

UNIONSWA

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Submission of UnionsWA on the 2020 state wage order

Appl No. 1 of 2020
ON THE COMMISSION'S OWN
MOTION



Western Australian Industrial Relations Commission

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1. Introduction

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

2. UnionsWA position on increasing Award and Minimum Wages

- 2.1. UnionsWA contends that the Commission should make a substantial real wage increase for award-reliant workers. This is essential to address the ever widening gap between low paid workers and the rest of the workforce in WA. Therefore UnionsWA's claim is for a 4% increase, which would bring the State Minimum Wage to \$776.78 per week, or \$20.44 per hour. See the table for how a 4% state wage increase would impact award rates, based on the *Metal Trades General Award*.

	Current		If 4% increase applied			
<i>Classification</i>	<i>Weekly</i>	<i>Hourly</i>	<i>Weekly</i>	<i>Hourly</i>	<i>\$ Weekly change</i>	<i>\$ Hourly Change</i>
C14	\$746.90	\$19.66	\$776.78	\$20.44	\$29.88	\$0.79
C13	\$765.00	\$20.13	\$795.60	\$20.94	\$30.60	\$0.81
C12	\$789.40	\$20.77	\$820.98	\$21.60	\$31.58	\$0.83
C11	\$812.10	\$21.37	\$844.58	\$22.23	\$32.48	\$0.85
C10	\$850.90	\$22.39	\$884.94	\$23.29	\$34.04	\$0.90
C9	\$874.10	\$23.00	\$909.06	\$23.92	\$34.96	\$0.92
C8	\$897.10	\$23.61	\$932.98	\$24.55	\$35.88	\$0.94
C7	\$918.20	\$24.16	\$954.93	\$25.13	\$36.73	\$0.97
C6	\$964.40	\$25.38	\$1,002.98	\$26.39	\$38.58	\$1.02
C5	\$987.60	\$25.99	\$1,027.10	\$27.03	\$39.50	\$1.04

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

- 3.1. UnionsWA contends that, even in a situation in which the WA and Australian economies have been severely impacted by COVID-19, the underlying issues requiring a substantial increase in minimum wages have not disappeared.
- 3.2. During the Great Depression the so-called ‘Premier’s Plan’ advocated cuts to workers’ wages and made the slump deeper and longer. Economist Tim Harcourt writes:

In what we would call an “austerity plan” today the Commonwealth and State governments cut government spending, tightened credit, kept the exchange rate fixed, cut wages (the Arbitration Court actually tried to implement a 10 per cent cut in the Basic Wage in 1931) and jacked up tariffs.

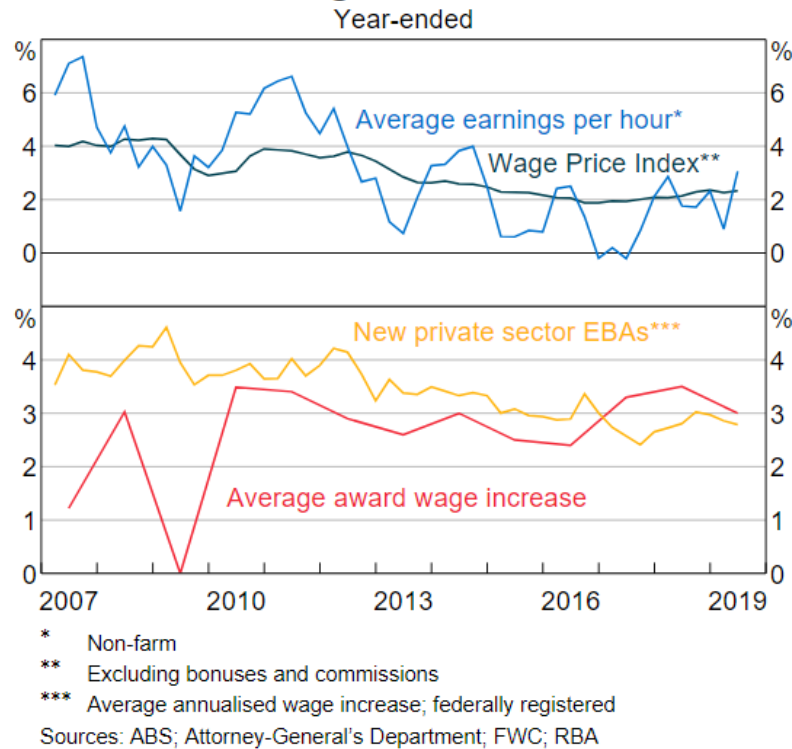
As a result the slump in Australia was longer and deeper than it should have been and it eventually took putting the economy on a war footing in World War 2 to get out of it¹

Without the relatively strong minimum wage increases which have been implemented since 2017, overall wage growth in the Australian labour market would still be extremely low. This can be seen in the chart below published by the Reserve Bank of Australia (RBA) in November 2019:²

¹ Tim Harcourt, ‘Once were worriers – Australia’s golden age of economic policy making’ (29 July 2013) <https://www.chifley.org.au/once-were-worriers-australias-golden-age-of-economic-policy-making/>

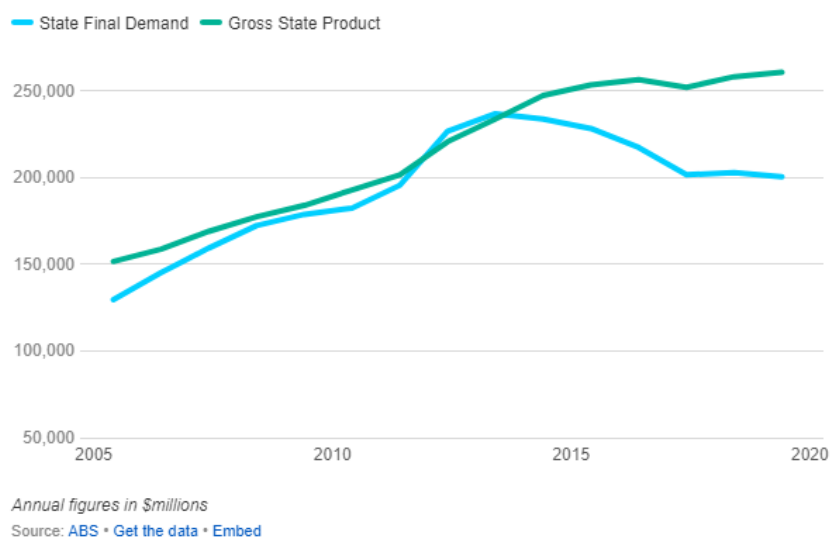
² RBA ‘Statement on Monetary Policy – November 2019’ <https://www.rba.gov.au/publications/smp/2019/nov/inflation.html>

