



**GOVERNMENT OF  
WESTERN AUSTRALIA**

*Industrial Relations Act 1979*

**IN THE WESTERN AUSTRALIAN  
INDUSTRIAL RELATIONS COMMISSION**

**No. 1 of 2020**

**ON THE COMMISSION'S OWN MOTION**

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**SUBMISSION OF THE MINISTER FOR INDUSTRIAL  
RELATIONS**

**Re: 2020 STATE WAGE ORDER**



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## 1. Introduction and Minister's Position

1. In January 2020, the Western Australian Industrial Relations Commission (WAIRC) issued Application 1 of 2020 on its own motion. The application seeks to make a State Wage Order pursuant to section 50A of the *Industrial Relations Act 1979* (IR Act) to determine rates of pay for the purposes of the *Minimum Conditions of Employment Act 1993* (MCE Act) and State awards.
2. In making the State Wage Order, the WAIRC is required each year to consider a variety of statutory criteria prescribed in section 50A(3) of the IR Act including:
  - (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; and
  - (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; and
  - (c) to the extent that it is relevant, the state of the national economy; and
  - (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; and
  - (e) for the purposes of [Section 50A (1)(b) and (c)], the need to ensure that the Western Australian award framework represents a system of fair wages and conditions of employment; and
  - (f) relevant decisions of other industrial courts and tribunals; and
  - (g) any other matters the Commission considers relevant.
3. This submission outlines the position of the Minister for Industrial Relations (the Minister) on behalf of the Western Australian Government in regard to Application 1 of 2020. The submission also addresses several other issues the WAIRC has indicated it would like to receive further information on, namely:
  - a review of the Statement of Principles (the Principles) accompanying the State Wage Order, issued each year pursuant to s 50A(1)(d) of the IR Act;
  - issues concerning the consumer price index (CPI), including whether it continues to be the most effective measure for changes in everyday living costs for employees subject to the State Wage Order; and
  - rates of pay in awards that are below the award or statutory minimum, and other associated award wage issues.

4. The Minister acknowledges this year's State Wage Case proceedings are taking place during an extraordinary period in Western Australia's history, where events surrounding the outbreak of the COVID-19 pandemic have fundamentally altered the economic environment for employers and employees.
5. Since March of this year, a series of unprecedented measures have been implemented to contain the spread of the COVID-19 coronavirus, which in turn have had a profound impact on the State's short-term economic prospects. Many businesses are operating in uncharted waters and there is a significant degree of uncertainty as to when conditions will return to normal.
6. On 23 March 2020, the Commonwealth Government announced revised guidelines around places of social gathering. As part of these guidelines, pubs, licensed clubs and hotels (excluding accommodation), personal services (including beauty therapy, tanning, massage and tattoo parlours), places of worship, gyms, sporting venues, playgrounds, cinemas, entertainment venues, amusement parks, arcades, galleries, museums, libraries, public swimming pools, yoga studios and casinos were closed. Restaurants and cafes have only been able to offer take away food.
7. Along with the closure of State and national borders, the above restrictions on trading activities and public gatherings have impacted many businesses, creating significant financial pressure for affected employers and employees. The situation continues to evolve rapidly, and it is expected that in the coming months data will reveal the full extent of the economic downturn in Western Australia.
8. The State and Commonwealth Governments have introduced a series of measures to provide relief to businesses and individuals and to help the economy respond to the COVID-19 coronavirus.
9. On 16 March 2020, the Western Australian Government announced a \$607 million stimulus package, including a minimum 12-month freeze on household fees and charges such as electricity, water, motor vehicle charges, emergency services levy and public transport fares. A series of further initiatives have since been announced by the Western Australian Government, including:
  - initiatives to assist individuals facing financial hardship;
  - measures to assist residential and commercial tenants and landlords;
  - payroll tax relief, grants and energy credits for small businesses;
  - fee and rent waivers for business;
  - land tax assistance for landlords;
  - financial relief for the on-demand transport industry;
  - additional resources for the health system, including influenza vaccinations;
  - recruiting additional police officers and expanding police resources;
  - assistance for people with a disability; and
  - measures to protect against family violence.

10. Further details of the measures introduced by the Western Australian Government to assist businesses and individuals are available at:  
[www.wa.gov.au/organisation/departments-of-the-premier-and-cabinet/covid-19-coronavirus-business-and-industry-advice#support-for-small](http://www.wa.gov.au/organisation/departments-of-the-premier-and-cabinet/covid-19-coronavirus-business-and-industry-advice#support-for-small).
11. The Minister notes that there have been also been a number of employment flexibilities introduced in the State industrial relations system on a temporary basis to assist employers and employees with employment issues relating to the COVID-19 coronavirus pandemic.
12. On 14 April 2020, the WAIRC issued the COVID-19 General Order on its own motion following extensive input from Department of Mines, Industry Regulation and Safety (DMIRS) Private Sector Labour Relations division (PSLR), representing the Minister, UnionsWA, and the Chamber of Commerce and Industry of WA (CCIWA).
13. The COVID-19 General Order provides all employees with two weeks' unpaid pandemic leave if the employee is required to self-isolate, allows for an employee and their employer to agree to the employee taking twice as much leave at half pay, and allows for an employee and employer to agree to an employee taking a period of annual leave in advance of the entitlement being accrued.
14. The Commonwealth Government has also introduced a number of measures to address the impact of COVID-19, including through the JobSeeker and JobKeeper payments. Further data concerning the take up of such payments, and the impact of COVID-19 on the economy and labour force more generally, is provided in Chapter 5.
15. Given the rapidly evolving situation concerning the COVID-19 pandemic, and the degree of uncertainty about the state of the Western Australian economy, the Minister has not recommended a specific position for minimum and award wage adjustments in this submission, but reserves the right to do so at a later stage of proceedings should this be deemed appropriate.

## 2. The Western Australian economy and labour market

### Economic outlook

16. The Department of Treasury (Treasury) has provided an economic overview for the Western Australian economy. As in previous years, Mr David Christmas, Director of the Economic and Revenue Forecasting Division, will be a witness for Treasury in this year's State Wage Case. As this year's proceedings are being conducted 'on the papers', Mr Christmas' witness statement has been combined with the economic overview to form **Attachment A** to this submission.
17. It is important to note the economic overview contained in Attachment A contains some data that is based on the 2019-20 Government Mid-Year Financial Projections Statement (Mid-year Review), which was published on 17 December 2019 prior to the outbreak of the COVID-19 pandemic. Efforts to contain the spread of COVID-19, and policy responses to manage its impact, continue to rapidly evolve. Treasury advises that this has heightened uncertainty about the economic outlook, as many of the short-term projections in the 2019-20 Mid-year Review will now be dated.
18. As events surrounding the impact of COVID-19 have unfolded swiftly, there is currently only limited data to measure its full impact in WA. Much of the data that is presently available will be of limited use in this year's proceedings, as it pre-dates the period from March 2020 when the most significant developments concerning COVID-19 took place.
19. The Australian Bureau of Statistics (ABS) is releasing a range of additional research to measure the impact of COVID-19 on the community, and this will supplement existing data sources.
20. The Minister will look to provide further economic and labour market information relevant to these proceedings as it becomes available, including in subsequent submissions.

### Labour market conditions in Western Australia

21. The following section presents an assortment of labour market data detailing Western Australia's performance over recent months. In most cases the relevant information pre-dates the onset of the COVID-19 pandemic and the widespread restrictions taken by the State and Commonwealth Governments to contain it. The ABS also notes that for the March 2020 monthly Labour Force Survey, the reference weeks fell in the first half of March, when there was a relatively low number of confirmed COVID-19 cases within Australia, and many of the additional social distancing measures, shutdowns of non-essential services and trading restrictions had either not yet been announced or taken effect.<sup>1</sup>

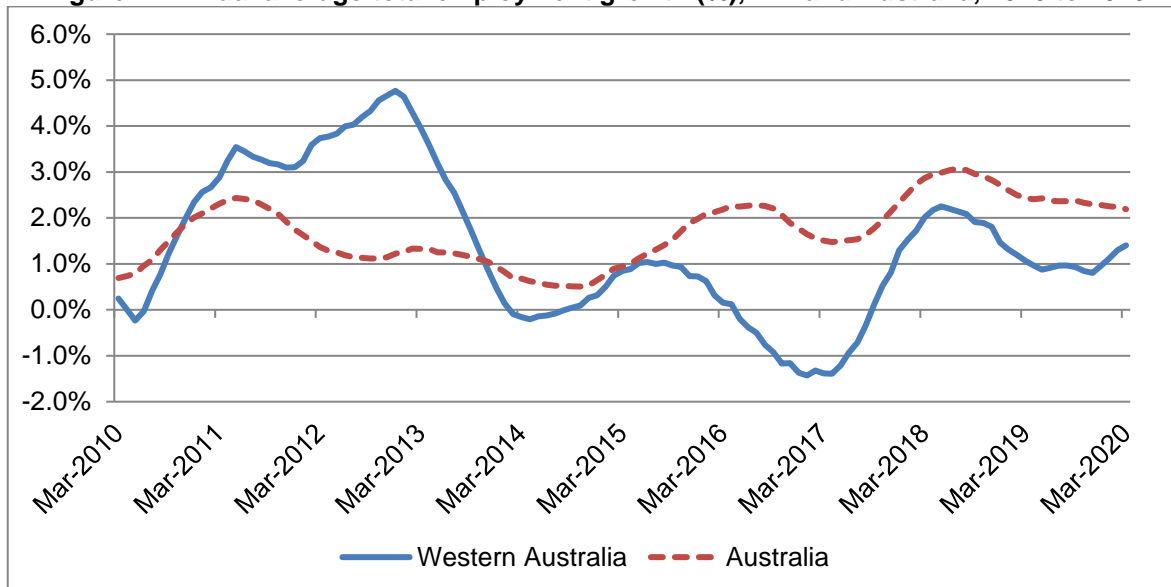
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<sup>1</sup> ABS (2020), *Labour Force, Australia, March 2020*, Catalogue 6202.0, [Spotlight: Impacts of Coronavirus \(COVID-19\) on Trend Estimation and Seasonal Adjustment in the Labour Force Survey](#).

