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Submission of UnionsWA on the 2018 state wage order

Appl No. 1 of 2018 ON THE COMMISSION'S OWN MOTION

Western Australian Industrial Relations Commission

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1. Introduction

- 1.1. UnionsWA is the governing peak body of the trade union movement in Western Australia, and the Western Australian Branch of the Australian Council of Trade Unions (ACTU). It represents 30 affiliated unions, who in turn represent approximately 140,000 Western Australian workers.
- 1.2. Section 50A(3) of the Industrial Relations Act 1979 (WA) (IR Act) states that in making an annual State Wage order the Western Australian Industrial Relations Commission (Commission) shall take into consideration, amongst other things,
 - (a) *the need to:*
 - (i) *ensure that Western Australians have a system of fair wages and conditions of employment; and*
 - (ii) *meet the needs of the low paid; and*
 - (iii) *provide fair wage standards in the context of living standards generally prevailing in the community; and*
 - (iv) *contribute to improved living standards for employees; and*
 - (v) *protect employees who may be unable to reach an industrial agreement; and*
 - (vi) *encourage ongoing skills development; and*
 - (vii) *provide equal remuneration for men and women for work of equal or comparable value;*
 - (b) *the state of the economy of Western Australia and the likely effect of its decision on that economy and, in particular, on the level of employment, inflation and productivity in Western Australia;*
 - (c) *to the extent that it is relevant, the state of the national economy;*
 - (d) *to the extent that it is relevant, the capacity of employers as a whole to bear the costs of increased wages, salaries, allowances and other remuneration;*
 - (e) *for the purposes of subsection (1)(b) and (c), the need to ensure that the Western Australian award framework represents a system of fair wages and conditions of employment;*
 - (f) *relevant decisions of other industrial courts and tribunals; and*
 - (g) *any other matters the Commission considers relevant.*

2. UnionsWA position on increasing Award and Minimum Wages

- 2.1. UnionsWA contends that the Commission should make a substantial real wage increase for award-reliant workers. This is essential to address the ever widening gap between low paid workers and the rest of the workforce in WA. Therefore UnionsWA is advocating that the Commission increase Award wages and the statutory minimum wage by **\$50 per week** or by **6.2%**, whichever is greater. For our claim, this should mean that the lower award rates from C14 to C10 will be increased by \$50. It should mean that the higher rates C9 to C5 be increased by 6.2%.
- 2.2. UnionsWA argues that the General Order to increase the state minimum wage should take effect from the end of June 2017, so that low wage workers get the full benefit for the maximum period of time. There are no exceptional circumstances that would warrant a delay

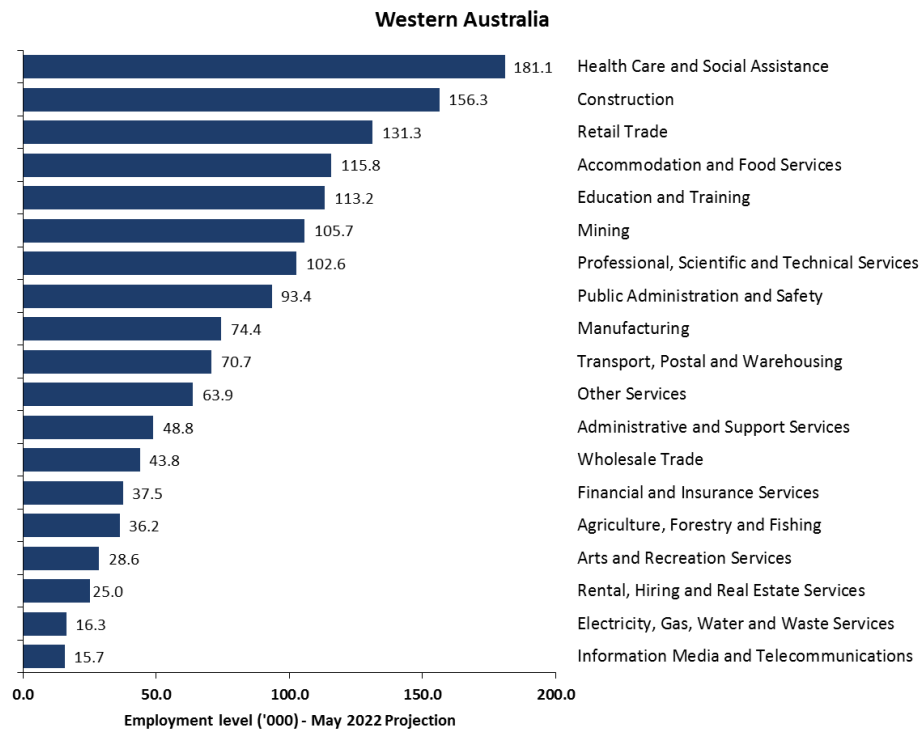
in the Order's implementation. The full increase within the Act should be applied to apprentices and juniors.

- 2.3. Our State Wage Claim would have the following effect on each award classification level - using the current rates of the *WA Metal Trades (General) Award*.

	Current		If proposed UnionsWA increase applied				
<i>Classification</i>	<i>Weekly</i>	<i>Hourly</i>	<i>Weekly</i>	<i>Hourly</i>	<i>% Change</i>	<i>\$ Weekly change</i>	<i>\$ Hourly Change</i>
C14	\$708.90	\$18.66	\$758.90	\$19.97	7.1%	\$50.00	\$1.32
C13	\$726.50	\$19.12	\$776.50	\$20.43	6.9%	\$50.00	\$1.32
C12	\$750.30	\$19.74	\$800.30	\$21.06	6.7%	\$50.00	\$1.32
C11	\$772.40	\$20.33	\$822.40	\$21.64	6.5%	\$50.00	\$1.32
C10	\$810.10	\$21.32	\$860.10	\$22.63	6.2%	\$50.00	\$1.32
C9	\$832.70	\$21.91	\$884.33	\$23.27	6.2%	\$51.63	\$1.36
C8	\$855.10	\$22.50	\$908.12	\$23.90	6.2%	\$53.02	\$1.40
C7	\$875.60	\$23.04	\$929.89	\$24.47	6.2%	\$54.29	\$1.43
C6	\$920.60	\$24.23	\$977.68	\$25.73	6.2%	\$57.08	\$1.50
C5	\$943.20	\$24.82	\$1,001.68	\$26.36	6.2%	\$58.48	\$1.54

- 2.4. The workers who are likely to be paid the lowest rate which they can be lawfully paid under the state system, are more likely to be in precarious employment arrangements. These are in turn more likely to be in service industry employment (such as retail, accommodation and food services) which are forecast to be significant for WA's future employment levels.¹

¹ Commonwealth Department of Employment, *Employment projections for the five years to May 2022*, <http://lmip.gov.au/default.aspx?LMIP/EmploymentProjections>



2.5. These workers did not get their fair share of WA's recent strong economic growth, nor from its recent economic recovery. This has been demonstrated by measures of inequality such as

- The gender pay gap
- The disparity between the minimum wage and average weekly earnings
- Household income inequality

In a recent speech Reserve Bank Governor Philip Lowe observed that

... it is difficult to see how a continuation of 2 per cent growth in wages is compatible with us achieving the midpoint of the inflation target – 2½ per cent – on a sustained basis. So from that perspective alone, a pick-up in wages growth over time would be welcome. Perhaps more importantly, sustained low wages growth diminishes the sense of shared prosperity that we have in Australia.²

This is no less the case for Western Australia. Decisive action is required to address wage stagnation at the bottom end of wage distribution. Workers are spending, but their capacity to do so is threatened by increases in living costs that disproportionately impact the low paid.

2.6. Decision to increase the minimum wage, both at the WA and national levels, have seen a decline of the minimum wage 'bite' compared to Average Weekly Ordinary Time Earnings (AWOTE). A more recent flattening of that decline is more to do with low wage growth generally rather than wage growth at the bottom.

2.7. In its submission to the national minimum wage case, the Australian Council of Trade Unions (ACTU) points out that Article 3 of the 1970 ILO Convention 131 on Minimum Wage Fixation directs that when determining minimum wages, consideration be given to two factors:

² Phillip Lowe, Governor RBA, Remarks at Reserve Bank Board Dinner (1 May 2018)
<http://www.rba.gov.au/speeches/2018/sp-gov-2018-05-01.html>

(a) the needs of workers and their families, taking into account the general level of wages in the country, the costs of living, social security benefits and the relative living standards of other social groups;

(b) economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment

- 2.8. The ACTU goes on to argue that ‘social interests versus economic interests’ need not be at odds with one another. The growing body of empirical research studying the employment effects of minimum wages), the new economic orthodoxy regarding the economic risks of inequality other prominent schools of economic thought (such as dynamic monopsony and post-Keynesian economics) provide sound support for moving away from a position whereby deciding “fair and relevant” minimum wages necessarily involves a contest between “social” versus “economic” considerations, towards a position where the assessment is fundamentally about the common good.
- 2.9. In previous Annual Wage hearings the ACTU has supported the adoption of a medium term target for the minimum wage, of 60% of the median wage for full time employees. We believe that reaching such a target will deliver a “living wage” in the sense referred to in the ILO Constitution and respect the Australian tradition set by the Harvester decision of meeting “normal needs of the average employee, regarded as a human being living in a civilised community”. We note that a target of 60% of the median has been explicitly adopted in United Kingdom and has been recommended or discussed among a number of EU institutions³
- 2.10. The WA industrial Relations Commission should not preside over minimum wage adjustments that result in either falling, or merely ‘treading water minimum wage bites. Just as the Commission has led the way in maintaining a higher state than national minimum wage that has taken into account, among other things, the relatively higher living costs in WA. It should also take the lead in reversing the erosion of relative living standards of low wage workers in order to maintain a fair system of wages and conditions. It should also act to inject a much needed increase in aggregate demand into the WA state economy, and limit the growth of income inequality as the state economy recovers.

3. Estimating the demand impacts of our claim

- 3.1. The increase in the WA minimum wage and award minimum wages will raise household spending and demand for goods and services in the WA economy. The increase in sales revenue will increase employment and profits.
- 3.2. In their research report for the Fair Work Commission’s Annual Wage Review 2017-18, Yuen et.al. set out the ‘Characteristics of workers earning the national minimum wage rate and of the low paid’. Regarding the relationship of adult employees in their household, they found that half of low paid adult employees were partners in a couple household, with the next highest proportion being a non-dependent child. There were similar proportions of low-paid couples that had children under 15 or no children.⁴

³ ACTU Submission to the Annual Wage Review 2018, pp.3-4

<https://www.fwc.gov.au/documents/sites/wagereview2018/submissions/actu-sub-awr1718.pdf>

⁴ Kelvin Yuen, Grant Ellis and Lucy Nelms, ‘Characteristics of workers earning the national minimum wage rate and of the low paid’, Research Report 3/2018, p.26

<https://www.fwc.gov.au/documents/sites/wagereview2018/research/rr32018.pdf>

Table 3.5: Relationship of low/higher-paid adult employees in household, 2016

	Low-paid adult employees (%)	Higher-paid adult employees (%)
Partner in couple household		
With children under 15	21.1	31.8
With only children aged 15 and over	10.0	14.2
No children	18.9	22.8
Lone parent		
With children under 15	4.2	2.4
With only children aged 15 and over	2.1	3.7
Lone person	10.0	10.6
Dependent student	4.8	1.6
Non-dependent child	22.0	9.3
Other person	6.8	3.6
Total	100.0	100.0

Note: A dependent student is aged 15–25 years, studying full-time, not working full-time and lives in a household with their parent. A non-dependent child could be of any age, but could not have a child of their own in the household or be part of a couple. Other persons include other family members and persons unrelated to all other household members (i.e. members of group household).

- 3.3. The Australian Government submission to the Annual Wage Review shows the immediate impact on disposable income for various household types following the 2017 national minimum wage rate increase (of 3.3 per cent). Household disposable income increased for all types of households, however the percentage of the wage increase retained varied based on the type of transfer payments received by the household.⁵

⁵ Australian Government Submission (13 March 2018) p.69
<https://www.fwc.gov.au/documents/sites/wagereview2018/submissions/ausgov-sub-awr1718.pdf>

Table 8.5: Effect of 2017 NMW rate increase on household disposable incomes

Household type	Wage increase (\$pw)	Increase in household disposable income (\$pw)	Percentage of wage increase retained (%)
Single, no children			
Full-time NMW	22.20	18	79.0
Part-time NMW	8.85	3	39.5
Student on part-time NMW	8.85	4	40.0
Single parent			
Full-time NMW, child aged 3	22.20	7	32.1
Full-time NMW, child aged 9	22.20	9	39.6
Part-time NMW, child aged 3	8.85	5	60.0
Part-time NMW, child aged 9	8.85	4	42.5
Single-income couples (partner on Newstart Allowance)			
Full-time NMW, no children	22.20	4	15.8
Full-time NMW, child aged 3	22.20	6	27.8
Full-time NMW, children aged 3 and 9	22.20	7	33.0
Dual-income couples			
Both full-time NMW, no children	44.40	35	79.0
One full-time and one part-time NMW, no children	31.05	20	64.9
One full-time and one part-time NMW, child aged 3	31.05	17	55.9
One full-time and one part-time NMW, children aged 3 and 9	31.05	17	53.3

Source: Government modelling.

Note: (1) Figures are based on tax and benefit rates applicable on 1 July 2017. Part-time hours are assumed to be 15 hours per week. This modelling does not include indexation of benefits as it has been designed specifically to show the Panel the direct impact of the 2017 minimum wage increase on household disposable incomes.