Graph 4.15
Wages Growth



- 3.3. The Australian Council of Trade Unions (ACTU) has estimated that overall wage growth this year will sink below 1%. If there is no increase in the minimum wage.³
- 3.4. The impact of low wages growth in Western Australia can be seen in the recent divergence between Gross State Product (GSP) and State Final Demand (SFD).

WA State Final Demand has not kept up with Gross State Product in recent years



³ ACTU Briefing 'Rebuilding jobs and our economy beyond the COVID-19 health crisis', (May 2020) p.5
<https://www.actu.org.au/media/1449112/rebuilding-jobs-and-our-economy-post-covid-19.pdf>

- 3.5. SFD is the summing of government final consumption expenditure, household final consumption expenditure, private gross fixed capital formation and the gross fixed capital formation of public corporations and general government. GSP incorporates exports and imports into those measures. According to Rebecca Cassells of the BankWest Curtin Economics Centre

"One of the reasons that State Final Demand has been tracking downwards or flattening is because we haven't seen the household consumption that we saw prior to the sort of mid 2000s."

Ms Cassells said she feared coronavirus could see the gap between the two measures widen.

"So we will see State Final Demand — domestic consumption — really come off in relation to the pandemic and the impact on the domestic economy, and we'll see a much, much more heavy reliance on exports to be able to support the state and its economic activity," she said.⁴

- 3.6. While the continuation of mining export has been of considerable benefit to the WA, and Australian economies, this is not a reason to neglect the issue of restoring and maintaining strong levels of domestic consumption. As the following chart from the RBA makes clear, the hit to both the Chinese and Indian economies from COVID-19 has been severe.⁵



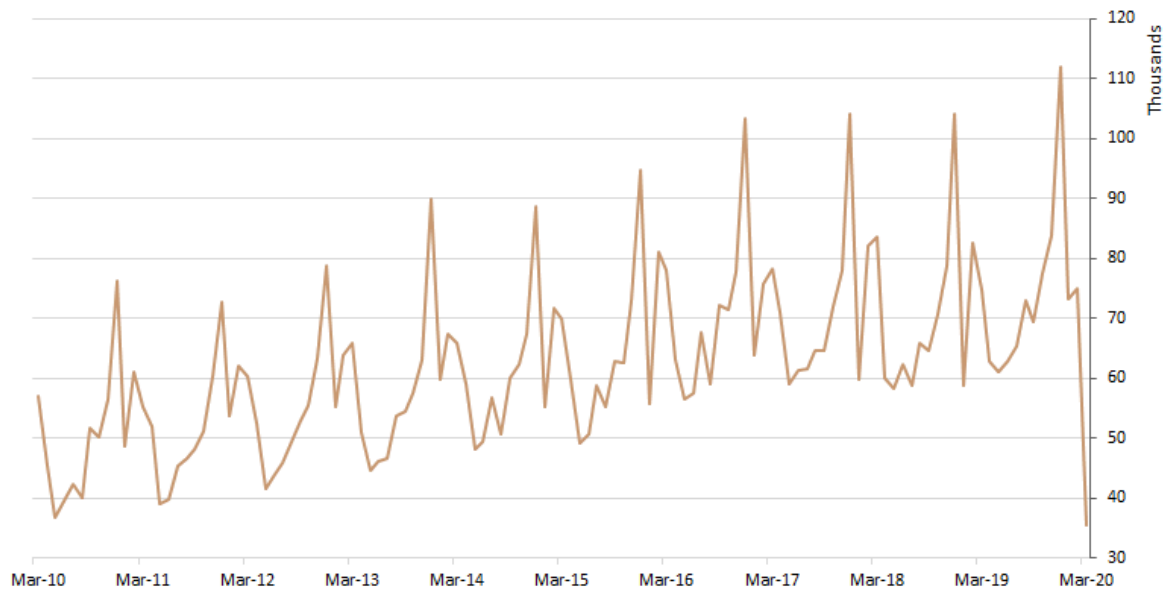
- 3.7. It is important, therefore, that the WA economy does not put all its 'eggs in the one basket' of mining exports. Attention must be paid to lifting domestic consumption, and that consumption must come from the incomes of households in WA. Because, as the latest Australian Bureau of Statistics (ABS) figures on 'Visitor Arrivals' shows, there has been a 52.6% decrease in short-term trip (less than 1 year) visitor arrivals between March 2019 and March 2020:⁶

⁴ 'WA's decision to keep its mines open amid coronavirus may have saved Australia's economy', ABC News (10 May 2020) <https://www.abc.net.au/news/2020-05-10/keeping-wa-mines-open-in-coronavirus-may-save-australian-economy/12227448>

⁵ RBA Chart Pack 'World Economy' (6 May 2020) <https://www.rba.gov.au/chart-pack/world-economy.html>

⁶ ABS release, *Overseas Arrivals and Departures, Australia, Mar 2020*, <https://www.abs.gov.au/ausstats/abs%40.nsf/mediareleasesbyCatalogue/50468A19ADB8060BCA2583A500102545?OpenDocument>

Visitor arrivals, WA - Original estimates



WA cannot rely on visitors, be they for tourism, work or study, to prop up domestic demand. There must be strong wages growth for WA workers in order to lift the economy out of the COVID-19 crisis. The experience of the Great Depression makes clear that wage freezes and cuts will be actively damaging to the WA economy.

