

QUEENSLAND INDUSTRIAL RELATIONS COMMISSION

*Industrial Relations Act 1999 - s. 287 - application for declaration of a general ruling
s. 288 - application for statement of policy*

Queensland Council of Unions AND Queensland Chamber of Commerce and Industry Limited, Industrial Organisation of Employers and Others (B/2009/41)

The Australian Workers' Union of Employees, Queensland AND Queensland Chamber of Commerce and Industry Limited, Industrial Organisation of Employers and Others (B/2009/42)

DEPUTY PRESIDENT SWAN
COMMISSIONER ASBURY
COMMISSIONER THOMPSON

21 August 2009

STATE WAGE CASE 2009

DECISION

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PARTIES

- Queensland Council of Unions (QCU).
- The Australian Workers' Union of Employees, Queensland (AWU).
- Queensland Government.
- Queensland Chamber of Commerce and Industry Limited, Industrial Organisation of Employers (QCCI).
- Queensland Motel Employers Association, Industrial Organization of Employers (QMEA).
- Local Government Association of Queensland (Incorporated) (LGA).
- Queensland Cane Growers' Association Union of Employers (QCGA).
- The Restaurant and Caterers Employers Association of Queensland Industrial Organisation of Employers (RCEA).
- Queensland Hotels Association, Union of Employers (QHA).

GLOSSARY

AAWI	Average Annualised Wage Increase
ABS	Australian Bureau of Statistics
AFPC	Australian Fair Pay Commission
AWE	Average Weekly Earnings
AWOTE	Average Weekly Ordinary Time Earnings
CPI	Consumer Price Index
FMW	Federal Minimum Wage
GDP	Gross Domestic Product
GFC	Global Financial Crisis
GMW	Guaranteed Minimum Wage
GSP	Gross State Product
G-20	Group of Twenty economies
IMF	International Monetary Fund
NSWIRC	New South Wales Industrial Relations Commission
QMW	Queensland Minimum Wage
RBA	Reserve Bank of Australia
the Act	<i>Industrial Relations Act 1999</i>
WAIRC	Western Australian Industrial Relations Commission
WPI	Wage Price Index

1. THE CLAIM

- [1] B/2009/41 and B/2009/42 are applications made by the Queensland Council of Unions (QCU) and The Australian Workers' Union of Employees, Queensland (AWU).
- [2] The applications seek a General Ruling, pursuant to s. 287 and s. 288 of the *Industrial Relations Act 1999* (the Act) for:
- (a) a \$27.80 wage adjustment for award employees;
 - (b) a 4.3% allowance adjustment for award employees;
 - (c) a \$27.80 adjustment to the Queensland Minimum Wage (QMW) as it applies to all employees; and
 - (d) a Statement of Policy in regard to a statement of principles that may be generated as a result of the aforementioned General Ruling.
- [3] The effect of such a decision would be:
- (a) the adoption of a \$27.80 increase to award wage rates;
 - (b) the adjustment of existing award allowances which relate to work or conditions which have not changed and service increments by the equivalent percentage increase to that which the \$27.80 wage adjustment bears to the C10 wage rate as it appears in the *Engineering Award - State 2002*;
 - (c) an increase to the level of the QMW as it applies to all employees by \$27.80; and
 - (d) the determination of (a), (b) and (c) above with an operative date of 1 September 2009.
- [4] The application is opposed by the Queensland Chamber of Commerce and Industry Limited, Industrial Organisation of Employers (QCCI), the Local Government Association of Queensland Inc (LGA), the Queensland Cane Growers' Association, Union of Employers (QCGA), the Queensland Motels Employers Association, Industrial Organisation of Employers (QMEA), The Restaurant and Caterers Employers Association of Queensland Industrial Organisation of Employers (RCEA) and the Queensland Hotels Association, Union of Employers (QHA). Those organisations opposed to the applications, endorse and adopt the submissions made by QCCI.

The Queensland Government submitted that the Queensland economy could support a wage increase of 2.5% to the QMW up to the C10 level and \$16.15 per week beyond that level.