## Employment and unemployment

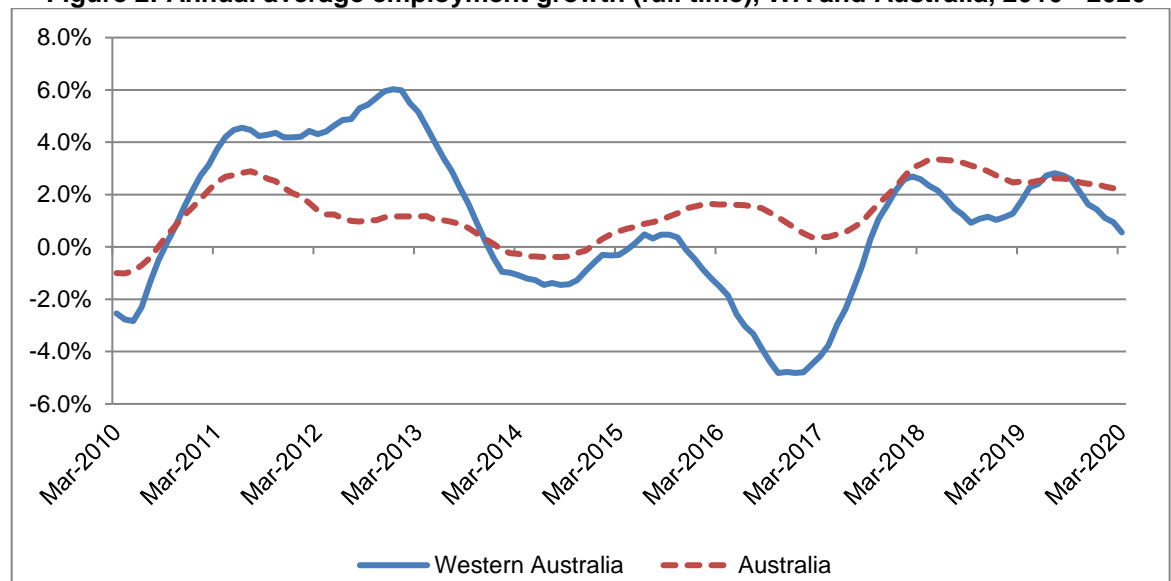
22. As Figure 1 illustrates, total employment in Western Australia increased by 1.4 per cent in annual average terms over the year to March 2020, a moderate increase from 1.1 per cent growth in the year to March 2019. Nationally, total employment increased by 2.2 per cent in the year to March 2020, down from 2.4 per cent growth a year earlier.

**Figure 1: Annual average total employment growth (%), WA and Australia, 2010 to 2020<sup>2</sup>**



23. As shown in Figure 2, full time employment in Western Australia grew by just 0.6 per cent in annual average terms in the year to March 2020, down from growth of 1.7 per cent in the year to March 2019. Nationally, full time employment grew by 2.1 per cent in the year to March 2020, down from growth of 2.5 per cent a year earlier.

**Figure 2: Annual average employment growth (full time), WA and Australia, 2010 - 2020<sup>3</sup>**



<sup>2</sup> ABS (2020), *Labour Force, Australia, March 2020*, Catalogue 6202.0, Time series, Tables 1 & 8 (seasonally adjusted series).

<sup>3</sup> Ibid.

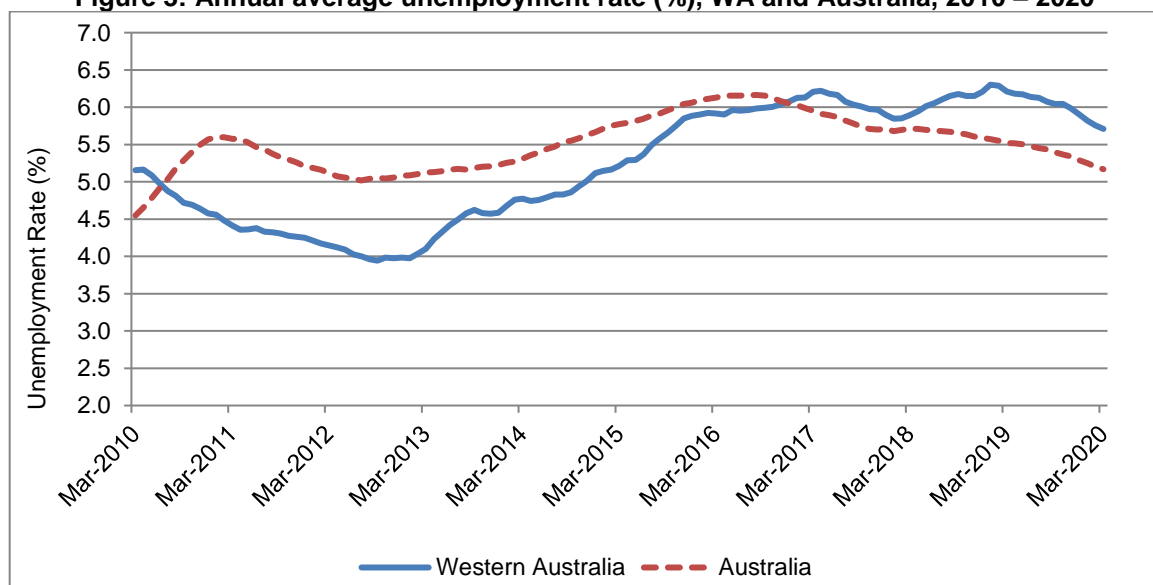
24. Data regarding employment within Western Australia reveals variations in growth between industries in the year to February 2020. This would not take account of more recent trends concerning the COVID-19 pandemic.

**Table 1 – Employment by industry in WA (000s), February 2019 – February 2020<sup>4</sup>**

TOTAL EMPLOYED ('000)	Feb-19	Feb-20	Change (000s)
Agriculture, forestry and fishing	34.1	34.9	0.8
Mining	102.8	114.9	12.1
Manufacturing	82.6	72.0	-10.6
Electricity, gas, water and waste services	20.7	15.4	-5.3
Construction	119.7	120.0	0.4
Wholesale trade	40.6	43.4	2.8
Retail trade	137.0	129.2	-7.8
Accommodation and food services	93.5	96.1	2.6
Transport, postal and warehousing	67.6	68.7	1.1
Information media and telecommunications	14.0	14.4	0.4
Financial and insurance services	26.6	31.0	4.4
Rental, hiring and real estate services	18.8	25.5	6.7
Professional, scientific and technical services	109.1	106.9	-2.2
Administrative and support services	40.5	38.7	-1.8
Public administration and safety	94.2	98.0	3.8
Education and training	97.0	110.9	13.9
Health care and social assistance	157.9	170.3	12.4
Arts and recreation services	22.7	23.2	0.5
Other services	60.8	63.4	2.6
<b>Total</b>	<b>1340.1</b>	<b>1376.8</b>	<b>36.7</b>

25. The State's unemployment rate edged lower over the past 12 months, declining to an annual average rate of 5.7 per cent in the year to March 2020, down from 6.2 per cent in the year to March 2019.

**Figure 3: Annual average unemployment rate (%), WA and Australia, 2010 – 2020<sup>5</sup>**



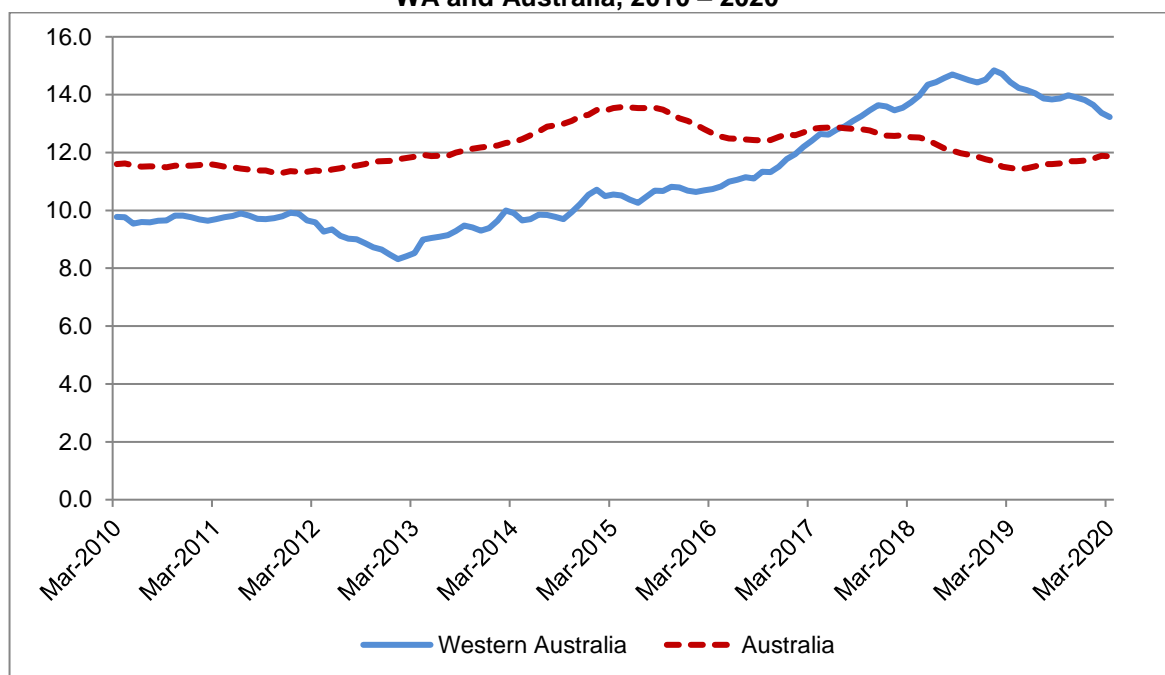
<sup>4</sup> ABS (2020), *Labour Force, Australia, Detailed, Quarterly, February 2020*, Catalogue 6291.0.55.003, Table 5 (seasonally adjusted series).

<sup>5</sup> ABS (2020), *Labour Force, Australia, March 2020*, Catalogue 6202.0, Time Series, Table 1 & 8 (seasonally adjusted series).



26. For certain sectors of the labour market, unemployment persists at higher rates than the State average. Figure 4 shows that the average annual youth unemployment rate in WA has increased in recent years, although it declined in the 12 months to March 2020.

**Figure 4: Annual average unemployment rate (%), 15 to 24 year olds, WA and Australia, 2010 – 2020<sup>6</sup>**



27. Reflecting the degree of spare capacity in the labour market, underemployment in Western Australia has also increased in recent years. However, it has declined marginally in the past 12 months, falling from an average rate of 9.4 per cent in the year to March 2019, to 9.3 per cent in the year to March 2020.<sup>7</sup>
28. The annual average rate of underutilisation in Western Australia also declined in the year to March 2020, falling from 15.6 per cent to 15.0 per cent. Most of this reduction reflects a fall in the average unemployment rate.<sup>8</sup>
29. More recent data released by the Australian Bureau of Statistics suggests that underemployment and unemployment have increased significantly as a result of measures introduced to contain the COVID-19 pandemic. This issue is explored further later in the submission.

