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11 June 2020

The Hon Justice Ross
President
Fair Work Commission
11 Exhibition St
MELBOURNE VIC 3000

By email: awr@fwc.gov.au / chambers.ross.j@fwc.gov.au

Dear President Ross,

Annual Wage Review 2019-20 – Question on Notice

During oral submissions to the Expert Panel on 10 June 2020, Commissioner Hampton posed a number of questions to ACCI, some of which addressed matters also addressed, or advanced by Ai Group, including on a possible deferral of any increase in minimum wages until 1 January 2021.

Having the benefit of subsequently listening to the submissions of our fellow employer representatives, we would like to associate ACCI with the further responses to these questions provided by Mr Smith, Ms Toth and Dr Byrne.

One specific question we requested an opportunity to take on notice concerned ACCI's Initial Submission at paragraphs 405 to 408 regarding the application of any increase to junior and apprenticeship rates, as follows:

8.3 Junior Employees

405. *Paragraphs [407] to [420] of the 2019 Decision addressed junior rates of pay in modern awards.*
406. *ACCI again supports proportionately flowing on any increase that may be awarded to junior rates of pay in modern awards, in accordance with long standing practice and established proportions of relevant adult rates.*
407. *Were any additional matters relating to minimum wage rates for junior employees raised in other submissions (as they were in the 2019 review), ACCI and its members will address such matters in reply submissions during April.*

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8.4 Apprentices and Trainees

408. *Consistent with paragraphs [421] to [422] of the 2019 Decision, ACCI supports the proportionate flow on of any increase that may be awarded to modern award minimum wages for employees to whom training arrangements apply through the National Training Wage Schedule (NTWS) under the relevant awards.*

This remains the ACCI position. ACCI strongly urges the Expert Panel not to make any uprating of minimum wages in 2020, and to retain the NMW and award wages at their present levels until the next review / 1 July 2021.

In the alternative, were an increase to be awarded, directly contrary to what we say is the evidence and the profound, near-unparalleled economic and jobs challenges of 2020:

- Any increase awarded should be genuinely moderate, and without question in no way should exceed forecast inflation, recalling the very real risk of deflation. Were the Panel to, contrary to employers' submissions, award an increase from 1 July 2020, we strongly encourage you to be guided of the Reserve Bank Australia's Statement on Monetary Policy for May 2020 (8 May 2020), at page 5:

Turning to inflation, inflation pressures had picked up a little in the March quarter. Inflation was 2.2 per cent over the year to the March quarter, and 1¾ per cent in underlying terms.

*However, oil prices have fallen dramatically in response to lower global demand and limited storage capacity. Recently announced production cuts globally have not been enough to offset this. As a result of this and the temporary removal of childcare fees, **year-ended headline inflation is expected to turn negative in the June quarter, for the first time since the early 1960s.***

- Any increase that may be awarded, should be applied to the proportionate, and 'flow on' rates, and to allowances, as per the practice of previous years (junior rates, apprentice rates, supported wages etc). ACCI does not call for any overall change of approach in flowing on any increase that may be awarded to award rates.
- We advance this overall view without prejudice to any ACCI member organisation wanting to raise a specific matter in relation to a specific modern award.

We have as requested looked at what ACCI members submitted on junior and apprentice rates in their initial and reply submissions. For clarity, the ACCI member organisations submitting to this review are:



- Australian Business Industrial / Business NSW
- The Housing Industry Association (HIA)
- The Australian Retailers Association (ARA)
- The National Retail Association (NRA)
- The Restaurant and Catering Industry Association (RCA)

Pages 25 to 27 of [ABI's initial submission](#) address the potential impact of wage increases on younger workers, and their opportunities for work and human capital formation.

ACCI endorses the ABI analysis, and makes the following additional points:

- The vulnerabilities and disproportionate impacts outlined by ABI are likely to have been exacerbated by COVID-19 in 2020, including in particular impacts on apprenticeships and training opportunities.
- There are grounds for significant concern for the employment and human capital development of younger Australians, exacerbated by COVID-19.
- This further favours the position ACCI and its members advance in this matter as the available and appropriate course in the exceptional circumstances of 2020, alternatively it favours considerable moderation and restraint.

The [Restaurant and Catering Industry Association's initial submission](#), at paragraph 9, supports “a proportionate flowing on of any review decision to junior rates of pay”, but within the context of a position consistent with the rest of the ACCI network, that there should not be an uprating of minimum wages in this review.

The [Housing Industry Association's initial submission](#), at 2.2, expresses concerns at falling apprenticeship commencements, in the context of falling demand, and cancelled or deferred orders.

HIA does not, we understand, call for any decoupling of apprentice rates from other award rates, nor for any increase that may be awarded to not flow as per established practice to apprentice rates. Rather consistent with each of the ACCI members, the HIA submission should be viewed as further supporting the overall ACCI network position that any increase in 2020 would be damaging and should not be awarded.

For clarity, the following participants in this review are not part of the ACCI network:

- Australian Industry Group (Ai Group)
- Master Grocers' Association (MGA)



- South Australian Wine Industry Association
- National Farmers' Federation (NFF)

We thank the Panel again for the opportunity to participate in the review and to further engage directly via yesterday's consultations on how we say you should proceed to determine the 2020 review, undertaken in such extraordinary circumstances.

We hope this material is of assistance. If we can provide any further clarification or respond to any further questions, please contact:

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Yours sincerely

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