Indexation of benefits is a separate process in the tax-transfer system and is not affected by the Panel's decision.

(2) Figures for the increase in income have been rounded to the nearest dollar. Percentages may differ slightly due to rounding.

- 3.4. The ACTU has used these figures to obtain an estimate of the effect on income and employment of its claim of for a \$50 increase at the national level. Using the above household (HH) composition estimates and the assumed percentage of total low paid workers in those households, they derive an estimate of the increase in household disposable income, and the percentage of the wage increase that is retained. Assuming the initial increase in disposable income is fully spent (an assumption shared by Federal Treasurer Scott Morrison⁶), the ACTU has been able to estimate the contribution to total marginal propensity to consume (mpc) 'first round no savings' – i.e. the percentage of a wage increase retained by each category of employee, weighted by the share of that category in the total low paid employees.

⁶ 'He says household consumption figures have been moderate at best, and contends that tax cuts aimed at lower and middle-income earners — those earning below the \$87,000 threshold — would target those with the greatest propensity to consume out of any additional income.' 'Budget 2018: Morrison determined to restrict tax burden' *The Australian* (5 May 2018) <https://www.theaustralian.com.au/news/inquirer/budget-2018-morrison-determined-to-restrict-tax-burden/news-story/c62137593f9b26ec2e8e6059ff9b98b4>

Table 1 Household composition for low paid employees, percent retained of increase in NMW and estimated total increase in wage bill for the year.

Household type	Number of people in HH on NMW / low award rate, est.	HH total wage increase (\$pw)	Increase in HH disposable income (\$pw)	Percentage of wage increase retained (%)	Type of HH, per cent of total low paid HHs, est.	Percentage of low paid employees, est.	Contribution to total mpc, no savings, first round	Number of low paid employees	Total annual wages increase for awards < \$26, \$ 1000s
Single, no children									
Full-time NMW	1	50.00	39.50	79	5	4	0.03	55688	114384
Part-time NMW	1	19.93	7.87	39.5	2	1	0.01	22275	9120
Student on part-time NMW	1	19.93	7.97	40	3	2	0.01	33413	13853
Single parent									
Full-time NMW, child aged 3	1	50.00	16.05	32.1	1	1	0.00	11138	9295
Full-time NMW, child aged 9	1	50.00	19.80	39.6	1	1	0.00	11138	11467
Part-time NMW, child aged 3	1	19.93	11.96	60	1	1	0.00	11138	6926
Part-time NMW, child aged 9	1	19.93	8.47	42.5	1.2	1	0.00	13365	5887
lone parents with one child >15	1	50.00	39.50	79	2.1	2	0.01	23389	48041
Single-income couples (partner on Newstart Allowance)									
Full-time NMW, no children	1	50.00	7.90	15.8	6	4	0.01	66826	27452
Full-time NMW, child aged 3	1	50.00	13.90	27.8	4	3	0.01	44551	32201
Full-time NMW, children aged 3 and 9	1	50.00	16.50	33.0	4	3	0.01	44551	38224
Dual-income couples									
Both FT NMW, no children	2	100.00	79.00	79	6	9	0.07	133652	549042
One FT and one PT NMW, no children	2	69.93	45.39	64.9	6.9	10	0.07	153700	362743
One FT and one PT NMW, child aged 3	2	69.93	39.09	55.9	6	9	0.05	133652	271687
One FT and one PT NMW, children aged 3 and 9	2	69.93	53.30	53.3	7.1	10	0.06	158155	438341
with only children aged 15 and over	2	100	79	79	10	15	0.12	222753	915069

Household type	Number of people in HH on NMW / low award rate, est.	HH total wage increase (\$pw)	Increase in HH disposable income (\$pw)	Percentage of wage increase retained (%)	Type of HH, per cent of total low paid HHs, est.	Percentage of low paid employees, est.	Contribution to total mpc, no savings, first round	Number of low paid employees	Total annual wages increase for awards < \$26, \$ 1000s
Other									
Non dependent child	1	35	35	100	22.0	16	0.16	245028	445951
Dependent student	1	35	35	100	4.8	4	0.04	53461	97299
other person	1	50.00	39.50	79	6.8	5	0.04	75736	155562
Total						100	0.69	1513607	3552546

- 3.5. The number of low paid employees is the total of award reliant employees earning \$25 or less, the total is 66.5% of all award reliant employees, provided to the ACTU by ABS: customised Survey of Employee Earnings and Hours (cat. no. 6306.0), May 2016. The annual wage increase is based on allocating the weekly dollar NMW increase retained for each employee category, across all award reliant employees earning \$25 per week or less, a conservative estimate. This is multiplied by 52 to obtain the annual dollar increases. It is a static estimate in that the net effect of taxes and transfers on the increase retained is assumed to be constant for the NMW increase, whereas the net marginal outcome is ambiguous because tax is likely to increase and welfare support is likely to fall.
- 3.6. The ACTU's second table presents the estimates of employment effects in the first and second years after the increase, assuming the spending based on the increase is undertaken in those respective years. The increase in employment in the first year is between 50,000 and 57,000. The increase in the second year is 30,000 based on an increase of spending of 0.69 from that, with deductions for average savings and inflation.

Table 2 Estimates of first and second year effects of an increase of \$50 in the NMW on total income and employment

	Total annual wages increase for awards < \$26, \$ 1000s	Number of employees added, based on median total weekly earnings
Total first year effects:		
With mpc out of total income = 0.69	3552546	57338
with 10% savings, mpc out of total income = 0.62	3197291	51604
with 10% savings, mpc out of total income = 0.62 and 2% inflation	3133345	50572
Total second year effects:		
with 10% savings, mpc out of total income = 0.62 and 2% inflation	1903821	30728

Sources and notes: The total wage increase in the first row is from the last cell of Table 1. The corresponding number of employees was obtained by dividing by total weekly earnings (including full and part time workers, from ABS 6202, Average Weekly Earnings, November 2017) times 52.

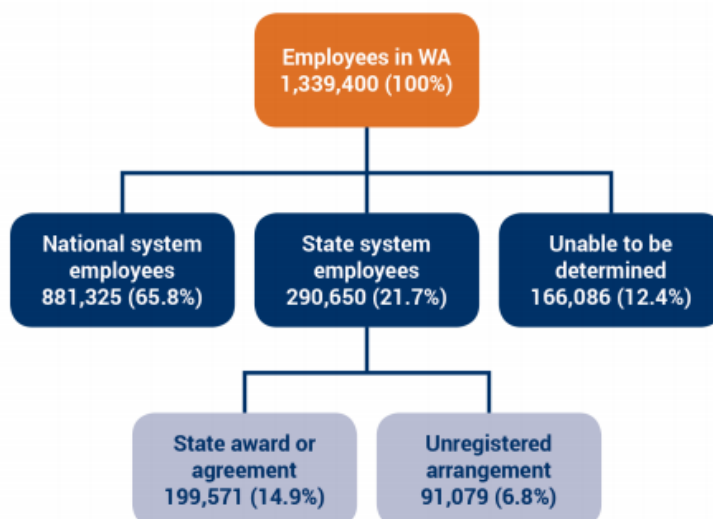
- 3.7. The ACTU is making a conservative estimate of the number of jobs that would be created nationally over the year should its claim be accepted at the national level. UnionsWA argues that, while the stimulatory impact of a similar wage increase at the WA level is harder to quantify, it should still be considered as an argument in favour of the stronger real minimum wage increase. The WA industrial Relations Commission has the opportunity to make a major contribution to furthering the growth of the WA economy.

4. Who is likely to be impacted by the state wage case?

- 4.1. UnionsWA is utilising the analysis of contained in the *Interim Report - Ministerial Review of the State Industrial Relations System*. This is alongside ABS labour force data, and information from the Department of Commerce website.

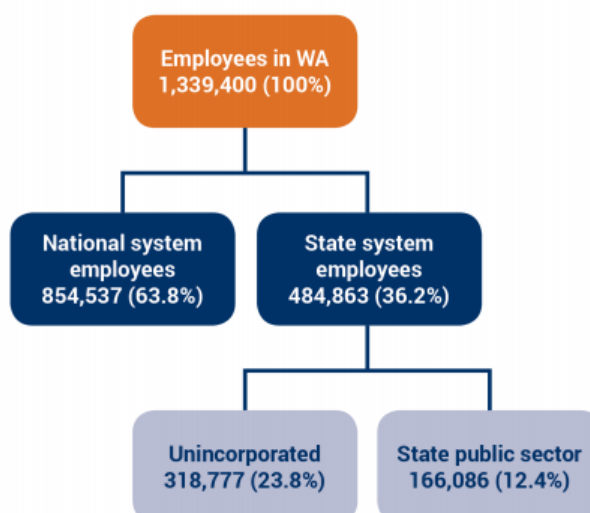
- 4.2. The Interim Report describes the numbers of employees who are covered by the State system as potentially between 21.7 per cent and 36.2 per cent of the employees in the State.⁷

Figure 1A Number and Proportion of Employees by Pay Setting Methods, Western Australia³⁸



- 4.3. Businesses judged to be more likely to be in the state industrial relations system are those that are unincorporated. These workers are more likely to be impacted by the state minimum wage case. The Interim Report sets them out as follows:

Figure 1B Number and Proportion of Employees by Type of Legal Organisation (Entity), Western Australia⁴⁰



⁷ *Interim Report - Ministerial Review of the State Industrial Relations System* (20 April 2018), pp.60-1, 440, https://www.commerce.wa.gov.au/sites/default/files/atoms/files/ministerial_review_of_the_state_industrial_relations_system_interim_report.pdf

4.4. The Interim Report also includes data from the Wageline contact centre in the Private Sector Labour Relations Division (PSD) of the Department of Mines, Industry Regulation and Safety, which receives approximately 20,000 calls per annum. The internal analysis of Wageline data for 2016/17 shows that, of the calls that pertained to the State system:

- a) 20 per cent related to award free employees;
- b) 14 per cent concerned the Building Trades (Construction) Award;
- c) 11 per cent concerned the Restaurant, Tearoom and Catering Workers' Award;
- d) 9 per cent concerned the Hairdressers Award; and
- e) 8 per cent concerned the Shop and Warehouse (Wholesale and Retail Establishments) Award.

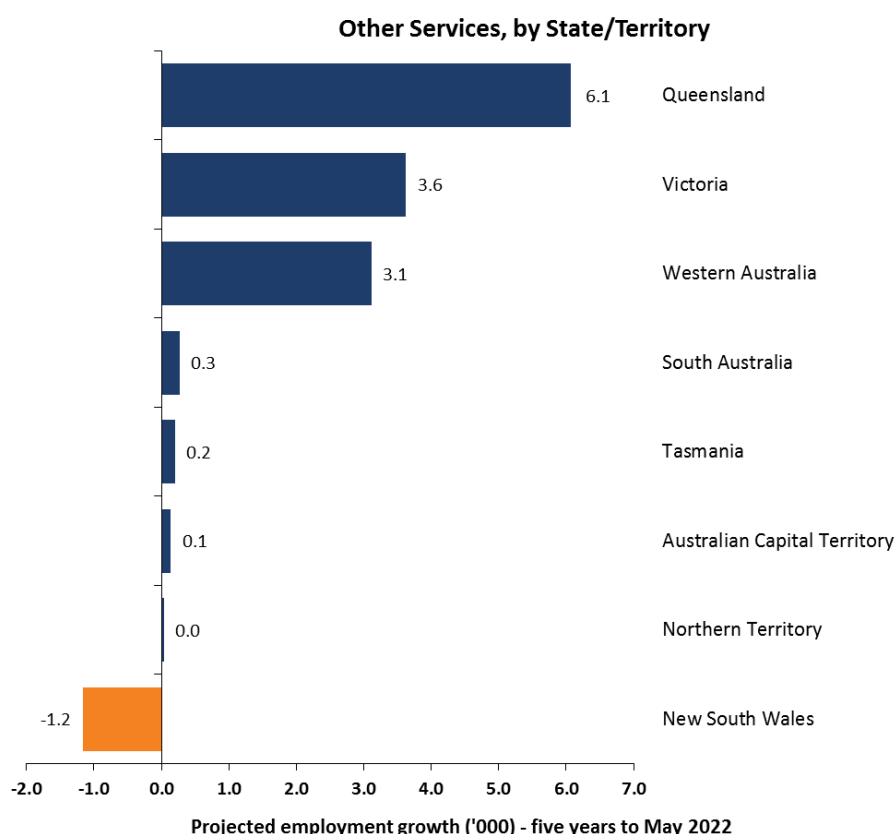
4.5. The Interim Report provides a list of Award free employees in Western Australia. It notes that it includes those who work in industries or occupations that could be considered as traditionally award-type work and/or who would be covered by a modern award if employed in the national industrial relations system.

