



2020 State Wage Case

Chamber of Commerce and Industry WA
Response to Questions on Notice

2 June 2020



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Industrial Relations Act 1979

In the Western Australian Industrial Relations Commission

Application No. 1 of 2020

2020 STATE WAGE ORDER

On the Commission's own motion

RESPONSE TO QUESTIONS ON NOTICE

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Introduction

1. The Chamber of Commerce and Industry of Western Australia (**CCIWA**) thanks the Commission in Court Session (**Commission**) for the opportunity to respond to the additional questions asked of the parties on 26 May 2020 in relation to the 2020 State Wage Case (**SWC**).
2. CCIWA's responses to these questions is provided below.

The Commission's Powers

Meaning of adjust and can the Commission maintain existing wage levels.

3. The Commission asks:
 - 3.1. Is the Commission able to set the Minimum Wage and weekly rates of pay at their existing levels, that is, to not increase those rates?
 - 3.2. What does it mean to adjust in s50A(1)(b) and (2)(a) to (d), and does that require an increase in rates of wages?
4. In responding to these questions, CCIWA notes that s50A of the *Industrial Relations Act 1979 (IR Act)*; provides the following:

50A. *Rates of pay etc. for MCE Act and awards, annual State Wage order as to*

(1) *The Commission shall before 1 July in each year, of its own motion make a General Order (the State Wage order) —*

 - (a) *setting —*
 - (i) *the minimum weekly rate of pay applicable under section 12 of the MCE Act to employees who have reached 21 years of age and who are not apprentices;*
 - (ii) *the minimum weekly rate or rates of pay applicable under section 14 of the MCE Act to apprentices;*

and
 - (b) *adjusting rates of wages paid under awards; and*
 - (c) *having regard to the statement of principles issued under paragraph (d) —*
 - (i) *varying each award affected by the exercise of jurisdiction under paragraph (b) to ensure that the award is consistent with the order; and*
 - (ii) *if the Commission considers it appropriate to do so, making other consequential changes to specified awards;*

and
 - (d) *setting out a statement of principles to be applied and followed in relation to the exercise of jurisdiction under this Act to set the wages, salaries, allowances or other remuneration of employees or the prices to be paid in respect of their employment.*

(2) *The Commission may, in relation to awards generally or specified awards, do any or all of the following for the purposes of subsection (1)(b) —*

- (a) *adjust all rates of wages;*
 - (b) *adjust individual rates of wages;*
 - (c) *adjust a series of rates of wages;*
 - (d) *adjust specialised rates of wages.*
5. Turning first to the question as to what it means to adjust and does that require an increase in rates of wages, CCIWA notes that the word adjust is not defined by the IR Act.
 6. Consequently, it is appropriate to consider its common meaning. The Australian Concise Oxford Dictionary defines “*adjust*” as being to “*regulate*” or “*make suitable*”.¹
 7. Likewise the Macquarie Dictionary defines the term as:
 - verb (t) 1. to fit, as one thing to another; make correspondent or conformable; adapt; accommodate: to adjust things to a standard.*
 - 2. to put in working order; regulate; bring to a proper state or position: to adjust an instrument.*
 - 3. to settle or bring to a satisfactory state, so that parties are agreed in the result: to adjust differences.*
 - 4. Insurance to fix (the sum to be paid on a claim); settle (a claim).*
 - 5. Military to correct the elevation and deflection of (a gun).*
 - 6. Obsolete to systematise: to adjust the motions of the stars.*
 - verb (i) 7. to adapt oneself; become adapted.*²
 8. Neither of the above definitions suggest that the word adjust is synonymous with the term increase.
 9. Taking the approach that the SWC is a wage policy instrument, then its purpose can be best described as adjusting an instrument to ensure that it is in its proper state or position. We say that this can be done by increasing, decreasing, or retaining the existing calibration of the instrument.
 10. We also note that s50A(2), provides that the Commission “*may, in relation to awards generally or specified awards, do any or all of the following*” (emphasis added) with respect to adjusting rates of pay. Consequently, were the Commission to be of the view that adjust means that there must be some change (either positive or negative) then reference to the word “*may*” identifies that the Commission has discretion in the exercise of this provision, which is further reinforced by the words “*do any or all*” which assumes that the Commission may chose not to adjust certain components.