- 3.8. In March 2020 the Australian Government announced a stimulus package to respond to the economic impacts of COVID-19. That package included direct assistance to business, cash payments to welfare recipients and a fund for general assistance to coronavirus affected regions and communities. As the ACTU pointed out, *‘[t]he forms of assistance provided to business assume continued business trading and profitability, rather than a cessation of trading or total loss of profitability.’*⁷

In the ‘Ministerial Statement on the Economy’ released on 12 May 2020, the Federal Treasurer Josh Frydenberg stated that:⁸

On the economic front, in less than a three week period, we announced three separate support packages, each complementary and building on the other.

Combined, they represent the largest fiscal response in Australia’s history.

Over \$25 billion of support has already flowed to households and businesses in recent weeks, with more than \$30 billion to flow in the next month.

This is the largest and fastest injection of economic support the country has ever seen.

He goes onto highlight the positive impact of this stimulus on households:

For households, our actions are designed to “cushion the blow” from the income shock and support consumption across the economy.

Given the level of uncertainty, our economic measures provide more than financial relief.

⁷ ACTU, *Submission to the Annual Wage Review 2019-20* (20 March 2020) p.64

<https://www.fwc.gov.au/documents/wage-reviews/2019-20/submissions/actu-sub-awr1920.pdf>

⁸ The Hon Josh Frydenberg MP, ‘Ministerial Statement on the Economy’ (12 May 2020)

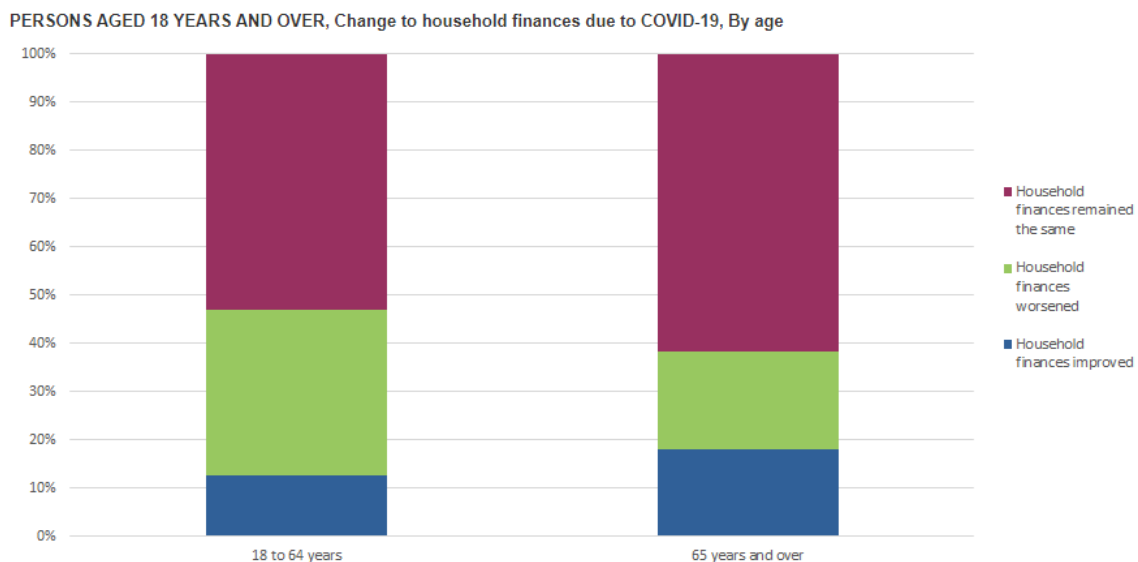
<https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/speeches/ministerial-statement-economy-parliament-house-canberra>

They provide a psychological boost as well.

- 3.9. The Federal government has conceded that stimulus works, both on a financial and a psychological level. However recent speculation that the Coalition is also considering 'slashing the \$1500 JobKeeper payment or phasing it out faster than expected' underscores the importance of continuing wages growth to support economic activity – both in WA, and Australia as a whole.⁹

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

- 4.1. There is no dispute that Australia's economy is currently contracting. The most recent ABS release on 'Weekly Payroll Jobs and Wages in Australia, Week ending 18 April 2020' found that nationally total employee jobs decreased by 7.5%, while total wages paid by employers decreased by 8.2%. In WA the equivalent decreases were 6.6%, and 9% respectively.¹⁰
- 4.2. On 1 May 2020 the ABS released results from the second Household Impacts of COVID-19 Survey. This showed that nearly a third of Australians (31%) aged 18 years and over reported that their household finances had worsened over the period mid-March to mid-April due to COVID-19. The ABS reports that persons aged 65 years and over were less likely than persons aged 18 to 64 to have reported that their household finances had worsened (20% compared with 35%).



Ability to raise money for something important within a week

- 4.3. This dataset also provided information on the ability of households to raise money for something important within a week, the ability to pay bills on time and financial actions to support basic living expenses:
- The ABS reported that 12% of Australian (approximately one in eight) reported that their household could raise \$500 but not \$2,000 for something important within a week, and one in twenty (5%) reported that their household could not raise \$500.

⁹ 'Coronavirus Australia: JobKeeper shock as PM considers shake-up of \$1500 fortnightly payment' <https://www.news.com.au/finance/work/leaders/coronavirus-australia-jobkeeper-shock-as-pm-considers-shakeup-of-1500-fortnightly-payment/news-story/0ebefb2dff2a92d6949f46f51f026bea>

¹⁰ ABS release, *Weekly Payroll Jobs and Wages in Australia, Week ending 18 April 2020*, <https://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyReleaseDate/C4682792DAAB8C55CA2585510005C748?OpenDocument>