- Aged and disability support workers employed directly by individuals
- Auto wreckers (excluding sales persons)
- Beauty therapists
- Car salespersons
- Clerical/administrative/reception employees working for:
 - Car yards
 - Caravan parks
 - Child care centres
 - Contract cleaners
 - Fundraising consultant businesses
 - Gyms
 - Interior designers
 - Interpreting services
 - Legal firms (e.g. legal secretary)
 - Mechanical garages
 - Nightclubs
 - Occupational therapists
 - Optometrists
 - Physiotherapists
 - Plumbers
 - Podiatrists
 - Removalists
 - Settlement agencies
 - Swimming pool manufacturers/retailers
 - Telecommunications businesses
 - Tourist centres
 - Veterinary clinics
- Dairy farm workers
- Dance instructors
- Dog/pet groomers
- Enrolled nurses working for doctors' surgeries
- Flower pickers
- Horse and greyhound breeders and trainers
- Interior designers
- IT workers – IT support workers, software developers, website designers etc.
- Market garden workers (if not planting, picking or packing fruit)
- Meter readers
- Nannies
- Shop assistants/salespersons working for:
 - Mobile phone shops
 - Party hire businesses
 - Video/DVD stores
- Newspaper delivery workers employed by Newsagents
- Nightclub employees, including bar staff, glassies, front door staff
- Phlebotomists
- Property managers
- Real estate agents
- Reticulation installers/repairers
- Sign installers
- Swimming pool technicians
- Telemarketers
- Tow truck drivers
- Tree loppers
- Waste industry workers (excluding local government employees)
- Workers in the outer suburbs of Perth making or repairing:
 - Bags, sacks and textiles
 - Boots
 - Particle boards
 - Plywood and veneer products
 - Cases and boxes
 - Rope and twine

- 4.6. Baring in mind the Interim Report’s caveat that these workers may be on national awards, it remains the case that these award free workers still need a strong state minimum wage outcome, should they be working for an unincorporated employer. It should be noted that many of these employees might be captured by the Australia Bureau of Statistics’ industry classification ‘Other Services’ – which the ABS describes as follows:⁸

The Other Services Division includes a broad range of personal services; religious, civic, professional and other interest group services; selected repair and maintenance activities; and private households employing staff. Units in this division are mainly engaged in providing a range of personal care services, such as hair, beauty, diet and weight management services; providing death care services; promoting or administering religious events or activities; or promoting and defending the interests of their members.

- 4.7. The Commonwealth Department of Employment projects that the WA will have the third largest employment growth in ‘Other Services’ of all the States and Territories in Australia.⁹



Given the increasing significance of the service economy to employment growth generally, it is important that these workers are provided with a strong minimum wage increase. The outcome of the state wage case is important for ensuring those workers get decent pay outcomes.

⁸ ABS, 1292.0 - Australian and New Zealand Standard Industrial Classification (ANZSIC), 2006 (Revision 2.0) <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/072559238F61C768CA257B9500133B6A?opendocument>

⁹

4.8. In the Annual Wage Review 2015–16 decision, the Expert Panel stated:

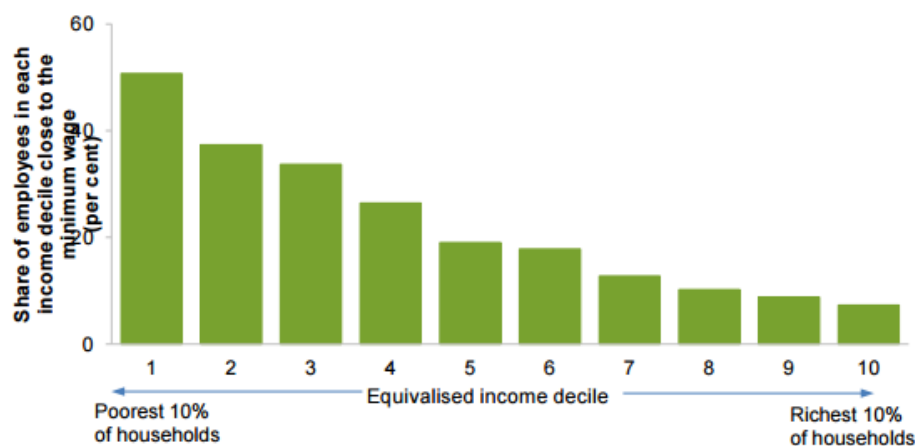
‘... we do not accept the proposition that most low-paid workers are not in low-income households. Around two-thirds of low-paid employees are found within the bottom half of the distribution of employee households and have lower living standards than other employees. Increases in the minimum wage and award classification wages do have a role to play as part of a package of measures to address the relative living standards and the needs of the low paid. So much is evident from the minimum wages objective and the modern awards objective in the Act.’

The Productivity Commission (PC) in its Inquiry into the Workplace Relations Framework released in December 2015 noted that

Employees in the lowest income groups are more likely to be on the minimum wage than those in higher income groups (and by more than a fivefold factor) (figure 4.8). So, while most people in the lowest quintile are not in work (and therefore do not receive any wages), almost half of those who are in work are paid at a minimum rate.¹⁰

Figure 4.8 An employee in a low-income group is much more likely to be paid around the minimum wage rate

Minimum wage reliance among employees according to household equivalised^a income deciles, 2013-14



^a Equivalised household income controls for household size by dividing total household income by a weighted sum of persons in the household. The first adult is allocated a weight of 1, while additional adults are weighted at 0.5 and children weighted at 0.3.

Source: Productivity Commission estimates based on HILDA release 13.

4.9. UnionsWA asks the WA Commission to reject all submissions which contend that minimum wage workers do not need a substantial pay increase because their living arrangements may be in a household with higher income earners – whether it be parents, spouses or friends. Low wage workers are entitled to the respect of being considered as individuals.

4.10. UnionsWA contends that an increase in the state minimum wage in WA is more likely to assist workers vulnerable groups of employees who are less likely to negotiate decent increases for themselves. An increase will also benefit lower income households in which people are working. The increase will also benefit households with mixture of lower

¹⁰ PC Inquiry Report, pp.208-10 <https://www.pc.gov.au/inquiries/completed/workplace-relations/report>

and higher income earners, by providing more independence for the lower earners, and taking financial pressure off higher earners.

5. Broad impact of minimum wages on employment

- 5.1. The WA Commission has been warned year after year about the potentially dangerous impacts on employment of raising the state minimum wage by ‘too much’. These have never come to pass, and are based on seriously outdated economic theories.
- 5.2. In their summary of the recent literature on minimum wage economics, Dale Belman and Paul Wolfson, found ‘essentially no effect of minimum wage increases on employment’. While some companies may respond to a higher minimum wage by reducing employment, this is offset by others who increase it — as would be expected if some firms have monopsony-like power.¹¹
- 5.3. In a monopsony, one or a few firms will dominate the markets for goods and services, and for labour. This makes those firm price setters for employment, leaving very little market bargaining power for potential employees. Where an employer might bargain with such a potential employee (worker), the employer faces the prospective of not filling a vacancy, and the worker face the prospect of continuing unemployment. However this situation is not a matter of equal costs versus benefits. In most circumstances there are more job seekers than vacancies.
- 5.4. Therefore a worker who rejects a job offer at a particular wage will find it harder to get another job offer, than will the employer to find another potential employee. The consequence of a disagreement over wages are worse for the worker than the employer.
- 5.5. In his article ‘The Rigged Labor Market’ (to which UnionsWA referred last year US Professor of economics at Princeton Alan Krueger described the ‘idealized version of a perfectly competitive labor market’ in which.¹²

... many employers freely compete to hire workers from a large pool. Thus, neither employers nor workers have “market power,” meaning the ability to dictate terms of employment that differ meaningfully from the terms offered (or received) by others to workers with comparable skills. In this world, employees can freely (and costlessly) change jobs when better opportunities arise. For their part, employers are able to seamlessly fill job vacancies by simply offering the going wage rate. This wage is determined by the market — by the intersection of the supply and demand curve for labor; nobody has discretion to set pay.

- 5.6. Krueger argues that this vision hardly ever corresponds to the reality in which labour markets are monopsonistic.
- 5.7. How closely do Australian, and Western Australian labour markets look to a monopsony? The Assistant RBA Governor Luci Ellis makes the following points when discussing the situation of labour shortages combined with low wage growth.

This is not so surprising when you consider that the labour market isn't homogeneous. There are so many different occupations and types of firms, and these aren't evenly distributed

¹¹ Belman, Dale, and Paul J. Wolfson. (2014) ‘The New Minimum Wage Research’, Employment Research. 21(2): 4-5. [https://doi.org/10.17848/1075-8445.21\(2\)-2](https://doi.org/10.17848/1075-8445.21(2)-2)

¹² Alan B. Krueger, ‘The Rigged Labor Market’, *Milken Institute Review* (28 April 2017) <http://www.milkenreview.org/articles/the-rigged-labor-market>

across the economy. So we shouldn't expect labour shortages to appear everywhere at the same time. What happens instead is that they turn up in a few pockets of the labour market, then a few more, and gradually become more widespread as conditions tighten. How quickly this happens depends partly on where the strong demand for labour is concentrated, and how much of the labour force has the applicable skills to perform those roles. So you'd expect wage growth to pick up more ... if the labour market is highly segmented and workers can't easily shift to the areas of strong demand.¹³

- 5.8. Benmelech et.al., in a recent article on how employer concentration impacts employees with little bargaining power, examine the concentration within the market for labour: that is, the ability of monopsonist employers to exploit their market power to reduce wages. They find that

Employers operating in areas with more concentrated labor markets thus appear able to exploit monopsony power in order to reduce employee wages.

- 5.9. High levels of employer concentration, they also find, will

... impede the translation of productivity growth to wage increases, as employers use their monopsony power to prevent wage increases. In contrast, when labour markets are more competitive, productivity increases should give rise to wage growth as employers compete for workers. Put another way, productivity growth should translate into a rise in wages when employee bargaining power is sufficiently high.

- 5.10. Given that workers who are award-reliant in Australia will lack bargaining power, they will always be behind when it comes to translating productivity growth into wage rises.

This is a reason why minimum wage increases are the causes of reductions in employment:

... consistent with nonperfectly competitive labor markets. Other studies show that the propensity of workers to leave their jobs after wage declines is smaller than would be expected in competitive markets, suggestive of employers' wage-setting ability¹⁴

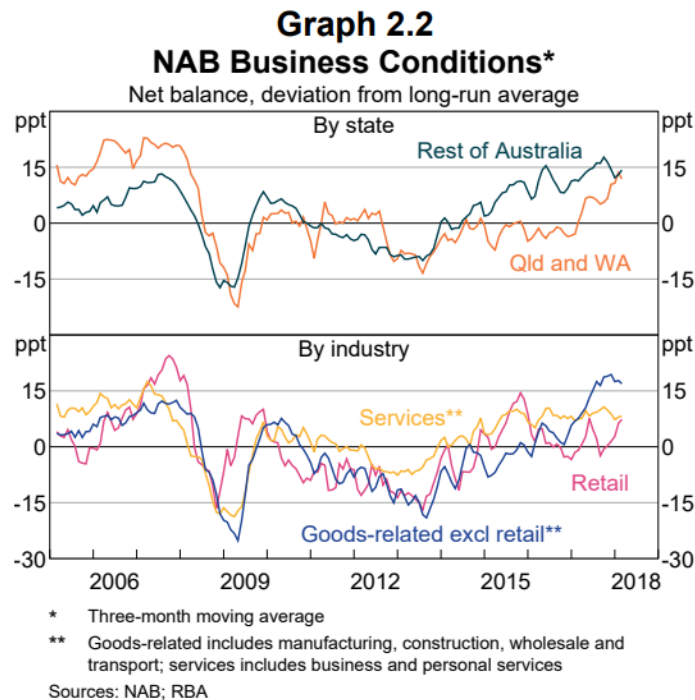
- 5.11. Evidence that Australian labour markets are combining improved business prospects, with labour shortages, and low wage growth, are to be found in the most recent RBA Statement on Monetary Policy, which says that

Survey measures of overall business conditions are around their highest levels since before the global financial crisis (Graph 2.2). Conditions are above their long-run average in all states, and have improved noticeably in Queensland and Western Australia since late 2016. By sector, conditions have strengthened for firms in goods-related industries and remain above average in the services sector.¹⁵

¹³ Luci Ellis, Assistant Governor Reserve Bank of Australia, 'Three Questions About the Outlook', (13 February 2018) <https://www.rba.gov.au/speeches/2018/pdf/sp-ag-2018-02-13.pdf>

¹⁴ Efraim Benmelech, Nittai Bergman, Hyunseob Kim, 'Strong Employers and Weak Employees: How Does Employer Concentration Affect Wages?' *NBER Working Paper* No. 24307 (February 2018), pp.2-6 <http://www.nber.org/papers/w24307>

¹⁵ Reserve Bank of Australia, *Statement on Monetary Policy*, May 2018, p.22 <http://www.rba.gov.au/publications/smp/2018/may/pdf/statement-on-monetary-policy-2018-05.pdf>



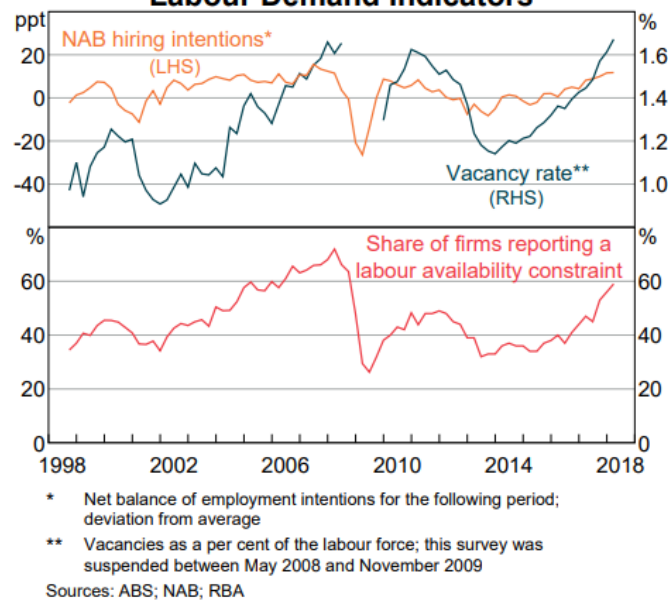
5.12. In both Australia and WA there are reports of skills shortages are starting to form in the wake of last year's record jobs growth, with renewable energy, tourism and technology industries increasingly struggling to find workers.¹⁶ However the RBA notes that:

