

## Form F46 – Joint Application to vary a modern award

Fair Work Act 2009, ss.157–160

This is an application to the Fair Work Commission to make a modern award or make a determination varying or revoking a modern award, in accordance with Part 2-3 of the [Fair Work Act 2009](#).

### Applicants



These are the details of the person who is making the application.

Title	<input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Other please specify:		
First name(s)			
Surname			
Postal address	<b>See Representative Details below</b>		
Suburb			
State or territory		Postcode	
Phone number		Fax number	
Email address			

### If the Applicant is a company or organisation please also provide the following details

Legal name of business	<ul style="list-style-type: none"> <li>Victorian Automobile Chamber of Commerce (<b>VACC</b>)</li> <li>Motor Trade Association of South Australia Incorporated (<b>MTASA</b>)</li> <li>Motor Traders Association of New South Wales (<b>MTANSW</b>)</li> <li>Motor Trades Association of Queensland Industrial Organisation of Employers (<b>MTAQ</b>)</li> </ul>
Trading name of business	
ABN/ACN	
Contact person	William Chesterman, Industrial Relations Manager, VACC

### Applicant

Title	<input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Other please specify:
First name(s)	

Surname			
Postal address	51 Walker Street		
Suburb	North Sydney		
State or territory	NSW	Postcode	2060
Phone number	0405448119   0421 727 045	Fax number	
Email address	Brent.Ferguson@aigroup.com.au Hamish.Harrington@aigroup.com.au		

**If the Applicant is a company or organisation please also provide the following details**

Legal name of business	The Australian Industry Group
Trading name of business	Ai Group
ABN/ACN	76 369 958 788
Contact person	Brent Ferguson, National Manager – Workplace Relations Advocacy & Policy Hamish Harrington, Adviser - Workplace Relations Policy

**Does the Applicant need an interpreter?**



If the Applicant requires an interpreter (other than a friend or family member) in order to participate in conciliation, a conference or hearing, the Fair Work Commission will provide an interpreter at no cost.

Yes – Specify language

No

**Does the Applicant require any special assistance at the hearing or conference (eg a hearing loop)?**

Yes – Please specify the assistance required

No

**Does either Applicant have a representative?**



A representative is a person or organisation who is representing the applicant. This might be a lawyer or paid agent, a union or employer organisation, or a family member or friend. There is no requirement to have a representative.

Yes – VACC, MTASA, MTANSW, MTAQ representative details below

No – Ai Group does not have a representative

### VACC's representative



These are the details of the person or organisation who is representing the Applicant (if any).

Name of person	Luis Izzo, Managing Director - Sydney Workplace		
Firm, organisation or company	Australian Business Lawyers & Advisors		
Postal address	Level 15, 140 Arthur Street		
Suburb	North Sydney		
State or territory	NSW	Postcode	2060
Phone number	(02) 9458 7005	Fax number	
Email address	luis.izzo@ablawyers.com.au		

### Is VACC's representative a lawyer or paid agent?

Yes

No

### 1. Coverage

#### 1.1 What is the name of the modern award to which the application relates?



Include the Award ID/Code No. of the modern award

Vehicle Manufacturing, Repair, Services and Retail Award 2010 MA000089

#### 1.2 What industry is the employer in?

Not applicable

## 2. Application

### 2.1 What are you seeking?

Specify which of the following you would like the Commission to make:

- a determination varying a modern award
- a modern award
- a determination revoking a modern award

### 2.2 What are the details of your application?

See Annexure A.

Attach additional pages, if necessary.

### 2.3 What are the grounds being relied on?

Using numbered paragraphs, specify the grounds on which you are seeking the proposed variations.



You must outline how the proposed variation etc is necessary in order to achieve the modern awards objective as well as any additional requirements set out in the FW Act.

See Annexure B.

Attach additional pages, if necessary.

## Signatures



If you are completing this form electronically and you do not have an electronic signature you can attach, it is sufficient to type your name in the signature field. You must still complete all the fields below.

Signature	
Name	Luis Izzo
Date	5 May 2020
Capacity/Position	Legal representative of VACC, MTASA, MTANSW, MTAQ

Signature	
Name	Stephen Smith
Date	5 May 2020
Capacity/Position	Head of Workplace Relations Policy for Ai Group



Where this form is not being completed and signed by the Applicant, include the name of the person who is completing the form on their behalf in the **Capacity/Position** section.

**PLEASE RETAIN A COPY OF THIS FORM FOR YOUR OWN RECORDS**



# DETERMINATION

*Fair Work Act 2009*

s.157 —FWC may vary etc. modern awards if necessary to achieve modern awards objective

## **Vehicle Manufacturing, Repair, Services and Retail Award 2020** (AM2020/XX)

### **VEHICLE MANUFACTURING, REPAIR, SERVICES AND RETAIL AWARD 2010** [MA000089]

Vehicle manufacturing, repair services and retail industry

JUSTICE ROSS, PRESIDENT

XXXXXX

XXXXXX

MELBOURNE, XX XXXXX 2020

*Application to vary the Vehicle Manufacturing, Repair, Services and Retail Award 2010.*

A. Further to decision [[2020] FWCFB XXXX] issued by the Full Bench on XX XXXXX 2020, the above award is varied as follows:

1. By inserting Schedule J as follows:

#### **J.1 - Award flexibility during the COVID-19 Pandemic**

- (a) The provisions of Schedule J are aimed at preserving the ongoing viability of businesses and preserving jobs during the COVID-19 pandemic and not to set any precedent in relation to award entitlements after its expiry date.
- (b) Schedule J operates from **[insert date]** until 30 June 2020. The period of operation can be extended on application to the Fair Work Commission.
- (c) A direction under this Schedule ceases to have effect when it is withdrawn, revoked or replaced by the employer, or on 30 June 2020, whichever is earlier.
- (d) Schedule J does not apply to any employee employed by an employer who qualifies for the JobKeeper Scheme if the employee is eligible to receive 'JobKeeper' payments pursuant to the *Coronavirus Economic Response Package (Payments and Benefits) Act 2020*.