¹ Oxford University Press (2009) *The Australian Concise Oxford Dictionary (5th Edition)*

² Macquarie Dictionary Online

11. This view is further supported by s50A(1)(a) which provides that the Commission must “set” a State Minimum Wage (**SMW**). The use of the word “set” does not assume that the Commission is required to increase the SMW as part of the SWC review.
12. We are also of the view that the language used throughout s50A does not presume that an increase will be granted, nor can such a view be inferred.
13. This view is also consistent with the provisions of s26 of the IR Act which gives the Commission significant independence and discretion in the determination of matters. In particular, s26(1)(a) provides that the Commission shall “*act according to equity, good conscience and the substantial merits of the case without regard to technicalities of legal form*”.
14. Consequently, CCIWA is of the opinion that there is nothing contained in s50A, or within the IR Act more generally, that requires the Commission to provide an increase.

Deferring the hearing or implementation of the State Wage Case.

15. The Commission asks whether:
 - 15.1. There is capacity to defer:
 - i. the hearing of the State Wage case; or
 - ii. the commencement date of any increase?
 - 15.2. s50A is amenable to the Commission’s power under s27(1)(n), such as to enable a delay in either the hearing or any increase?
16. With respect to the delaying the hearing of the SWC, s50A(1) provides that the Commission “*shall before 1 July in each year, of its own motion make a General Order*”. We believe this prescribes a clear direction as to when the Commission must issue its decision.
17. Section 27(1)(n) provides that the Commission may extend any prescribed time, or any time fixed, by an order of the Commission.
18. We note the Full Bench decision of *United Voice v Director General, Department of Education [2014] WAIRC 01361* considered whether s27(1)(n) could be used to extend the time by which an appeal could be lodged contrary to s49(3), which provides that an appeal shall be initiated within 21 days of the date of the relevant decision. In that decision the majority of the Full Bench held that s27(1)(n) could be used to overcome an explicit time frame.
19. CCIWA does not seek to re-examine the finding of that decision at this time.

20. On 26 March 2020, CCIWA wrote to the Premier seeking a temporary amendment to be made to s50A to provide the Commission with the discretion to delay the hearing of the 2020 SWC decision to allow for a better consideration of the impact of the COVID-19 pandemic on the economy. It remains our view that a delay in the hearing of the SWC requires an express provision within the IR Act to achieve that effect.
21. With respect to the commencement date of any increase, we note that s50A(5) provides that a State Wage order takes effect on 1 July in the year that it is made. This requires that an order be effected from that date, but it does not require that any increase take effect from that date, noting that it is CCIWA's view that there no requirement on the Commission to grant an increase in the first instance.
22. This view is supported by the 2009 State Wage Order³ which:
 - 22.1. delayed the operative date for increases in the award rates of pay to the first pay period on or after 1 October 2009; and
 - 22.2. prescribed a minimum weekly rate of pay effective from 1 July 2009 which reflected the 2008 SMW, with an increased SMW which took effect on the first pay period on or after 1 October 2009.
23. CCIWA believes that it was open to the Commission to make that order and that it did not err in doing so. Consequently, it is open for the Commission to delay or defer the effective date of any increase.

The Impact of COVID-19 on Employment

Impact of wage increases on employment

24. The Commission asks whether given the severe economic impact of the COVID-19 pandemic what is the likelihood of any increase in the State minimum wage having a negative effect on employment and underemployment, especially in the case of younger employees.
25. This question is asked in the context of the prevailing view that modest increases to the minimum wage do not have negative employment consequences, which for the purpose of these proceedings is largely premised on Professor Plowman's 2006 SWC report.⁴

³ 2009 WAIRC 00402

⁴ Plowman, D (2006) Report Prepared for the Western Australian Industrial Relations Commission: State Minimum Wage Review, May 2006.

