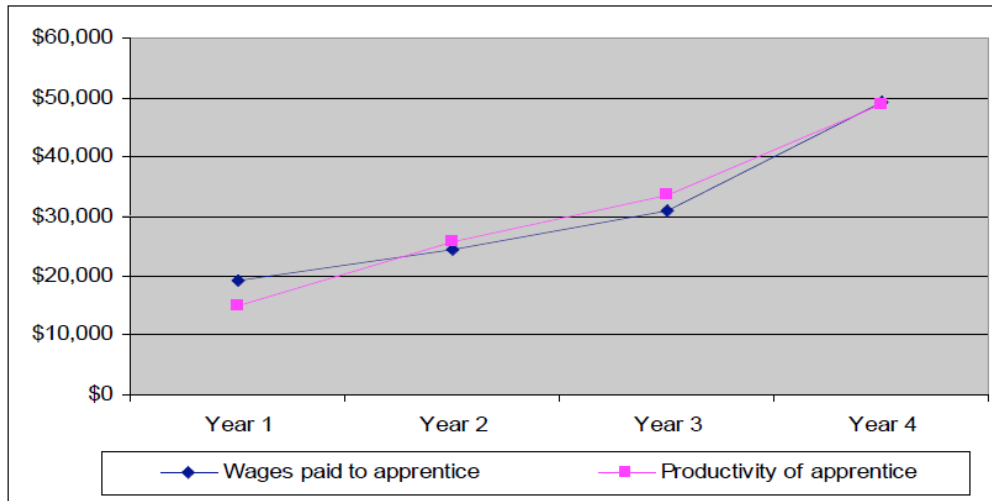
**Graph 2 – Pattern of employers’ typical costs associated with directly hiring an apprentice over four years**



<sup>12</sup> National Centre for Vocational Education Research, (2009) [The cost of training apprentices](#) page 3

- 4.56 In considering apprentice productivity the NCVER report identifies that, *“It appears that the wage structure of apprenticeships is an accurate reflection of their productivity, as wages match productivity almost exactly. Therefore, the major issue of cost to employers’ lies in the other costs, of which supervision and administration are the major.”*<sup>13</sup>
- 4.57 This is highlighted in the following graph that shows a close correlation between the productivity of apprentices and the wages paid to them. Consequently, when ancillary expenses are incorporated it is evident that apprentices are a cost to the employer, particularly at the early stages of their apprenticeship.

**Graph 3 – Electrical Apprentice: Wage versus Productivity**<sup>14</sup>



- 4.58 At the beginning of the NCVER report it states that, *“The authors argue that the high cost of apprenticeships will constrain the numbers of employers willing to take on apprentices, especially in a downturn.”*<sup>15</sup>
- 4.59 Consequently CCI submits that the NCVER report demonstrates the need for caution in increasing the costs of engaging an apprentice, particularly in the current market.
- 4.60 UnionsWA’s submission also identifies increases in course fees as a barrier apprenticeships and traineeships. It is important to note that many apprentices are entitled to concessions on these rates. Furthermore, apprentices in a number of industries have the ability to recoup the cost of training fees from their employer through relevant award provisions<sup>16</sup> or are assisted by industry training funds.<sup>17</sup>

<sup>13</sup> National Centre for Vocational Education Research, *page 17*

<sup>14</sup> National Centre for Vocational Education Research, *page 17*

<sup>15</sup> National Centre for Vocational Education Research, *page 3*

<sup>16</sup> For example, clause 2.2 of the *Metal Trades (General) Award*.