2. LEGISLATION

[5] s. 287 - General rulings

"287 General rulings

...

- (2) The full bench must ensure a general ruling about a Queensland minimum wage for all employees is made at least once each calendar year."

[6] s. 126 - Content of awards

"126 Content of awards

The Commission must ensure an award -

...

- (d) provides for secure, relevant and consistent wages and employment conditions; and
- (e) provides for equal remuneration for men and women employees for work of equal or comparable value; and
- (f) provides fair standards for employees in the context of living standards generally prevailing in the community; and
- ...
- (h) takes account of the efficiency and effectiveness of the economy, including productivity, inflation and the desirability of achieving a high level of employment ...".

[7] s. 273 - Commission's functions

"273 Commission's functions

- (1) The Commission's functions include the following -

- (a) establishing and maintaining a system of non-discriminatory awards that provide fair wages and employment conditions ...".

[8] **s. 3 - Principal object of this Act**

"3 Principal object of this Act

The principal object of this Act is to provide a framework for industrial relations that supports prosperity and social justice ...".

3. QCU SUBMISSIONS (SUPPORTED BY AWU)

- [9] It is estimated that approximately 27.3% of Queensland employees are engaged by non-incorporated private business together with 12% engaged by the State Government. Also included are 3.3% engaged by statutory authorities and 2.3% engaged by local governments. Out of these submissions, the Queensland Government estimates that the number of employees affected by this decision would be between 108,000 and 172,000 employees. These estimates are adopted by the applicants. The proportion of award dependant employees in Queensland during 2008 was 19%, above the national average of 16.5%.
- [10] Against the background of the Global Financial Crisis (GFC), QCU and AWU submitted that a range of economic statistics and forecasts required consideration by the Commission in combination with the Commission's legislative obligations under the Act.

National Perspective

- [11] In March 2009, the International Monetary Fund (IMF) released projections for world economic growth, derived from an analysis provided to the Group of Twenty (G-20) economies. The IMF stated:

"Global activity is now projected to contract by ½% to 1% in 2009 on an annual average basis, before recovering gradually to 2010. The revised projections relative to the January WEO update reflect unrelenting financial turmoil, negative income data, sinking confidence, and the limited effect to date of policy responses with respect to the restoration of the financial system health.

Global growth is still projected to stage a modest recovery next year, conditional on comprehensive policy steps to stabilize financial conditions, sizeable fiscal support, a gradual improvement in credit conditions, a bottoming of the US housing market, and the cushioning effect of sharply lower oil and other major commodity prices.". [International Monetary Fund, Note by the Staff of the International Monetary Fund, Global Economic Policies and Prospects, Report to the Group of Twenty, Meeting of Ministers and Central Bank Governors, March 13-14 2009, London, UK (QCU Submissions, p. 10)]

- [12] The Federal Government responded to this update by stating:

"Against the sobering backdrop of a much deeper and more protracted global recession than previously envisaged, it is inevitable that Australia's economy and Australian jobs will be affected. However, Australia is much better placed than most other advanced countries to withstand the crisis.

Our financial system is strong, our regulatory framework is working well and the Reserve Bank has cut interest rates aggressively.

The Government has already acted swiftly and decisively to support jobs and growth in the face of the global recession. Australia's economic stimulus measures meet the recommendations of the IMF, providing a fiscal stimulus of around 2% of Gross Domestic Product (GDP) this fiscal year and next.". [Treasurer, Media Release, IMF Forecasts Global Economy to Contract in 2009, 20 March 2009 (QCU Submissions, p. 11)]

- [13] QCU and AWU detailed what they viewed as the Sources of Stability and Growth within the Australian economy. These included the Federal Government stimulus packages impacting upon pensioners, low income families and first home buyers together with a significant boost to job training. The Federal Government had also committed \$6.2 billion towards Australia's automotive industry from 2010 onwards. A further \$300 million was injected into local infrastructure programs through regional and local community infrastructure. Another phase to be implemented by the Federal Government relates to an agreement reached at the Council of Australian Governments where funding to the states and territories had increased by \$15.1 billion to help create up to 133,000 jobs.