- (e) Any direction or request given by an employer under this Schedule must be given in writing and does not apply to the employee if the direction is unreasonable in all of the circumstances.
- (f) Any dispute regarding the operation of Schedule J may be referred to the Fair Work Commission in accordance with Clause 9—Dispute Resolution.
- (g) Any direction given by an employer under this clause is not valid unless it contains a written consent by the employer to arbitration under Clause 9.5—Dispute Resolution in respect of any dispute arising from the direction.

### **J.2.1 Classifications and duties RS&R employees**

- (h) As directed by their employer, where necessary employees will perform any duties that are within their skill and competency regardless of their classification under Clause 33—Classifications and minimum weekly wages and Schedule B—Vehicle Industry RS&R - Skill Level Definitions, provided that the duties are safe, reasonably within the scope of the employer's operations, and the employee is licensed and qualified to perform them.
- (i) Clause 33.6—Higher duties will apply to employees engaged on duties carrying a higher rate than their ordinary classification.
- (j) An employer must not reduce an employee's pay if the employee is directed to perform duties in accordance with clause J.2.1.
- (k) An employee given a directive under this clause will revert to their duties prior to the commencement of Schedule J once the directive ceases to have effect in accordance with Clause J.1.(c), unless otherwise agreed between the employer and employee.

### **J.2.2 Temporary reduction of hours of work—full-time and part-time employees**

- (a) An employer may only implement a temporary reduction in hours of work under this clause if the employee cannot be usefully employed for their normal days or hours as a consequence of business changes attributable to the COVID-19 pandemic or government initiatives to slow the spread of the virus.
- (b) Subject to Clause J.2.2(a), (d), (e) and (g), and despite clause 11 - Full time employment, an employer may direct a full-time employee to work an average of between 22.8 and 38 ordinary hours per week. The employee will be paid on a pro-rata basis. The arrangements for working ordinary hours in Clauses 37 and 44.1 (which pertain to ordinary hours of work) will apply on a pro-rata basis.
- (c) Subject to Clause J.2.2(a), (f) and (g), and despite Clause 12.3, 12.4, 12.5 and 44.2 (which pertain to part-time employment), an employer may direct a part-time employee to work an average of between 75% and 100% of their agreed hours per week, or an average of between 75% and 100% of their agreed hours per week over the roster cycle.

- (d) Subject to Clause J.2.2(e), a full-time employee at Level 1-5 may not have their hours reduced pursuant to Clause J.2.2(b) where the amount payable under the reduced hours falls below \$1,115.70 a fortnight (not including any tool, meal or leading hand allowances paid under Part 4 – Allowances and Related Matters), as a consequence of the reduction.
- (e) A full-time Vehicle Industry Tradesperson at Level 1 or 2 may not have their hours reduced pursuant to Clause J.2.2(b) where the amount payable under the reduced hours falls below \$1,500.00 a fortnight (not including any tool, meal or leading hand allowances paid under Part 4 – Allowances and Related Matters), as a consequence of the reduction.
- (f) A part-time employee who prior to the commencement of this schedule had an agreed pattern of hours under Clause 12 that would have entitled the employee to earn over \$836.78 a fortnight in respect of those hours, may not have their ordinary hours reduced pursuant to Clause J.2.2 (c) to a point that would cause them to receive less than \$836.78 a fortnight (not including any tool, meal or leading hand allowances paid under Part 4 – Allowances and Related Matters), as a consequence of the reduction.
- (g) Prior to any employer issuing any direction under Clause J.2.2(b) or (c) an employer must:
  - (i) consult with the affected employee/s in accordance with Clause 8A— Consultation about changes to rosters or hours of work and provide as much notice as practicable; and
  - (ii) if the affected employee/s are members of a union, notify the relevant union of its intention to implement these arrangements.
- (h) Where the amount paid to an employee under this clause is less than the normal weekly pay an employee received prior to a directed reduction in hours under this clause, by agreement with the employer the employee can top up their weekly pay to the normal weekly pay they received prior to a directed reduction in hours by access to accrued paid annual leave or any other form of accrued paid leave.
- (i) An employee given a direction under Clause J.2.2(b) or (c) will continue to accrue annual leave and personal leave, and any other applicable accruals under this award, based on each full-time or part-time employee's ordinary hours of work prior to the commencement of Schedule J.
- (j) Nothing in Schedule J prevents an employer and an individual employee agreeing in writing (including by electronic means) to reduce the employee's hours or to move the employee temporarily from full-time to part-time hours of work, with a commensurate reduction in the minimum weekly wage.
- (k) If an employee given a direction under Clause J.2.2(b) or (c) takes a period of paid annual leave or personal leave, the payment for that leave will be based on



the full-time or part-time employee's ordinary hours of work prior to the commencement of Schedule J.

- (l) If an employee who has been given a direction under Clause J.2.2(b) or (c) is made redundant while working reduced hours, any applicable redundancy payment will be calculated based on each full-time or part-time employee's ordinary hours of work prior to the commencement of Schedule J.
- (m) An employee given a directive under this clause will revert to their ordinary hours of work prior to the commencement of Schedule J once the directive ceases to have effect in accordance with Clause J.1.(c).