## Trends in wages

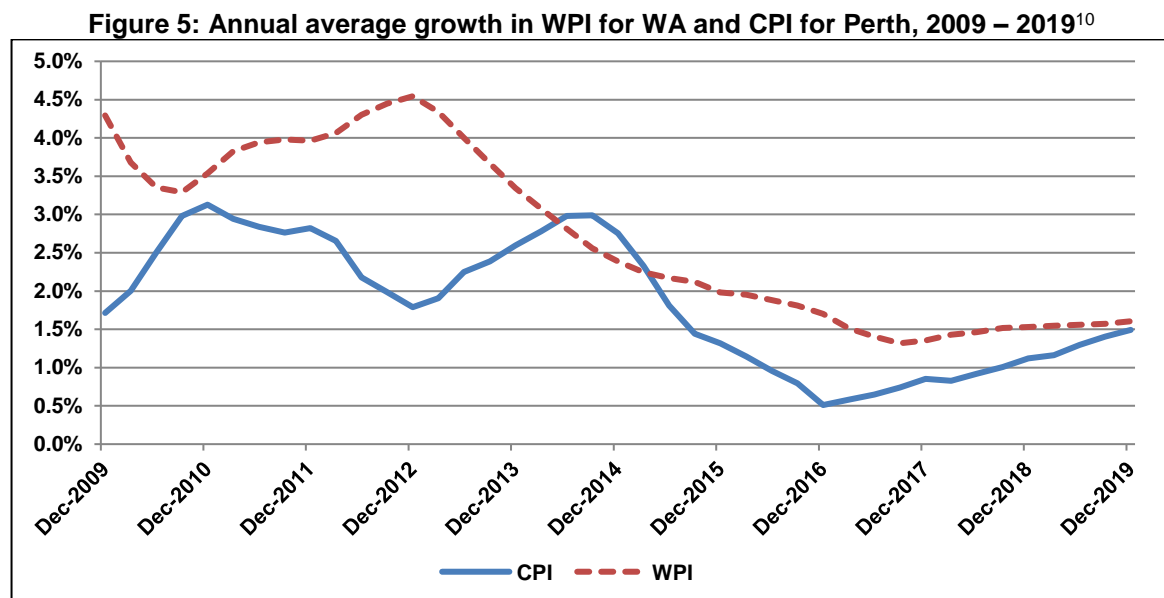
30. Wages growth has slowed significantly in recent years, both in Western Australia and across the country.

<sup>6</sup> ABS (2020), *Labour Force, Australia, Detailed – Electronic Delivery, March 2020*, Catalogue 6291.0.55.001, Time Series, Table 3.

<sup>7</sup> ABS (2020), *Labour Force, Australia, March 2020*, Catalogue 6202.0, Time Series, Table 23 (seasonally adjusted series). The underemployment rate measures the number of underemployed workers (those who are employed but would like more hours of work) expressed as a percentage of the civilian labour force.

<sup>8</sup> Ibid. The underutilisation rate measures the sum of the number of unemployed workers plus the number of underemployed workers, expressed as a percentage of the civilian labour force.

31. Annual average growth in the State's Wage Price Index (WPI) in the December Quarter 2019 was 1.6 per cent, up marginally from annual average growth of 1.5 per cent in the December Quarter 2018. In year-ended terms, the State's WPI increased by 1.7 per cent in the 2019 calendar year.<sup>9</sup>
32. As shown in the chart below, growth in the State's WPI has slowed considerably since 2012, following the end of the mining-led investment boom.



33. Growth in the WPI at the national level has also been subdued in recent years, increasing by 2.3 per cent in annual average terms in the 2019 calendar year.<sup>11</sup>
34. The WPI measures the change in wages and salaries by controlling the quantity and quality of jobs and excluding compositional factors, such as the growth in part time work. Due to the control for changes in labour market composition, the WPI is the preferred measure for wages growth.
35. While the WPI is generally considered the most useful indicator of wage inflation, the ABS Average Weekly Earnings series is used to provide an indication of earnings in dollar amounts.
36. The latest figures indicate that full time Average Weekly Ordinary Time Earnings (AWOTE) in Western Australia rose by 1.2 per cent in the year to November 2019, from \$1,757.10 to \$1,777.80.<sup>12</sup>
37. Across the whole workforce, average weekly total earnings (AWE) in Western Australia increased by 2.7 per cent, rising from \$1,299.30 to \$1,334.90 in the year to November 2019.<sup>13</sup>

<sup>9</sup> ABS (2020), *Wage Price Index, Australia, December 2019*, Catalogue 6345.0, Time Series, Table 2b.

<sup>10</sup> ABS (2020), *Wage Price Index, Australia, December 2019*, Catalogue 6345.0, Time Series, Table 2b; and ABS (2020), *Consumer Price Index, December 2019*, Catalogue 6401.0, Time Series, Table 1.

<sup>11</sup> ABS (2020), *Wage Price Index, Australia, December 2019*, Catalogue 6345.0, Time Series, Table 2b.

<sup>12</sup> ABS (2020), *Average Weekly Earnings, Australia, November 2019*, Catalogue 6302.0, Time Series, Table 12E (seasonally adjusted data).

<sup>13</sup> Ibid.

### 3. Equal remuneration

38. Another relevant consideration in minimum and award wage determinations is the principle of equal remuneration for work of equal or comparable value.
39. The most recent AWOTE data indicates that the gap between male and female earnings in Western Australia declined in the 12 months to November 2019, as female earnings rose at a faster rate than male earnings.
40. As indicated in Table 2 below, the gender pay gap in Western Australia fell from 23.2 per cent in November 2018 to 22.4 per cent in November 2019. Nationally, the gender pay gap also declined over the same period, falling from 14.2 per cent to 13.9 per cent.

**Table 2: Average weekly ordinary time earnings and the gender pay gap (GPG), WA and Australia, November 2018 and November 2019<sup>14</sup>**

		Nov 2018	Nov 2019	Change over year
<b>WA</b>	Males	\$1,915.90	\$1,928.10	0.6%
	Females	\$1,472.20	\$1,497.10	1.7%
	<b>GPG</b>	<b>23.2%</b>	<b>22.4%</b>	<b>- 0.8 percentage points</b>
<b>Australia</b>	Males	\$1696.50	\$1,750.80	3.2%
	Females	\$1456.20	\$1,508.00	3.6%
	<b>GPG</b>	<b>14.2%</b>	<b>13.9%</b>	<b>- 0.3 percentage points</b>

41. As can be seen from the table below, Western Australia still has the largest gender pay gap in Australia, as measured by AWOTE.

**Table 3: Gender Pay Gap by State / Territory, November Quarter 2019<sup>15</sup>**

State / Territory	Male AWOTE	Female AWOTE	Gender Pay Gap
<b>NSW</b>	\$1,778.80	\$1,528.20	14.1%
<b>VIC</b>	\$1,699.20	\$1,539.30	9.4%
<b>QLD</b>	\$1,714.50	\$1,442.60	15.9%
<b>SA</b>	\$1,563.20	\$1,400.20	10.4%
<b>WA</b>	\$1,928.10	\$1,497.10	22.4%
<b>TAS</b>	\$1,497.60	\$1,363.80	8.9%
<b>NT</b>	\$1,787.80	\$1,555.00	13.0%
<b>ACT</b>	\$1,904.90	\$1,737.10	8.8%
<b>AUS</b>	\$1,750.80	\$1,508.00	13.9%

42. Women are traditionally more reliant on award pay rates than men, and a higher proportion of female employees are currently being paid in accordance with an award.
43. While the causes of the gender pay gap are complex, fair and sustainable adjustments in the State Wage Order can play a role in helping to reduce gender pay inequality, particularly as it directly affects a larger proportion of female employees.

<sup>14</sup> ABS (2020), *Average Weekly Earnings, Australia, November 2019*, Catalogue 6302.0, Time Series, Table 2 and 12E (seasonally adjusted data).

<sup>15</sup> Ibid, Tables 2 and 12A-12H (seasonally adjusted data).

## 4. Operating conditions for Western Australian businesses

44. The criteria specified in section 50A(3) of the IR Act require the WAIRC to consider the capacity of employers as a whole to bear the cost of increased wages and the likely effect of its State Wage Order on the economy and employment levels.
45. While there is limited specific data available to assess the health of those businesses likely to be affected by the State Wage Order, it is apparent that a significant number of businesses will currently be experiencing financial stress as a result of COVID-19. The figures below relate to the 2018-19 financial year, which pre-dates this event.
46. The Gross Operating Surplus (GOS) plus Gross Mixed Income (GMI) measure produced by the ABS suggests certain industries performed better than others in 2018-19. While it is important to note that this data reveals little about the profitability or otherwise of individual businesses, the measure provides some insight into local conditions at the aggregate industry level.
47. As illustrated in Table 4, while a number of industries recorded an improvement in GOS plus GMI, declines were recorded in some industries. Across all industries GOS plus GMI increased by 3.4 per cent in 2018-19, led by the Mining industry, which recorded the strongest growth for the second year in a row.

**Table 4: Gross Operating Surplus (GOS) and Gross Mixed Income (GMI) by industry, current prices, 2018 and 2019<sup>16</sup>**

Industry	GOS + GMI June 2018 (\$m)	GOS + GMI June 2019 (\$m)	Annual Increase (\$m)	Annual Increase (%)
Mining	56,733	63,258	6,525	11.5
Manufacturing	4,491	4,968	477	10.6
Professional, scientific and technical services	2,658	2,852	194	7.3
Wholesale trade	2,484	2,572	88	3.5
Health care and social assistance	1,594	1,644	50	3.1
Transport, postal and warehousing	5,800	5,974	174	3.0
Retail trade	2,868	2,954	86	3.0
Financial and insurance services	7,642	7,801	159	2.1
Electricity, gas, water and waste services	3,592	3,643	51	1.4
Education and training	830	835	5	0.6
Accommodation and food services	971	946	-25	-2.6
Information media and telecommunications	2,053	1,999	-54	-2.6
Arts and recreation services	558	539	-19	-3.4
Public administration and safety	1,342	1,278	-64	-4.8
Rental, hiring and real estate services	2,678	2,547	-131	-4.9
Administrative and support services	800	758	-42	-5.3
Agriculture, forestry and fishing	5,797	5,405	-392	-6.8
Other services	782	726	-56	-7.2
Construction	8,504	7,291	-1,213	-14.3
<b>Total all industries</b>	<b>129,309</b>	<b>133,714</b>	<b>4,405</b>	<b>3.4</b>

<sup>16</sup> ABS (2019), *Australian National Accounts: State Accounts, 2018-19*, Catalogue 5220.0, Time Series, Table 6 (original data).