- 8% of Australians aged 18 years and over reported that their household was unable to pay one or more selected bills on time over the period mid-March to mid-April due to a shortage of money.
 - 17% of Australians (one in six Australians) reported that their household took one or more financial actions to support basic living expenses during the period mid-March to mid-April. The most common financial actions taken were drawing on accumulated savings or term deposits (10%); and reducing home loan payments (3%).¹¹
- 4.4. The Commission has indicated that it is interested in hearing from the s50 parties about whether they feel the CPI (Consumer Price Index) measure of inflation is a proper measure of the cost of living, or whether other measures would be better.
- The data contained in the 'Household Impacts' survey is an example of another measure of cost of living changes. While unfortunately it does not contain data that is specific to WA, the impacts of COVID-19 on WA households are unlikely to differ too markedly from national households. The data also demonstrates that household incomes need the support that comes from strong, and regular wage increases.
- 4.5. UnionsWA has argued in previous submissions to the State Wage Case that CPI inflation is an incomplete measure for the financial needs of workers on low pay and their families. And in particular the focus on CPI as a measure rules out the possibility of any real improvement in the living standards of the low paid. We would note, however, that the most recent ABS data for CPI in the March Quarter of 2020 showed a national annual increase of 2.2%, with the Bureau noting that this result was '*above 2 per cent for the first time since 2018 and the highest since September 2014 quarter.*' The Perth result for the same period was 2.1%. The Quarterly increases (December 2019 to March 2020) were 0.3% nationally, and 0.4% in Perth.¹²

The ABS broke down the components of the WA increase as follows:

Perth (+0.4%)

- *Fruit (+7.5%)*
- *New dwelling purchase by owner-occupiers (+1.1%)*
- *Vegetables (+4.7%).*

The rise was partially offset by:

- *Automotive fuel (-5.9%)*
- *International holiday, travel and accommodation (-3.6%)*
- *Domestic holiday, travel and accommodation (-2.5%).*

Under the current border closures, 'lockdown' and 'social distancing' conditions that have been imposed by State and Federal governments, it can readily be envisaged that reductions in the costs of automotive fuel, and holidays, will have far less impact on household budgets than the increases in fruit and vegetable prices. This is another example of how the CPI inflation measure does not fully capture the impacts of living costs on households – particularly those under financial stress.

¹¹ ACTU Reply Submission to the Annual Wage Review 2019-20 (4 May 2020) p.35
<https://www.fwc.gov.au/documents/wage-reviews/2019-20/submissions/actu-replysub-awr1920.pdf>; ABS release, *Household Impacts of COVID-19 Survey, 14-17 Apr 2020*,
<https://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/D90A6BA872BC19D7CA25854F008214D1?opendocument>

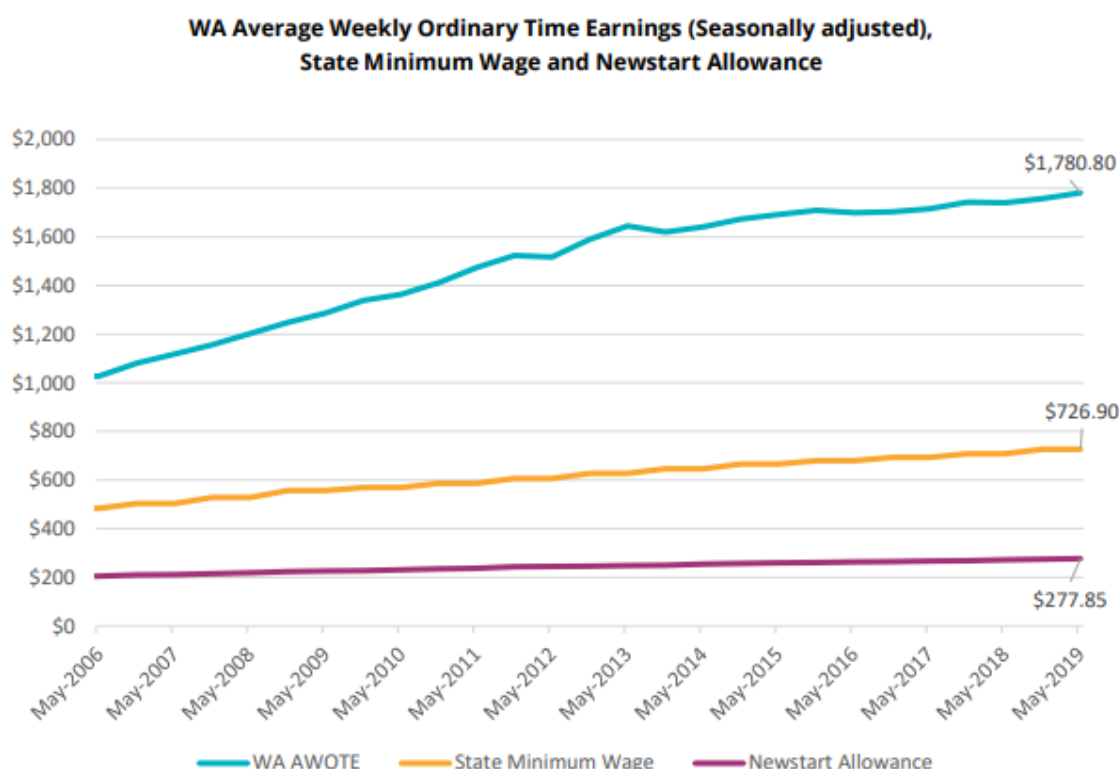
¹² ABS release, *Consumer Price Index, Australia, March 2020*
<https://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/6401.0?opendocument&ref=HPKI>

- 4.6. The WA Council of Social Service (WACOSS, has regularly pointed out in its ‘Cost of Living’ Reports that ‘Growth in expenditure at a higher rate than income growth creates increased financial pressures for the model households’ – which include households on minimum wages. Working families can be in the ‘best position’ among model households, provided they receive regular wage increases. In the 2019 Report, WACOSS points out that in 2018-19

Waged households brought in a little more, due principally to the 2018 State Wage Case decision, but any growth they saw in their income was quickly spent on covering their living costs, which went up across the board.