### **J.2.3 Annual leave**

- (a) Subject to Clause J.2.3(g) and despite Clauses 29.4, 29.5 and 29.6 (Annual leave), an employer may, subject to considering an employee's personal circumstances, request an employee to take paid annual leave, provided that the request does not result in the employee retaining a balance of less than 2 weeks annual leave after the leave is taken. Such a request must be made a minimum of 72 hours before the date on which the annual leave is to commence.
- (b) An employee must consider and may not unreasonably refuse a request to take annual leave made pursuant to Clause J.2.3.
- (d) Clauses J.2.3(a) and (b) do not prevent an employer and an employee agreeing to the employee taking annual leave at any time.
- (e) Employers and individual employees may agree to take up to twice as much annual leave at a proportionately reduced rate for all or part of any agreed or directed period away from work, including any close-down.
- (f) The period of annual leave must commence before 30 June 2020 but may end after this date.
- (g) An employer can only request that an employee take annual leave pursuant to this clause if the request is made for reasons attributable to the COVID-19 pandemic or Government initiatives to slow the transmission of COVID-19 and to assist the employer to avoid or minimise the loss of employment.

### **J.2.4 Close-down**

- (a) Clause J.2.4 applies only if the employer has decided to close down for reasons attributable to the COVID-19 pandemic or Government initiatives to slow the transmission of the coronavirus.
- (b) Subject to Clause J.2.4(a) and (c) and instead of Clause 29.12 (Annual leave), an employer may:

- (i) require an employee to take paid annual leave as part of a close-down of its operations, or part of its operations, by giving at least one week's notice, or any shorter period of notice that may be agreed; and
  - (ii) where an employee has not accrued sufficient paid leave to cover part or all of the close-down, the employee is to be allowed paid annual leave for the period for which they have accrued sufficient leave and given unpaid leave for the remainder of the close-down.
- (c) Clause J.2.4(b) does not permit an employer to require an employee to take leave for a period beyond the period of operation of Schedule J.
- (d) Where an employee is placed on unpaid leave pursuant to Clause J.2.4(b), the period of unpaid leave will count as service for the purposes of relevant award and NES entitlements.

### **J.2.5 Secondary jobs/training**

- (a) If an employee is directed to take unpaid leave under Clause J.2.4 or work temporary reduced hours under Clause J.2.2 and the employee makes a request to engage in:
- a. reasonable secondary employment;
  - b. training;
  - c. professional development;

the employer must consider and not unreasonably refuse the request.

2. By updating the table of contents and cross-references accordingly.

B. This determination comes into effect on **[insert date]**. In accordance with s.165(3) of the Fair Work Act 2009 this determination does not take effect until the start of the first full pay period that starts on or after **[insert date]**.

PRESIDENT

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## **Annexure B**

### **General**

1. The Victorian Automobile Chamber of Commerce (**VACC**), the Motor Trade Association of South Australia Incorporated, the (**MTASA**), the Motor Traders Association of New South Wales (**MTANSW**), the Motor Trades Association of Queensland Industrial Organisation of Employers (**MTAQ**) and the Australian Industry Group (**Ai Group**) seek a determination to vary the Vehicle Manufacturing, Repair, Services and Retail Award 2020 (**the Award**), which can mitigate against the current impacts COVID-19 is having on employees and employers covered by the Award.
2. The variations to the Award are necessary to achieve the Modern Awards Objective in the circumstances of the COVID-19 virus.
3. The Australian Chamber of Commerce and Industry (**ACCI**), the Australian Automotive Dealer Association (**AADA**) and the Motor Trade Association of Western Australia (**MTAWA**) support the Application and have been involved in the negotiations surrounding the Draft Determination.
4. The Application is consented to by the Australian Manufacturing Workers Union, the Shop Distributive and Allied Employees Association and the Australian Council of Trade Unions.

### **COVID-19**

5. Coronaviruses (CoV) are a large family of viruses that cause illness ranging from the common cold to more severe diseases such as Middle East Respiratory Syndrome (MERS-CoV) and Severe Acute Respiratory Syndrome (SARS-CoV).<sup>1</sup>
6. Coronavirus disease (COVID-19) is a new strain that was discovered in 2019 and has not been previously identified in humans.
7. Common signs of infection include respiratory symptoms, fever, cough, shortness of breath and breathing difficulties. In more severe cases, infection can cause pneumonia, severe acute respiratory syndrome, kidney failure and even death.

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<sup>1</sup> [World Health Organisation.](#)

8. Most people (about 80%) recover from the disease without needing special treatment. Around 1 out of every 6 people who gets COVID-19 becomes seriously ill and develops difficulty breathing.<sup>2</sup>
9. In December 2019 / January 2020, an outbreak of a new virus and disease began in Wuhan, China, which was subsequently identified as a new type of coronavirus.<sup>3</sup>
10. As of 20 January 2020, confirmed cases of COVID-19 were reported from three other countries, including Thailand, Japan and the Republic of Korea (South Korea).<sup>4</sup>
11. COVID-19 cases continued to spread to Europe, and on 25 January 2020 Australia reported its first confirmed case.<sup>5</sup>
12. According to the World Health Organisation (WHO), as at 14 April 2020 there were 213 countries, areas or territories with cases.<sup>6</sup>

### **COVID-19 progresses from an epidemic to a pandemic**

13. On 30 January, the WHO declared the outbreak a Public Health Emergency of International Concern (PHEIC), following a second meeting of the Emergency Committee convened under the International Health Regulations. This was largely due to the concern of the potential for the virus to spread to countries with weaker health systems, and which are ill-prepared to deal with it.<sup>7</sup>
14. On 11 March 2020, the WHO Director-General characterized COVID-19 as a pandemic.
15. The WHO Director-General stated that the WHO has been assessing the outbreak around the clock and are deeply concerned both by the alarming levels of spread and severity, therefore impacting its decision.<sup>8</sup>