Even though there is still spare capacity in the labour market overall, information from business surveys and the Bank's liaison program provide evidence of emerging labour shortages in some parts of the economy. A higher share of firms report that it is more difficult to find suitable workers, while job vacancies continue to increase as a share of the labour force (Graph 2.26).¹⁷

¹⁶ 'Skills shortages climbing following record jobs growth' *Australian Financial Review* (18 January 2018) <http://www.afr.com/news/economy/employment/skills-shortages-climbing-following-record-jobs-growth-20180117-h0j1cr>; "Is WA heading for a skills shortage' *The West Australian* (19 September 2017) <https://thewest.com.au/news/wa/shortage-of-key-skills-looms-ng-b88602347z>

¹⁷ Reserve Bank of Australia, *Statement on Monetary Policy*, May 2018, p.31 <http://www.rba.gov.au/publications/smp/2018/may/pdf/statement-on-monetary-policy-2018-05.pdf>

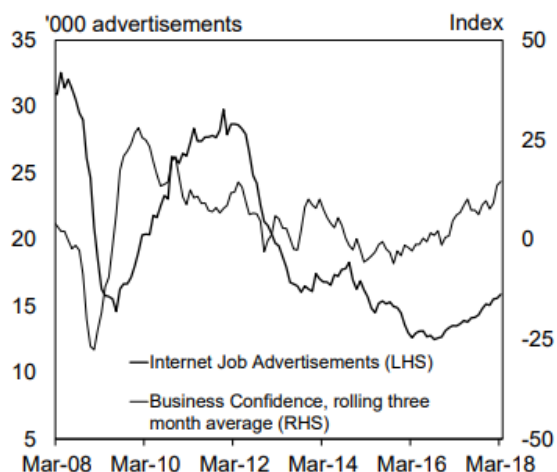
Graph 2.26
Labour Demand Indicators



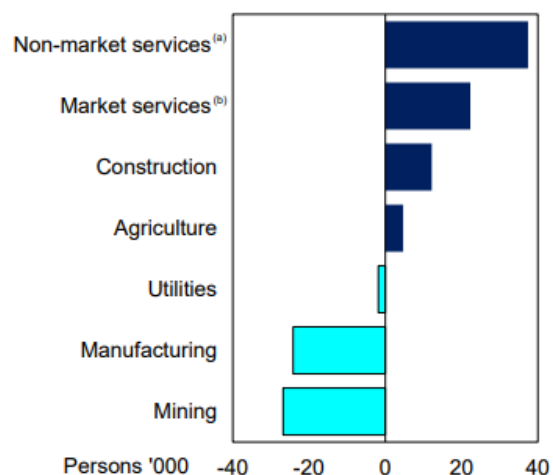
5.13. The most recent WA Budget papers point out that, while the labour market has moved into the less labour-intensive production phase of major resource projects, hiring levels have been supported by a growing services sector workforce (with the largest single increase being in the Accommodation and Food Services industry).¹⁸ This has also been occurring in the context of rising business confidence and job advertisements.

Figure 5

LEAD INDICATORS OF LABOUR DEMAND
Western Australia



EMPLOYMENT BY INDUSTRY
Growth over the five years to 2017



(a) Non-market services include industries such as Health Care and Social Assistance, and Education and Training.

(b) Market services include industries such as Retail Trade, Accommodation and Food Services, and Financial and Insurance Services.

Source: Department of Jobs and Small Business, and NAB Economics. Source: ABS Catalogue 6291.0.55.003

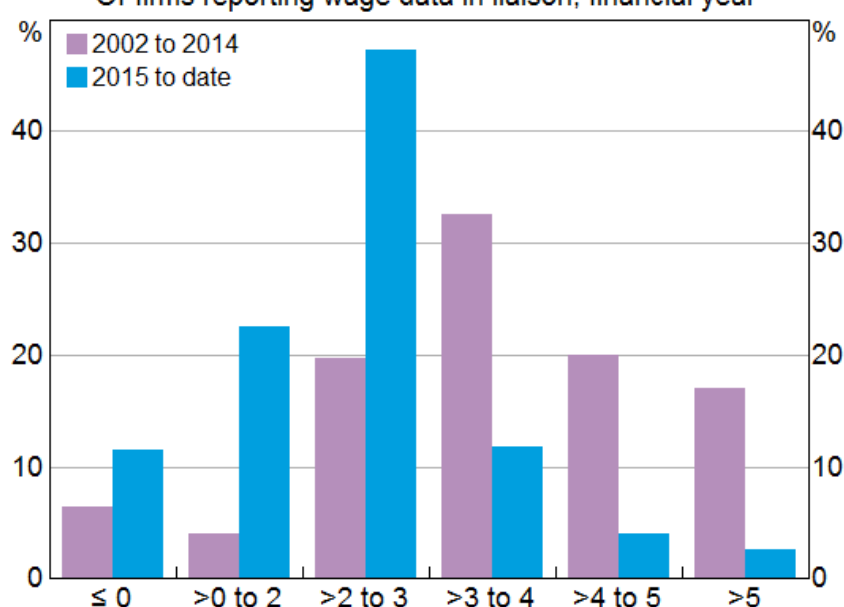
¹⁸ WA Budget 2016-17 Economic and Fiscal Outlook, pp.16-7 <http://static.ourstatebudget.wa.gov.au/16-17/2016-17-wa-state-budget-bp3.pdf>

- 5.14. However, despite this seemingly favourable situation, in recent speech the Deputy Governor of the RBA Guy Debelle observed that:

The experience of other countries with labour markets closer to full capacity than Australia's is that wages growth may remain lower than historical experience would suggest. In Australia, 2 per cent seems to have become the focal point for wage outcomes, compared with 3–4 per cent in the past. Work done at the Bank shows the shift of the distribution of wages growth to the left and a bunching of wage outcomes around 2 per cent over the past five years or so (Graph 9). As I said earlier, while there are signs of wage pressure emerging, they remain localised for now. There is a risk that it may take a lower unemployment rate than we currently expect to generate a sustained move higher than the 2 per cent focal point evident in many wage outcomes today.¹⁹

Distribution of Wages Growth Outcomes

Of firms reporting wage data in liaison, financial year



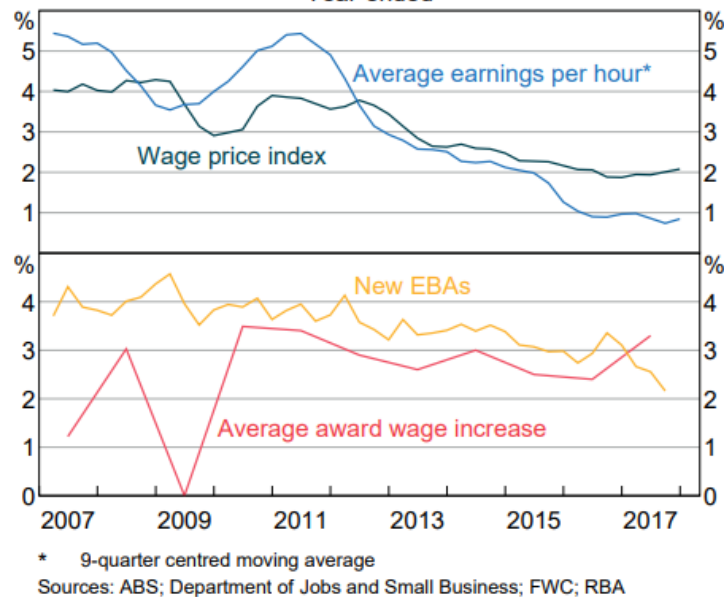
Source: RBA

- 5.15. Where has the pressure for wage growth been coming from in Australia? The RBA reports that

Growth in the wage price index (WPI) edged up to 0.6 per cent in the December quarter and 2.1 per cent over the year (Graph 4.11). Aggregate wages growth was boosted by the Fair Work Commission's decision to increase award and minimum wages by 3.3 per cent, effective from 1 July 2017. This flowed directly to around 20 per cent of all employees.

¹⁹ Guy Debelle, Deputy Governor of the RBA 'The Outlook for the Australian Economy' (15 May 2018) <http://www.rba.gov.au/speeches/2018/sp-dg-2018-05-15-1.html>

Graph 4.11
Wages Growth
Year-ended



- 5.16. In other words, without minimum wage increases, there would be very little pressure for wage growth at all in Australia. Professor Krueger points out that if a government *requires* monopsonist employers to pay an increased wage through a minimum wage increase, the monopsonist's marginal cost of labour (i.e. the change in total labour costs from employing one extra worker) falls, because

... without a minimum wage the monopsonist operates with vacancies, unwilling to raise the wage it offers to hire additional workers because it would have to pay that higher wage to existing workers as well. However, with a binding minimum wage — that is, a minimum wage above the rate the monopolist was already paying — a monopsonist can fill its vacancies without worrying about having to increase everybody else's wages, because that was already required by the minimum wage.²⁰

- 5.17. The WA Commission has been warned year after year about the potentially dangerous impacts on employment of raising the state minimum wage. These have never come to pass and never will. They are based on outdated and unrealistic economic theory that do not account for how the economy actually works.

6. A fair system of wages and conditions in Western Australia

- 6.1. UnionsWA is advocating a by \$50 per week or by 6.2%, whichever is greater. UnionsWA submits that continuing disparity between the minimum wage and Average Weekly Ordinary Time Earnings (AWOTE) at both the state and national level needs redress to ensure there is a fair system of Wages and Conditions in WA. An increase of \$50 per week is needed to help maintain that system.

²⁰ Alan B. Krueger, 'The Rigged Labor Market', *Milken Institute Review* (28 April 2017) <http://www.milkenreview.org/articles/the-rigged-labor-market>

- 6.2. UnionsWA contends that minimum wages have fallen as a proportion (or ‘bite’) of average full time weekly earnings in both WA and Australia. As demonstrated in the table below. The increases awarded by the WA Commission since 2006, despite recording improvements in 2012, 2014, 2016 and last year, have still not been sufficient to reverse the decline in relative living standards

	WA Min Wage \$	WA full- time AWOTE (May each year) \$	% WA Min/AWOTE	Aus Min Wage \$	Aus full- time AWOTE (May each year) \$	% Aus Min/AWOTE
2006	504.4	1028.4	49.00%	511.86	1025.8	49.90%
2007	528.4	1118.6	47.20%	522.12	1076.8	48.50%
2008	557.4	1202.9	46.30%	543.78	1119.6	48.60%
2009	569.7	1287	44.30%	543.78	1187.8	45.80%
2010	587.2	1364.1	43.00%	569.9	1250.1	45.60%
2011	607.1	1474.1	41.20%	589.3	1304.7	45.20%
2012	627.7	1516.8	41.40%	606.4	1349.2	44.90%
2013	645.9	1644.8	39.30%	622.2	1420.9	43.80%
2014	665.9	1641.2	40.60%	640.9	1454.1	44.10%
2015	679.9	1691.2	40.20%	656.9	1483.1	44.29%
2016	692.9	1698.6	40.79%	672.7	1516	44.37%
2017	708.9	1714.7	41.30%	694.9	1543.2	45%

- 6.3. As the WA economy recovers, there is a danger that the gap between low paid workers living standards and those of other workers will resume growing. Minimum wages are substantially lower than what they would be if the minimum wage bite had been held constant, with the result that the living standards of minimum wage workers are too low compared to other workers. The WA Commission has the opportunity to redress this situation by awarding a strong minimum wage increase in 2018.