<sup>17</sup> For example the Construction Training Fund. <https://bcitf.org/>



### ***Equal Remuneration***

- 4.61 Like UnionsWA, CCI is concerned about the extent of the gender pay gap in WA. However we do not believe that increases to the minimum wage will address the issue.
- 4.62 The fluctuation in the gap over recent years strongly indicates that there is no correlation between increases to the SMW and changes to the gender pay gap.
- 4.63 The Commission has previously recognised that the reasons for the gender pay gap in WA are complex and as such its solution is not simple.
- 4.64 One of the reasons cited for the gap has been the growth in wages in the male dominated construction and resources sector arising out of the recent resources driven construction boom. UnionsWA contends that this factor as a contributor to the gender pay gap should be discounted given that the gender pay gap only fell by 0.9 per cent from November 2014 to November 2015.
- 4.65 Firstly, CCI notes that an almost 1 per cent decline in the gender pay gap is not an insignificant improvement. Secondly, there is also a lag in the impact of economic changes on wages growth, with many enterprise agreements locking away pay increases for up to four years. Consequently wages rates are not able to be adjusted as quickly as the market changes.
- 4.66 UnionsWA also points to the lowest gender pay gap on base salaries within male dominated industries as casting doubt on the impact of high wages in construction and resources industries on the gender pay gap. This conclusion is flawed. The close correlation between male and female wages in these industries is a positive outcome. Because the number of female employees in these industries is still relatively small, the overall effect on the gender pay gap will be marginal. However, in increasing the gender balance within these industries there is likely to be a marked increase in the level of pay equity.
- 4.67 Programmes aimed at increasing female participation in trade based occupations, such as TradeUp Australia<sup>18</sup> and the scholarships offered by the WA Department of Training and Development for female apprentices<sup>19</sup> are examples of practical attempts to address the gender pay gap.

### ***State of the Economy***

- 4.68 In considering the State of the economy UnionsWA contends that a substantial increase in the minimum wage will help stimulate the economy through the injection of additional money.
- 4.69 In essence, it is proposed that the WA economic downturn could be reversed through the increased spending of the estimated 2.2 per cent of the WA workforce directly affected by increases to the State award rates of pay.

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<sup>18</sup> <https://tradeupaustralia.com.au/>

<sup>19</sup> <http://www.dtwd.wa.gov.au/dtwcorporateinfo/policiesandguidelines/Pages/Expanding-career-options-for-women.aspx>

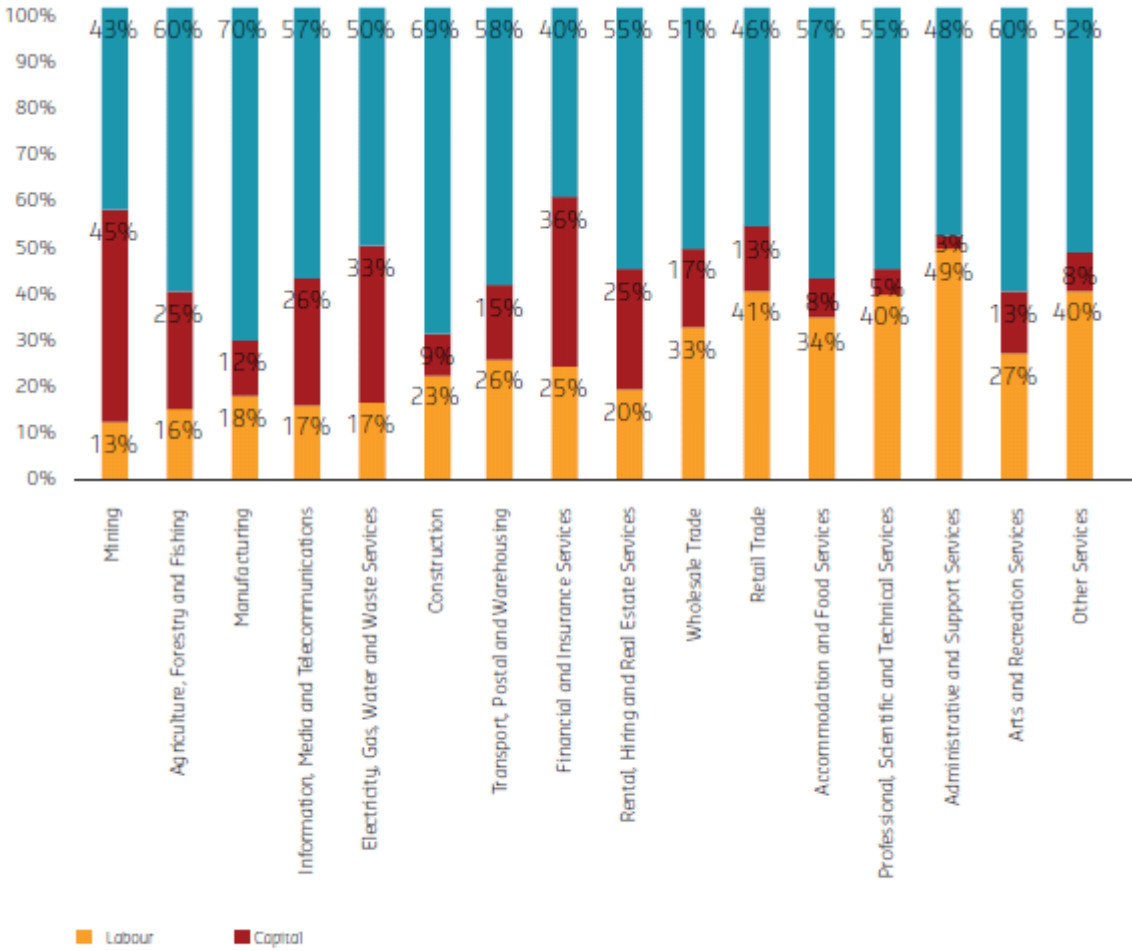
- 4.70 It is difficult to understand how the WA economy would benefit from this approach given that:
- a) the small number affected by the SWC decision is insufficient to make a noticeable impact on overall consumer spending;
  - b) a \$30 increase to award wages will cost employers at least \$32.85 per week (including superannuation contributions), yet the employees will only receive an additional \$24.30 per week when taking into account taxation;
  - c) the industries who are the intended beneficiaries of the increased spending are the ones paying the additional remuneration. As retail and hospitality are the dominant industries affected by this decision there would be limited additional spending being generated from employees in other industries to offset the increased costs;
  - d) employees are more likely to use the money to pay off debt rather than increase their spending; and
  - e) reduced consumer spending means that retail and hospitality employers are less able to pass the increased cost of employment onto consumers.
- 4.71 Consequently this approach will inflict a greater cost burden on employers covered by the State system, with limited opportunity for gain. This will apply further pressure on these businesses to reduce costs. Given that for most retail and service based industries wages represent their most significant cost, and the one which is most easily controlled, the result will be a reduction in the working hours available to employees, or a reduction in staff.
- 4.72 The impact of the changing nature of the economy on particular industries cannot be quantified by relying upon a single statistic, as UnionsWA seeks to do in its reference to the number of employing businesses with between 1-19 employees in operation. Although notably even this statistic shows a fall in the number of retail businesses.
- 4.73 The fall in bankruptcy rates also indicates that the WA economy is not performing as well as the national economy, with the decline in the number of bankruptcies in WA being significantly lower than the national average.