## 5. Measuring the impact of COVID-19

48. Since 27 April 2020, the JobSeeker payment (previously Newstart) and certain other income support payments have been temporarily increased through a Coronavirus Supplement. The Coronavirus Supplement adds \$550 per fortnight to existing payments, and will apply until 24 September 2020.
49. Unlike JobSeeker, the JobKeeper allowance (\$1,500 per fortnight) is paid directly to employers through the Australian Taxation Office (ATO) to enable eligible businesses to continue employing existing employees.
50. Early figures indicate there has been a significant take up of COVID-19 related income support payments, reflecting the magnitude of the situation. On Tuesday 12 May 2020, the Federal Treasurer, the Hon Josh Frydenberg MP, released a Ministerial Statement on the Economy which confirmed that more than 835,000 businesses had now formally enrolled in the JobKeeper program, claiming payments for more than 5.5 million workers.<sup>17</sup>
51. Minister Frydenberg also confirmed that 1.29 million people had successfully applied for early access to their superannuation, with the ATO releasing approximately \$10.6 billion in claims, with an average withdrawal of \$8,000.<sup>18</sup>
52. Figures provided to the Senate Select Committee on Covid-19 by Services Australia (formerly Centrelink) on 30 April 2020 indicate that:
  - Between 13 March and 24 April 2020, the total number of jobseekers receiving welfare payments increased by more than half a million people, from 812,774 to 1,346,172 recipients. This included people receiving the JobSeeker Allowance (which replaced the Newstart Allowance, Bereavement Allowance and Sickness Allowance from 20 March 2020) and Youth Allowance.
  - A further 261,519 Jobseeker Claims and 54,341 Youth Allowance claims were still to be processed as at 24 April 2020.<sup>19</sup>
53. The following section outlines some of the more current information regarding the impact COVID-19 is having on the Australian economy and labour market. As mentioned earlier in this submission, the situation continues to evolve rapidly, and it is expected that further data will become available throughout the course of the State Wage Case proceedings.

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<sup>17</sup> Josh Frydenberg, *Ministerial Statement on the Economy*, 12 May 2020, Parliament House, Canberra. Available at: <https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/speeches/ministerial-statement-economy-parliament-house-canberra>.

<sup>18</sup> Ibid.

<sup>19</sup> Document detailing payment recipient numbers tabled by Kathryn Campbell AO CSC, Secretary of the Department of Social Services at a public hearing of the Senate Select Committee on COVID-19, Canberra, 30 April 2020. Available at: [www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/COVID-19/COVID19/Additional\\_Documents?docType=Tabled%20Documents](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/COVID-19/COVID19/Additional_Documents?docType=Tabled%20Documents).

## Speech by Phillip Lowe, Governor of the Reserve Bank of Australia

54. On 21 April 2020, Phillip Lowe, Governor of the Reserve Bank of Australia (RBA), delivered a speech detailing the economic outlook in Australia and providing an update on the implementation of the RBA's recent policy package.<sup>20</sup>
55. During his speech, Governor Lowe revealed some of the RBA's current thinking regarding the impact the COVID-19 related restrictions may have on the Australian economy:

"The next few months are going to be difficult ones for the Australian economy.

One very obvious consequence of the efforts needed to contain the virus is that many normal activities are restricted or not permitted. This means that, for as long as these restrictions are in place, we don't have the jobs and incomes that come from these activities. On top of this, there is a high level of uncertainty about the future, which means that many households and businesses are holding back their spending and investment.

The result of both the restrictions and the uncertainty is that over the first half of 2020 we are likely to experience the biggest contraction in national output and income that we have witnessed since the 1930s.

Putting precise numbers on the magnitude of this contraction is difficult, but our current thinking is along the following lines:

- National output is likely to fall by around 10 per cent over the first half of 2020, with most of this decline taking place in the June quarter.
- Total hours worked in Australia are likely to decline by around 20 per cent over the first half of this year.
- The unemployment rate is likely to be around 10 per cent by June, although I am hopeful that it might be lower than this if businesses are able to retain their employees on lower hours. The unemployment rate would have been much higher than this without the government's JobKeeper wage subsidy.

These are all very large numbers and ones that were inconceivable just a few months ago. They speak to the immense challenge faced by our society to contain the virus.

In terms of inflation, we are also expecting a significant decline in the June quarter. The large fall in oil prices, combined with the introduction of free childcare and the deferral or reduction in some price increases mean that it is quite likely that year-ended headline inflation will turn negative in June. If so, this would be the first time since the early 1960s that the price level has fallen over a full year. In underlying terms, however, inflation is expected to remain positive...

...We can be confident that our economy will bounce back and that we will see it recover. We need to remember that once the virus is satisfactorily contained, all those factors that have made Australia such a successful and prosperous country will still be there.

Inevitably, the timing and pace of this recovery depend upon how long we need to restrict our economic activities, which in turn depends on how effectively we contain the virus. So it is difficult to be precise and it makes sense to think in terms of scenarios...

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<sup>20</sup> Reserve Bank of Australia (RBA), *An Economic and Fiscal Update*, Sydney, 21 April 2020 (Phillip Lowe, Governor). Available at: [www.rba.gov.au/speeches/2020/sp-gov-2020-04-21.html](http://www.rba.gov.au/speeches/2020/sp-gov-2020-04-21.html).

...One plausible scenario is that the various restrictions begin to be progressively lessened as we get closer to the middle of the year, and are mostly removed by late in the year, except perhaps the restrictions on international travel.

Under this scenario we could expect the economy to begin its bounce-back in the September quarter and for that bounce-back to strengthen from there. If this is how things play out, the economy could be expected to grow very strongly next year, with GDP growth of perhaps 6-7 per cent, after a fall of around 6 per cent this year. There is though quite a lot of uncertainty around the numbers, with the exact profile of the recovery depending not only upon when the restrictions are lifted but also on the resolution of the uncertainty that people feel about the future.

It is harder to make forecasts about the unemployment rate given the uncertainty about how many employees will remain attached to their firm and whether people who are stood down will be looking for employment and thus be counted as unemployed. But it is likely that the unemployment rate will remain above 6 per cent over the next couple of years. With many firms delaying or cancelling wage increases, year-ended wage growth is expected to decline to below 2 per cent, before gradually picking up again. In underlying terms, inflation is expected to remain below 2 per cent over the next couple of years.

Of course, there are other scenarios as well. On the optimistic side, the restrictions could be lifted more quickly, with the virus being contained. In that case, a stronger recovery could be expected, particularly in light of the very large monetary and fiscal support that is in place. On the other hand, if the restrictions stay in place longer, or they have to be reimposed, the recovery will be delayed and interrupted. In that case, the loss of incomes and jobs would be even more pronounced.

Whatever the timing of the recovery, when it does come, we should not be expecting that we will return quickly to business as usual. Rather, the twin health and economic emergencies that we are experiencing now will cast a shadow over our economy for some time to come.

It is highly probable that the severe shocks we are now experiencing will change the mindsets of some people and businesses. Even after the restrictions are lifted, it is likely that some of the precautionary behaviour will persist. And in the months ahead, we are likely to lose some businesses, despite best efforts, and some of these businesses will not reopen. There will also be a higher level of debt and some households might reevaluate the risks of having highly leveraged balance sheets. It is also probable that there will be structural changes in the economy. We are all learning to work, shop and travel differently. Some of these changes will probably stay with us, requiring a rethinking of business models. So the crisis will have reverberations through our economy for some time to come..."



## Additional ABS products measuring the impact of COVID-19

56. The ABS has developed a suite of new products it is releasing to provide more up-to-date information on the economic impact of the COVID-19 coronavirus. The new products are intended to provide insights into the prevalence and nature of adverse impacts on Australian businesses, households and the community. Information from some of these products have now been released, and provide additional information that may be relevant for consideration in this year's State Wage Case.

### Business Impacts of COVID-19

57. One of the products the ABS is regularly producing is the *Business Impacts of COVID-19* survey. The first of such surveys was released on 26 March 2020, and contains data collected during the week commencing 16 March 2020. Much of the data from the first survey was collected during the early stages of the COVID-19 pandemic and has since been superseded by more up-to-date information contained in the second and third surveys, which are discussed in further detail below.
58. On 7 April 2020, the ABS reported the results of the second survey on *Business Impacts of COVID-19*, which includes survey data that was collected from businesses during the week commencing 30 March 2020.<sup>21</sup> Key findings from the second survey were:
- two thirds (66 per cent) of Australian businesses reported that their turnover or cash flow had reduced as a result of COVID-19;
  - nearly half (47 per cent) of businesses made changes to their workforce arrangements as a result of COVID-19, including temporarily reducing or increasing staff working hours, changing the location where staff worked (including working from home) or staff being placed on leave;
  - two in five businesses (38 per cent) have changed how they deliver their products or services, including shifting to online services; and
  - over a third of businesses have renegotiated their lease and rental arrangements and a quarter have deferred loan repayments.
59. On 4 May 2020, the ABS released the results of the third survey on *Business Impacts of COVID-19*.<sup>22</sup> This survey asked businesses a series of questions regarding the JobKeeper payment. Key findings from the survey were:
- three in five businesses (61 per cent) reported they had registered or intended to register for the JobKeeper Payment;

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<sup>21</sup> ABS (2020), *Business Indicators, Business Impacts of COVID-19, Second Survey*, Catalogue 5676.0.55.003, available at: [www.abs.gov.au/ausstats/abs%40.nsf/mediareleasesbyCatalogue/49F8475B31112582CA25853600764041?OpenDocument](http://www.abs.gov.au/ausstats/abs%40.nsf/mediareleasesbyCatalogue/49F8475B31112582CA25853600764041?OpenDocument).

<sup>22</sup> ABS (2020), *Business Indicators, Business Impacts of COVID-19, Third Survey*, Catalogue 5676.0.55.003, available at: [www.abs.gov.au/ausstats/abs%40.nsf/mediareleasesbyCatalogue/49F8475B31112582CA25853600764041?OpenDocument](http://www.abs.gov.au/ausstats/abs%40.nsf/mediareleasesbyCatalogue/49F8475B31112582CA25853600764041?OpenDocument).



- one third of businesses (33 per cent) reported they had not registered and did not intend to register for the JobKeeper Payment;<sup>23</sup>
- 61 per cent of small, 60 per cent of medium and 45 per cent of large businesses reported having registered or intending to register for the JobKeeper Payment;
- of those businesses that do not intend to register for the JobKeeper Payment, the most common reason reported was that the business does not meet the eligibility criteria (55 per cent); and
- by business size, small businesses were most likely to report insufficient cash flow (8 per cent) as a reason for not intending to register for the JobKeeper Payment.

60. The third survey of *Business Impacts of COVID-19* also provided an industry breakdown of Australian businesses that had applied or intended to apply for the JobKeeper Payment. These results have been collated in Table 5 below.