- [14] The Commonwealth Treasury's forecast for the Australian economy, as provided for in the Budget Paper No. 1, Statement 2 Economic Outlook (the Budget papers) stated:

"... Australia is expected to experience a milder contraction than virtually other advanced economies. Supported by policy, a recovery in the Australia [*sic*] economy is expected to gather pace over 2010." [Commonwealth of Australia, Budget 2009-10, Budget Strategy and Outlook, Budget Paper No 1, p 2-3 (QCU Submissions, p. 21)]

- [15] The key domestic estimates for 2008/2009 and forecasts of 2009/2010 and 2010/2011 from the Federal Budget 2009/2010 are summarised in the table below:

"Table 3: Budget 2009-10 - Domestic economy forecasts

	Outcomes(b)	Estimates	Forecasts	
	2007-08	2008-09	2009-10	2010-11
Panel A - Demand and output (c)				
Household consumption	3.7	1	-1/4	1 3/4
Private investment				
Dwellings	1.6	-2 1/2	0	11 1/2
Total business investment (d)	14.2	2 1/2	-18 1/2	3 1/2
Non-dwelling construction (d)	11.4	1/2	-26	3
Machinery and equipment (d)	16.0	3	-16 1/2	4
Private final demand (d)	5.5	1/2	-4	2 3/4
Public final demand (d)	4.6	5	7 3/4	-1/2
Total final demand	5.3	1 1/2	-1 1/4	2
Change in inventories (e)	0.2	-1 1/2	1/4	3/4
Gross national expenditure	5.5	1/4	-1 1/4	2 1/2
Exports of goods and services	4.3	-1/2	-4	4 1/2
Imports of goods and services	12.9	-1 1/2	-6 1/2	6 1/2
Net exports (e)	-1.9	1/4	3/4	-1/2
Gross domestic product	3.6	0	-1/2	2 1/4
Non-farm product	3.6	-1/4	-1/2	2 1/4
Farm product	4.5	13	1	0
Nominal gross domestic product	8.2	5 3/4	-1 1/2	3 3/4
Panel B - Other selected economic measures				
External accounts				
Terms of trade	5.2	8 3/4	-13 1/4	0
Current account balance (per cent of GDP)	-6.2	-3	-5 1/4	-5 3/4
Labour market				
Employment (labour force survey basis) (f)	2.4	-1/4	-1 1/2	1/2
Unemployment rate (per cent) (g)	4.2	6	8 1/4	8 1/2
Participation rate (per cent) (g)	65.5	65 1/4	64 3/4	64 1/4
Prices and wages				
Consumer Price Index (f)	4.5	1 3/4	1 3/4	1 1/2
Gross non-farm product deflator	4.3	5 3/4	-1	1 1/2
Wage Price Index (f)	4.1	4 1/4	3 1/4	3 1/4

(a) Percentage change on previous year unless otherwise indicated.

(b) Calculated using original data.

(c) Chain volume measures except for nominal gross domestic product which is in current prices.

(d) Excluding second-hand asset sales from the public sector to the private sector.

(e) Percentage point contribution to growth in GDP.

(f) Through the year growth rate to the June quarter.

(g) Estimate for the June quarter.

Note: The forecasts are based on several technical assumptions. The exchange rate is assumed to main around its recent average level - a trade-weighted index of around 59 and a United States dollar exchange rate of around 72 US cents. Interest rates are assumed to move broadly in line with market expectations. World oil prices (Malaysian Tapis) are assumed to remain around US\$56 per barrel. The farm sector forecasts are based on an assumption of average seasonal conditions in the future, but account for current low water storage levels.