#### *Capacity for Employers to Bear Cost of Increased Wages*

- 4.74 UnionsWA contends that as a result of the federal budget, small business will enjoy a number of tax benefits that will lower costs that will allow for increased wages. In the case of unincorporated small businesses, being the group covered by the State industrial relation system, the proposed tax cut is from five to eight per cent, and will continue to be capped at \$1000.
- 4.75 As noted previously, the Federal budget initiatives are only proposed at this stage, and cannot be counted upon. UnionsWA's claim of a \$30 per week increase in award rates of pay equates to \$1,560 per annum for a single full time employee. It is therefore difficult to understand how UnionsWA's claim can be absorbed into the Government's proposed small business tax relief package.
- 4.76 UnionsWA also refers to the Bankwest Curtin Economics Centre (**BCEC**) report on the costs of doing business in WA, and a decline in labour costs as a proportion of revenue within certain industries. The assumption that these figures support a substantial increase in award wages is flawed. It fails to take into consideration the reason for such variations, including the potential for employers to reduce the number of employees engaged, or the hours worked, whilst maintaining the same output. It is also important to note that revenue does not equate to profit.

4.77 The BCEC report also identifies that labour costs run at an average of around 28% of total costs for all businesses in Australia, but vary widely across industry, from 14% for mining to 50% in administrative and support services. It also identifies that “wage increases can place considerable pressure on business, especially small to medium enterprises that are less able to absorb price increases”<sup>20</sup>, as shown in the graph below.