26. In the 2016 SWC decision, the Commission also noted that Professor Plowman's report identified that *"where the State does not experience economic growth, this finding suggests that the effect of the increases in the minimum wage will be greater than in times of growth"*.⁵
27. The Commission has also previously noted the *Award Reliance Survey*⁶ which identified that:
- Small businesses reported that their short-term responses to increases in costs would be to implement strategies to manage or reduce their wage bill (69.4 per cent). This included:*
- (1) reducing hours of casual staff (71.8 per cent);*
- (2) work more hours themselves (69.3 per cent);*
- (3) reduce the number of employees by attrition (63.1 per cent);*
- (4) reduce the length of shifts (54.3 per cent); and*
- (5) reduce overtime (50.7 per cent).*⁷
28. On 28 May 2020, the WA Treasurer identified that we are moving to a period of negative economic growth, with WA Department of Treasury predicting that WA's Gross State Product will contract by 5.1 per cent in the June quarter 2020, which will lower the forecast growth for 2019-20 to 0.7 per cent. They also forecast that the economy will contract by 3.1 per cent for 2020-21.⁸
29. The impact of the COVID-19 Pandemic on the economy is already being felt on employment as demonstrated in the *Labour Force* report for April 2020.⁹
30. The report shows that the number of people employed in WA fell by 62,300 from 1.365 million to 1.303 million in the month between March and April 2020, as shown in the graph below.

⁵ 2016 SWC [2016 WAIRC 00358] at 179.

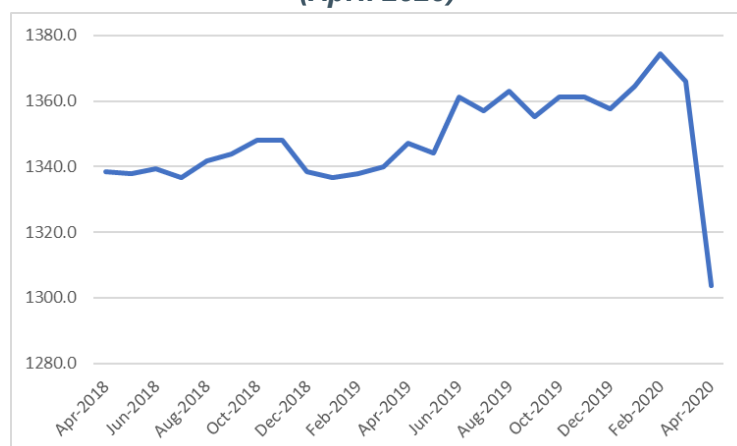
⁶ FWC (2015) *Research Report 1/2015, Award Reliance and Business Size*, February 2015, page 9

⁷ 2018 SWC [2018 WAIRC 00363] at 121

⁸ WA Government (28 May 2020) [Treasurer provides Parliament with COVID-19 economic update – Media Statement](#).

⁹ ABS (May 2020) [Labour Force, Australia, April 2020](#). All figures quoted is seasonally adjusted data, with the exception of youth unemployment which is original data.