Source: Australian Bureau of Statistics (ABS) cat. No. 5206.0, 5302.0, 6202.0, 6345.0, 6401.0, unpublished ABS data and Treasury." [QCU Submissions, p. 22]

- [16] While real GDP is estimated to contract by 0.5% in 2009/2010, economic growth for the 2010/2011 is forecast to grow by 2.25% in year average terms. The Australian Treasury states:
- "The economy is expected to enter a gradual recovery in early 2010 as global conditions stabilize. The recovery in 2010 is expected to be led by solid growth in dwelling investment and strengthening export growth as global demand gradually recovers.". [Commonwealth of Australia, Budget 2009-10, Budget Strategy and Outlook, Budget Paper No 1 (QCU Submissions, p. 18)]
- [17] Together with those forecasts, the Reserve Bank of Australia (RBA) predicts that the economy will begin to grow from late 2009. [QCU Submissions, p. 23]
- [18] Nationally, dwelling investment is also forecast to rebound in 2010/2011 to growth of 11.5%. Treasury states:
- "The sector is expected to stage a solid recovery in 2010-11 with growth of 11.5 per cent. Recent sharp cuts to interest rates, ongoing strong population growth and the First Home Owners Boost are expected to support the recovery.". [Commonwealth of Australia, Budget 2009-10, Budget Strategy and Outlook, Budget Paper No 1 (QCU Submissions, p. 24)]
- [19] Total final demand, nationally, is forecast to contract by 1.25% in 2009/2010, down from estimated growth of 1.5% in 2008/2009. Total final demand is forecast to return to growth of 2% in 2010/2011.
- [20] Australian employment has declined by 0.1% in the year to June 2009. Unemployment rose from May to June 2009 by 0.1% seasonally adjusted to 5.8%. For males, the unemployment rate further increased by 0.1% to 6.1% while women remained steady at 5.4%.
- [21] The national labour market forecast is that employment will fall by 1.5% through the year to the June quarter 2010. However, through to the June quarter 2011, the Budget forecasts a growth of 0.5%. The unemployment rate is forecast to reach 6.5% currently and 7% for 2009/2010 and 7.25% for 2010/2011.
- [22] The Budget estimates an increase of 1.75% in the Consumer Price Index (CPI) through to the June quarter 2009 while the Reserve Bank forecasts a CPI growth of 1.5% to the June quarter 2009. A budget estimate of 4.25% has been made for the Wage Price Index (WPI) through to June quarter 2009 and of 3.25% through to the June quarter 2010. The Budget forecasts recovery for the Australian economy commencing in early 2010.
- [23] The RBA believes that the WPI is the most useful indicator of wage trends. Utilising this indicator, the total hourly rate of pay excluding bonuses index, increased by 1.0% in the March quarter 2009 and by 4.2% over the 12 months to March quarter 2009 in trend terms. [ABS Cat No 6345.0 Labour Price Index March Quarter 2009, trend terms (QCU Submissions, p. 39)] Australian Weekly Earnings (AWE) statistics, seasonally adjusted, show a yearly increase of 5.3% in trend terms and 5% seasonally adjusted.
- [24] Industries with the highest proportion of award dependant workers are accommodation and food services, administrative and support services, retail trade, other services, rental, hiring and real estate services, health care and social assistance and arts and recreation services.

"Table 7: Pay Scale Reliance and Average Total Weekly Cash Earnings by Industry

Industry	Award or pay scale dependant		All Methods of Pay Setting Average weekly total cash earnings \$	Ratio: Award Reliant to All Methods of Pay Setting %
	%	Average weekly total cash earnings \$		
Accommodation and Food Services	50.3	370.20	451.40	82.0
Administrative and Support Services	33.9	465.40	777.00	59.9
Retail Trade	28.9	420.60	571.80	73.5
Other Services	25.4	491.40	741.00	66.3
Rental, Hiring and Real Estate Services	20.2	501.60	945.40	53.1
Health Care and Social Assistance	17.2	595.80	897.70	66.4
Arts and Recreation Services	14.2	343.60	662.80	51.8
All Industries	16.5	485.90	957.90	50.7

Source: ABS Cat No 6305.0.". [QCU Submissions, p. 41]

- [25] The Average Annualised Wage Increase (AAWI) for all agreements registered in the March quarter 2009 was 4.6% representing an increase of 0.3% from the December quarter 2008. Up to the March quarter 2009, the AAWI for agreements certified in each quarter averaged over 4% in all industries and the public private sector.