**Graph 4 – Cost shares of labour, capital and intermediate inputs by industry<sup>21</sup>**



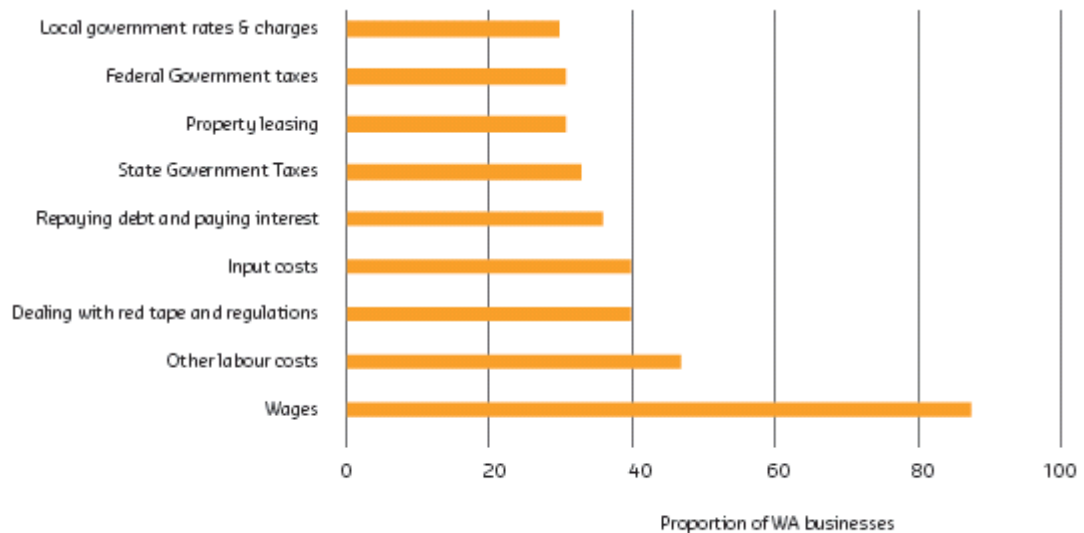
Source: BANKWEST CURTIN ECONOMICS CENTRE | ABS Cat no.5260.0.55.002 Estimates of Industry Multifactor Productivity, Australia.

<sup>20</sup> Bankwest Curtin Economics Centre (2015) [The cost of doing business in WA: pressures and barriers to industry performance](#), pages viii and 91.

<sup>21</sup> Bankwest Curtin Economics Centre, page 16

4.78 The above clearly shows that cost of labour is a significantly high component of total costs for employers in the retail (41 per cent) and hospitality (34 per cent) industries. BCEC also identifies that nine in ten “businesses report labour costs as the key driver of cost pressures.”<sup>22</sup>, as shown in the graph below:

**Graph 5 - Reported key drivers of cost pressures for WA businesses in 2011<sup>23</sup>**



Source: Western Australia Chamber of Commerce and Industry, The cost of doing business, CCI Advocacy, August 2011.

4.79 This report also clearly identifies labour costs as a matter of concern for businesses and not, as UnionsWA suggests, a matter of limited concern. We would also note that ironically UnionsWA has chosen to rely upon a report which, as seen in the above graph, in turn relies upon a CCI survey on the experiences of WA businesses.

4.80 With respect to UnionsWA comments regarding reliance on CCI’s consumer confidence and business expectation surveys, we contend that the information provided by these reports provide additional information about the effect of the changing economic circumstances, and as such frequently supports the ABS statistics.

4.81 Finally we note that UnionsWA claim that there is no reason to assume that employers are unable to increase award wages by up to 4.4 per cent ignores the ABS statistics on the state of the WA economy, in which both employers and employees are faced with low levels of wage growth, high unemployment, low vacancy rates and a decline in full time employment.

**Percentage v Flat Increase**

4.82 In its submissions UnionsWA is seeking a percentage increase for classifications above the C10 equivalent, for the stated purpose of maintaining wage relativities.

<sup>22</sup> Bankwest Curtin Economics Centre (2015), page viii

<sup>23</sup> Bankwest Curtin Economics Centre (2015), pages 18

4.83 We submit that, should an increase be granted, a flat dollar increase provides a proportionately higher benefit to the low paid. Comparatively, a percentage increase provides greater monetary benefits to those employees on higher award classifications and also applies greater pressure on employers who, given the current economic environment, are focused on the need to reduce costs.

### Survey

4.84 In support of its claim, UnionsWA seeks to rely upon a survey of the experience of employees.

4.85 We note that UnionsWA has identified a number of methodological qualifications which limit the reliability of the information obtained from the survey.