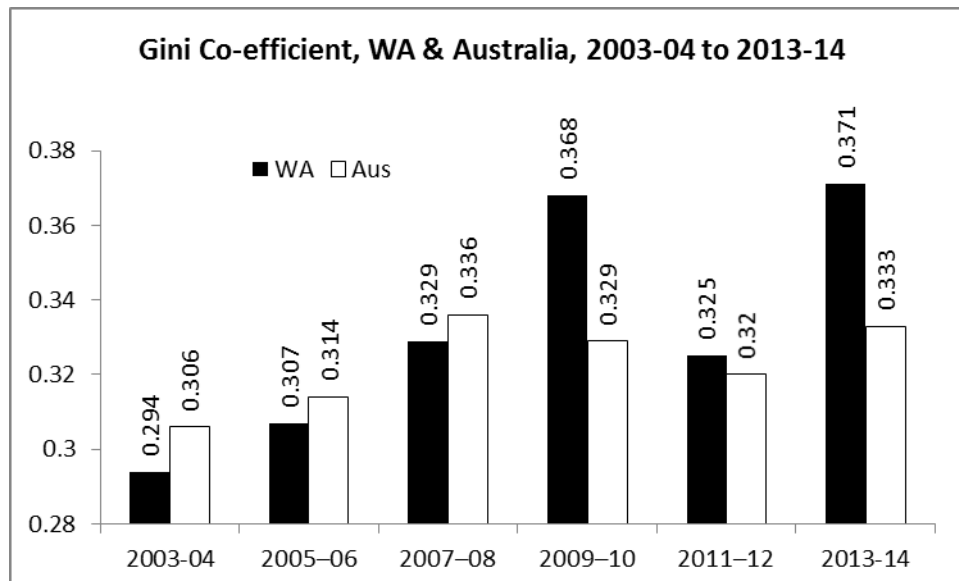
- 6.4. During this period in which the minimum wage ‘bite’ has been falling in WA, we have seen measures of inequality such as the Gini coefficient of Equivalised Disposable Household Income²¹ and the Gender Pay Gap for Average Weekly Ordinary Time Earnings.²²

²¹; 6523.0 - Household Income and Wealth, Australia, 2013-14

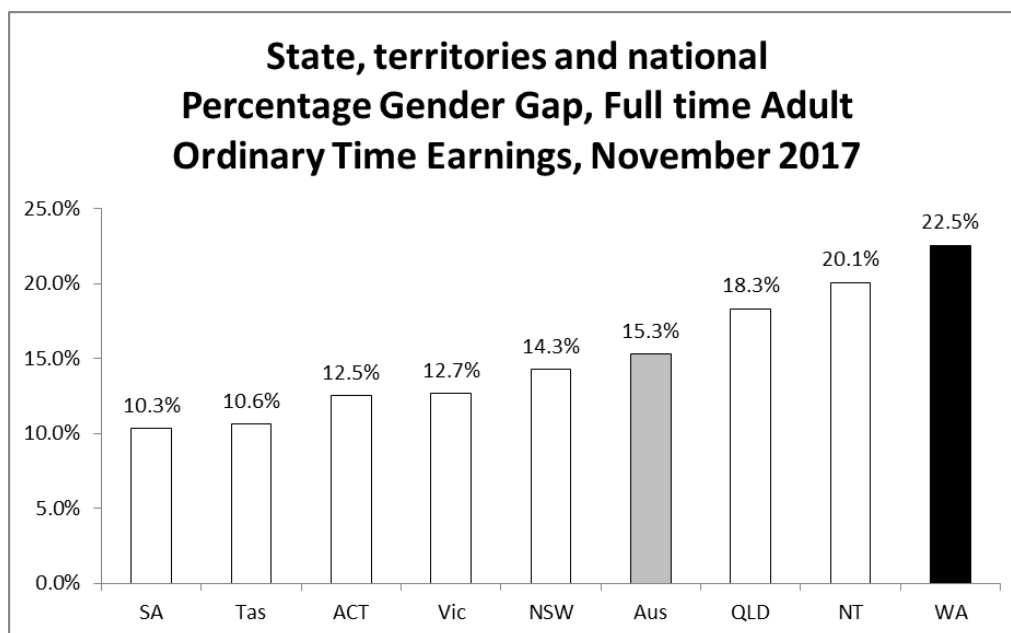
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6523.02013-14?OpenDocument> the Gini Coefficient is a commonly agreed single statistic that summarises the distribution of income across the population. The ABS uses the Gini Coefficient in its Household Income and Income Distribution survey to indicate the degree of inequality between households across Australia. It lies between 0 and 1 with values closer to 0 representing a lesser degree of inequality, and values closer to 1 representing greater inequality.

²² 6302.0 - Average Weekly Earnings, Australia, Nov 2016,

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6302.0Nov%202016?OpenDocument>



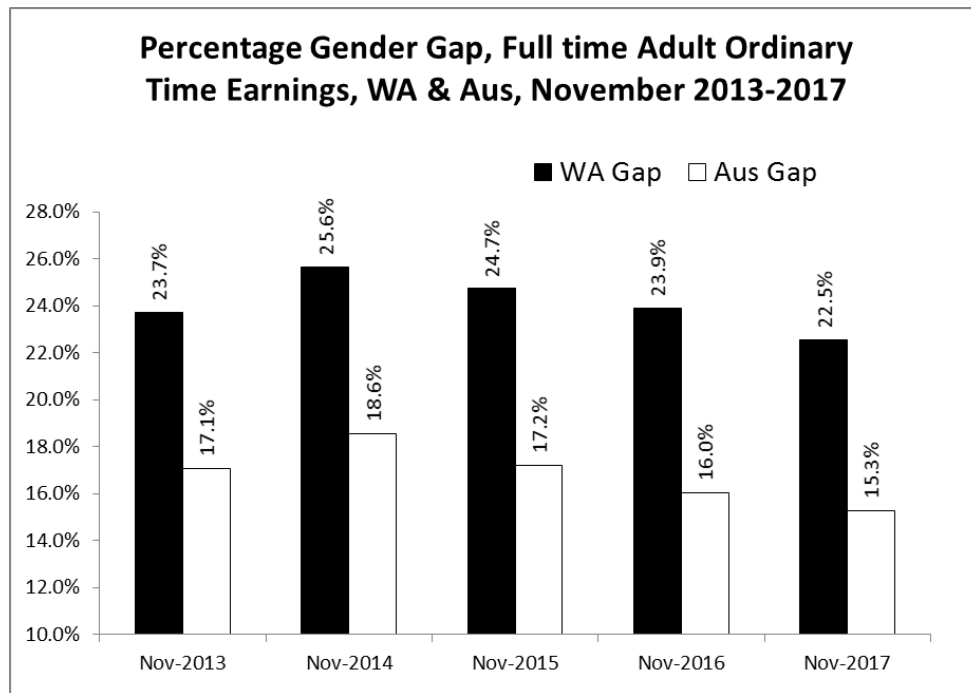
6.5. The most recent Average Weekly Earnings data released by the Australian Bureau of Statistics for November 2016 shows that, for Full Time Adult Ordinary time earnings, male workers earn 22.5% more than female workers in WA, compared to 15.3% nationally.²³



6.6. This disparity has persisted over many years as can be seen in the following chart.

²³ 6302.0 - Average Weekly Earnings, Australia, Nov 2017

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6302.0Nov%202017?OpenDocument>



- 6.7. The gender pay gap is a problem on purely economic terms because it means women's skills are not contributing to productivity either at a state level or nationally. Slight 'improvement' in the gender pay gap in recent years are likely due to more highly paid men not getting as much work, rather than an improvement to the position of women workers.
- 6.8. The UnionsWA claim is asking the WA Commission to take this opportunity to arrest and reverse the decline of the minimum wage bite and the gender pay gap in WA. Addressing the decline of the minimum wage 'bite' is vital for maintaining a fair system of wages and conditions in WA, and for addressing the broader issues of inequality highlighted by measures such as the Gini Co-efficient. In terms of addressing inequality, a minimum wage increase is not the only measure that can be taken, it is however a measure without which no other policy is likely to succeed.
- 6.9. UnionsWA refers again to the work of ANU researcher Professor Peter Whiteford who has found that the Australian system of relatively high minimum wages and targeted family benefits is both generous to families and makes work pay. ²⁴
- 6.10. However the both the state and the national minimum wage will cease to fulfil this role if the disparity between the minimum wage and Average Weekly Earnings continues to get bigger. This is why a \$50 per week increase is necessary at the C14 level

7. The Needs of the Low Paid, Fair wage standards & Improved living standards for employees

- 7.1. UnionsWA submits that, given the increases in living costs that impact disproportionately on low wage workers, and the recent increases in living costs from the WA state budget, and the

²⁴ Whiteford, Peter, *Family Joblessness in Australia*, January 2009 (pp.51-52)
http://www.socialinclusion.gov.au/sites/www.socialinclusion.gov.au/files/publications/pdf/family_joblessness_Jan2009.pdf

lack of benefits from the recent Federal Budget, an increase to the minimum wage far above CPI inflation is required.²⁵

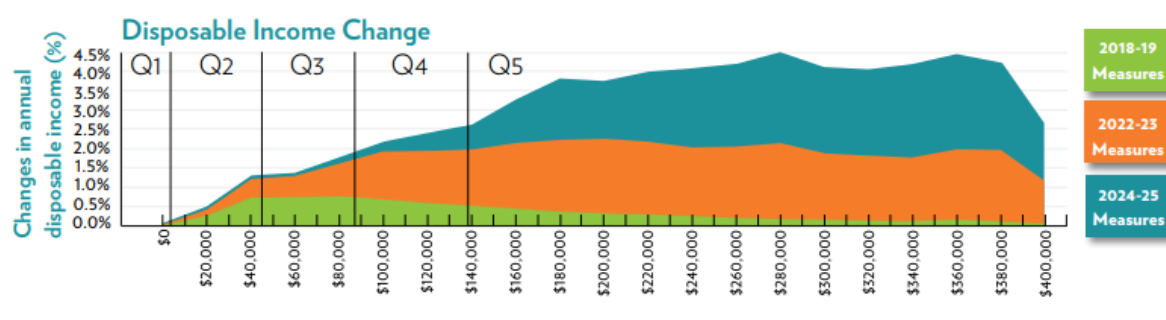
WA State Charges	2018-19 WA Budget
Electricity	+7%
Water	+5.5%
Transport	+1.6%
Motor Vehicle Registration	+3.8%

The Budget papers go on to state that

Total expenditure by the 'representative' household on this basket of public sector goods and services in 2018-19 is \$6,327.02. This represents an increase of \$292.07 (or 4.8%) on 2017-18 levels.

- 7.2. Unfortunately there is very little relief available in the recent Federal Budget for 2018. According to a newly released study by the National Centre for Social and Economic Modelling (NATSEM)²⁶

In absolute terms, high income earners are most likely to benefit from the tax reform once it is fully implemented which will occur in stages. The measures put in place for the upcoming financial year, 2018-2019, will mostly benefit middle income earners due to the changes in tax offset criteria. Lower income earners, however, will benefit less than middle income earners as they already pay no or little tax.

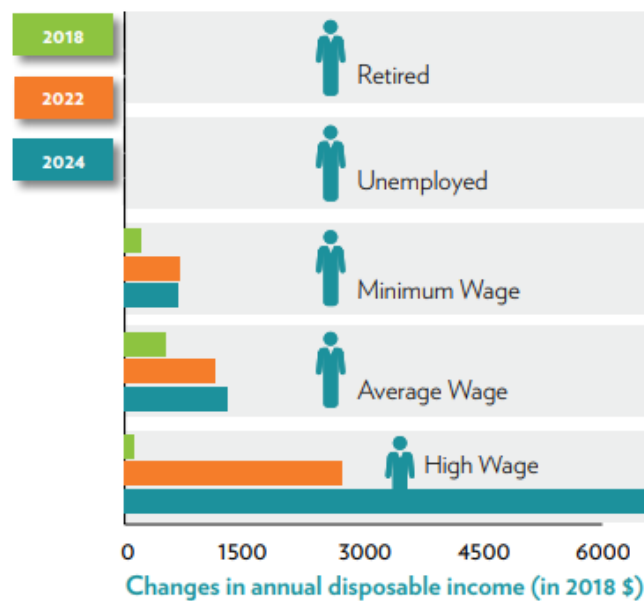


- 7.3. Looking more closely at Budget's impact on wage earners, NATSEM found only a very small benefit, which will be far outstripped by the benefits to high income earners in a few years' time.

²⁵ WA Budget 2018-19 Economic and Fiscal Outlook, p.259 <https://www.ourstatebudget.wa.gov.au/2018-19/budget-papers/bp3/2018-19-wa-state-budget-bp3.pdf>

²⁶ NATSEM Budget Analysis 2018 - How Does the Budget Affect Us? pp.3-4 <http://www.ausbudget.org/assets/NATSEM-BUDGET-ANALYSIS-2018.pdf>

Winner and Loser from the 2018 budget impact



7.4. UnionsWA has long maintained that CPI inflation is an incomplete measure for the financial needs of workers on low pay and their families. And in particular the focus on CPI as a measure rules out the possibility of any real *improvement* in the living standards of the low paid.

7.5. Last year we referred to study by Helen Masterman-Smith, Robyn May and Barbara Pocock of Child care workers and cleaners which found that the experience of low pay cost people ‘a great deal:’

... in gnawing worry, persistent anxiety about bills, ill-health, concern for their children and denial of participation in the kinds of activities that many Australians take for granted: sport, visiting friends, training, job search, the prospect of secure housing and hope for retirement without poverty.

For these workers, low pay narrows and constricts their social circles, restricts travel, and affects children’s access to school excursions and basic health - including dental - services. Working poverty is associated with the deferral of family formation and relationship tensions around money in some households. Easy assumptions about shared household earnings protecting against individual poverty are not supported in many examples. Some low paid workers live with other low paid workers, or live in households with others where income is not shared.²⁷

7.6. The difficulties identified for low wage workers demonstrate that they are hit particularly hard by the limitations of ‘labour market frictions’ as predicted by monopsony theory.

7.7. Their difficulties also illustrate why a substantial minimum wage increase to enable those on low incomes to maintain living standards comparable to those in the rest of the community. Below is a selection of recent WA expenditure group CPI increases for the 12 months to

²⁷ Masterman-Smith, Helen, May, Robyn, and Pocock, Barbara ‘Living Low Paid: Some Experiences of Australian Childcare Workers and Cleaners’ (2006) pp.17-18
<http://w3.unisa.edu.au/hawkeinstitute/cwl/documents/Living-low-paid-DP.pdf>

March 2018. It can be seen that ‘headline’ CPI figures do not capture the full impact of cost increases for low paid workers.²⁸

Expenditure Group	WA CPI % Change March 2017-18
Automotive fuel	+4.6
Insurance	+3.4%
Child care	+6.3%
Medical and hospital services	+5.5%
Water and sewerage	+7.9%
Medical, dental and hospital services	+4.8%
Property rates and charges	+4.3%
Preschool and primary education	+1.5%
Electricity	+9.7%
Secondary education	+2.3%
Utilities	+7.5%
Health	+4.2%
Urban transport fares	+3.8%

7.8. UnionsWA maintains that the needs of the low paid, and particularly the need to improve the standards of the low pay – require an increase to the WA minimum wage not just at CPI, but beyond it.

