

QUEENSLAND INDUSTRIAL RELATIONS COMMISSION

Industrial Relations Act 1999

s.287; s.288

(No. B2009/41 and B2009/42)

**APPLICATION FOR A DECLARATION OF GENERAL RULING AND
STATEMENT OF POLICY**

STATE WAGE CASE 2009

QUEENSLAND GOVERNMENT SUBMISSION IN RESPONSE

30 July 2009

1. The Queensland Government wishes to take this opportunity to respond to two submissions filed in these matters.

Chamber of Commerce and Industry – (CCIQ)

2. The CCIQ position does not take account of the more recent positive developments in the international and national outlook. The Queensland Government submits that there are several positive developments in the international and national outlook. Better than expected growth in China has produced more resilient demand for iron ore and coal. The Reserve Bank of Australia (RBA) reports that consumer confidence has recently recovered to above long run average levels. The RBA suggests that the downturn we are having may turn out not to be one of the more serious ones of the post-War era. Further, engineering construction remains strong and recent expansionary fiscal policy announcements by the Australian Government may well see infrastructure projects brought forward.
3. The substantial and early easing of monetary policy and the substantial and early implementation of fiscal stimulus has had an impressive effect in staving off the worst of the global recession. This, along with the early recovery in China, has left the Queensland economy in a relatively good position compared to the rest of Australia and, indeed, the rest of the industrialised world. There are significant signs of stabilisation both internationally and domestically as well as signs that consumer confidence and business confidence are returning. Overall, the picture is not as bleak as the CCIQ paints it.
4. The CCIQ claims that since 2000-01 wages in real terms have grown by at least 8.7 per cent. This is incorrect. Since 2000-01, the Queensland minimum wage has grown by 7.0 per cent in real terms. In contrast, real average weekly ordinary time earnings (AWOTE) have grown by 11.2 per cent. Clearly, the QMW has not kept up with community standards in terms of real wage growth. Further, the selection of timeframe (2000-20001 to 2008-2009) maximises the growth in real wages. See Tables 7 and 8 of the Queensland Government submission for a more appropriate timeframe.
5. The CCIQ suggests that increases in the cost of living are likely to fall and that this negates the need for a wage increase because “a lower inflation rate will assist in lower prices for goods and services paid by consumers” (paragraph 4.3). While the rate of increase of the CPI has slowed, the CPI is still increasing and is forecast to increase by 2.5 per cent in 2009-10. A lower rate of inflation does not imply lower prices. Prices will increase but the magnitude of the increase may not be as high as in previous years.
6. The CCIQ states that there is a causal link between increases in the minimum and award rates of pay and decreasing employment. The Queensland Government does not support this view. The government submission at paragraphs 145 to 159 provides a detailed analysis in this regard.

Queensland Council of Unions (QCU)

7. As has been mentioned previously in this submission, Queensland's current economic climate, in response to the global economic downturn, is not as pessimistic as the QCCI would suggest in its submissions to the Commission. However, the Queensland Government acknowledges that this upturn is still tentative and would not support an increase in the QMW to the extent which the QCU has proposed on the grounds that this would not be financially prudent.
8. The QCU opposes the increases proposed by the Queensland Government – that is: a 2.5 per cent increase to the Queensland Minimum Wage (QMW) and award rates up to the C10 level and a \$16.15 increase to award rates above that level.
9. A lesser increase has been supported this year because in the economic downturn, inflation has moderated and the Queensland economy may be negatively affected by increases in the range of those supported in the last few years and which have been granted by the Queensland Industrial Relations Commission.
10. The Queensland Government proposal is a reasonable balance between the dual legislative requirements of ensuring an efficient economy and sustaining employment levels and providing fair standards in the wages and employment conditions of the low paid.
11. The increase sought would maintain real wages for employees on the QMW and award rates up to the C10 level while also providing a reasonable nominal increase to those on the higher award levels. The Queensland Government submits that employees on the lowest wage levels are more likely to be award-reliant and therefore reliant on the SWC to provide any wage increases. It is suggested that a much greater proportion of employees on the C10 level and above are covered by certified agreements and consequently not directly affected by this decision. This view is supported by the evaluation of State awards in paragraphs 174 to 176 of the Queensland Government submission which demonstrates that some of the most significant awards in the award-reliant industries only go up to the C10 level or slightly higher.
12. In its 2006 decision the Australian Fair Pay Commission (AFPC) also supported this notion, saying:
The Commission considers that this is consistent with research, including that conducted by the Award Review Taskforce regarding award reliance, which shows that workers in low-paid employment are more likely to be award reliant.
13. It is therefore submitted that a combination of a percentage and flat increases is an appropriate response in the current economic climate.