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<sup>2</sup> [World Health Organisation.](#)

<sup>3</sup> [World Health Organisation.](#)

<sup>4</sup> [https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200121-sitrep-1-2019-ncov.pdf?sfvrsn=20a99c10\\_4](https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200121-sitrep-1-2019-ncov.pdf?sfvrsn=20a99c10_4)

<sup>5</sup> [https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200125-sitrep-5-2019-ncov.pdf?sfvrsn=429b143d\\_8](https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200125-sitrep-5-2019-ncov.pdf?sfvrsn=429b143d_8)

<sup>6</sup> <https://www.who.int/emergencies/diseases/novel-coronavirus-2019>

<sup>7</sup> [https://www.who.int/dg/speeches/detail/who-director-general-s-statement-on-ihc-emergency-committee-on-novel-coronavirus-\(2019-ncov\)](https://www.who.int/dg/speeches/detail/who-director-general-s-statement-on-ihc-emergency-committee-on-novel-coronavirus-(2019-ncov))

<sup>8</sup> <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>

16. In the two weeks prior to that characterization, the number of cases of COVID-19 outside China had increased 13-fold, and the number of affected countries has tripled. At that point (11 March), there were more than 118,000 cases in 114 countries, and 4,291 people had lost their lives.

### **COVID-19 in Australia**

17. Globally, at 1 May 2020, there have been more than 3,090,400 confirmed cases of COVID-19 and more than 217,700 deaths.<sup>9</sup>

18. It took over three months to reach the first 100,000 confirmed cases, and only 12 days to reach the next 100,000.<sup>10</sup>

19. In Australia, as at 6am on 1 May 2020 there have been 6,762 confirmed cases of COVID-19. Of those, 92 have died from COVID-19. There were 16 new cases in the 24 hours from 6am on 1 May 2020.<sup>11</sup>

20. Previous analysis has shown the number of confirmed cases of COVID-19 in Australia was doubling every 3-4 days.<sup>12</sup>

### **Government Response**

21. The Government has made a number of announcements so far on actions to protecting the Australian community from the spread of COVID-19.

22. On 13 March 2020, Commonwealth, State and Territory governments agreed to provide public advice against holding non-essential, organised public gatherings of more than 500 people from Monday 16th March 2020.<sup>13</sup>

23. On 18 March 2020, the Government announced:<sup>14</sup>

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<sup>9</sup> <https://www.who.int/emergencies/diseases/novel-coronavirus-2019>

<sup>10</sup> [https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200319-sitrep-59-covid-19.pdf?sfvrsn=c3dcdef9\\_2](https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200319-sitrep-59-covid-19.pdf?sfvrsn=c3dcdef9_2)

<sup>11</sup> <https://www.health.gov.au/news/health-alerts/novel-coronavirus-2019-ncov-health-alert/coronavirus-covid-19-current-situation-and-case-numbers>

<sup>12</sup> See Inga Ting, Michael Workman and Mark Doman, ‘[Coronavirus data reveals how COVID-19 is spreading in Australia](#)’, *ABC News*, 20 March 2020.

<sup>13</sup> The Hon. Scott Morrison MP, Prime Minister, Media Statement, ‘[Advice on coronavirus](#)’, 13 March 2020.

<sup>14</sup> The Hon. Scott Morrison MP, Prime Minister, Media Statement, ‘[Update on coronavirus](#)’, 18 March 2020.

- a. All non-essential indoor gatherings of greater than 100 people (including staff) will no longer be permitted from Wednesday 18 March 2020.
  - b. Outdoor events of more than 500 attendees may not proceed.
24. On 20 March 2020, the Government announced in addition to the above that for all non-essential indoor gatherings of fewer than 100 people including that in a given occupied space, there must be a density of no more than one person per four square meters of floor space, from 20 March 2020.<sup>15</sup>
25. On 22 March 2020, the Government announced that a number of facilities are to be restricted from opening from midday on 23 March. These include:<sup>16</sup>
- a. Pubs, registered and licenced clubs (excluding bottle shops attached to these venues), hotels (excluding accommodation)
  - b. Gyms and indoor sporting venues
  - c. Cinemas, entertainment venues, casinos, and night clubs
  - d. Restaurants and cafes will be restricted to takeaway and/or home delivery
  - e. Religious gatherings, places of worship or funerals (in enclosed spaces and other than very small groups and where the 1 person per 4 square metre rule applies).
26. On 24 March 2020, the Government announced that the restrictions would apply to the following facilities from midnight on 26 March:
- a. Amusement parks and arcades
  - b. Indoor and outdoor play centres
  - c. Community and recreation centres, health clubs, fitness centres, yoga, barre, spin facilities, saunas, wellness centres, boot camps
  - d. Personal training is limited to a maximum of 10 people
  - e. Social, sporting-based activities, swimming pools
  - f. Beauty therapy, tanning, waxing, nail salons and tattoo parlours
  - g. Weddings can go ahead with no more than five people and funerals can go ahead with no more than 10 people. Both are subject to social distancing rules

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<sup>15</sup> The Hon. Scott Morrison MP, Prime Minister, Media Statement, '[Update on coronavirus](#)', 20 March 2020.

<sup>16</sup> <https://www.pm.gov.au/media/update-coronavirus-measures-220320>

- h. Galleries, museums, national institutions, historic sites, libraries, community centres, nonessential facilities, community facilities such as halls and PCYCs
- i. Food courts in shopping centres will no longer be able to continue, though takeaway can continue
- j. Auction houses, open house inspections, gathering in auction rooms
- k. Outdoor and indoor markets will be addressed specifically in individual states and territories

27. On 29 March 2020, the Government announced further restrictions and provided further guidance, effective from midnight 30 March 2020:<sup>17</sup>

a. Indoor and outdoor gatherings are limited to two persons only.