4.86 CCI is also concerned that:

- a) in a number of cases the survey respondents appear to be commenting on the circumstances of others. Unions WA identifies that 49 per cent of respondents are *“family members or a friend of someone in a low-paid job.”* At best, such responses are no more than hearsay and may well be distorted by the respondents own views and experiences. Such as the response of Alan, who identifies that from his perspective of earning between \$200,000 and \$250,000 per annum a friend who is a care giver does not earn much;
- b) the information provided by the survey is limited to two questions of note, the impact of pay on work and life, along with general comments on the impact of low wages. Little comparative information can be extracted from the result of either of these questions;
- c) only eleven of these general comments have been selected from the 125 respondents who formed part of the study. The exclusion of the vast majority of quotes is a significant omission in the reliability of the survey, given that its primary purpose is aimed at eliciting this information. Whilst it is reasonable to assume that some respondents may not have completed this question, it is clear that they have been edited to exclude those comments which do not support UnionsWA position. To have any credibility, all comments should have been included in these submissions;
- d) the question on the impact of pay on work and life is a leading question, providing the respondents with a narrow range of options which are almost uniformly negative. UnionsWA has clearly guided the outcome of this question, and CCI suspects that had employees earning more than \$40 per hour had been included, they too would have indicated the negative impact of their pay on work and life;
- e) the large wage bands provide limited opportunity for comparison. The main band of \$17 to \$40 per hour equates to an annual salary range of between \$33,592 and \$79,000 per annum.

4.87 Contrary to the claim made by UnionsWA this survey appears to lack any credibility or reliability.

4.88 UnionsWA has also raised concern that the feedback from the survey suggests that some employees are being underpaid. To the extent that this is the case it is unclear as to how a significant increase in the minimum wage is likely to address this issue.

4.89 CCI does not believe that increases to the minimum wage will promote increased compliance. If the underpayment is through lack of knowledge, the limited publicity surrounding the SWC is unlikely to result in renewed awareness, and clearly it will have no effect if the breach is deliberate. Practical actions around education and compliance are the approaches which are most effective in addressing this issue.

## 5. WACOSS Submission

- 5.1 CCI makes the following submission in reply in relation to the Western Australian Council of Social Service's (**WACOSS**) submission.

### *Claim*

- 5.2 WACOSS is seeking a \$30 per week increase to the SMW, and presumably to award rates of pay generally. It is also seeking that the full increase be applied to junior employees, apprentices and trainees.
- 5.3 The claim is similar to that proposed by UnionsWA and, for the reasons identified earlier in these submissions, CCI believes that the proposed increase would have a significant detrimental impact upon both employers and employees. In particular, it jeopardises the employment of the young low paid workers that WACOSS is seeking to protect.

### *Income Inequality*

- 5.4 WACOSS raises concerns that the gap between average weekly earnings and the SMW is growing, and that this will impact upon WA's economic recovery.
- 5.5 The sole support for this claim is through reference to an International Monetary Fund (**IMF**) report which has concluded that redistribution transfers may have a positive implication on economic growth. Notably, the report's authors also added a cautionary note with respect to their findings, stating that *"we need to be mindful about over-interpreting these results, especially for policy purposes. It is hard to go from these sorts of correlations to firm statements about causality."*<sup>24</sup>
- 5.6 In considering the relevance of this report it is important to note that its findings do not specifically address minimum wages, but is rather focussed on the broader notion of wealth distribution. The report therefore needs to be considered against the role of the IMF in providing support to countries facing economic uncertainty which may not have the developed social welfare, public education and health system that is in place within Australia.
- 5.7 CCI also notes that many of the statements made by WACOSS with respect to income inequality are unsupported and as such little weight should be given to the views expressed. In particular we reiterate our comments at 4.68 and 4.71 of this submission in relation to the impact of increased minimum wages in stimulating economic growth through spending,

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<sup>24</sup> Ostry, JD, Berg, A & Tsangarides, CG (2014) [Redistribution, Inequality, and Growth, International Monetary Fund Staff Discussion Note](#), page 26

## Cost of Living

- 5.8 WACOSS raises a number of issues relating to increased cost of living pressures affecting low income households, including rental, transportation, and utility costs.
- 5.9 In previous years WACOSS have referred to their annual *Cost of Living Report*, which is noticeably absent from this year's submission.
- 5.10 Whilst CCI has previously expressed concern regarding on the reliance of hypothetical examples, the *2015 Cost of Living Report*<sup>25</sup> shows that the financial position of each of its hypothetical families has improved, through a combination of increased income and lower living costs. In the case of:
- the single parent family their income increased by 1.35 per cent between 2013/14 and 2014/15 from \$931.38 to \$944.12 per week. Over the same period weekly expenditure decreased by 2.95 per cent from \$966.64 to \$938.17 per week;
  - the unemployed single's income increased by 2.45 per cent between 2013/14 and 2014/15 from \$297.36 to \$304.65 per week. Over the same period weekly expenditure decreased by 1.26 per cent from \$358.00 to \$353.49 per week; and
  - the working family's income increased by 3.35 per cent between 2013/14 and 2014/15 from \$1,352.25 to \$1,397.49 per week. Over the same period weekly expenditure decreased by 1.58 per cent from \$1,342.62 to \$1,321.44 per week. This resulted in the difference between their income and expenditure increasing from \$9.63 per week to \$76.05 per week (see tables below).