7.9. UnionsWA also asks the WA Commission to treat with the claim that the interests of the unemployed and the low paid are simply served by then getting a job – any job – regardless of how much they are paid, or how they treated when in employment. ‘The best form of welfare is work’ is an often repeated cliché, however recent research casts doubt upon whether that is always the case.

²⁸ 6401.0 - Consumer Price Index, Australia, Mar 2016,
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/6401.0>

- 7.10. A recent study by Butterworth et.al. found that jobs with poor psychosocial attributes were no better, and may have *worse* effects on mental health, than unemployment. They argue that

an employment continuum which contrasted unemployment with different employment categories including optimal jobs, inadequate jobs, jobs with poor psychosocial conditions (low decision latitude, high job demands, low social support) and jobs with low pay or few benefits. While unemployment and inadequate jobs (salary below the poverty line) were associated with significantly greater levels of depression than optimal jobs, so too were poor quality jobs that combined adverse psychosocial conditions.

- 7.11. Their study found that moving from unemployment to a job with poor psychosocial quality was associated with a significant decline in mental health relative to remaining unemployed.²⁹

- 7.12. By contrast, a study by Du and Leigh found that raising minimum wages can have positive effects on the health of low-wage workers and their families. They found that

... increases in real minimum wages resulted in decreases in all absenteeism and absenteeism due to own illness, and that these health benefits can accrue to low-wage adults, not just teenagers. These effects are likely not due to changes in labor supply or job-related attributes. Instead, we find a possible mechanism: higher minimum wages improve self-reported health for lower educated workers.³⁰

- 7.13. The interests of the low paid, and of the unemployed moving into work, are not served by making worker as cheap as possible in the labour market. There is clear evidence to demonstrate that the quality of those jobs is important for the well-being of workers. Job quality is inseparable from having decent pay and conditions that actively improve living standards, not by paying workers just enough to cover immediate living costs.

8. Employees who may be unable to reach an industrial agreement

- 8.1. In previous submissions UnionsWA has referred to the report by the Workplace Research Centre *Minimum wages and their role in the process and incentive to bargain* which shows that minimum wage increases are more likely to encourage rather than discourage bargaining. Workers in the state system who will be most impacted by the minimum wage increase are also in those categories of worker that are less likely to be able to negotiate their own pay and conditions. UnionsWA seeks to rely on that report for this submission.
- 8.2. UnionsWA contends that the Commission should not succumb to the simplistic assumption that ‘increases to the minimum wage = no need to bargain’. There is no evidence that workers and employers are so lazy that they cannot bargain over other matters in workplaces. The Commission should put no weight on claims that a substantial minimum wage increase will act to discourage bargaining. Indeed it is more probable that a minimum wage increase will act as a spur to bargaining, particularly where employees are considered award-free and need a ‘signal’ of what constitutes an acceptable wage.

²⁹ P Butterworth, L S Leach, L Strazdins, S C Olesen, B Rodgers, D H Broom, ‘The psychosocial quality of work determines whether employment has benefits for mental health: results from a longitudinal national household panel survey’, *Occup Environ Med* 2011;68, pp.806-812, <http://oem.bmj.com/content/68/11/806>

³⁰ Juan Du and J. Paul Leigh, ‘Effects of Minimum Wages on Absence from Work Due to Illness’ (November 13, 2017). Available at SSRN: <https://ssrn.com/abstract=3071132> or <http://dx.doi.org/10.2139/ssrn.3071132>

8.3. For this Report the Workplace Research Centre was asked by the FWC Minimum Wages Panel to look into the following question

- *How do minimum wage increases impact on the incentive to bargain?*

8.4. The report contains results from both quantitative and qualitative studies of bargaining and agreement outcomes at the national level. Examining unpublished data from the Workplace Agreements Database (WAD) of the Commonwealth Department of Employment, the Report found that, for sectors with Agreements contained lower average annualised wage increases (AAWIs) *‘there may be a positive association between wage increases in enterprise agreements and minimum wage increases.’*

8.5. The Report’s Qualitative and case study findings revealed that increases in the minimum wage were less significant for employers in their willingness to bargain than

- product and labour market shifts that impact on revenue and costs;
- the operation of performance management systems;
- workplace level restructuring or changes to job roles;
- directives with immediate impacts for costs or pricing structures; and
- cyclical or timetabled reviews to negotiate.

8.6. Employee’s incentives to bargain were largely determined by factors such as

- workplace level restructuring or changes to job roles;
- perceptions of value to the employer;
- culture of bargaining; and
- desire/requirement to fit work in around other roles in life.

8.7. The results of this study suggest that Increases to the minimum wage are more likely to encourage bargaining in lower wage sectors, and at any rate do not constitute the principle ‘incentive’ to embark upon bargaining in individual workplaces. The report’s quantitative analysis of enterprise agreements in the national system found that

*... there may be a positive association between wage increases in enterprise agreements and AWR [Annual Wage Review] increases. This was particularly the case for industries with higher proportions of enterprise agreements with AAWIs [Average Annualised Wage Increases] of less than 4.1 per cent and a large number of employees with wages set solely with reference to awards.*³¹

8.8. The industries included in these finding include Retail Trade and Accommodation and Food Services – industries more likely to be in the private sector state industrial relations system in WA.

8.9. UnionsWA also refers to the testimony provided to the Commission in 2013 by Professor Rowena Barrett (then Head of School of the School of Management at Edith Cowan University) concerning the reaction of small firms to changes such as minimum wage increases. In her witness statement Professor Barrett stated that

Small firms accommodate regulatory changes that affect the employment relationship through informality and an informal renegotiation of the employment contract.

³¹ FWC Report 7/2013 *Minimum wages and their role in the process and incentives to bargain* (pp.vii-viii)
<https://www.fwc.gov.au/documents/sites/wagereview2014/research/report7.pdf>

8.10. Such informal negotiations do constitute a form of agreement making even if it takes place ‘informally’. Changes such as reductions of hours should not be automatically assumed to be ‘bad’ for employees – as those employees may choose to take advantage of higher hourly in order to work fewer hours.

8.11. Professor Barrett also noted that

*For employees who the owner-manager considered were not covered by the award, pay was set through individual negotiations. Here the minimum wage had an important signalling impact about acceptable wages in such negotiations. Such a signal was important for ensuring that gender earnings differences were less likely to open up at an early stage, as female employees were likely to ask for less money in the first instance.*³²

8.12. The ‘signalling effect’ of the minimum wage is particularly important when considering the findings of our Fair Pay Survey, that a large number of respondents reported being paid at unlawfully low wages. Without necessarily attributing outright dishonesty to employers (who may not know the correct rate themselves), it is the case that workers who are desperate to find employment may well be taking ‘any port in a storm’ – without having a sense of the legal minimum of what needs to be paid.

8.13. UnionsWA contends that the Commission should not succumb to the simplistic assumption that ‘increases to the minimum wage = no need to bargain’. There is no evidence that workers and employers are so lazy that they cannot bargain over other matters in workplaces. The Commission should put no weight on claims that a substantial minimum wage increase will act to discourage bargaining. Indeed it is more probable that a minimum wage increase will act as a spur to bargaining, particularly where employees are considered award-free and need a ‘signal’ of what constitutes an acceptable wage.

9. Encouraging Ongoing Skills Development

9.1. Recent figure released by the National Centre for Vocational Education Research (NCVER) continue to show that WA has experienced falling commencements in apprenticeships and traineeship. UnionsWA contends that this fall is a consequence of our failure to make undertaking training pay for the trainee.³³

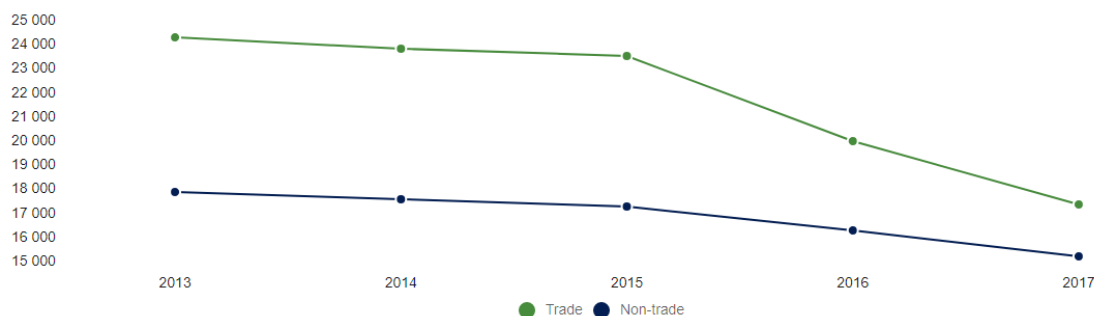
9.2. It is the practice for increases to the state minimum wage to flow onto apprentice and trainee rates. UnionsWA argues that a substantial wage increase that seeks to address the disparity between minimum rates and average weekly earnings will play its part in making apprenticeships more attractive thereby encouraging greater skills development. This has been recognised in the national system and should be recognised in the state system.

9.3. The National Centre for Vocational and Education Research (NCVER) provides the following for ‘In training’ as at 30 September (for both trades and non-trades)³⁴

³² Witness Statement Prof Rowena Barrett, para 5.3.

³³ NCVER 2017, *Australian vocational education and training statistics: apprentices and trainees 2016* — September quarter https://www.ncver.edu.au/data/assets/pdf_file/0023/265334/Apprentices-and-trainees-2016-september-quarter.pdf

³⁴ NCVER, *Apprentices and trainees 2017: September quarter - Western Australia* (14 March 2018) <https://www.ncver.edu.au/publications/publications/all-publications/apprentices-and-trainees-2017-september-quarter-australia/western-australia>



9.4. In the trades, the completion wage premium is still the significant factor. By contrast, in the non-trades it is the training wage wedge which matters. For both male and female trainees, completion rates decrease with increases in the difference between wages in alternative employment and training wages.³⁵

9.5. This is not arguing that qualified people do not benefit from training in the ‘long run’ of their working lives. However to get to the ‘long run’ they need to survive the ‘short run’. And as it stands Australia has been poor at making undertaking training a viable option.

9.6. In 2011 the Federal government released a report on apprenticeships prepared by an Expert Panel entitled ‘*A shared responsibility - Apprenticeships for the 21st Century*’.

Researchers for the Report found a clear link between low wages and apprenticeship commencements – noting that:

... nearly half (49 per cent) [of apprentices] said they would not recommend an apprenticeship to friends or relatives because of the low level of pay. Nearly one in ten students reported that their key reason for not planning to pursue an apprenticeship was the inadequate pay.

The report’s researchers also found that award rates for first year apprentices are often below the Henderson poverty line.³⁶

9.7. UnionsWA has in previous submissions cited a study by the NCVER on ‘*The Cost of Training Apprentices*’ which found that the ‘main cost to employers to be in the supervision of the apprentice’ rather than the wage costs.

*When apprentice productivity is measured against the wage paid to the apprentice, the relationship is shown to be very close. This results in employers’ costs for wages effectively being neutralised by apprentice productivity.*³⁷

9.8. For the apprentice however there is an opportunity cost involved in the time spent as an apprentice. Unless regular and generous increases in apprenticeship wages flow on from decisions such as those from the minimum wage, apprenticeships become increasingly unattractive.

³⁵ Tom Karmel, Peter Mlotkowski, ‘The impact of wages and the likelihood of employment on the probability of completing an apprenticeship or traineeship’, NCVER Research Report (27 May 2011), p.34 https://www.ncver.edu.au/_data/assets/file/0024/2688/2364.pdf

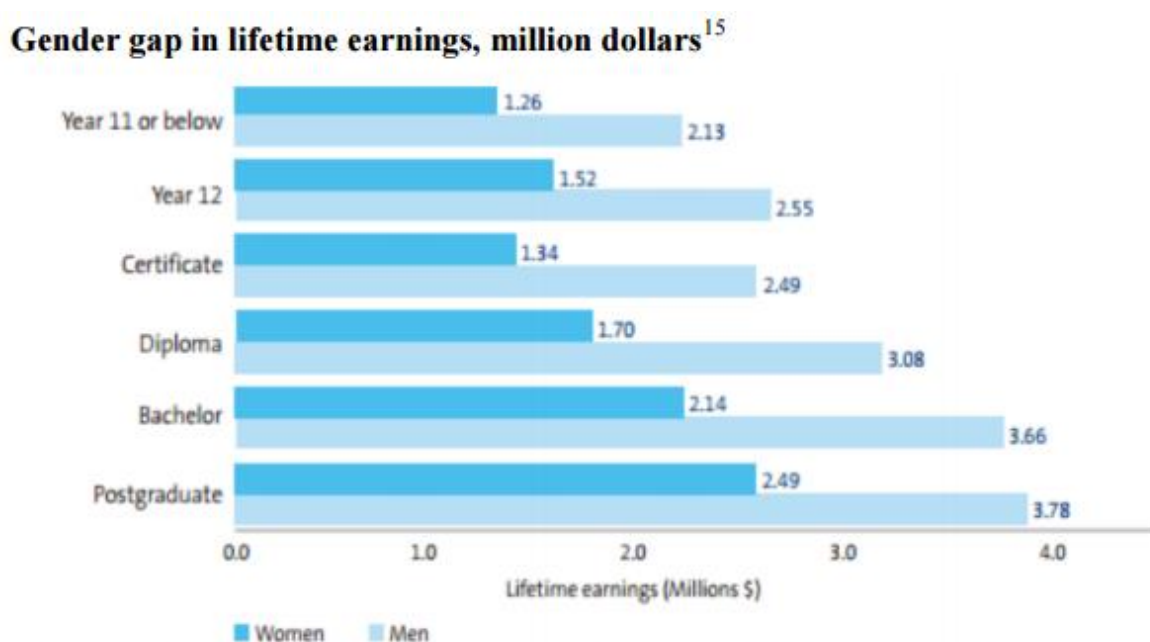
³⁶ Final Report of the Expert Panel (Jan 2011) *A shared responsibility - Apprenticeships for the 21st Century* p.89 <https://www.australianapprenticeships.gov.au/publications/shared-responsibility-apprenticeships-21st-century>

³⁷ NCVER *The cost of training apprentices* (p.25) <http://www.ncver.edu.au/wps/wcm/connect/9df71864-bfd5-4480-9b91-76b2a6211550/cp05070.pdf?MOD=AJPERES&CACHEID=9df71864-bfd5-4480-9b91-76b2a6211550>

- 9.9. It is the practice for increases to the state minimum wage to flow onto apprentice and trainee rates. UnionsWA argues that a substantial wage increase that seeks to address the disparity between minimum rates and average weekly earnings will play its part in making apprenticeships more attractive thereby encouraging greater skills development.