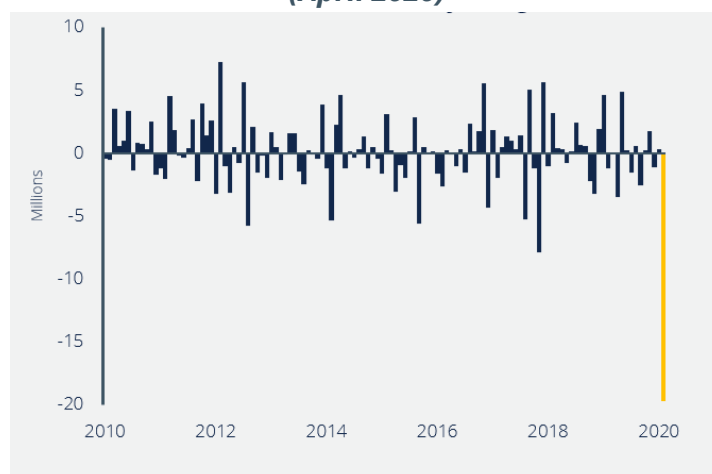
**WA Employed Persons (000)
(April 2020)**



31. The decline in the number of people employed in WA resulted in:
 - 31.1. The seasonally adjusted unemployment rate increasing to 6.0 per cent in April 2020, compared to 5.4 per cent in March 2020; and
 - 31.2. A significant decline in the participation rate from 68.0 per cent in March 2020 to 65.2 per cent in April 2020 as 57,600 West Australians withdrew from the labour market.

32. The number of hours workers by WA employees also plunged by 20 million hours in April 2020, as shown in the table below.

**WA Hours Worked Monthly Change
(April 2020)**



33. This has resulted in significant increase in the level of underemployment in WA from 9.7 per cent in March 2020 to 14.6 per cent in April 2020.

34. For young workers, the WA youth unemployment rate increased by 0.6 per cent to 12.6 per cent for April 2020, whilst their participation rate fell from 72.3 per cent to 62.1 per cent between March and April.

35. The significant deterioration in employment is predominately driven by the changed business conditions arising out to the COVID-19 pandemic. The ABS *Business Impacts of COVID-19 Report* for May 2020¹⁰ identifies that nationally:
- 35.1. 74 per cent of business were operating under modified conditions;
 - 35.2. 72 per cent had experienced a decline in revenue;
 - 35.3. 53 per cent of business had reduced the hours worked by staff whilst 24 per cent had reduced the total number of employees;
 - 35.4. 73 per cent of businesses had accessed support measures to help maintain their businesses;
 - 35.5. 55 per cent of business had accessed wage subsidies, such as JobKeeper and apprenticeship wage subsidies, to support the employment of their staff.
36. The submission of the Minister and CCIWA further identifies the impact that the COVID-19 impact is having on the economy.
37. This clearly indicates that the economy is no longer in a position to absorb even modest increases to minimum wages without it having a negative impact on employment.

Employment effects post JobKeepers

38. The Commission also asks what may be the consequences for employment and underemployment in the labour market once the present stimulus measures such as the JobKeeper scheme are withdrawn or reduced in scope?
39. The JobKeeper payment scheme is currently expected to cease on 28 September 2020.
40. As identified in paragraph 27 of CCIWA's initial submission, the RBA predicts a 10 per cent unemployment rate by June 2020 and that this rate would have been much higher without the JobKeeper wage subsidy.
41. This is reflected in the recent Labour Force report which shows the whilst the unemployment rate has increased, at this point COVID-19 is having a far greater impact on the underemployment rate as employers seek to maintain employment by reducing the hours worked by individual employees, rather than reducing the number of staff.
42. The JobKeeper subsidy, along with increased flexibilities in the management of work, has allowed employers to defer decisions with respect to the employment levels required to operate their business.

¹⁰ ABS (May 2020) [*Business Indicators, Business Impacts of COVID-19, May 2020*](#)

43. As the medium to long term impact of COVID-19 becomes clearer, businesses will be in a better position to move from a reactive approach to addressing the challenges posed by the pandemic, to a more strategic position in assessing its ongoing implications for their business.
44. However, it is increasing apparent that there will not be a return to normal operating conditions for most industries. As JobKeeper and other government supports come to an end, employers will be required to make decisions as to how their business will continue to operate and the number and type of staff required to achieve this.
45. This is likely to result in a significant proportion of those workers who are currently underemployed becoming unemployed.