**Table 2 – WACOSS Hypothetical Working Family**<sup>26</sup>

Working family - WEEKLY INCOME					
	2012/13	2013/14	2014/15	% increase 2013/14 to 2014/15	\$ increase 2013/14 to 2014/15
Combined wages (gross)	\$1,152.04	\$1,185.58	\$1,221.94	3.07%	\$36.36
Regular government benefits	\$226.93	\$232.12	\$254.10	9.47%	\$21.98
Government supplements (one off payments, converted to weekly figures)	\$58.26	\$58.26	\$58.91	1.12%	\$0.65
Tax paid	-\$115.10	-\$123.71	-\$137.47	-11.12%	-13.76
<b>Total household income/week</b>	<b>\$1,322.13</b>	<b>\$1,352.25</b>	<b>\$1,397.49</b>	<b>3.35%</b>	<b>\$45.24</b>
Increase on previous year	\$35.55	\$30.12	\$45.24		
% increase on previous year	2.8%	2.3%	3.35%		

<sup>25</sup> WACOSS (2015) [2015 Cost of Living Report](#) Pages 7-12

<sup>26</sup> WACOSS (2015) [2015 Cost of Living Report](#) Pages 9-10

Working family - WEEKLY EXPENDITURE					
	2012/13	2013/14	2014/15	% increase 2013/14 to 2014/15	\$ increase 2013/14 to 2014/15
Rent	\$388.88	\$397.38	\$376.13	-5.35%	-\$21.25
Food and beverages	\$305.14	\$312.82	\$316.59	1.21%	\$3.77
Utilities	\$52.25	\$53.33	\$53.88	1.03%	\$0.55
Transport	\$95.17	\$97.79	\$87.46	-10.56%	-\$10.33
Other household and living costs	\$467.80	\$481.30	\$487.39	1.27%	\$6.09
<b>Total household expenditure/week</b>	<b>\$1,309.23</b>	<b>\$1,342.62</b>	<b>\$1,321.44</b>	<b>-1.58%</b>	<b>-\$21.18</b>
Increase on previous year	\$50.54	\$33.39	-\$21.18		
% increase on previous year	4.0%	2.6%	-1.58%		

Working family - WEEKLY DIFFERENCE			
	2012/13	2013/14	2014/15
Total weekly income	\$1,322.13	\$1,352.25	\$1,397.49
Total expenditure	\$1,309.23	\$1,342.62	\$1,321.44
<b>Difference</b>	<b>\$12.90</b>	<b>\$9.63</b>	<b>\$76.05</b>

- 5.11 The above tables show that the income growth was derived from a 3.07 per cent increase in wages along with a 9.47 per cent increase in regular employment benefits. Looking at expenses, the relatively modest increases in food and beverages, utilities and other household expenses were more than offset by the significant reduction in rent and transport.
- 5.12 It should be noted that this data is based on the 2014/15 financial year. However, as shown in paragraphs 8.6 to 8.9 of CCI's submission, the cost of transport and rent has substantially declined over the last 12 months, suggesting that the position of these hypothetical families has further improved.
- 5.13 As such we do not believe that WACOSS's statement that *"it has been many years since a minimum wage decision has delivered demonstrable improvement to living standards for low-wage employees"*<sup>27</sup> has merit.
- 5.14 The aforementioned hypothetical examples demonstrate that increases to minimum wage, along with the tax transfer system, have delivered a marked improvement on living standards.
- 5.15 As WACOSS notes, average rental prices have fallen and the availability of rental properties has increased. This demonstrate a significant change in the Perth rental market which is likely to further improve the affordability and availability of properties.