**Table 5 – Proportion of businesses applying or intending to apply for the JobKeeper Payment**

<b>TOTAL EMPLOYED ('000)</b>	<b>Proportion applying for Job Keeper (%)</b>
Agriculture, forestry and fishing	N/A
Mining	17%
Manufacturing	65%
Electricity, gas, water and waste services	13%
Construction	80%
Wholesale trade	68%
Retail trade	65%
Accommodation and food services	76%
Transport, postal and warehousing	54%
Information media and telecommunications	45%
Financial and insurance services	19%
Rental, hiring and real estate services	54%
Professional, scientific and technical services	42%
Administrative and support services	79%
Public administration and safety	N/A
Education and training	72%
Health care and social assistance	38%
Arts and recreation services	63%
Other services	73%
<b>Total</b>	<b>61%</b>

<sup>23</sup> A further 6 per cent of businesses did not know if they had registered or were intending to register for the JobKeeper payment.

## Household Impacts of COVID-19

61. On 1 May 2020, the ABS released the results of its second survey on *Household impacts of COVID-19*.<sup>24</sup> This survey was conducted during the period mid-March to mid-April, with the main impacts being:
- nearly half (45 per cent) of Australians aged 18 years and over had their household finances impacted by COVID-19;
  - one third of Australians (31 per cent) reported that their household finances had worsened over this period, while one in seven (14 per cent) reported an improvement;
  - one in 13 Australians (7.5 per cent) said their household lacked the money to pay one or more bills on time, and one in ten (10 per cent) had to draw on accumulated savings to support basic living expenses;
  - a quarter of Australians aged 18 years and over (28 per cent) said they received the first of the Commonwealth's one-off \$750 economic stimulus payments;
  - people aged over 65 were more likely than those aged 18 to 64 to have received the first \$750 economic stimulus payment (60 per cent versus 19 per cent); and
  - around half (53 per cent) of persons who received the economic stimulus payment added it to savings, with persons aged over 65 years more likely to do so than persons aged 18 to 64 (71 per cent versus 37 per cent).

## Weekly Payroll Jobs and Wages data

62. On 21 April 2020, the ABS released new statistical information on jobs and wages based on Single Touch Payroll data from the ATO. A further update to this data was released on 5 May 2020. The estimates in *Weekly Payroll Jobs and Wages in Australia* provide additional information on the economic impact of COVID-19 and complement monthly Labour Force statistics.
63. The weekly estimates are derived from Single Touch Payroll (STP) data, which is provided to the ATO by businesses with STP-enabled payroll or accounting software each time the business runs its payroll. STP data includes both business and job level tax information and superannuation information.
64. As at 6 April 2020, approximately 99 per cent of employers the ATO classifies as 'substantial employers' (those with 20 or more employees) were reporting through STP. Small employers (those with 19 or less employees) began transitioning to STP on 1 July 2019 and by 6 April 2020 approximately 71 per cent were reporting through STP. As a result, not all jobs in the labour market are captured within these estimates.
65. The ABS cautions that the estimates are considered experimental and only provide an indication of movements in total jobs and total wages for the purpose of assessing the economic impact of the COVID-19 coronavirus on employees.

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<sup>24</sup> ABS (2020), *Household Impacts of COVID-19* (Catalogue 4940.0) available at: [www.abs.gov.au/AUSSTATS/abs@.nsf/productsbyCatalogue/D90A6BA872BC19D7CA25854F008214D1?OpenDocument](http://www.abs.gov.au/AUSSTATS/abs@.nsf/productsbyCatalogue/D90A6BA872BC19D7CA25854F008214D1?OpenDocument)

66. The data suggests that during the first few weeks of the COVID-19 pandemic, hundreds of thousands of Australians lost their jobs (either permanently or temporarily through being stood down). The data indicates that between 14 March and 18 April (the five weeks after Australia recorded its 100th confirmed COVID-19 case) total jobs declined by 7.5 per cent, while total wages paid by employers declined by 8.2 per cent.
67. It is important to note that these job losses are not reflected in the March 2020 monthly Labour Force Survey data produced by the ABS, as the survey period was undertaken in early March, prior to the major restrictions implemented across Australia to contain the COVID-19 coronavirus.

### Australia

68. The *Weekly Payroll Jobs and Wages in Australia* data indicates that across Australia jobs fell by 7.5 per cent between 14 March and 18 April, with employees aged under 20 recording the largest percentage of job losses (down 18.5 per cent).
69. Total employee wages declined by 8.2 per cent over the period throughout Australia in the five weeks to 18 April 2020, reflecting a reduction in employee jobs and a reduction in hours worked.

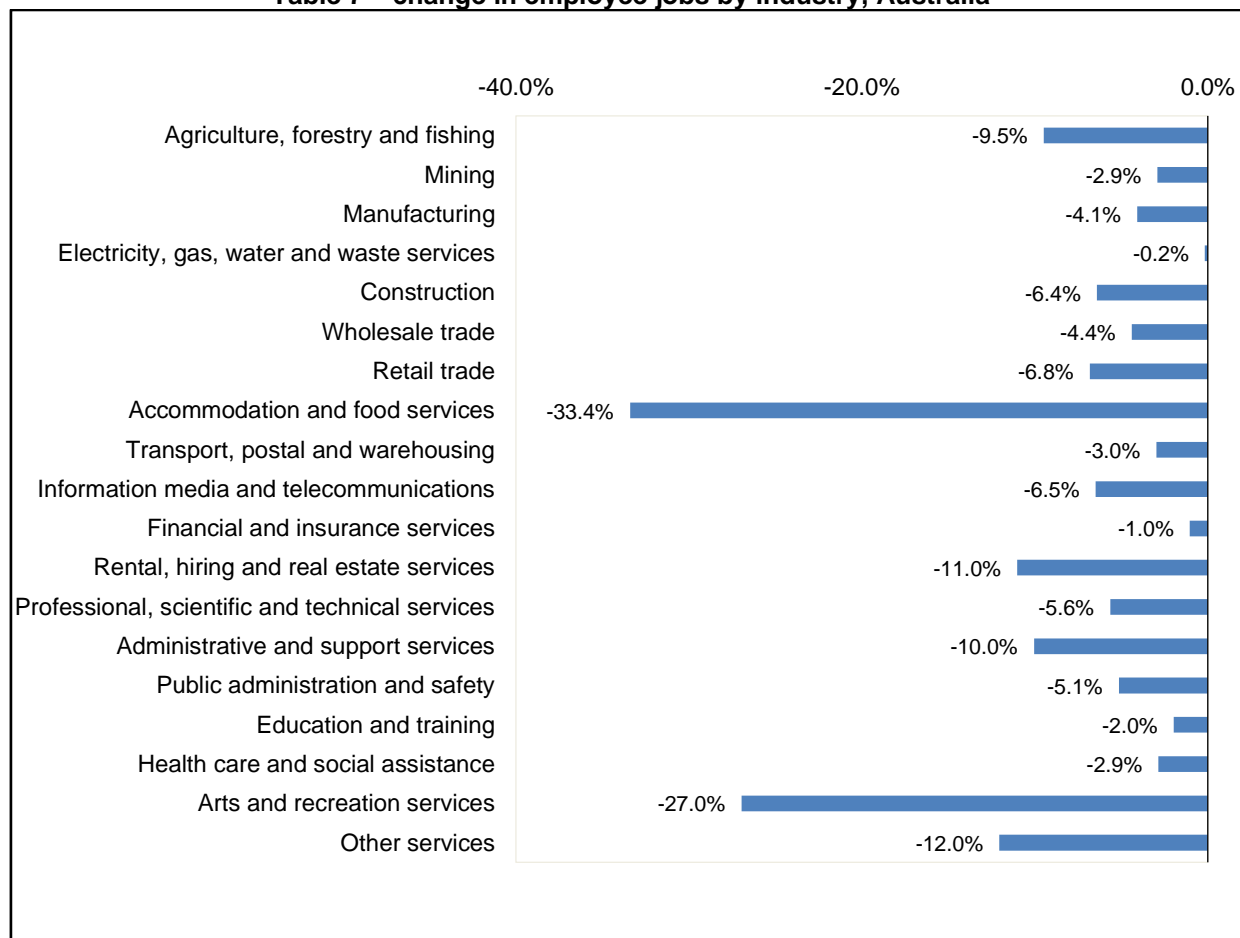
**Table 6 - Change in employee jobs and total employee wages**

	Employee jobs				Total employee wages			
	% Change between 14 March and 18 April (Change since 100th case of COVID-19)	% Change between 21 March and 18 April (monthly change)	% Change between 11 April and 18 April (weekly change)	% Change between 04 April and 11 April (weekly change)	% Change between 14 March and 18 April (Change since 100th case of COVID-19)	% Change between 21 March and 18 April (monthly change)	% Change between 11 April and 18 April (weekly change)	% Change between 04 April and 11 April (weekly change)
<i>Jobholder Location</i>								
<b>Australia</b>	-7.5%	-6.9%	-1.5%	-0.3%	-8.2%	-7.9%	-1.0%	-1.6%
NSW	-7.4%	-6.7%	-1.3%	-0.2%	-7.5%	-8.3%	-1.0%	-1.8%
Vic.	-8.6%	-7.8%	-1.7%	-0.4%	-9.2%	-7.9%	-0.8%	-1.0%
Qld.	-6.5%	-6.1%	-0.7%	-0.7%	-8.3%	-7.5%	-1.1%	-2.3%
SA	-7.8%	-7.5%	-1.8%	-0.7%	-4.5%	-4.7%	0.0%	-1.6%
WA	-6.6%	-6.5%	-2.4%	0.2%	-9.0%	-8.5%	-1.0%	-2.0%
Tas.	-8.0%	-7.5%	-2.1%	-0.5%	-9.3%	-8.0%	-1.2%	-2.6%
NT	-5.7%	-5.6%	-2.0%	0.1%	-9.2%	-8.4%	-1.8%	-1.6%
ACT	-6.9%	-5.7%	-2.3%	1.3%	-7.5%	-8.2%	-4.0%	3.4%
<i>Jobholder Demographics</i>								
Males	-6.2%	-5.7%	-1.0%	-0.1%	-8.9%	-9.0%	-1.1%	-2.6%
Females	-8.1%	-7.4%	-1.9%	-0.1%	-7.0%	-6.0%	-0.8%	-0.1%
Aged under 20	-18.5%	-17.0%	0.3%	-5.4%	-6.9%	-2.4%	2.5%	3.4%
Aged 20-29	-11.8%	-10.9%	-2.3%	-1.0%	-10.3%	-8.9%	-1.6%	-0.9%
Aged 30-39	-5.5%	-5.1%	-1.4%	0.5%	-7.3%	-7.5%	-1.4%	-1.4%
Aged 40-49	-4.2%	-3.9%	-1.1%	0.6%	-8.2%	-8.1%	-0.6%	-2.2%
Aged 50-59	-4.1%	-3.8%	-1.0%	0.6%	-7.6%	-7.6%	-0.6%	-1.7%
Aged 60-69	-5.3%	-4.7%	-1.3%	0.5%	-6.9%	-6.7%	-0.6%	-0.9%
Aged 70+	-13.9%	-13.2%	-3.3%	-3.6%	-10.7%	-10.8%	-2.5%	-5.0%

\*The week ending 14 March represents the week Australia had 100 cases of Covid-19. It is indexed to 100.