Incapacity to Pay

Must the Commission grant the same increase to all industries

46. The Commission asks whether, in the context of considering the capacity of employers as a whole to bear the cost of increased wages, whether it must award the same increase, if any, to all sectors of industry regardless of the capacity of any particular industry to bear the increase in costs?
47. In addressing this question, it is noted that s50A(3)(D) considers the issue of capacity to pay on the premise of employers as a whole. This requires the Commission to consider this matter on an overall basis, although CCIWA has previously submitted that particular attention should be given to the industries most likely to be impacted by the SWC decision.
48. It is also noted that s50A(3)(g) provides that the Commission may consider any other matters it considers relevant. This would allow for specific consideration of the circumstances of a particular industry.
49. In setting the SMW, we note that that s50A(1)(a)(i) provides for the setting of *“the minimum weekly rate of pay”* for adult employees. The wording of this provision would appear to suggest that only one minimum rate can be established under this provision. This is different to s50A(1)(a)(ii) which provides for the establishment of multiple rates of pay in relation to apprentices.
50. Consequently, we do not believe that it is possible to have a different minimum weekly rate of pay based on industry, noting that this rate is also reflected in some award rates of pay.
51. In relation to award rates generally, s50A(2) allows the Commission to do all or any of the following:

- 51.1. adjust all rates of wages;
 - 51.2. adjust individual rates of wages;
 - 51.3. adjust a series of rates of wages;
 - 51.4. adjust specialised rates of wages.
52. This would appear to provide the Commission with a greater level of discretion in the establishment of award rates of pay that takes into considering circumstances facing a particular industry.
53. However, such an approach may result in practical considerations that would need to be addressed.

Effect of Principle 12

54. In relation to the Statement of Principles, the Commission asks the following questions in relation to Principle 12:

54.1. Does Principle 12 – Economic incapacity apply to the State Wage order and the amendments it makes to awards, or only to the other types of matters dealt with by the Principles, for example, Work Value?

54.2. Given the nature of the businesses which are in the State industrial relations system and subject of the State Wage order, is it likely or reasonable that they will actually apply to the Commission under Principle 12, provide the detailed financial information required and be subject to scrutiny, or are they more likely to simply breach and take their chances?

55. Principle 12 currently provides that:

Any respondent or group of respondents to an award may apply to reduce and/or postpone the variation which results in an increase in labour costs under this Statement of Principles on the ground of very serious or extreme economic adversity. The merit of such application shall be determined in the light of the particular circumstances of each case and any material relating thereto shall be rigorously tested. The impact on employment at the enterprise level of the increase in labour costs is a significant factor to be taken into account in assessing the merit of an application. It will then be a matter for the Chief Commissioner to decide whether it should be dealt with by a Commission in Court Session.

56. The application of Principle 12 is predicated by Principle 1 which deals with the manner in which the Principles are to be applied. Notable at subclause 1.1 it provides that:

This Statement of Principles is to be applied and followed when the Commission is making or varying an award or making an order in relation to the exercise of the jurisdiction under the Act to set the wages, salaries, allowances or other remuneration of employees or the prices to be paid in respect of their employment.