<sup>27</sup> WACOSS, 2016 State Wage Case Submission, Page 5



- 5.16 The benefit of declining rental prices is not limited solely to those who are changing properties. Either at the conclusion of a fixed term tenancy, or at any time during a periodic tenancy, it is open for the parties to renegotiate a new rental price. This provides existing tenants with the opportunity to negotiate a lower rental price, with the current property market providing them with a strong bargaining position.<sup>28</sup>
- 5.17 We also have concern with respect to WACOSS's assumption that low income households are likely to live outer suburban locations and as such have less accessible public transport and need to travel further to work. These assumptions are not supported by evidence and ignores that:
- a) not all low cost properties are in outer metropolitan locations, with a range of affordable suburbs relatively close to the Perth CBD;
  - b) the extent of Perth's train system means that a large number of outer metropolitan suburbs are close to rail services; and
  - c) many jobs, particularly in the retail and hospitality industry, are located throughout the metropolitan area, meaning that many employees are able to obtain work close to where they live.
- 5.18 CCI also notes that overall the cost of transportation in Perth, as measured by the Consumer Price Index, has fallen by 0.6 per cent in March year on year.<sup>29</sup>

#### ***Workers in the WA community sector***

- 5.19 WACOSS submits that a \$30 per week increase in the award rates of pay is necessary for providing appropriate set of wage rates for community sector employees.
- 5.20 Whilst CCI recognises the value of the service that the employers and employees within this sector provide to community, we do not believe that the SWC proceedings establish an appropriate mechanism for creating a paid rates award based on market rates.
- 5.21 This approach would be contrary to the objectives of the SWC in establishing minimum entitlements.
- 5.22 CCI is of the view that the concerns raised by WACOSS in respect to the community services industry can be best addressed through enterprise bargaining and other strategies that would allow employers within this industry to pay above award rates of pay.

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<sup>28</sup> There is significant number of articles and online sites which provide advice to renters seeking to negotiate lower rental prices, such as: [Tenants laughing as Perth rentals take big hit](#), [Perth renters should ask landlords to lower rent, say experts](#), [Perth Tenants on top in sluggish rental market](#)

<sup>29</sup> Australian Bureau of Statistics. (Mar 2016) [Consumer Price Index, Australia](#), Cat # 6401.0.

## *Women*

- 5.23 For the reasons stated in our reply to UnionsWA's submissions at paragraphs 4.61 to 4.67, CCI does not believe that increases to the minimum wage have been effective in addressing the gender pay gap.
- 5.24 WACOSS have identified that the cost of childcare is a reason why some women are not in the labour force.
- 5.25 The issue of access to child care is a significant one for promoting increased workforce participation, and an issue not easily resolved.
- 5.26 However, CCI does not believe that increased to the award rates of pay is likely to make childcare more affordable, given that the childcare industry is also an award-reliant industry. Increases to award rates of pay will inevitably flow on to the childcare industry, which is likely to result in higher childcare fees.

## *Young People*

- 5.27 WACOSS claim that the establishment of junior rates of pay are an anachronism and that the key determinacies of the wage of an employee under 21 years of age should be competence rather than age.
- 5.28 Notably, WACOSS does not propose a competence based wage system as an alternative to the current junior rates.
- 5.29 The cornerstone of WACOSS's argument is that a 2004 study into the changes made by the New Zealand Government in 2001 which significantly increased junior rates of pay, with the report identifying there was no significant impact on youth employment.
- 5.30 Caution needs to be given when considering the transferability of overseas experiences to either the WA or Australian context, given the significant differences in the regulation of employment. Notably in 1991 significant changes were made to New Zealand's industrial relations system which included the abolition of their system of national awards.
- 5.31 This is an important consideration in assessing the transferability of these findings to the Australian context, in which the cost of employing a junior employee is greater than the minimum wage when consideration is given to classification structures, allowances and penalty rates.

5.32 Furthermore, the authors of the study identified two key assumptions.<sup>30</sup> First, it was assumed that there were no spillover effects on adult workers, such as:

- a) employers employing more experienced and productive older workers in preference to youth workers; or
- b) a minimum wage increase for youth workers causing the wages for young adult workers to increase.

It is entirely foreseeable that such effects may have occurred as a result of the change.

5.33 The second assumption was that any secular trends in the labour market outcomes for 16-25 year-olds are common across these ages. This assumption requires that there are no differential age-specific trends, such as the demand for teenager workers depending more on overall economic conditions than demand for young adults. Once again it is foreseeable that labour market conditions would affect younger less experienced workers.

5.34 A further concern raised by the authors was an *“increase in either real or apparent non-compliance”* with the minimum wage with a *“significant increase in the fraction of teenage workers reporting sub-minimum wages.”*<sup>31</sup> Whilst non-compliance cannot be justified, increases in these practices will inevitably have an impact on the study’s findings.