70. By industry, Accommodation and food services saw the largest reduction in jobs at a national level (down 33.4 per cent), followed by the Arts and recreation services industry (down 27.0 per cent).

**Table 7 – change in employee jobs by industry, Australia**



### *Western Australia*

71. Western Australia also experienced a significant decline in jobs and wages between 14 March and 18 April 2020. Aggregate job losses declined by slightly less than the national average, with the State recording a 6.6 per cent reduction in jobs during this period. However wages declined by marginally more than the national average, with total wages declining by 9.0 per cent in the five weeks to 18 April.
72. The data indicates that younger employees and employees aged over 70 experienced the largest declines in jobs in the five weeks to 18 April, while the reduction in total employee wages was the highest amongst those aged over 70.

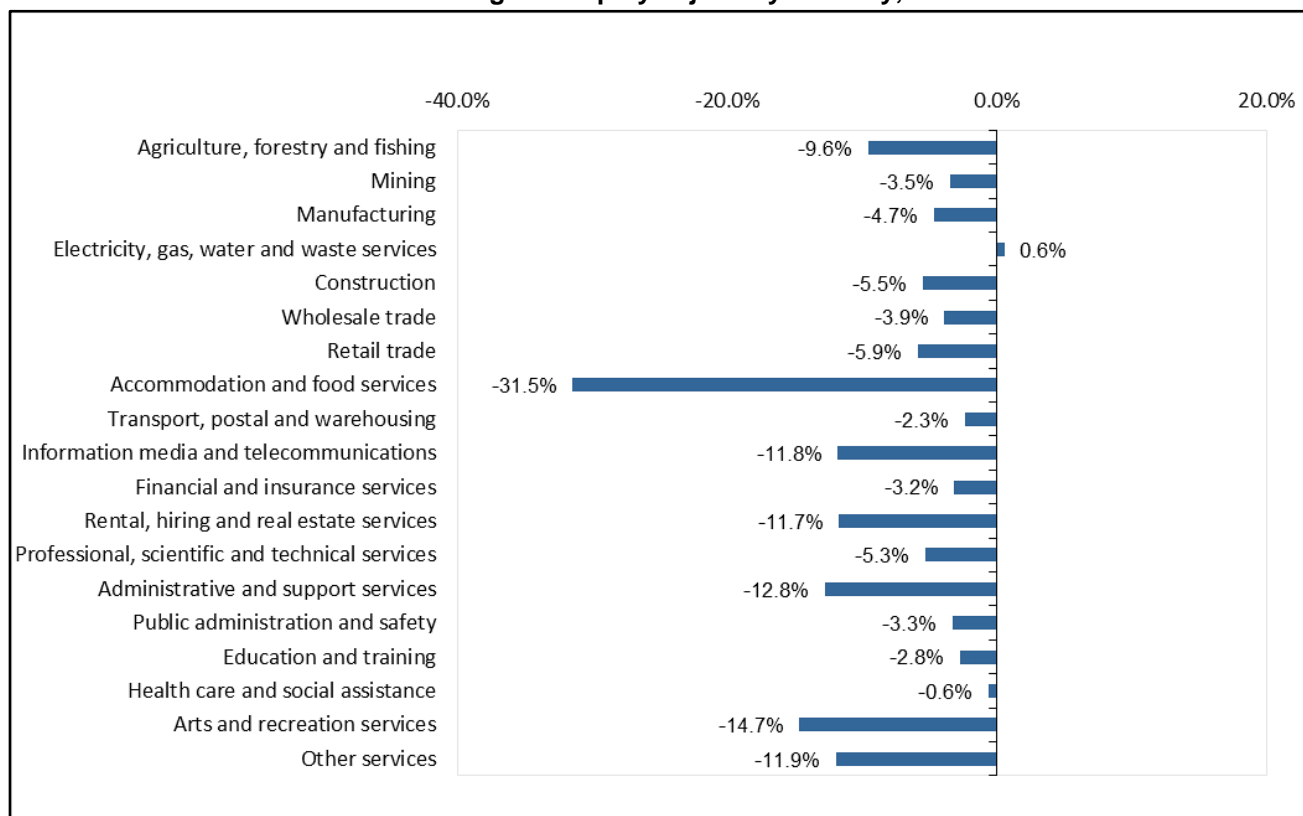
**Table 8 - Change in employee jobs and total employee wages, WA**

	Employee jobs				Total employee wages			
	% Change between 14 March and 18 April (Change since 100th case of COVID-19)	% Change between 21 March and 18 April (monthly change)	% Change between 11 April and 18 April (weekly change)	% Change between 04 April and 11 April (weekly change)	% Change between 14 March and 18 April (Change since 100th case of COVID-19)	% Change between 21 March and 18 April (monthly change)	% Change between 11 April and 18 April (weekly change)	% Change between 04 April and 11 April (weekly change)
<b>Total</b>	-6.6%	-6.5%	-2.4%	0.2%	-9.0%	-8.5%	-1.0%	-2.0%
<i>Western Australia</i>								
<i>Jobholder Demographics</i>								
Males	-5.5%	-5.3%	-1.6%	0.4%	-10.0%	-9.2%	-0.4%	-2.8%
Females	-7.2%	-7.1%	-3.2%	0.3%	-7.0%	-7.0%	-2.0%	-0.6%
Aged under 20	-17.9%	-16.8%	-2.4%	-4.2%	-5.9%	-3.7%	0.4%	1.4%
Aged 20-29	-10.3%	-9.9%	-3.3%	-0.4%	-8.3%	-7.6%	-1.8%	-0.7%
Aged 30-39	-5.2%	-5.3%	-2.1%	0.7%	-8.5%	-7.7%	-0.8%	-1.9%
Aged 40-49	-3.6%	-3.7%	-1.5%	1.0%	-9.0%	-8.1%	-0.5%	-2.3%
Aged 50-59	-3.1%	-3.2%	-1.4%	1.2%	-9.2%	-8.6%	-0.7%	-2.2%
Aged 60-69	-3.8%	-3.7%	-1.9%	1.1%	-8.6%	-10.6%	-0.8%	-2.1%
Aged 70+	-15.9%	-15.1%	-7.1%	-3.5%	-15.0%	-15.3%	-5.7%	-5.9%

\*The week ending 14 March represents the week Australia had 100 cases of Covid-19. It is indexed to 100.

73. By industry, the Accommodation and food industry recorded the largest reduction in jobs in Western Australia (down 31.5 per cent) followed by Arts and recreation services (down 14.7 per cent).

**Table 9 - Change in employee jobs by industry, WA**



## 6. Coverage of the State Wage Order

74. The most recent 'Employee Earnings and Hours' (EEH) data from 2018 indicates that 15.0 per cent of non-managerial employees in Western Australia are paid entirely in accordance with a State or national award.<sup>25</sup>
75. In Western Australia, award reliance fell from 16.4 per cent of all non-managerial employees in 2016 to 15.0 per cent in 2018.<sup>26</sup> This equates to approximately 162,000 employees being paid entirely in accordance with a State or national award in 2018.
76. Nationally, award reliance fell from 24.5 per cent to 22.5 per cent amongst non-managerial employees between 2016 and 2018.<sup>27</sup> As at May 2018, approximately 2.23 million Australian employees were paid entirely in accordance with an award. However, it should be noted that the ABS conducted a refinement to the categorisation of employees between 2016 and 2018, which resulted in some employees in New South Wales, Victoria and Queensland previously considered to be paid on an award only basis in 2016 being categorised as being paid according to a collective agreement in May 2018.
77. To more effectively compare methods of setting pay over time, the ABS undertook broad level analysis of the 2016 EEH data, to gauge the extent to which the 2016 estimates would have differed had the 2018 treatment of certain employee groups been applied.
78. Applying the 2018 methodology to both surveys would have resulted in the proportion of award only non-managerial employees in Australia being lower in 2016 (22.4 per cent) than the official figure of 24.5 per cent. On this measure, there would have been a slight increase in award reliance in Australia between 2016 and 2018 (from 22.4 per cent to 22.5 per cent).
79. The revised methodology adopted by the ABS in 2018 did not affect estimates of award coverage for Western Australian employees between 2016 and 2018.
80. Table 10 illustrates proportions of employment by industry in both Western Australia and Australia, and shows that those industries known to have a high degree of award reliance (such as Accommodation and food services; Retail trade; and Health and community services) make up a sizable portion of the State's workforce.

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<sup>25</sup> ABS (2019), *Employee Earnings and Hours, Australia, May 2018*, Datacube 5.

<sup>26</sup> ABS (2019), *Employee, Earnings and Hours, Australia, May 2018*, Datacube 5 and ABS (2017), *Employee Earnings and Hours, Australia, May 2016*, Datacube 5.

<sup>27</sup> Ibid.

**Table 10 - Employment and award reliance by industry, WA and Australia, February 2020**

Industry	WA: Proportion of Workforce <sup>28</sup>	Australia: Proportion of Workforce <sup>28</sup>	Australia: Proportion of employees paid by award <sup>29</sup>
Accommodation and food services	7.0%	7.1%	44.9%
Administrative and support services	3.0%	3.4%	41.3%
Other services	4.5%	4.1%	38.1%
Health care and social assistance	11.8%	13.3%	31.7%
Retail trade	10.2%	10.1%	30.1%
Rental, hiring and real estate services	1.4%	1.6%	29.4%
Arts and recreation services	1.7%	2.0%	22.5%
Manufacturing	6.2%	6.7%	20.8%
Construction	8.9%	9.0%	16.6%
Wholesale trade	3.0%	3.0%	16.1%
Transport, postal and warehousing	5.0%	5.3%	12.7%
Public administration and safety	7.0%	6.7%	10.9%
Education and training	7.2%	7.8%	10.0%
Professional, scientific and technical services	8.1%	8.9%	8.0%
Information, media and telecommunications	1.0%	1.7%	7.1%
Financial and insurance services	2.0%	3.5%	5.2%
Electricity, gas, water and waste services	1.5%	1.2%	4.1%
Mining	7.7%	1.9%	0.9%
Agriculture, forestry and fishing	2.6%	2.7%	N/A <sup>†</sup>
<b>All industries</b>	<b>100.0%</b>	<b>100.0%</b>	<b>22.5%</b>

<sup>†</sup> N/A: Enterprises primarily engaged in agriculture, forestry and fishing are outside the scope of the ABS *Employee, Earnings and Hours* survey from which this data is drawn.