57. There is nothing in the wording of these provisions that suggests that the application of Principle 12 is limited only to the other types of matters that can be dealt with by the Principles, such as work value applications.
58. It is the view of CCIWA that the purpose of Principle 12 is allow relevant parties to apply to reduce and/or postpone any variation which results in an increase in labour costs. This provision has greatest relevance to the application of the SWC increase to vary award rates of pay. Given this, were it intended that it would not apply in this circumstance we would expect that this would have been explicitly stated.
59. As to whether a respondent or group of respondents to an award is likely to make an application under Principle 12, given the nature of the employers covered by the state awards, CCIWA believes that this is unlikely.
60. In the first instant it is noted that in the case of many awards, the employers who are listed as named respondents within awards no longer exist or are likely to be covered by the national industrial relations system. Consequently, the number of employers covered by state award who have the capacity to make an application will be small. It would therefore be appropriate for the Commission to give consideration to varying Principle 12 to allow for an “employer or group of employers bound by the award” to make an application under this provision, in line with s40(2) of the IR Act.
61. However, the more significant practical barrier lies with the difficulty, time and uncertainty associated with a small business in making such an application. As identified in paragraph 27 of this document, businesses are more likely to respond to an increase in wages by decreasing working hours, reducing the number of employees, and/or increasing the amount of time the owners spend working in the business. These provide for a more immediate and certain relief to increased cost of employment, albeit at an expense to employment and opportunity for business growth.
62. CCIWA strongly disagrees with the allegation posed in the question that as an alternative to making an application under Principle 12 employers are “*more likely to simply breach and take their chances*”. CCIWA refers the Commission to the *Inquiry into Wage Theft in Western Australia* undertaken by former Chief Commissioner Beech in which he concluded that “*the vast majority of employers in WA understand and either comply, or attempt to comply, with their legal obligations, whether these derive from legislation, an award or an industrial agreement*”.¹¹

¹¹ Beech, T (2019) *Inquiry into Wage Theft in Western Australia*, p7

Evidence of employers' capacity to bear increased wage costs

63. The Commission also asks what evidence exists in relation to the capacity of employers to bear the cost of increases to minimum wages.
64. In response to this question, I would draw particular attention to the following aspects of CCIWA's initial submission:
- 64.1. Paragraphs 33 to 41 which outlines the impact of COVID-19 on employment conditions. The information available at the time the submission was made identified a significant impact on employment, which has been reinforced in the April 2020 Labour Force data referred to earlier in this document. The unfortunate need by employers to drastically reduce working hours is a clear indication of the adverse impact the pandemic is having on employers;
- 64.2. Paragraphs 48 to 64 which details the anticipated impact of the COVID-19 pandemic on businesses both through CCIWA's *COVID-19 Business Impact Survey*, the *WA Super – CCIWA Business Confidence Survey: March Quarter 2020* and the *ABS Business Indicators, Business Impacts of COVID-19, April 2020*. The information contained in these paragraphs identify:
- i. The extent to which employers have experienced a reduction in customer levels and revenue;
 - ii. The extent to which businesses are seeking to adapt in response to COVID-19 pandemic;
 - iii. The steps that employers are currently taking to maintain the employment of their staff;
 - iv. The proportion of employers who are anticipating making staff redundant;
 - v. The decline in business confidence;
 - vi. The decline in profit expectations;
- 64.3. Paragraph 71 and 72 identifies that according to the ABS Survey on the Business Impacts of COVID-19 (April 2020), 44 per cent of business identified that the announcement of the JobKeeper payments influenced their employment decision. That is, without the payment these employers would be reducing their workforce;
- 64.4. Paragraph 73 which identifies Commonwealth Treasury prediction that without JobKeeper the unemployment rate would be 5 percentage points higher.

65. We also refer to the witness statement provided by Mr Christmas as part of the Minister's submission, with specific reference to:
- 65.1. Page 2 in which it is identified that *"current business operating restrictions and weaker demand in various sectors of the domestic economy have led to extensive job losses and firms limiting new hiring decisions. This presents downward risks to the employment growth outlook relative to the Mid-year Review projections in the near term. Consistent with downside risks to employment and job losses to date, the unemployment rate is likely to be substantially higher, particularly in the short term, than forecast at Mid-year Review;*
 - 65.2. Page 3, in which reference is given to the International Monetary Funds projection that Australia's gross domestic product will contract by 6.7 per cent for 2020;
 - 65.3. Page 6, which identifies that outside of the mining industry, Treasury predicts that business investment is expected to moderate a restrictions and lower consumer demand weigh heavily of firm profitability.
66. The *Impacts of COVID-19 Report – May 2020*¹² which has been commented upon at paragraph 35 of this document further supports the reduced capacity for employer to bear increased cost of employment.