Exceptions to this limit include:

- People of the same household going out together;
- Funerals - a maximum of 10 people;
- Wedding - a maximum of 5 people;
- Family units.

Individual states and territories may choose to mandate and/or enforce this requirement.

b. The National Cabinet provided strong guidance to all Australians to stay home unless for:

- shopping for what you need - food and necessary supplies;
- medical or health care needs, including compassionate requirements;
- exercise in compliance with the public gathering requirements;
- work and study if you can't work or learn remotely.

c. The National Cabinet also announced that playgrounds, skate parks and outside gyms in public places will be closed. Bootcamps will be reduced to two persons, including the trainer.

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<sup>17</sup> Material in this paragraph taken from National Cabinet Statement, Media Statement, 29 March 2020: <https://www.pm.gov.au/media/national-cabinet-statement>.

d. Social Distancing - further measures

The states and territories have agreed that they would implement further measures specific to their own region, including closing categories of venues, where medical advice supported this action.

e. Advice for Senior Australians including those with existing health conditions

The National Cabinet strongly advised self-isolation at home to the maximum extent practicable for Australians:

- over 70 years of age;
- over 60 years of age who have existing health conditions or comorbidities; and
- indigenous Australians over the age of 50 who have existing health conditions or comorbidities.

These groups should limit contact with others as much as possible when they travel outside.

28. As at 30 April 2020, the Commonwealth Government provided the following “Essential information” highlighting in a non-exhaustive manner the restrictions in place:

- hotlines and information concerning mental health and wellbeing;
- information regarding the COVIDSafe app;
- availability of testing for coronavirus;
- Job seekers will be exempt from reporting mutual obligation requirements up to and including 22 May 2020
- restrictions on elective surgery gradually eased from 28 April; and
- physical distancing measures remain in place in Australia, although some states are revising restrictions on public gatherings (the reader is referred to State and Territory websites for applicable rules).

29. These measures are in the addition to the travel bans that were initially in place for China, Italy, Iran and the Republic of Korea (South Korea), before the Government’s decision to close its



borders to all non-citizens and non-residents from 9pm on 20 March 2020,<sup>18</sup> affecting the level of tourists that may have otherwise frequented Australian businesses.

### **State Health Orders declared to give effect to the Government announcements**

30. Measures to reduce exposure to CoV have been given effect to by the states, under public health orders issued under their respective Public Health Acts or equivalent. These include, among other things, stay-at-home orders, mass gathering restrictions and the closure of the classes of business and business activities above. In some states, there have been implemented restrictions on interstate travel.

### **Government Economic Intervention**

31. On 12 March 2020, the Australian Government announced COVID-19 a pandemic and introduced a \$17.6 billion economic stimulus package to support the economy in the first half of 2020.<sup>19</sup> The package included payments to provide cash flow support for small to medium businesses (turnover up to \$50 million) and wage subsidies for apprentices and trainees of up to 50% of their wages. These measures were both targeted at assisting employers to retain employees over the next six to 12 months, keeping people in work to lessen the number of workers that are laid off.

32. On 22 March 2020, the Government announced further stimulus measures that build on and strengthen measure announced in the first stimulus package.

33. The package has three parts targeted at supporting individuals and households, businesses and the flow of credit.

#### Supporting individuals and households

34. Income support to households, casual workers and sole traders through a time-limited Coronavirus supplement has been increased. Measures include increases in both income support for individuals and payments to support households, and early access to superannuation.

#### Support for business

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<sup>18</sup> <https://www.pm.gov.au/media/border-restrictions>

<sup>19</sup> The Treasury 2020 *Economic Response to Coronavirus*. Commonwealth of Australia. <https://treasury.gov.au/coronavirus>

35. The Boosting Cash Flow measure announced in the first package is enhanced by increasing the maximum payment to \$100,000 and the minimum payment to \$20,000 and extending eligibility to not-for-profits. Temporary relief is provided for financially distressed businesses to reduce the threat of actions that could put them out of business.

#### Support for the flow of credit

36. A Coronavirus SME Guarantee Scheme has been established to provide otherwise viable businesses access funding of up to \$250,000 from banks. Red tape has been cut to provide lenders to small businesses with temporary exemption from responsible lending obligations.
37. The stimulus measures are addressed through the *The Coronavirus Economic Response Package Omnibus Bill 2020*, which passed by Parliament on 24 March 2020.
38. On 29 March 2020, the National Cabinet agreed to a “moratorium on evictions over the next six months for commercial and residential tenancies in financial distress who are unable to meet their commitments due to the impact of coronavirus.”<sup>20</sup>
39. It encouraged commercial tenants, landlords and financial institutions to enter into dialogue to find a way to ensure that businesses can survive and be there on the other side of the Pandemic. The National Cabinet agreed to a common set of principles, which the Treasurers endorsed, to underpin and govern intervention to aid commercial tenancies as follows:<sup>21</sup>
- a short term, temporary moratorium on eviction for non-payment of rent to be applied across commercial tenancies impacted by severe rental distress due to coronavirus;
  - tenants and landlords are encouraged to agree on rent relief or temporary amendments to the lease;
  - the reduction or waiver of rental payment for a defined period for impacted tenants;

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<sup>20</sup> National Cabinet Statement, Media Statement, 29 March 2020: <https://www.pm.gov.au/media/national-cabinet-statement>.

<sup>21</sup> Taken from National Cabinet Statement, Media Statement, 29 March 2020: <https://www.pm.gov.au/media/national-cabinet-statement>.