WACOSS also notes that

The growth in the gap between Newstart, the state minimum wage rates and median pay levels are strong indicators of profound income inequality within our state. Newstart now makes up just 15.6 per cent of the full-time average weekly ordinary time earnings in Western Australia. The State Minimum Wage sits at a little over 40 per cent of the average weekly earnings.¹³



Source: ABS 6302.0, WA Department of Commerce, Australian Department of Human Services

- 4.7. While some of this data may be ‘overridden’ by the current implementation of the ‘JobSeeker’ and ‘JobKeeper’ schemes, the Federal government has indicated that it regards that situation as temporary. Therefore the issues of income gaps, particularly at the lower end of earnings, will likely remain unless the minimum wage plays its part.
- 4.8. In previous submissions to the State Wage Case, UnionsWA has noted that minimum wage decisions, both at the WA and national levels, have seen a decline of the minimum wage ‘bite’ compared to median weekly earnings. A more recent flattening of that decline is more to do

¹³ WACOSS *Cost of Living* 2019 pp. 4-5, 27 <https://wacoss.org.au/wp-content/uploads/2019/12/WACOSS-2019-Cost-of-Living.pdf>

with low wage growth generally rather than improved wage growth at the bottom end of the labour market.¹⁴



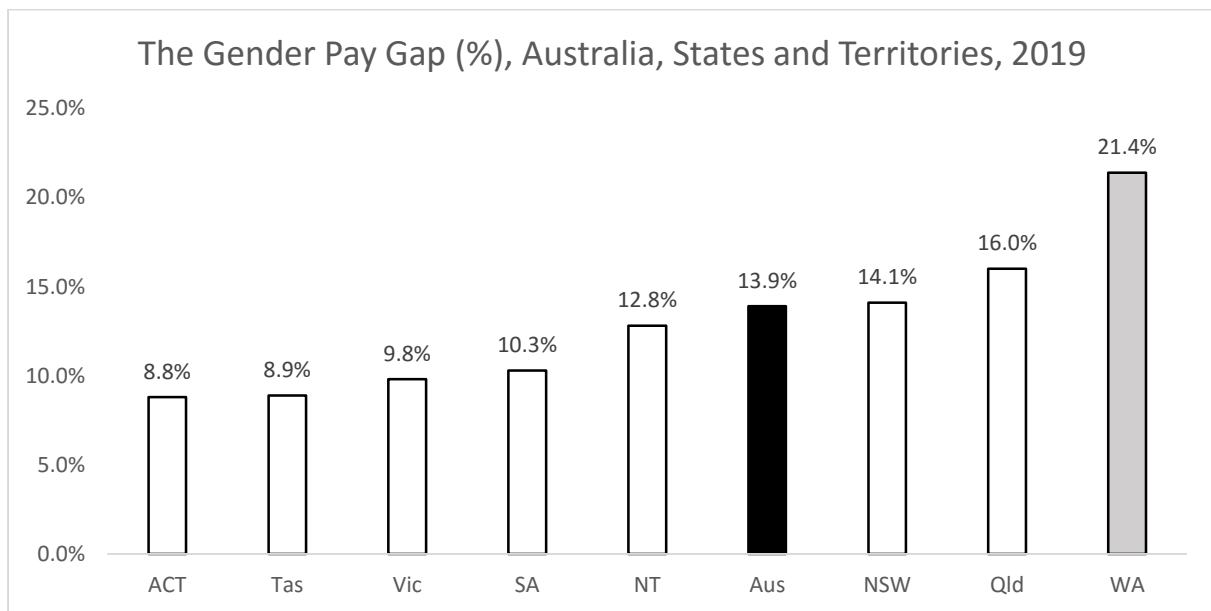
- 4.9. UnionsWA would further note that the most recent figures on median wages, which take into account the impact of COVID-19, might well appear to show an ‘improvement’ in the relative position of minimum to median wages. This, however, would not be any kind of solution to a wages gap. Only strong, regular increases to the minimum wage over the long term can restore a decent relativity of minimum to median wages.

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

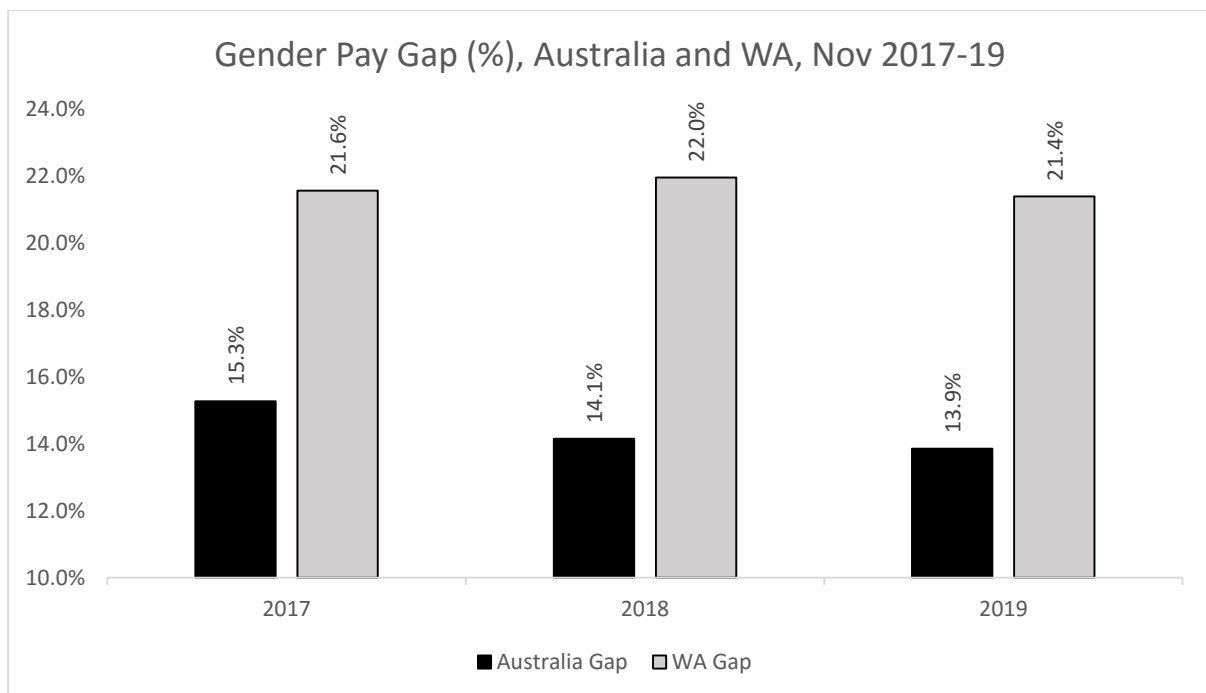
- 5.1. WA continues to have a smaller minimum to median wage ‘bite’ than the rest of Australia, it also continues to have the largest gender pay gap in Australia.¹⁵