Measures of Profitability

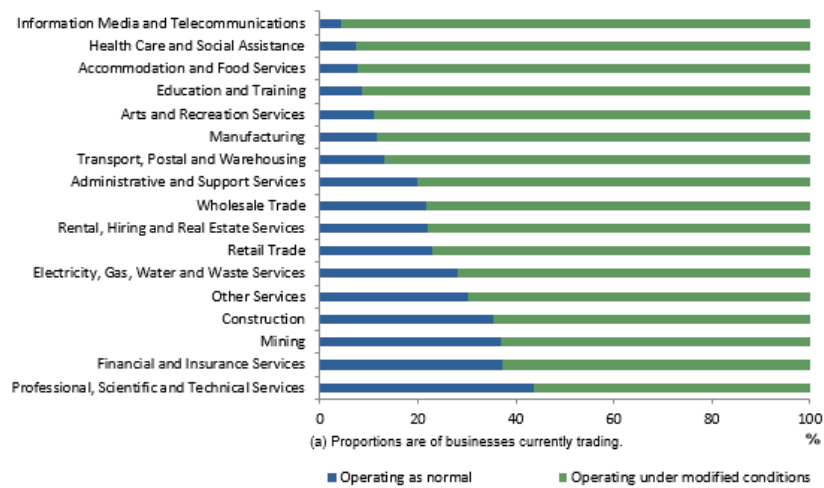
Weighing the difference between industries

67. The Commission asks how it should weigh the significant differences between various industries and their capacity to bear additional labour costs. This question is raised in the context of reports regarding revenue generated from iron ore and nickel industries compared to the loss of patronage and income to businesses in the tourism, accommodation, catering and some aspects of the retail industry.
68. Whilst the Commission is required to consider the capacity of employers as a whole to bear the costs of increased wages, CCIWA submits that this should be done by giving greater consideration on the potential impact on employers most likely to be impacted by the SWC. These have generally been considered to include the retail, accommodation and food services, and construction industries.
69. It is also apparent that as a whole, 72 per cent of all business have experience decreased revenue as result of the COVID-19 pandemic, with the majority of employers across all industries operating under modified conditions, as shown in the graph below.¹³

¹² ABS (May 2020) [Business Indicators, Business Impacts of COVID-19, May 2020](#)

¹³ Ibid

Operating status of businesses, by industry^(a)



70. This demonstrates that even in industries such as mining, the majority of businesses have had to modified their operations in response to COVID-19.

Pent-up demand in the economy

71. The Commission also asks if there is evidence of pent-up demand in the economy, or within particular industries and sectors, and if so, what is its likely effect?

72. The restrictions imposed by the State and Federal Governments in relation to the COVID-19 pandemic has meant that consumers have not been able to access certain services.

73. This raises a question as to whether there is a pent-up demand for services which would result in increased spending as restrictions are relaxed.

74. The extent of the restrictions that have been established in response to COVID-19 means there is no contemporary comparison which can be drawn upon to help respond to this question. It is therefore difficult to provide evidence to address this question.

75. However, CCIWA makes the following observations:

75.1. As identified in paragraph 53 of our initial submission, 84 per cent of WA employers identified that they intended to change their operations in response to COVID-19 restrictions. This has included many businesses altering the way in which they provide goods and services to consumers in order to meet ongoing demand;¹⁴

¹⁴ For example, some restaurants have shifted to pick up, delivery, or cook at home services to help meet consumer demand for restaurant style meals. <https://thewest.com.au/lifestyle/food/perth-cafes-and-restaurants-open-for-takeaway-and-delivery-hallelujah-ng-b881521642z>