<sup>28</sup> ABS (2020), *Labour Force, Australia, Detailed Quarterly, February 2020*, catalogue 6291.0.55.003, (original data). The share of the Western Australian workforce employed in most industries is lower than it is at the national level due to the significance of the Mining industry in the State.

<sup>29</sup> ABS (2019), *Employee Earnings and Hours, Australia, May 2018*, catalogue 6306.0, Datacube 5.

81. The Department of Mines, Industry Regulation and Safety (DMIRS) has analysed the top 10 mostly frequently accessed WA Award Summaries for private sector awards on its website, which are outlined in Table 11 below.

**Table 11 – Top 10 most frequently accessed award summaries prepared by Wageline<sup>30</sup>**

	<b>Award</b>
<b>1</b>	Restaurant, Tearoom and Catering Workers' Award
<b>2</b>	Shop and Warehouse (Wholesale and Retail Establishments) State Award 1977
<b>3</b>	Hairdressers Award
<b>4</b>	Building Trades (Construction) Award 1987
<b>5</b>	Clerks (Commercial, Social and Professional Services) Award
<b>6</b>	Metal Trades (General) Award
<b>7</b>	Cleaners and Caretakers Award 1969
<b>8</b>	Electrical Contracting Industry Award
<b>9</b>	Farm Employees' Award 1985
<b>10</b>	Hotel and Tavern Workers' Award

82. Table 12 outlines the top 10 private sector awards that are discussed with employers and employees who contact Wageline.

**Table 12 – Top 10 most frequently discussed awards in calls to Wageline<sup>31</sup>**

<b>Rank</b>	<b>Award</b>
<b>1</b>	Building Trades (Construction) Award 1987
<b>2</b>	Restaurant, Tearoom and Catering Workers' Award
<b>3</b>	Hairdressers Award 1989
<b>4</b>	Shop and Warehouse (Wholesale and Retail Establishments) State Award 1977
<b>5</b>	Metal Trades (General) Award
<b>6</b>	Clerks (Commercial, Social and Professional Services) Award
<b>7</b>	Farm Employees' Award 1985
<b>8</b>	Transport Workers (General) Award
<b>9</b>	Contract Cleaners Award 1986
<b>10</b>	Cleaners and Caretakers Award 1969

83. The above tables indicate that awards in the hospitality, retail, building trades, hairdressing, metal trades, transport, cleaning, clerical and agricultural sectors are some of the most widely utilised within the State industrial relations system. However, there are also a significant number of award free employees.

<sup>30</sup> Refers to the award summaries produced by Wageline that were the most downloaded between 1 July 2018 and 30 June 2019. It should be noted information produced by Wageline for award free employees was downloaded more than any individual award summary.

<sup>31</sup> Refers to the top 10 awards that Wageline advised on between 1 July 2018 and 30 June 2019. It should be noted there were also a significant number of calls concerning information for award free employees.



## 7. Fairness, living standards and the needs of the low paid

84. The Minister notes the important role the minimum and award wage framework plays in protecting the needs of the low paid and ensuring their living standards are maintained and improved in line with those in the broader community.
85. The most recent EEH data from 2018 indicates that award-reliant employees in Western Australia receive substantially lower average hourly rates of pay than those engaged under collective agreements and individual arrangements.<sup>32</sup> However, events related to the COVID-19 pandemic have had a serious effect on the financial outlook of many businesses in Western Australia, and it is important these organisations be supported and nurtured in their efforts to recover.
86. The hospitality, retail (excluding the grocery and pharmacy sectors), entertainment, arts, recreation, tourism and international education sectors have been strongly impacted by recent events. Many employees in affected workplaces have been stood down, while others have agreed to take paid or unpaid leave or to work reduced hours. Furthermore, a number of employees have been made redundant, while many casual employees have ceased to be offered work.
87. Although a temporarily increase to the JobSeeker payment will undoubtedly be of assistance for those who find themselves reliant on it, most individuals will still be better off financially if they are able to secure employment. The Minister recognises that business viability is an important consideration in this year's State Wage Case, which is taking place in a very different climate than normal.
88. The Minister supports the WAIRC taking a pragmatic approach to wage setting in the current environment, and notes that further data will become available through the State Wage Case proceedings which may be of assistance.

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<sup>32</sup> ABS (2019) *Employee Earnings and Hours, Australia, May 2018*, Catalogue. No. 6306.0, Datacube 5.

## **8. Protecting employees who are unable to bargain**

89. Section 50A of the IR Act requires that, when making the State Wage Order, the WAIRC consider the need to protect employees who may be unable to reach an industrial agreement.
90. An analysis of current industrial agreements registered by the Western Australian Industrial Relations Commission that have yet to reach their nominal expiry date reveals that almost all agreements are concentrated in the following sectors:
  - WA public sector;
  - independent schools;
  - community, health and disability support organisations;
  - regional local government authorities;
  - registered political parties; and
  - union / labour organisations.
91. It is noted that the sectors outlined above exclude several industries known to have high levels of award reliance - in particular Accommodation and food services and Retail trade. This suggests that smaller, unincorporated businesses in the hospitality and retail sectors are not utilising industrial agreements at present. Many of these businesses are likely to be guided by State awards (either directly or indirectly) in regard to wage determination for their employees.

## 9. Skills development

92. The WAIRC is required under section 50A (3) of the IR Act to consider the need to encourage ongoing skills development when making the State Wage Order. This section provides key data on commencements of apprenticeships and traineeships for 2019 and previous years, including information on the proportion of each type of training arrangement undertaken by employees over the age of 21.<sup>33</sup> Data on the total number of apprentices and trainees in training is also presented.
93. This data has been supplied by the Department of Training and Workforce Development (DTWD) and pre-dates the onset of the COVID-19 pandemic. These figures are included to provide guidance on longer-term trends in the take up of apprenticeships and traineeships in Western Australia.

### Apprenticeship data

94. As shown in Table 13 below, apprenticeship commencements increased from 6,847 in 2018 to 7,061 in 2019. Although the uptake of apprenticeships has declined since 2010, this was the third straight year where apprenticeship commencements have increased.

**Table 13: Apprenticeships commenced in WA, 2009 to 2019<sup>34</sup>**

Year	Under 21 years	21 years & over	Total	% 21 years & over
2009	5,294	1,817	7,111	25.6%
2010	7,647	2,708	10,355	26.2%
2011	6,907	2,925	9,832	29.7%
2012	6,456	3,220	9,676	33.3%
2013	5,928	2,784	8,712	32.0%
2014	5,759	2,946	8,705	33.8%
2015	5,175	2,712	7,887	34.4%
2016	4,110	2,314	6,424	36.0%
2017	4,055	2,382	6,437	37.0%
2018	4,201	2,646	6,847	38.6%
2019	4,252	2,809	7,061	39.8%

95. Apprenticeship commencements peaked in 2010, before declining by 38 per cent over the next six years, from 10,355 to 6,424. After stabilising in 2017, apprenticeship commencements have increased by over 600 in the last two years.
96. As can be seen in Table 14, apprenticeship commencements in Automotive trades increased between 2018 and 2019 (up by 12.4 per cent), as they did in Utilities, Electrotechnology and Printing (up by 45.9 per cent). In contrast, apprenticeship commencements in Wholesale, Retail and Personal Services declined by 8.7 per cent.

<sup>33</sup> Data is for apprentices and trainees in both the State and national industrial relations systems; it is not possible to ascertain what proportion of these employees are subject to the State jurisdiction.

<sup>34</sup> Department of Training and Workforce Development (DTWD), 27 March 2020.

**Table 14 – Apprenticeship commencements by trade category<sup>35</sup>**

Contract type / trade category	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Arts, Sport & Recreation	6	7	5	5	5		5	2	3	2	1
Automotive	1,128	1,601	1,655	1,797	1,451	1,225	1,048	1,026	1,255	1,544	1,736
Building & Construction	1,660	2,654	1,978	1,760	2,130	2,635	2,330	1,499	1,275	1,140	1,142
Community Services, Health & Education	27	25	19	15	10	8	6	10	11	16	7
Electrical	891	1,618	1,651	1,642	1,453	1,537	1,493	1,116	1,157	1,199	1,239
Food	409	385	361	351	261	212	217	206	203	181	168
Hospitality & Tourism	422	569	588	596	590	492	428	481	370	390	362
Light Manufacturing	332	452	373	310	319	317	319	242	202	195	197
Metals, Manufacturing & Services	1,390	2,016	2,253	2,220	1,570	1,390	1,231	1,071	1,272	1,433	1,422
Primary Industry	66	98	57	123	122	79	78	73	74	53	60
Process Manufacturing	17	9	10		1			17	6	11	37
Utilities, Electrotechnology & Printing	12	17	86	151	100	153	108	93	77	122	178
Wholesale, Retail & Personal Services	751	904	796	706	700	657	624	588	532	561	512
<b>Total</b>	<b>7,111</b>	<b>10,355</b>	<b>9,832</b>	<b>9,676</b>	<b>8,712</b>	<b>8,705</b>	<b>7,887</b>	<b>6,424</b>	<b>6,437</b>	<b>6,847</b>	<b>7,061</b>

## Traineeship data

97. As outlined in Tables 15 and 16 below, traineeship commencements continued to decline between 2018 and 2019, falling by 7.9 per cent, from 11,495 to 10,951. Over this period traineeship commencements in Hospitality and Tourism declined by 29.7 per cent, while in Transport and Storage they declined by 33.9 per cent. However, traineeship commencements in Finance, Property and Business Services rose by 23.7 per cent.

**Table 15: Traineeships commenced in WA, 2009 to 2019<sup>36</sup>**

Year	Under 21 years	21 years & over	Total	% 21 years & over
2009	5,213	11,885	17,098	69.5%
2010	6,112	13,074	19,186	68.1%
2011	6,221	13,524	19,745	68.5%
2012	6,756	19,419	26,175	74.2%
2013	5,064	17,701	22,765	77.8%
2014	5,146	15,630	20,776	75.2%
2015	4,313	15,124	19,437	77.8%
2016	4,165	10,920	15,085	72.4%
2017	4,445	10,245	14,690	69.7%
2018	4,309	7,186	11,495	62.5%
2019	3,981	6,970	10,951	63.6%

<sup>35</sup> Ibid.

<sup>36</sup> Ibid.