10. Providing Equal Remuneration for Men and Women for Work of Equal or Comparable Value

- 10.1. As previously mentioned, in our submission WA has the largest gender pay gap of any Australian state. An increase to the minimum wage at, or below, CPI inflation will make this situation worse rather than contribute to its improvement.
- 10.2. Given the continuing gender pay gaps in Western Australia, and nationally, the WA Commission needs to make a bold increase in the minimum wage to address them.
- 10.3. UnionsWA also contends that, when considering the impact of the gender pay gaps, the Commission should bear in mind that they also represent a career long penalty for women which is reflected in prospective lifetime earnings. This has been laid out in the 2016 Senate Economics References Committee Report 'A husband is not a retirement plan': Achieving economic security for women in retirement.
- 10.4. The chart below, provided to the Committee by the Bankwest Curtin Economics Centre shows the gender gap in prospective lifetime earnings across education groups.



Notes: Values are in 2011–12 dollars. Lifetime earnings estimates are derived from all employees, including those working part-time. Some fields of study have not been shown due to small sample sizes.
Source: Cassells et al. 2012

- 10.5. The Committee Report goes onto say that

It cannot be assumed that women will be able to rely on a male partner's savings for financial support in retirement, as one third of women are not in relationships by retirement

age, and 40 per cent of couples will not have sufficient savings to cover the gap in women's superannuation As one submission observed, 'a husband isn't a superannuation plan'.³⁸

10.6. The Report also states that

... addressing gender pay equity is a necessary part of closing the pay gap. The historical undervaluing of 'women's work' in female dominated industries and sectors will not be rectified without intervention.

10.7. UnionsWA asks the WA Commission to reject all submissions which contend that female minimum wage workers do not need a substantial pay increase because their living arrangements may be in a household with higher income earners – whether it be parents, spouses or friends. Low wage workers are entitled to the respect of being considered as individuals.

11. The State of the Economy of Western Australia, and Australia

11.1. While Western Australia has gone through some recent difficult economic times, there are signs of recovery which a substantial increase in the WA minimum wage can capitalise upon

11.2. The 'Economic Outlook' contained in the most recent WA State Budget states that:

Western Australia's economy, as measured by Gross State Product (GSP), is expected to grow by 3.25% in 2018-19, following estimated growth of 2.5% in 2017-18. Growth over this two-year period is predominantly supported by a further expansion in export volumes, consistent with an economy that is firmly within the production-phase of the resource investment cycle. GSP growth is expected to average 3.2% per annum over the remaining forecast period, with contributions from the domestic sectors (such as household consumption and business investment) dominating growth as export levels stabilise While these forecast rates of growth in GSP are below the historical average (4.3% per annum), they represent a steadier and more balanced phase of expansion in the State's economy, with increases in activity in both the mining and non-mining sectors.³⁹

Western Australia, Annual Growth %⁴⁰

	2016-17 Actual %	2017-18 Estimated Actual %	2018-19 Budget Estimate %	2019-20 Forward Estimate %	2020-21 Forward Estimate %	2021-22 Forward Estimate %
Gross State Product	-2.7	2.5	3.25	3.75	3.0	3.0
State Final Demand	-7.2	-0.25	-0.25	3.75	3.75	3.75
Employment	-0.9	2.25	1.5	2.0	2.25	2.25
Unemployment Rate ^(a)	6.2	5.75	5.75	5.5	5.25	5.0
Consumer Price	0.6	1.0	1.5	2.0	2.5	2.5

³⁸ 'A husband is not a retirement plan' p.14

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Economic_security_for_women_in_retirement/Report

³⁹ WA Budget 2018-19 Economic and Fiscal Outlook, p.11 <https://www.ourstatebudget.wa.gov.au/2018-19/budget-papers/bp3/2018-19-wa-state-budget-bp3.pdf>

⁴⁰ WA Department of Treasury, Economic Forecasts
https://www.treasury.wa.gov.au/Treasury/Economic_Data/Economic_Forecasts/

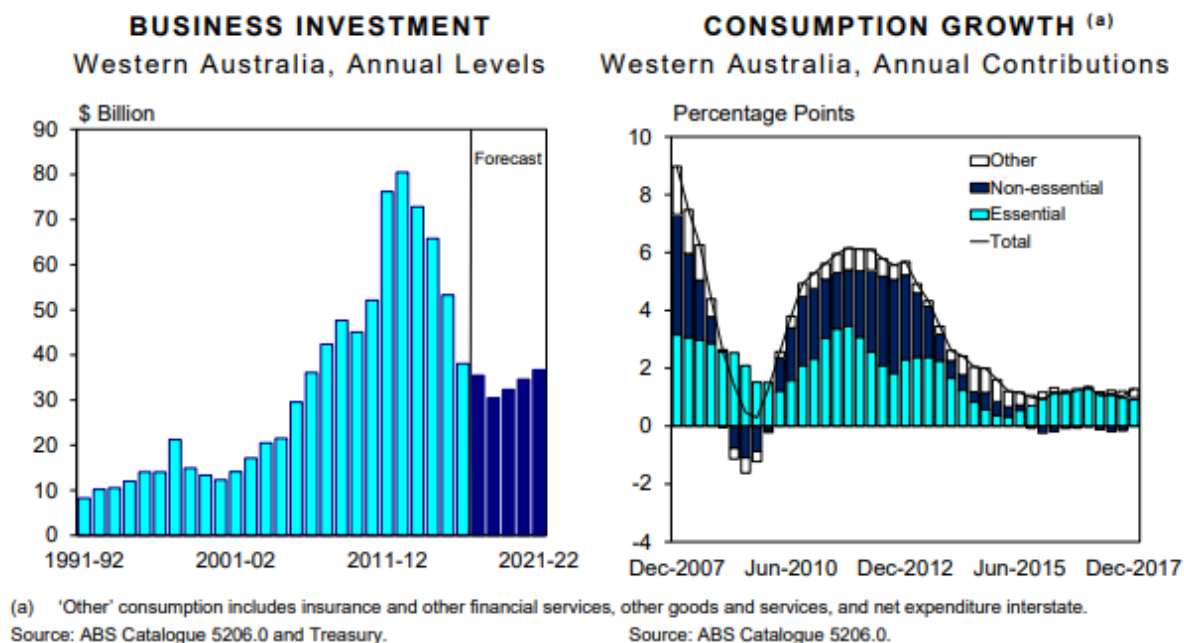
	2016-17 Actual %	2017-18 Estimated Actual %	2018-19 Budget Estimate %	2019-20 Forward Estimate %	2020-21 Forward Estimate %	2021-22 Forward Estimate %
Index						
Wage Price Index	1.4	1.5	1.75	2.75	3.0	3.25
Population	0.7	1.0	1.2	1.5	1.8	2.0

(a) Data expressed as annual average during the financial year.

11.3. The Economic Outlook also states that:

The State's household sector remains subdued by historical standards, with household consumption growing by just 1.3% in 2017. Growth continues to be underpinned by spending on essential items, while spending on non-essential goods and services remains weak (see figure on next page, right-hand panel). However, a recent rebound in consumer sentiment and a moderate increase in population growth, together with the recent pick-up in employment, is expected to support a lift in consumption growth to 1.75% in 2017-18. A recovery in both household income and wealth (proxied by house prices) underpins a further expected increase in growth to 2.25% in 2018-19.⁴¹

Figure 2



11.4. UnionsWA contends that spending on 'non-essential goods and services' is weak because of low wage growth, and the disparities in wage distribution in Western Australia. The 'steadier and more balanced phase of expansion in the State's economy' forecast by the Budget papers gives the Commission the opportunity to address consumption growth by playing its part in increasing wages.

11.5. The 'Economic Outlook' contained in the most recent Federal Budget states that 'momentum in the Australian economy strengthened in the second half of 2017.' It also observes that

⁴¹ WA Budget 2018-19 Economic and Fiscal Outlook, p.13 <https://www.ourstatebudget.wa.gov.au/2018-19/budget-papers/bp3/2018-19-wa-state-budget-bp3.pdf>

Domestically, conditions remain favourable with consumer and business surveys at above-average levels. Solid contributions from consumption and non-mining business investment should underpin a pick-up in growth, as the drag from the unwinding of the mining investment boom recedes

Budget Statement 1: Budget Overview

Table 2: Major economic parameters^(a)

	Outcomes	Forecasts			Projections	
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Real GDP	2.1	2 3/4	3	3	3	3
Employment	1.9	2 3/4	1 1/2	1 1/2	1 1/4	1 1/4
Unemployment rate	5.6	5 1/2	5 1/4	5 1/4	5 1/4	5
Consumer price index	1.9	2	2 1/4	2 1/2	2 1/2	2 1/2
Wage price index	1.9	2 1/4	2 3/4	3 1/4	3 1/2	3 1/2
Nominal GDP	5.9	4 1/4	3 3/4	4 3/4	4 1/2	4 1/2

(a) Year average growth unless otherwise stated. From 2016–17 to 2019–20, employment and the wage price index are through-the-year growth to the June quarter. The unemployment rate is the rate for the June quarter. The consumer price index is through-the-year growth to the June quarter.

Source: ABS cat. no. 5206.0, 6202.0, 6345.0, 6401.0 and Treasury.

11.6. The Federal Budget also predicts that ‘Higher wages and inflation will contribute to a rise in the level of nominal GDP over coming years.’⁴²

11.7. The Reserve Bank Statement on Monetary Policy for May 2018 also states that:

*Growth in the domestic economy is expected to strengthen over the forecast period. ... Upward revisions to household consumption in previous quarters and stronger than-expected non-mining business investment meant that domestic demand growth over 2017 was stronger than previously thought.*⁴³

Table 5.1: Output Growth and Inflation Forecasts^(a)

Per cent

	Year-ended					
	Dec 2017	Jun 2018	Dec 2018	Jun 2019	Dec 2019	Jun 2020
GDP growth	2.4	2¾	3¼	3½	3¼	3
Unemployment rate ^(b)	5.5	5½	5½	5¼	5¼	5¼
CPI inflation	1.9	2	2¼	2¼	2¼	2¼
Underlying inflation	1¾	2	2	2	2	2¼
	Year-average					
	2017	2017/18	2018	2018/19	2019	2019/20
GDP growth	2.3	2¾	3	3¼	3¼	3¼

(a) Technical assumptions include A\$ at US\$0.75, TWI at 62 and Brent crude oil price at US\$71 per barrel; shaded regions are historical data

(b) Average rate in the quarter

Sources: ABS; RBA

⁴² Budget Paper No. 1, *Budget Strategy and Outlook 2018-19*, pp.8-10 <https://www.budget.gov.au/2018-19/content/bp1/index.html>

⁴³ Reserve Bank of Australia, *Statement on Monetary Policy, May 2018*, pp.57-8 <http://www.rba.gov.au/publications/smp/2018/may/pdf/statement-on-monetary-policy-2018-05.pdf>

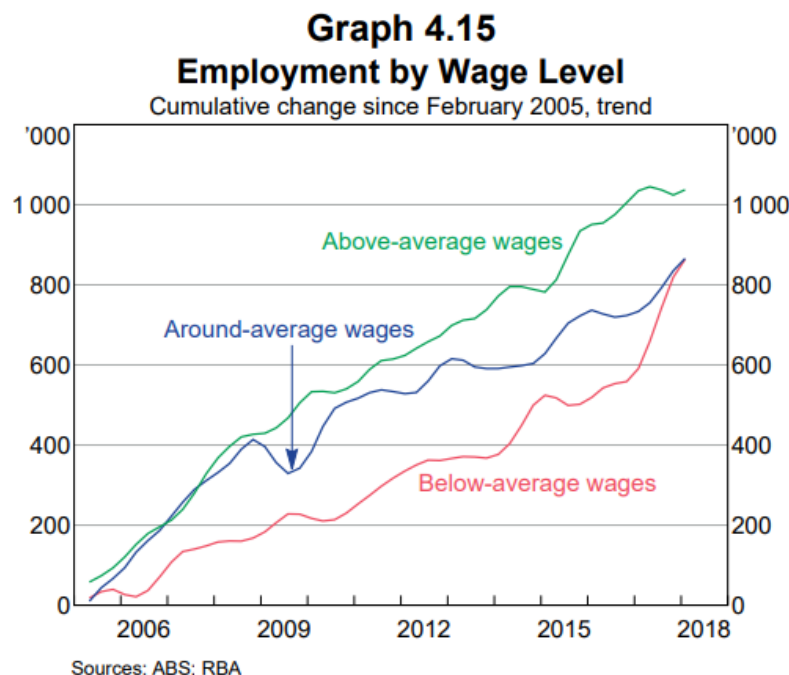
11.8. UnionsWA contends that a substantial increase to the WA minimum wage will be ‘pro-cyclical’ in present economic circumstances both in WA and Australia, in that it will assist the growth in household consumption by increasing aggregate demand.