- 75.2. Any increase in demand arising from the relaxing of restrictions is unlikely to replace the revenue lost over the preceding months, particularly in the case of service based industries;¹⁵
- 75.3. The WA Government's current approach to the relaxation of restrictions has been contingent on other conditions still applying which limits the capacity for businesses to take advantage of any increased demand. This is most noticeable in the hospitality industry in which restrictions on venue capacity means that businesses are not able to operate at full capacity. As a result, revenue for many of these businesses will continue be lower than normal;
- 75.4. Concerns over the ongoing risks associated with the spread of COVID-19 may affect consumers preparedness to engage with businesses in the same manner as they have previously;
- 75.5. The COVID-19 pandemic has had a significant impact on employment and working hours which has reduced spending capacity and consumer confidence.
76. CCIWA therefore believes that the easing of restrictions will not result in businesses being able to make up for lost revenue, rather it is our expectations that revenue levels will continue to be depressed.

Cost of Living

77. In response to WACOSS's submission regarding regional differences in the cost of living, the Commission asks whether it should take account of location allowances in it determining the State Wage order?
78. Section 50A(3)(a)(i) provides that in making its decision the Commission needs to ensure that West Australian have a system of fair wages and consideration of employment.
79. It is therefore appropriate for the Commission to take into consideration the extent of the safety net that applies to employees, including the role of overtime rates, penalty rates, loadings, and allowances in providing terms and conditions in excess of the SMW and award rates of pay.
80. However, the ability for the Commission to take into consideration the cost of living associated with specific regional locations as part of the SWC is limited by s50A(3)(a)(iii) which requires the need to provide fair wage standards in the context of living standards **generally prevailing** in the community. CCIWA submits that this requires the Commission to take into consideration overall cost of living as part of

¹⁵ For example, clients of a nail spa may have previously visited the establishment on a monthly basis. With the easing of restrictions there may be an initial increase demand for services as clients bring forward their purchase decision. However, this does not replace purchase decision foregone as a result of the restrictions.

the SWC decision as distinct from considering the adequacy of the minimum wage with respect to a particular regional location.

81. With regards to the Location Allowance General Order not applying to award free employees, the Commission also asks:
 - 81.1. Should future Location Allowances General Orders be applied to award free employees? and
 - 81.2. If so, should it form part of the State Wage Case each year, or be subject to a separate review?
82. CCIWA believes that the question as to whether location allowances should apply to award free employees is a matter that needs to be addressed through the Location Allowance General Order.
83. Further, s50A requires the Commission to:
 - 83.1. Set the minimum weekly wage for adult employees and apprentices;
 - 83.2. Adjust rates of pay under awards; and
 - 83.3. Establish a statement of principles to be applied in setting wages, salaries, allowances or other remuneration.
84. Under the SWC proceedings, the role of the Commission in relation to allowances is limited to setting principles in establishing or varying allowance. It does not confer an ability on the Commission to establish an allowance under s50A. Consequently, consideration of location allowances must be subject to a separate application under s50 of the IR Act.

General

85. In relation to UnionsWA submission, the Commission ask what evidence there is for their statement at 3.7 that *"the experience of the Great Depression makes clear that wage freezes and cuts will be actively damaging to the WA economy"*.
86. This comment appears to relate to the statement made at 3.2 in which they cite an article by Tim Harcourt that the austerity plan initiated during the Great Depression, which included planned reduction in wages, resulted in the economic slump being longer and deeper than it should have been.
87. CCIWA notes that the article relied upon by UnionsWA is an opinion piece that does not identify the basis by which the author has arrived at the views expressed in the article. Consequently, it cannot be considered as evidence to support this claim.

88. The Commission also asks whether the State Government intends to maintain its current wage policy.
89. Whilst this is obviously a question for the Minister, CCIWA appreciates that it is one that the Minister may not be in a position to answer until after the 2020 State Budget is released.
90. However, CCIWA has observed that there appears to have been an increase in the number of applications for industrial agreement approval as public sector unions seek to finalise agreement negotiations. This may suggest that there is an expectation by relevant unions of a future tightening of the public sector wage policy.