- the ability for tenants to terminate leases and/or seek mediation or conciliation on the grounds of financial distress;
- commercial property owners should ensure that any benefits received in respect of their properties should also benefit their tenants in proportion to the economic impact caused by coronavirus;
- landlords and tenants not significantly affected by coronavirus are expected to honour their lease and rental agreements; and
- cost-sharing or deferral of losses between landlords and tenants, with Commonwealth, state and territory governments, local government and financial institutions to consider mechanisms to provide assistance.

40. On 31 March 2020, the Commonwealth Government announced the JobKeeper Payment, a wage subsidy program designed to allow employees to retain employment and continue to earn income during the COVID-19 crisis.
41. Under the scheme, eligible employers will be paid \$1500 per employee for up to 6 months. Eligible employers include those with an expected 30% reduction in turnover (or 50% if the business has an annual turnover of \$1 billion or more). Eligible employees will receive a minimum of \$1500 per fortnight before tax and can be topped-up by their employer. The subsidy started on 30 March 2020, with the first payments to be made in early May.
42. Consequential amendments to the *Fair Work Act 2009*, through the insertion of a new Part 6-4C, allow employers, which qualify for the JobKeeper subsidy, to make certain directions and requests of their employees. These will create added flexibility in the workplace. The changes to the *Fair Work Act 2009* are made by the *Coronavirus Economic Response Package Omnibus (Measures No. 2) Act 2020*.
43. On 2 April 2020, the Commonwealth Government announced the Early Childhood Education and Care Relief Package, providing fee-relief for parents and with the purpose of keeping early child centres open and relevant employees in work. It also announced that small businesses and other eligible employers can apply for a wage subsidy of 50% of an apprentice or trainee's wages in the period from 1 January 2020 to 30 September 2020.

44. On 3 April, the 2020 Commonwealth Government launched a Jobs Hub to assist people to find employment during the pandemic.
45. On 7 April 2020, the Commonwealth Government announced that the States and Territories are to implement a mandatory Code of Conduct for commercial tenancies.
46. On 15 April 2020, the Commonwealth Government announced a New Higher Education Relief Package to assist workers displaced by COVID-19 looking to upskill or retrain. It is designed also to provide funding certainty to higher education providers. Also announced was a further \$3m of funding to support the training of frontline health workers and provision of information concerning COVID-19, and legislation regarding the JobKeeper scheme.
47. On 17 April, the Commonwealth Government announced that it will guarantee a domestic aviation network in Australia.

#### **Other Initiatives**

48. The Australian Banking Association has announced that small businesses impacted by the COVID-19 pandemic will be able to defer their loan repayments for six months.

#### **COVID-19 Impact on the Australian Stock Market**

49. With COVID-19 continuing to spread to more countries at the end of February, the financial markets began to react both in Australia and international, in response to fears of a longer-term economic impact.
50. Companies across the board have grappled with an uncertain earnings outlook, withdrawing their earnings forecasts in droves, causing wild swings in the market day by day.<sup>22</sup>
51. The ASX200 lost 33% between 21 February and 19 March 2020.<sup>23</sup>
52. To the week end 20 March 2020, the S&P/ASX 200 Index closed the week 13.1% lower at 4816.6, with \$703.3 billion being wiped off the boards in the last four weeks.<sup>24</sup> This is the second largest fall on record, surpassing the 10.9% decline seen in the previous week.<sup>25</sup> Only the a 15.6%

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<sup>22</sup> William McInnes, '[ASX ends week 13pc lower, rocked by coronavirus uncertainty](#)', *AFR*, 20 March 2020.

<sup>23</sup> Melissa Yeo, '[ASX down 13pc for the week, 33pc decline from February 20 record high close](#)', *The Australian*, 20 March 2020.

<sup>24</sup> William McInnes, '[ASX ends week 13pc lower, rocked by coronavirus uncertainty](#)', *AFR*, 20 March 2020.

<sup>25</sup> <https://www.smh.com.au/business/markets/asx-posts-largest-weekly-fall-since-gfc-20200320-p54cd0.html>

slide in October 2008, during the peak of the Global Financial Crisis, has been larger since the index was created in 2000.<sup>26</sup>

### **RBA Position**

53. Many businesses, in particular those that have been forced to shut their doors now have little to no revenue coming in, so they do not have enough cash flow available to pay their bills, wages, rent and other outputs.
54. On 19 March 2020, the RBA announced it would be introducing quantitative easing measures to stem the deterioration of trading liquidity. These measures include buying Australian Government bonds on the secondary market to support the smooth functioning of the market and short term (1-month and 3-month) repo operations to provide liquidity to financial markets.<sup>27</sup>
55. In addition, the RBA lowered the cash rate to a historic low of just 0.25% following an extraordinary meeting of the Board.<sup>28</sup> The banks have responded by handing that on in full, so small business loans will be reduced by 0.25%.
56. In addition, the RBA is providing a \$90 billion, 3-year funding facility to Authorised Deposit-taking Institutions (i.e. banks and other lenders), so they can make more money available to loan to businesses. The ADIs will be able to obtain funding for up to 3% of outstanding credit and can draw additional funding if they increase lending to business – 1% for every \$1 to large business and 5% for small business.

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<sup>26</sup> <https://www.smh.com.au/business/markets/asx-posts-largest-weekly-fall-since-gfc-20200320-p54cd0.html>

<sup>27</sup> Reserve Bank of Australia - Media release 19 March 2020 *Statement on Monetary Policy Decision* - <https://www.rba.gov.au/media-releases/2020/mr-20-08.html>

<sup>28</sup> Reserve Bank of Australia *Monetary Policy Decision*. 19 March 2020 - <https://www.rba.gov.au/media-releases/2020/mr-20-06.html>

## Australian Economy Generally

57. The risks, and potential impact of COVID-19 on the Australian economy are increasing by the day. It is very clear it will have a major impact on economic growth in 2020.