12. The Capacity of Employers as a Whole to Bear Costs of Increased Wages

12.1. UnionsWA contends that employers cannot credibly argue that they are currently operating in a high labour cost environment. If anything their monopsony position in the labour market has provided them with substantial powers to hold cost down. There is no reason in such an environment for the WA Commission to restrain the minimum wage.

12.2. The RBA’s Statement on Monetary Policy for May 2018 makes use of a ‘broader’ measure of labour cost growth known as average earnings per hour in the national accounts (AENA). AENA captures a wider range of labour earnings (non-wages costs) than the wage price index (WPI) because it includes allowance, superannuation and redundancy payments, as well as changes in the composition of employment. According to the RBA

Growth in AENA has been weaker than in the WPI over recent years, in both goods-related industries such as construction, as well as in the household services sector. Within construction, this may reflect the slowing demand for construction workers on large-scale mining projects. Broader compositional changes in the labour market appear to also be weighing on AENA. For example, over the past year or so, employment growth has been strongest in those occupations with below-average rates of pay (Graph 4.15).⁴⁴



12.3. UnionsWA contends that employers cannot credibly argue that they are currently operating in a high labour cost environment. If anything their monopsony position in the labour market has provided them with substantial powers to hold cost down. There is no reason in such an environment for the WA Commission to restrain growth in the minimum wage.

⁴⁴ Reserve Bank of Australia, *Statement on Monetary Policy, May 2018*, pp.53-55
<http://www.rba.gov.au/publications/smp/2018/may/pdf/statement-on-monetary-policy-2018-05.pdf>

13. the need to ensure that the Western Australian award framework represents a system of fair wages and conditions of employment

13.1. UnionsWA is advocating that the Commission increase Award wages and the statutory minimum wage by \$50 per week or by 6.2%, whichever is greater. Such an increase would ensure relativities of the award classifications are maintained is consistent with subsections (1)(b) and (c) of the Act.

13.2. In its Reasons for Decision in 2016, the Commission, while choosing to award a flat increase, noted that *'[w]e are cognisant that a flat increase will have a slight impact on the compression of relativities.'* For this year's state wage case, UnionsWA revisited this calculation and examined the shifts in relativities in the *Metal Trades (General) Award* pay rates between 2015 and 2016

<i>Metal Trades (General) Award</i>	<i>2015</i>	<i>% of C14</i>	<i>2016</i>	<i>% of C14</i>	<i>Change in relativity 2015-16</i>
C14	\$679.90	100.0%	\$692.90	100.0%	0.0%
C13	\$697.50	97.5%	\$710.50	97.5%	0.0%
C12	\$721.30	94.3%	\$734.30	94.4%	0.1%
C11	\$743.40	91.5%	\$756.40	91.6%	0.1%
C10	\$778.90	87.3%	\$791.90	87.5%	0.2%
C9	\$801.00	84.9%	\$814.00	85.1%	0.2%
C8	\$822.90	82.6%	\$835.90	82.9%	0.3%
C7	\$842.90	80.7%	\$855.90	81.0%	0.3%
C6	\$886.90	76.7%	\$899.90	77.0%	0.3%
C5	\$909.00	74.8%	\$922.00	75.2%	0.4%

13.3. In 2017, the Commission awarded an increase of \$16 per week, taking the WA minimum wage to \$708.90. The same increase applies to award rates below the C10 classification level, with a percentage increase of 2.3% to C10 and above. In its Reasons for Decision the Commission wrote that

The structure of the increases focusses mostly on the low paid but also recognises the need to prevent the further but slight compression of relativities and will recognise and encourage skills development.

13.4. UnionsWA has revisited this calculation and examined the shifts in relativities in the *Metal Trades (General) Award* pay rates between 2016 and 2017.

<i>Metal Trades (General) Award</i>	<i>2016</i>	<i>% of C14</i>	<i>2017</i>	<i>% of C14</i>	<i>Change in relativity 2016-17</i>
C14	\$692.90	100.0%	\$708.90	100.0%	0.0%
C13	\$710.50	97.5%	\$726.50	97.6%	0.1%
C12	\$734.30	94.4%	\$750.30	94.5%	0.1%

<i>Metal Trades (General) Award</i>	<i>2016</i>	<i>% of C14</i>	<i>2017</i>	<i>% of C14</i>	<i>Change in relativity 2016-17</i>
C11	\$756.40	91.6%	\$772.40	91.8%	0.2%
C10	\$791.90	87.5%	\$810.10	87.5%	0.0%
C9	\$814.00	85.1%	\$832.70	85.1%	0.0%
C8	\$835.90	82.9%	\$855.10	82.9%	0.0%
C7	\$855.90	81.0%	\$875.60	81.0%	0.0%
C6	\$899.90	77.0%	\$920.60	77.0%	0.0%
C5	\$922.00	75.2%	\$943.20	75.2%	0.0%

13.5. We would ask the Commission to consider these results, as the data shows that the relativities of C10 to C5 have retained the same level of wage compression as previously. C13 to C11 display a slight variation.

13.6. If the Commission chooses to adopt UnionsWA's proposal for an increase by \$50 per week or by 6.2%, whichever is greater, the increase would deliver more consistent increases in relativities.

<i>Metal Trades (General) Award</i>	<i>2017</i>	<i>% of C14</i>	<i>2018 (if UnionsWA claim accepted)</i>	<i>% of C14</i>	<i>Change in relativity 2017-18</i>
C14	\$708.90	100.0%	\$758.90	100.0%	0.0%
C13	\$726.50	97.6%	\$776.50	97.7%	0.2%
C12	\$750.30	94.5%	\$800.30	94.8%	0.3%
C11	\$772.40	91.8%	\$822.40	92.3%	0.5%
C10	\$810.10	87.5%	\$860.10	88.2%	0.7%
C9	\$832.70	85.1%	\$884.33	85.8%	0.7%
C8	\$855.10	82.9%	\$908.12	83.6%	0.7%
C7	\$875.60	81.0%	\$929.89	81.6%	0.7%
C6	\$920.60	77.0%	\$977.68	77.6%	0.6%
C5	\$943.20	75.2%	\$1,001.68	75.8%	0.6%

13.7. An increase by \$50 per week or by 6.2%, whichever is greater, best balances the range of factors that the Commission must take into account. It delivers the largest proportionate increase to the lowest paid, while preserving the existing skill-based relativities for award classifications above C10.

14. Conclusion

14.1. UnionsWA is advocating that the Commission increase Award wages an increase by \$50 per week or by 6.2%, whichever is greater.

14.2. Below is summary of our positions under the statutory considerations in section 50A of *Industrial Relations Act*.

(3) *In making an order under this section, the Commission shall take into consideration —*

(a) the need to —

(i) ensure that Western Australians have a system of fair wages and conditions of employment;

UnionsWA is asking the WA Commission to take this opportunity to arrest and reverse the decline of the minimum wage bite and the gender pay gap in WA. Addressing the decline of the minimum wage ‘bite’ is vital for maintaining a fair system of wages and conditions in WA, and for addressing the broader issues of inequality highlighted by measures such as the Gini Co-efficient.

(ii) meet the needs of the low paid;

UnionsWA maintains that the needs of the low paid, and particularly the need to improve the standards of the low pay – require an increase to the WA minimum wage not just at CPI, but beyond it. The interests of the low paid, and of the unemployed moving into work, are not served by making worker as cheap as possible in the labour market. Job quality is inseparable from having decent pay and conditions that actively improve living standards, not by paying workers just enough to cover immediate living costs.

(iii) provide fair wage standards in the context of living standards generally prevailing in the community

The UnionsWA argues that in terms of addressing inequality, a minimum wage increase is not the only measure that can be taken, it is however a measure without which no other policy is likely to succeed.

(iv) contribute to improved living standards for employees;

UnionsWA submits that, given the increases in living costs that impact disproportionately on low wage workers, and the recent increases in living costs from the WA state budget, and the lack of benefits from the recent Federal Budget, an increase to the minimum wage far above CPI inflation is required

(v) protect employees who may be unable to reach an industrial agreement;

The WA Commission should put no weight on claims that a substantial minimum wage increase will act to discourage bargaining. Indeed it is more probable that a minimum wage increase will act as a spur to bargaining, particularly where employees are considered award-free and need a ‘signal’ of what constitutes an acceptable wage.

(vi) encourage ongoing skills development; and

UnionsWA argues that a substantial wage increase that seeks to address the disparity between minimum rates and average weekly earnings will play its part in making apprenticeships more attractive thereby encouraging greater skills development.

(vii) provide equal remuneration for men and women for work of equal or comparable value;

UnionsWA asks the WA Commission to reject all submissions which contend that female minimum wage workers do not need a substantial pay increase because their living arrangements may be in a

household with higher income earners – whether it be parents, spouses or friends. Low wage workers are entitled to the respect of being considered as individuals.

- (a) *the state of the economy of Western Australia and the likely effect of its decision on that economy and, in particular, on the level of employment, inflation and productivity in Western Australia;*
- (b) *to the extent that it is relevant, the state of the national economy;*

UnionsWA contends that a substantial increase to the WA minimum wage will be ‘pro-cyclical’ in present economic circumstances both in WA and Australia, in that it will assist the growth in household consumption by increasing aggregate demand.

(d) to the extent that it is relevant, the capacity of employers as a whole to bear the costs of increased wages, salaries, allowances and other remuneration;

UnionsWA contends that employers cannot credibly argue that they are currently operating in a high labour cost environment. If anything their monopsony position in the labour market has provided them with substantial powers to hold cost down. There is no reason in such an environment for the WA Commission to restrain growth in the minimum wage

(e) for the purposes of subsection (1)(b) and (c), the need to ensure that the Western Australian award framework represents a system of fair wages and conditions of employment;

An increase by \$50 per week or by 6.2%, whichever is greater, best balances the range of factors that the Commission must take into account. It delivers the largest proportionate increase to the lowest paid, while preserving the existing skill-based relativities for award classifications above C10.

(f) relevant decisions of other industrial courts and tribunals; and

(g) any other matters the Commission considers relevant.

UnionsWA points out that WA Commission has been warned year after year about the potentially dangerous impacts on employment of raising the state minimum wage by ‘too much’. These have never come to pass, and are based on outdated economic theories.

15. Statement of Principles

- 15.1. The Chief Commissioner has indicated the WA Commission would welcome receiving submissions about the Statement of Principles, including whether a separate equal remuneration principle should be developed.
- 15.2. The WA Commission has expressed the view that the Principles should permit an application to be made for equal remuneration for men and women for work of equal or comparable value, as that is one of the objects of the Industrial Relations Act. Principle 10 includes a specific reference to being used for matters “such as equal remuneration for men and women for work of equal or comparable value”
- 15.3. However Principle 10 has not yet been used to bring a specific equal remuneration application in the State jurisdiction and no legislative or case law criteria currently exists to guide the WAIRC in determining an equal remuneration matter.
- 15.4. UnionsWA has made a submissions to the Ministerial Review of the State Industrial Relations system, stating that

UnionsWA agrees with the Review, and supports the proposition of an equal remuneration provision based upon the model in the Industrial Relations Act 2016 (Qld). We also support the WAIRC developing an equal remuneration principle to assist parties in bringing or responding to applications brought pursuant to the equal remuneration provision. The provision should include a requirement for equal remuneration in state awards and agreements.

15.5. It is open to the WA Commission develop an equal remuneration principle to assist parties in bringing or responding to applications brought pursuant to the equal remuneration provision. This will ensure there is a clear process for the parties with guides on what the Commission would be considering.

15.6. Having an equal remuneration principle will also encourage consistency in the Commission's application of the ER provision. To that end UnionsWA would support considering the Queensland Equal Remuneration Principle, and how similar wording could be included in the WA Principles.

15.7. UnionsWA has made a submissions to the Ministerial Review of the State Industrial Relations system on the matter of award updating, stating that

There is no need for a wholesale updating of State Awards in order to ensure that WA workers without current coverage become covered by awards. Our recommendation is for a more targeted and cost effective approach that will ensure Award coverage is extended to all WA workers, by adjusting the scope and respondency clauses of existing Awards.

15.8. UnionsWA submits that the powers available to the WA Commission under section 40 of the Industrial Relations Act are not time restricted or limited to being used only once in relation to updating awards. Therefore there is no legislative issue with the WA Commission initiating award updating process. However we would argue that such a process would do better to follow the approach outlined by in our submission to the IR Review, rather than a resource intensive wholesale updating of State Awards.