¹⁴ ABS release, *Characteristics of Employment, Australia, August 2019*
<https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6333.0August%202019?OpenDocument>

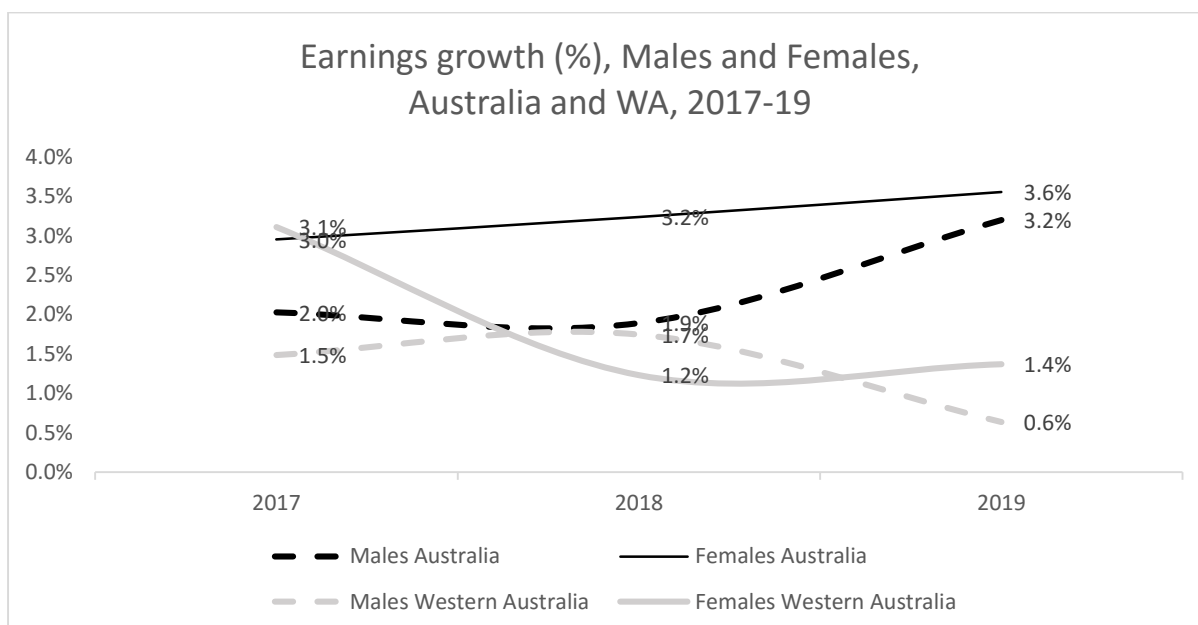
¹⁵ Australian Bureau of Statistics, *6302.0 - Average Weekly Earnings, Australia, Nov 2019*
<https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6302.0Nov%202019?OpenDocument>



Over the past three years, the national gender pay gap has improved slightly each year: contracting from 15.3% in 2017 to 13.9% in 2019. Unfortunately there has been no similar improvement in WA.

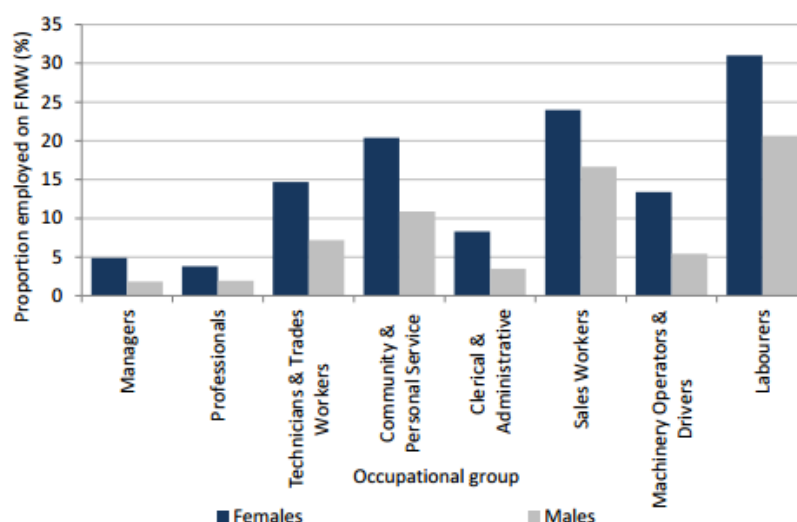


The stubbornly high gender pay gap in WA is sometimes attributed to higher male wages, particularly for workers in the mining industry. However this cannot be the major reason, as can be seen when looking at earnings growth by gender in both WA and Australia over the last few years. Male earnings growth in WA declined between 2018 and 2019 compared to earnings growth nationally, yet the WA gender pay gap persists.



- 5.2. In his paper *'Reflections on the evolution of the minimum wage in Australia'*, (submitted to the Productivity Commission (PC) in its Inquiry into the Workplace Relations Framework released in December 2015) Rob Bray points out that while employed women across all occupations were 1.7 times more likely to be minimum wage employees than men, this rose to 2.7 times for those employed as a manager. Women employed as machinery operators and drivers were 2.5 times more likely than males in this grouping to be paid the minimum wage, with a similar rate, 2.4 times, for clerical and administrative staff. The lowest ratio was in sales workers – where 24.0 per cent of women were working for the minimum wage compared with 16.7 per cent of men – giving a ratio of 1.4.