58. Treasurer Josh Frydenberg stated on 19 March 2020 that a recession was now "very hard to avoid".<sup>29</sup> It has also been predicted that Australia's economic growth in 2020 will be the worst since the Great Depression.<sup>30</sup>

59. On 19 March 2020, Philip Lowe, Governor of the RBA said:<sup>31</sup>

*The coronavirus is first and foremost a public health issue, but it is also having a very major impact on the economy and the financial system. As the virus has spread, countries have restricted the movement of people across borders and have implemented social distancing measures, including restricting movements within countries and within cities. The result has been major disruptions to economic activity across the world. This is likely to remain the case for some time yet as efforts continue to contain the virus.*

60. On 3 March 2020 the Reserve Bank of Australia (RBA) cut the cash rate to a new record low of 0.50% at its board meeting in early March. In the accompanying statement, RBA Governor Lowe said this was a pre-emptive move "to support the economy as it responds to the global coronavirus outbreak".<sup>32</sup> On 19 March 2020, the RBA lowered the cash rate to a historic low of just 0.25% following an extraordinary meeting of the Board.<sup>33</sup>

61. In terms of unemployment, on 18 March 2020, Westpac chief economist Bill Evans predicted that Australia's unemployment rate would spike to 7 per cent in October, up from his previous forecast of 5.8 per cent to 6 per cent due to the abrupt slowdown in the economy.<sup>34</sup> There is commentary

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<sup>29</sup> <https://www.afr.com/politics/federal/late-government-relents-on-newstart-concedes-recession-likely-20200319-p54blv>

<sup>30</sup> <https://www.theaustralian.com.au/business/economics/coronavirus-prediction-australian-economic-growth-to-be-worst-since-great-depression/news-story/7bb9ddcf4da09ef38539e3e8d45f050c>

<sup>31</sup> <https://www.rba.gov.au/media-releases/2020/mr-20-08.html>

<sup>32</sup> RBA, Statement by Philip Lowe, Governor: Monetary Policy Decision, 3 March 2020.

<https://www.rba.gov.au/media-releases/2020/mr-20-06.html>

<sup>33</sup> Reserve Bank of Australia *Monetary Policy Decision*. 19 March 2020 - <https://www.rba.gov.au/media-releases/2020/mr-20-06.html>

<sup>34</sup> Richard Gluyas, 'Coronavirus: Scott Morrison to unveil huge package of fiscal and monetary measures', *The Australian*, 18 March 2020.

that this estimate now looks, “if anything, optimistic”.<sup>35</sup> Analysts at investment bank UBS predicts unemployment will increase to as much as 8%.<sup>36</sup>

62. Globally, International Monetary Fund managing director Kristalina Georgieva said the economic outlook for the world economy for 2020 "is negative—a recession at least as bad as during the global financial crisis or worse. But we expect recovery in 2021".<sup>37</sup>

### **Impacts on the Vehicle Manufacturing, Repair, Services and Retail Industry**

63. The vehicle, manufacturing, repair, services and retail industry is currently materially impacted by CoVID-19.

64. Those still attending work are adopting new work patterns to reduce the level of exposure to colleagues and clients.

65. This includes rostering a limited number of employees into work at any one time and spacing employees out in the relevant worksite.

66. Analysis has suggested a significant impact on the global automotive industry due to CoVID-19. According to GlobalData:<sup>38</sup>

1. the outbreak of COVID-19 “*has rendered automakers helpless with large-scale supply chain disruptions and retail outlet shutdowns*”.
2. Automakers are suffering from “*supply chain volatility*” and a “*sentimental crash in Q4 2019*”, with many automakers expressing concerns regarding COVID-19.
3. Many large automotive companies have announced shutdowns because of difficulties procuring parts from China, and the spread of COVID-19 across Europe and the United States.
4. The supply chain network is highly integrated in the industry. Importantly, the analysis suggests that the disruptions affects the industry across the globe. Sales volumes have significantly declined and large losses are expected. Even if factories in China have

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<sup>35</sup> See Jennifer Hewett, ‘Australia enters the great unknown’, *AFR*, 18 March 2020.

<sup>36</sup> Ben Butler, ‘They’re going to go under’: Australia’s coronavirus-hit restaurants, bars and caterers seek bailout’, *The Guardian*, 18 March 2020.

<sup>37</sup> <https://www.afr.com/policy/economy/imf-forecasts-2020-global-recession-recovery-in-2021-20200324-p54d7h>

<sup>38</sup> GlobalData, “Sentiments crash for several global automakers”, 27 April 2020, accessed on 1 May 2020 from <https://www.globaldata.com/sentiments-crash-for-several-global-automakers/>.

recommended operation, the industry will need time to recover due to the continuing lockdowns in place.

5. There is even speculation concerning whether automakers will “*emerge intact*” from the COVID-19 crisis.

67. The businesses have no choice in this matter, given the directives issued by the Federal Government and supported by State Government public health orders.

### **Section 157**

68. This application is made pursuant to section 157 of the *Fair Work Act 2009* (the **Act**).

69. Section 157 empowers the Fair Work Commission (the Commission) to vary modern awards if necessary to meet the Modern Awards Objective (the **MAO**).

70. The MAO requires the Commission to ensure that modern awards, together with the National Employment Standards, provide a fair and relevant minimum safety net of terms and conditions generally and having regard to the matters set out in section 134 (1) of the Act.