5.35 Even putting aside these limitations, the findings of the study were not overwhelmingly positive, with the authors finding *“some evidence of a decline in educational enrolment, and an increase in unemployment and inactivity.”* This also raises concern that significant increases to junior rates may also have the effect of encouraging young people to look toward paid employment as an alternative to further education, thereby discouraging skill development.

### ***Insecure Work***

5.36 WACOSS submits that there has been growth in flexible work arrangements with greater uncertainty in working hours, conditions and take home pay. They also argue that the end of the resources boom has seen a significant rate of underemployment which has detrimental consequences for welfare dependence.

5.37 We would note that WACOSS has provided no evidence to support these claims, although there are signs of underemployment, with a decline in the number of full time jobs.

5.38 CCI believes that a substantial increase in the minimum wage would have a negative impact on the hours of work available to employees. As identified in paragraph 5.3 of our submission, research undertaken by the FWC identifies that in managing changes to labour costs, 72.7 per cent of award reliant retailers and 85.1 per cent of award reliant hospitality employers would implement strategies to manage or reduce the wages bill.<sup>32</sup>

5.39 It is therefore unclear as to how a significant increase in the minimum wage will assist those employees who are working fewer hours than they prefer, or consider their employment to be insecure.

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<sup>30</sup> Hyslop, D. & Stillman, S. (2004) [Youth Minimum Wage Reform and the Labour Market, New Zealand Treasury Working Paper 04/03](#), page 7.

<sup>31</sup> Hyslop & Stillman, page 16.

<sup>32</sup> Fair Work Commission, (2016) [Industry Profile – Retail trade](#), pp58-59 and Fair Work Commission (2016) [Industry Profile – Accommodation and food services](#), pp 47-48.

5.40 WACOSS have also referred to a report by the United Kingdom's (**UK**) Low Paid Commission which identifies that there appears to have been little effect on employment from increases in their minimum wage. As noted previously, careful consideration needs to be given to the transferability of international studies. Notably the UK does not have an underpinning award system and their minimum wage is substantially lower than Australia's national minimum wage (\$US10.77 v \$US15.17 respectively).<sup>33</sup> The report also identifies that the UK minimum wage has not kept pace with inflation since 2007, consequently the real value of their minimum wage is declining.<sup>34</sup>

5.41 These factors will inevitably affect the impact of minimum wage increases. The UK Low Paid Commission also note that they closely monitor the bite of their minimum wage, that is the minimum wage as a proportion of median earnings, because:

*"a high or growing bite means that employers are more likely to be affected by the NMW [national minimum wage]. It may indicate an increased risk that the minimum wage will reduce demand for labour – that it will cost jobs – because of wage bill impacts on employers."<sup>35</sup>*

Therefore, despite the comment quoted by WACOSS, it is clear that the UK Low Paid Commission is concerned about the effect wage increases may have on employment.

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<sup>33</sup> OECD (2016) Comparison of minimum hourly rates of pay for 2015 (\$US).

<sup>34</sup> Low Pay Commission (2014) [The Future Path of the National Minimum Wage](#), page 9

<sup>35</sup> Low Pay Commission (2014) [The Future Path of the National Minimum Wage](#), page 10

## 6. Submission of Mr George Williams

- 6.1 In response to the submission of Mr George Williams, CCI notes the sound decision made by his grandson (Jack) to invest in his future by undertaking an apprenticeship.
- 6.2 As Mr Williams has correctly identified, the difference in Jack's rate of pay as a first year apprentice was substantially lower than his presumably casual rate of pay at Hungry Jack's.
- 6.3 However, by undertaking an apprenticeship Jack can expect to earn significantly more than he would have had he remained in his earlier position. According to a recent salary survey, the national median wage for a plumber in Australia is \$27.53 per hour, with some plumbers earning up to \$40.15 per hour.<sup>36</sup>
- 6.4 In comparison, the *Restaurant, Tearoom and Catering Workers Award* currently establishes a minimum rate of pay of \$19.05 per hour for a level 2 unskilled adult employee.
- 6.5 Whilst in the short term, Jack may have received less remuneration working as an apprentice, by investing in his education and training he can earn a significantly higher wage in the future by making some short term sacrifices.

**Submitted on behalf of the  
Chamber of Commerce and Industry of WA**



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**Paul Moss  
Manager – Industrial Relations and Safety Policy**

**17 May 2016**

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<sup>36</sup> [http://www.payscale.com/research/AU/Job=Plumber/Hourly\\_Rate](http://www.payscale.com/research/AU/Job=Plumber/Hourly_Rate)