Figure 6. Broad industry sector, proportion of adult employees on minimum wage by gender, HILDA 2011



Source: HILDA – derived from Wave 11 „In Confidence“ release

- 5.3. Male minimum wage employees were more likely to be employed in agriculture (5.3 per cent of male minimum wage workers compared with 2.4 per cent of women), manufacturing (11.6 per cent compared to 3.2 per cent), construction (8.2 per cent compared with 0.9 per cent) and transport and storage (5.9 per cent compared to 1.5 per cent). In contrast while 21.5 per cent of women on the minimum wage were employed in health care and social assistance, only 6.2 per cent of male minimum wage workers were. This was also the case in retail trade (17.8 per cent compared with 12.0 per cent), education and training (9.0 per cent compared with 4.6 per

cent) and to a much lesser degree accommodation and food services (15.8 per cent compared with 12.8 per cent).¹⁶

- 5.4. This data supports the contention that vulnerable groups of employees are over-represented within the private sector of the state industrial relations system. This is most obviously the case with female workers. Workers with this profile are less likely to negotiate their own Agreements, and more likely to be award reliant in the state industrial relations system. The minimum wages are important for ensuring those workers get decent pay outcomes.

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

- 6.1. To determine which workers are in the state industrial relations system, UnionsWA is utilising the analysis of contained in the *Interim Report - Ministerial Review of the State Industrial Relations System*. The Interim Report describes the numbers of employees who are covered by the State system as potentially between 21.7 per cent and 36.2 per cent of the employees in the State.¹⁷
- 6.2. The Interim Report also includes data from the Wageline contact centre in the Private Sector Labour Relations Division (PSD) of the Department of Mines, Industry Regulation and Safety, which receives approximately 20,000 calls per annum. The internal analysis of Wageline data for 2016/17 shows that, of the calls that pertained to the State system:
- a) 20 per cent related to award free employees;
 - b) 14 per cent concerned the Building Trades (Construction) Award;
 - c) 11 per cent concerned the Restaurant, Tearoom and Catering Workers' Award;
 - d) 9 per cent concerned the Hairdressers Award; and
 - e) 8 per cent concerned the Shop and Warehouse (Wholesale and Retail Establishments) Award.
- 6.3. In its submission to the National Wage Case, the WA government pointed out that 'over 35 per cent of all Western Australian employees work in the five most award-reliant industries'.¹⁸

¹⁶ Rob Bray, 'Reflections on the evolution of the minimum wage in Australia' (October 2013) pp.27-28 http://www.pc.gov.au/data/assets/pdf_file/0003/187428/sub0032-workplace-relations-attachment.pdf

¹⁷ *Interim Report - Ministerial Review of the State Industrial Relations System* (20 April 2018), pp.60-1, 440, https://www.commerce.wa.gov.au/sites/default/files/atoms/files/ministerial_review_of_the_state_industrial_relations_system_interim_report.pdf

¹⁸ Submission of the Government of Western Australia, Annual Wage Review 2020, p.4 <https://www.fwc.gov.au/documents/wage-reviews/2019-20/submissions/wagov-sub-awr1920.docx>

Table 1: Employment and award reliance by industry - WA and Australia, November Quarter 2019

Industry	WA: Proportion of Workforce	Australia: Proportion of Workforce	Australia: Proportion of employees paid by award
Accommodation and Food Services	6.1%	7.1%	44.9%
Administrative and Support Services	3.2%	3.4%	41.3%
Other Services	4.5%	3.8%	38.1%
Health Care and Social Assistance	12.3%	13.7%	31.7%
Retail Trade	9.1%	9.8%	30.1%
Rental, Hiring and Real Estate Services	1.6%	1.7%	29.4%
Arts and Recreation Services	1.9%	1.9%	22.5%
Manufacturing	6.0%	7.1%	20.8%
Construction	8.9%	9.1%	16.6%
Wholesale Trade	2.8%	2.9%	16.1%
Transport, Postal and Warehousing	5.2%	5.1%	12.7%
Public Administration and Safety	6.4%	6.4%	10.9%
Education and Training	8.1%	8.4%	10.0%
Professional, Scientific and Technical Services	8.1%	8.8%	8.0%
Information, Media and Telecommunications	1.0%	1.6%	7.1%
Financial and Insurance Services	2.1%	3.6%	5.2%
Electricity, Gas, Water and Waste Services	1.7%	1.2%	4.1%
Mining	8.7%	1.9%	0.9%
Agriculture, Forestry and Fishing	2.5%	2.5%	N/A [†]
All industries	100.0%	100.0%	22.5%

[†] 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.

- 6.4. UnionsWA contends that an increase in the state minimum wage in WA is more likely to assist workers and vulnerable groups of employees who are less likely to negotiate decent increases for themselves. An increase will also benefit lower income households in which people are working. The increase will also benefit households with mixture of lower and higher income earners, by providing more independence for the lower earners, and taking financial pressure off higher earners.

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

- 7.1. The present situation for businesses covered by the state industrial relations system is undoubtedly challenging, and both workers and employer have needed to co-operate to ensure that the WA economy can emerge from the COVID-19 crisis is as robust a condition as possible.
- 7.2. It should be noted that, among the measures being implemented to assist business, the state government have included
- Small businesses that pay payroll tax receiving a one-off grant of \$17,500
 - \$1 million payroll tax threshold brought forward by six months to July 1, 2020
 - Businesses impacted by COVID-19 can defer payroll tax payments until July 21, 2020

The Federal government has provided:

- temporary cash flow support of up to \$100,000 for eligible small and medium-sized businesses, and not-for-profits (NFPs)

- temporarily increasing the threshold at which creditors can issue a statutory demand on a company and the time companies have to respond to statutory demands they receive.
- increasing the instant asset write-off threshold from \$30,000 to \$150,000 and expanding access

7.3. These measures, while being implemented during an extraordinary situation, are aimed at enabling businesses to return to a ‘normal’ situation. That situation should include the expected, annual minimum wage increase, at both the state and national levels.

8. Encouraging Ongoing Skills Development

8.1. The Federal government has also provided support to business to retain their apprentices and trainees. Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice’s or trainee’s wage paid during the 9 months from 1 January 2020 to 30 September 2020. Where a small business is not able to retain an apprentice, the subsidy will be available to a new employer.

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

8.3. UnionsWA has in previous submissions cited a report on apprenticeships prepared by an Expert Panel entitled ‘*A shared responsibility - Apprenticeships for the 21st Century*’.

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

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

The report’s researchers also found that award rates for first year apprentices are often below the Henderson poverty line.¹⁹

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

*When apprentice productivity is measured against the wage paid to the apprentice, the relationship is shown to be very close. This results in employers’ costs for wages effectively being neutralised by apprentice productivity.*²⁰

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

8.5. Given the compensation being provided by the Federal government to employers with apprentices, there is no reason to not provide a strong minimum wage increase in 2020.