71. The application seeks to vary the Award in unprecedented circumstances; the COVID-19 pandemic (the **Pandemic**).

72. As set out above the Pandemic has had a material impact on Asian, American and European countries and is progressively spreading to all parts of the globe and now Australia.

73. The Pandemic is unusual in that it has a level of infection akin to the common cold.

74. The Pandemic results in a death rate materially higher than the ‘flu’; depending on the country exposed 0.1% for the flu to >3% for the Pandemic.

75. As can be seen from the above paragraphs, the Australian Government (supported by State and Territory Governments) has implemented a series of measures (the **Measures**) to:

- (a) slow the progress of the Pandemic in Australia in an endeavour to protect the health system from being ‘overwhelmed’ which if this occurred could materially increase the death rate; and
- (b) cushion the economic impact of the Pandemic.

76. These Measures have forced various categories of people to self-isolate, withdraw from working at the slightest suggestion of being unwell, curtail normal social activities, cease some businesses from operating, work from home or adopt unusual working arrangements.



77. The pressures on business at this time are multifaceted and cumulative in nature; demand, cash flow, viability.
78. The impact on employers and employees is material.
79. For casual employees the impact comes in reduced hours of employment through to no work at all. Casual employees are likely to be, and have been, the first casualty, with business being forced to contract in the face of the Pandemic.
80. For permanent employees the challenge is temporary but necessitates an increased need for flexibility followed by sustaining ongoing employment against increasing commercial pressure to reduce cost.
81. This is resulting in the necessary stepped approach for business; balancing decreased cash flow against maintaining employment.
82. In such a context employers and employees (and their unions) are now in a dialogue to maintain the business while trying to maintain employment as best as can be done. This could be a matter of days, weeks or months.
83. This necessitates a level of trade off:
- (a) Additional operational flexibility can allow some businesses to hold off taking other steps;
  - (b) Employees may be willing, in the Pandemic, to trade off some employment benefits to stay in work and receive some income; and
  - (c) From here accessing paid leave (annual leave and long service leave) that is already provisioned for on the balance sheet will allow other businesses to reduce cash flow burdens, reduce operational activity while still maintaining employment with employees continuing to be paid.

#### **Section 134 Considerations**

84. The variation to the Award is necessary to achieve the MAO in the circumstances of the Pandemic.
85. The notion of the safety net must always be contextually calibrated.

86. What is “fair” is a ‘relativist’ consideration. What may be “fair” outside of the Pandemic and the Measures is different to what is “fair” in the context of the Pandemic and Measures.
87. “Relevant” is again a contextual consideration. What may have been relevant 6 months ago is no longer relevant now in the context of the Pandemic and Measures.
88. In terms of the matters the Commission has regard to in setting the safety net the following is now relevant:
- (a) “relative living standards and the needs of the low paid”; this must now be seen in the context of seeking to maintain employment rather than losing employment even if this means some employees choose temporarily to maintain employment while accepting reduced employment benefits and take-home pay.
  - (b) “the need to promote social inclusion through increased workforce participation”; this must be seen in the context of seeking to maintain employment rather than losing employment.
  - (c) “the likely impact of any exercise of modern award powers on business, including on productivity, employment costs and the regulatory burden”; this must be seen in the context of allowing business to survive the Pandemic and the Measures so that they can operate to sustain what employment they can and be in an effective position to recover and maintain and then grow employment once the Pandemic passes.
  - (d) “the likely impact of any exercise of modern award powers on employment growth, inflation and the sustainability, performance and competitiveness of the national economy”; again this must be seen in the context of allowing business to survive the Pandemic and the Measures so that they can operate to sustain what employment they can and be in an effective position to recover and maintain and then grow employment once the Pandemic passes.

**Previous decisions**

89. There have been a number of Fair Work Commission decisions varying modern awards in response to COVID-19, including:
- (a) On 8 April, a Full Bench of the Fair Work Commission varied most Modern Awards to include provisions granting unpaid pandemic leave and annual leave flexibility. Its aim was to help maintain employment and business viability in the extraordinary circumstances

occasioned by the Pandemic. The variations were made on the Fair Work Commission's own initiative ([2020] FWCFB 1837).

(b) On 31 March, a Full Bench of the Fair Work Commission considered changes with respect to the Restaurant Industry Award 2010. The decision accepted the changes proposed by the parties to those proceedings ([2020] FWCFB 1741) (Restaurant Decision).

(b) On 28 March 2020, a Full Bench of the Fair Work Commission considered changes with respect to the Clerks - Private Sector Award 2010. The decision accepted the changes proposed by the parties to those proceedings ([2020] FWCFB 1690) (Clerks Decision).

(c) On 25 March 2020, a Full Bench of the Fair Work Commission considered changes with respect to the Hospitality Industry (General) Award 2010. The decision accepted the changes proposed by the parties to those proceedings ([2020] FWCFB 1574) (Hospitality Decision).

### **The Proposed Variation**

90. The provisions contained in the Draft Determination contained in Annexure A are specific to the vehicle manufacturing, repair, services and retail industry.
91. Due to the material impact of COVID-19 on the industry, the Draft Determination proposes variations to the Award for a limited duration, to preserve business viability employment levels.
92. The proposed new Schedule J will not apply to employees eligible to receive JobKeeper payments and whose employer qualifies for the scheme. Any direction under Schedule J must be given in writing and cannot be unreasonable. Dispute resolution and consent arbitration will be available where disputes arise with respect to directions issued under the Schedule.
93. Under proposed Schedule J, employers will be able to give certain directions concerning duties, reduction in hours of work, annual leave and close down. Certain safeguards are given to employees in these circumstances, including, for example, floors below which payment cannot go. Secondary jobs and training are also to be made available to relevant employees.