98. Between 2012 and 2019 traineeship commencements in Western Australia have declined by 58.2 per cent in total, including falls in Process Manufacturing (down 90.5 per cent); Utilities, Electrotechnology and Printing (down 85.3 per cent); Community Services, Health and Education (down 48.3 per cent); and the Automotive industry (down 60.9 per cent).

**Table 16 – traineeship commencements by trade category<sup>37</sup>**

Contract type / Trade category	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Arts, Sport & Recreation	292	269	230	355	274	351	252	268	323	302	320
Automotive	250	414	303	317	270	185	143	136	135	122	124
Building & Construction	381	604	544	707	614	613	744	405	559	421	395
Community Services, Health & Education	2,313	2,277	2,523	2,834	2,608	2,471	1,776	1,337	1,239	1,151	1,466
Electrical											1
Finance, Property & Business Services	2,424	3,221	4,354	6,716	4,863	5,110	4,608	3,800	3,291	1,933	2,391
Food	681	571	495	578	397	352	295	227	219	223	190
Hospitality & Tourism	1,531	1,646	1,514	2,652	2,866	2,876	2,836	2,560	2,241	1,971	1,385
Light Manufacturing	272	209	110	146	74	71	52	77	41	51	27
Metals, Manufacturing & Services	186	238	297	211	133	319	259	105	128	176	125
Mining Industry	955	1,397	1,470	1,400	1,396	1,382	1,550	1,327	1,885	2,088	1,962
Primary Industry	878	852	682	780	806	632	500	440	409	471	349
Process Manufacturing	1,482	1,989	1,689	2,723	3,611	2,204	2,529	958	1,111	344	353
Public Administration	218	309	104	359	336	266	218	213	199	153	165
Transport & Storage	2,411	2,160	2,361	2,865	2,079	1,638	1,480	1,350	1,111	763	504
Utilities, Electrotechnology & Printing	409	263	344	853	712	652	536	429	395	172	125
Wholesale, Retail & Personal Services	2,415	2,767	2,721	2,678	1,726	1,654	1,657	1,453	1,404	1,154	1,069
Other			4	1			2				
<b>Total Traineeship</b>	<b>17,098</b>	<b>19,186</b>	<b>19,745</b>	<b>26,175</b>	<b>22,765</b>	<b>20,776</b>	<b>19,437</b>	<b>15,085</b>	<b>14,690</b>	<b>11,495</b>	<b>10,951</b>

<sup>37</sup> Ibid.

## **Total numbers in training**

### **Apprentices**

99. The total number of apprentices in training increased by 3.1 per cent between 2018 and 2019, from 15,218 to 15,684. This is the second year in a row that total apprenticeship numbers have increased in Western Australia, and was driven by increases in Automotive trades (up 18.0 per cent); Metals, Manufacturing and Services (up 8.7 per cent); and Utilities, Electrotechnology and Printing (up 53.5 per cent). However, the number of apprentices in Building and Construction trades declined by 9.4 per cent, while the number of apprentices in the Food industry declined by 18.5 per cent.

### **Trainees**

100. The total number of trainees in training continued to decline between 2018 and 2019, falling from 13,574 to 11,597. Notable declines were recorded in Hospitality and Tourism (down 31.2 per cent); Finance, Property and Business services (down 15.3 per cent); Process Manufacturing (down 39.1 per cent); and Transport and Storage (down 36.3 per cent). However, the total number of trainees increased in Community Services, Health and Education (up 16.1 per cent).

### **Apprentices and trainees**

101. Across Western Australia, the total number of people in training (apprentices and trainees) fell by 5.2 per cent between 2018 and 2019 from 28,792 to 27,281. The decline in overall training numbers was entirely due to a reduction in the number of people undertaking traineeships.

**Table 17 - Apprentices and trainees in training by trade category**

Contract type / Trade category	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Apprenticeships</b>	<b>19,059</b>	<b>18,698</b>	<b>18,558</b>	<b>19,070</b>	<b>18,272</b>	<b>17,862</b>	<b>17,320</b>	<b>15,697</b>	<b>15,079</b>	<b>15,218</b>	<b>15,684</b>
Arts, Sport & Recreation	8	9	9	12	5	1	6	6	8	6	6
Automotive	3,182	3,057	3,162	3,471	3,317	3,044	2,665	2,462	2,704	3,179	3,751
Building & Construction	4,068	4,253	3,834	3,511	3,465	4,018	4,379	3,797	3,299	2,883	2,613
Community Services, Health & Education	64	57	49	40	30	25	21	21	22	27	28
Electrical	3,219	3,580	3,822	4,074	4,121	4,113	4,089	3,649	3,453	3,283	3,231
Food	603	585	536	548	427	371	358	389	391	367	299
Hospitality & Tourism	728	679	671	673	665	614	600	666	619	608	562
Light Manufacturing	899	780	691	621	562	572	587	533	487	457	401
Metals, Manufacturing & Services	4,600	4,219	4,336	4,655	4,192	3,657	3,168	2,785	2,853	3,159	3,433
Primary Industry	171	176	155	203	218	207	176	164	151	140	130
Process Manufacturing	21	19	19	4	2			16	22	33	67
Utilities, Electrotechnology & Printing	54	47	91	212	273	307	294	258	181	200	307
Wholesale, Retail & Personal Services	1,442	1,237	1,183	1,046	995	933	977	951	889	876	856
<b>Traineeships</b>	<b>16,184</b>	<b>18,663</b>	<b>19,193</b>	<b>23,600</b>	<b>23,044</b>	<b>22,494</b>	<b>21,978</b>	<b>19,044</b>	<b>17,009</b>	<b>13,574</b>	<b>11,597</b>
Arts, Sport & Recreation	216	242	214	197	168	143	90	87	111	93	88
Automotive	229	327	248	219	232	219	193	107	126	102	123
Building & Construction	470	497	558	629	562	692	855	657	631	499	462
Community Services, Health & Education	2,120	2,220	2,289	2,548	2,587	2,494	2,307	1,761	1,500	1,310	1,521
Electrical											1
Finance, Property & Business Services	1,875	2,410	3,345	5,669	5,022	5,280	5,350	4,699	4,294	2,511	2,126
Food	601	571	495	570	476	355	329	288	217	227	205
Hospitality & Tourism	1,287	1,386	1,281	2,177	2,739	2,490	2,571	2,704	2,336	2,147	1,477
Light Manufacturing	247	300	197	132	87	54	54	71	56	59	41
Metals, Manufacturing & Services	214	264	322	223	108	278	301	183	134	191	158
Mining Industry	907	1,629	1,840	1,477	1,224	1,486	1,638	1,604	2,036	2,330	2,304
Primary Industry	623	652	506	569	566	434	395	349	327	395	336
Process Manufacturing	1,488	2,337	2,298	2,857	3,913	3,834	3,378	2,245	1,439	918	559
Public Administration	502	529	290	405	334	319	195	215	165	113	133
Transport & Storage	2,802	2,722	2,902	3,258	2,916	2,370	2,228	2,260	2,007	1,387	883
Utilities, Electrotechnology & Printing	495	351	442	797	741	591	490	448	415	190	149
Wholesale, Retail & Personal Services	2,108	2,226	1,962	1,869	1,367	1,455	1,602	1,366	1,215	1,102	1,031
Other			4	4	2		2				
<b>Total</b>	<b>35,243</b>	<b>37,361</b>	<b>37,751</b>	<b>42,670</b>	<b>41,316</b>	<b>40,356</b>	<b>39,298</b>	<b>34,741</b>	<b>32,088</b>	<b>28,792</b>	<b>27,281</b>

## 10. Other State Wage Case matters

### Statement of Principles

102. As part of this year's State Wage Case proceedings, the WAIRC has indicated the WAIRC would welcome receiving submissions about the currency of the Statement of Principles (Principles), including whether any of the existing principles could be simplified or deleted.
103. The Minister has reviewed the current Principles and has formulated a series of proposed amendments that would further simplify their operation. This includes the proposed deletion of several Principles that appear to no longer be necessary.
104. A summary of the proposed substantive amendments to the Principles and the reasons for them is provided in **Attachment B** to this submission, while a marked up copy of the Principles, including the Minister's proposed amendments, is provided at **Attachment C**.
105. Attachment C also includes a small number of minor wording changes that have been proposed to make the language in certain Principles more contemporary. The Minister can produce a re-numbered version of the State Wage Principles, should the WAIRC deem this appropriate.

### Cost of living measures

106. As part of this year's State Wage Case proceedings, the WAIRC has requested the parties address the issue of costing of living measures in their submissions. In particular, the WAIRC is interested in obtaining further information on the design of the CPI, including whether the CPI should be disaggregated or whether there is a better proxy for measuring cost of living changes affecting WA workers.
107. **Attachment D** explores some of the major issues concerning cost of living measures, including the design of the CPI itself and alternative cost of living data that is available in Australia.

### Issues concerning State awards

108. In preliminary discussions regarding this year's State Wage Case the WAIRC has also indicated it is interested in hearing from parties about any rates of pay in awards that are below the award or statutory minimum, and other associated award wage issues.
109. The Minister has identified several issues that may warrant further consideration by the WAIRC, either as part of the State Wage Order, or as a separate matter to be dealt with after the State Wage Case has concluded. These issues are discussed further in **Attachment E**.



## 11. Conclusion

110. The Minister acknowledges that this year's State Wage Case is taking place amidst an exceptionally challenging period in Western Australia's history, which undoubtedly complicates the WAIRC's task in determining what a fair and reasonable outcome is for employers and employees.
111. Since March 2020, businesses across the State have faced extraordinary pressures brought about by the COVID-19 pandemic and measures to contain it, with employers and employees seeking to maintain jobs and incomes in the face of a global economic emergency not seen since at least the Great Depression.
112. The Minister welcomes the extensive cooperation and goodwill that has taken place between unions, employer bodies and government in recent times to help businesses navigate the challenging climate they have faced, to minimise the job losses and preserve employment.
113. Although recent events have come as a shock to many businesses, by acting early and utilising many policy levers to neutralise the spread of COVID-19, Western Australia has weathered the storm as effectively as possible, and is better positioned to recover from this experience than some other Australian states. Similarly, Australia as a whole has fared better than many other industrialised nations in its response to the pandemic.
114. It is expected that further data measuring the social and economic impacts of the COVID-19 coronavirus will become available throughout the course of the 2020 State Wage Case, and the Minister will endeavour to include relevant information in any subsequent submissions that are made.
115. Given the rapidly evolving landscape surrounding this year's State Wage Case proceedings, the Minister has not recommended a specific position for minimum and award wage adjustments in this submission, but reserves the right to do so a later stage of proceedings should this be deemed appropriate.
116. The Minister thanks the WAIRC for agreeing to a revised timetable that will enable parties to further assess the impact of recent developments on the Western Australian labour market and supplement initial submissions with updated information in due course.