¹⁹ Final Report of the Expert Panel (Jan 2011) *A shared responsibility - Apprenticeships for the 21st Century* p.89 <https://www.australianapprenticeships.gov.au/publications/shared-responsibility-apprenticeships-21st-century>

²⁰ NCVER *The cost of training apprentices* (p.25) <http://www.ncver.edu.au/wps/wcm/connect/9df71864-bfd5-4480-9b91-76b2a6211550/cp05070.pdf?MOD=AJPERES&CACHEID=9df71864-bfd5-4480-9b91-76b2a6211550>

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

9.1. UnionsWA is advocating that the Commission increase Award wages and the statutory minimum wage by 4%. Such an increase would ensure relativities of the award classifications are maintained is consistent with subsections (1)(b) and (c) of the Act.

9.2. In 2018, the Commission awarded a flat increase of \$18 per week, taking the WA minimum wage to \$726.90. UnionsWA revisited this calculation and examined the shifts in relativities in the Award pay rates between 2017 and 2018.

<i>Metal Trades (General) Award</i>	<i>2017</i>	<i>% of C14</i>	<i>2018</i>	<i>% of C14</i>	<i>Change in relativity 2017-18</i>
C14	\$708.90	100.0%	\$726.90	100.0%	0.0%
C13	\$726.50	97.6%	\$744.50	97.6%	0.1%
C12	\$750.30	94.5%	\$768.30	94.6%	0.1%
C11	\$772.40	91.8%	\$790.40	92.0%	0.2%
C10	\$810.10	87.5%	\$828.10	87.8%	0.3%
C9	\$832.70	85.1%	\$850.70	85.4%	0.3%
C8	\$855.10	82.9%	\$873.10	83.3%	0.4%
C7	\$875.60	81.0%	\$893.60	81.3%	0.4%
C6	\$920.60	77.0%	\$938.60	77.4%	0.4%
C5	\$943.20	75.2%	\$961.20	75.6%	0.5%

9.3. In 2019 the Commission awarded a percentage increase of 2.75%, with the following relativity results.

<i>Metal Trades (General) Award</i>	<i>2018</i>	<i>% of C14</i>	<i>2019</i>	<i>% of C14</i>	<i>Change in relativity 2018-19</i>
C14	\$726.90	100.0%	\$746.90	100.0%	0.0%
C13	\$744.50	97.6%	\$765.00	97.6%	0.0%
C12	\$768.30	94.6%	\$789.40	94.6%	0.0%
C11	\$790.40	92.0%	\$812.10	92.0%	0.0%
C10	\$828.10	87.8%	\$850.90	87.8%	0.0%
C9	\$850.70	85.4%	\$874.10	85.4%	0.0%
C8	\$873.10	83.3%	\$897.10	83.3%	0.0%
C7	\$893.60	81.3%	\$918.20	81.3%	0.0%
C6	\$938.60	77.4%	\$964.40	77.4%	0.0%
C5	\$961.20	75.6%	\$987.60	75.6%	0.0%

9.4. We would ask the Commission to consider these results, as the data shows that the relativities C14 to C5 were preserved by last year's decision.

10. Conclusion

10.1. UnionsWA is advocating that the Commission increase Award wages an increase by 4%.

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

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

(a) the need to —

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

UnionsWA is asking the WA Commission to address the still widening gap between low paid workers and the rest of the workforce in WA.

(ii) meet the needs of the low paid;

UnionsWA maintains that the needs of the low paid, and particularly the need to improve the standards of the low pay – require an increase to the WA minimum wage not just at CPI, but beyond it. As a measure of the cost of living, the measure of CPI inflation does not capture the living costs of low wage workers, particularly under the impact of COVID-19.

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

UnionsWA submits that minimum wage workers should not be slipping behind average wages in the community, otherwise they will find it harder to maintain living standards – particularly during an economic crisis.

(iv) contribute to improved living standards for employees;

UnionsWA submits that the present system of wage subsidies will be no substitute for regular, ongoing wage increases, particularly if the Federal government moves to take them away.

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

UnionsWA contends that an increase in the state minimum wage in WA is more likely to assist workers who are less likely to negotiate decent increases for themselves, and are bearing the full brunt of the COVID-19 crisis.

(vi) encourage ongoing skills development; and

UnionsWA argues that a substantial wage increase that seeks to address the disparity between minimum rates and median weekly earnings will play its part in making apprenticeships more attractive thereby encouraging greater skills development. It also notes that assistance has been provided by government to ensure that apprentices and trainees can continue with employers.

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

UnionsWA asks the WA Commission to reject all submissions which contend that the gender pay gap is simply due to men ‘earning more in higher wage jobs’, and thus can be redressed during a downturn by men losing their previous income. The minimum wage needs regular and substantial increases in order to satisfy this consideration.

(a) the state of the economy of Western Australia and the likely effect of its decision on that economy and, in particular, on the level of employment, inflation and productivity in Western Australia;

(b) *to the extent that it is relevant, the state of the national economy;*

UnionsWA contends that a substantial increase to the WA minimum wage will be ‘pro-cyclical’ in present economic circumstances both in WA and Australia. It will substantially contribute to State Final Demand, in a situation where WA will have to rely on domestic spending rather than that provided by outside arrivals.

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

UnionsWA contends that an across the board institutional decision to lift wages is needed. The resulting household and consumer spending will be vital to lift the economy out from COVID-19.

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

An increase of 4%, balances the range of factors that the Commission must take into account. It delivers the largest proportionate increase to the lowest paid, while preserving the existing skill-based relativities for award classifications.

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

(g) any other matters the Commission considers relevant.

UnionsWA contends that, while the COVID-19 crisis has been an unprecedented event, the economy is still forecast to recover. This means that the need for consumer spending will be as strong as ever. Historical examples such as the Great Depression demonstrate that freezing or cutting wages will be the worst possible response to the present situation: prolonging the pain rather than lifting us out of it.