Queensland Perspective

- [26] Queensland's State Budget 2009/2010 economic forecasts are as follows:

"Table 4: 2009-10 State Budget economic forecasts⁽¹⁾

	Outcome 2007-08	Estimates 2008-09	Forecasts 2009-10	Forecasts 2010-11
Domestic production ⁽²⁾				
Household consumption	4.6	1¼	¾	2¼
Private investment ^(2,3)	9.1	¼	-11½	1¾
Dwellings	-1.3	-7¾	-3	20¾
Total business investment ^(4,5)	16.3	7	-17	-8¼
Private final demand ⁽⁴⁾	6.1	1	-3¼	2
Public final demand ⁽⁴⁾	9.4	5	5¾	-½
Gross state expenditure ⁽⁵⁾	7.0	¾	-¾	2
Exports of goods and services	3.1	-2	-2¼	3
Imports of goods and services	8.8	-1	-3¼	1
Net exports ⁽⁶⁾	-2.5	-¼	¾	¾
Gross state product	4.9	½	-¼	2¾
Other selected economic measures				
Population	2.4	2½	2¼	2
Inflation	4.1	3¾	2½	2½
Wage Price Index	4.2	4¼	3½	3¼
Employment	2.4	2¼	-¾	1¼
Unemployment rate (% , year-average)	3.7	4¼	6½	7¼
Participation rate (% , year-average)	67.2	67½	67¼	67

(1) Unless otherwise stated, all figures are annual % changes. Decimal point figures indicate an actual outcome.

(2) CVM, 2006-07 reference year;

(3) Private investment includes livestock, intangible fixed assets and ownership transfer costs;

(4) Excluding second-hand asset sales between the public and private sectors;

(5) Includes statistical discrepancy and change in inventories;

(6) Percentage point contribution to growth in gross state or domestic product.

Source: Queensland Economic Review Queensland Treasury June 2009". [QCU Submissions, p. 31]

- [27] Statistics were provided across a range of areas including "Gross State Product", "Consumption", "Investment", "Inflation and prices", "Retail trade and consumer confidence" and "Building activity". Brisbane's annual inflation in the year to March 2009 was 3.1%, which was down from the annual rise of 4.3% in the December quarter 2008. The CPI increased in the quarter to March 2009 by 0.2%. [Queensland Economic Review Queensland Treasury June 2009, p. 7 (QCU Submissions, p. 27)] During May 2009, retail trade in Queensland increased by 1.5%.
- [28] In the building activity area, the total number of dwelling units approved in Queensland rose 2.7% in May and has risen for 3 months. For public sector housing, the increase was 1.9% over the last 3 months. [ABS Cat No 8731.0 Building Approvals Australia May 2009, seasonally adjusted (QCU Submissions, p. 28)] For first home buyers in Queensland, the proportion of finance approvals increased by 26.3% in the March quarter of 2009. This was the highest rise since 2002.
- [29] The statistics provided show that in Queensland the Gross State Product is estimated to slow to 0.5% in 2008/2009, after which the economy is forecast to contract marginally by 0.25% in 2009/2010. The projection for the year 2010/2011 is growth of 2.75%. Household consumption growth is estimated to ease to 1.25% in 2008/2009. The forecast for 2009/2010 is for consumption growth to ease. For 2010/2011, household finances and confidences are forecast to strengthen. This forecast of 2.25% growth is expected to remain below trend. Brisbane's CPI is estimated to ease to 3.75% in 2008/2009 and forecast to reach 2.5% in 2009/2010. Dwelling investment is expected to decline to 3% in 2009/2010. Business investments also expected to decline 17% in 2009/2010.
- [30] Unemployment levels in Queensland to May 2009 have increased by 0.2% to 5.2%, which is the highest rate for Queensland since 2004. The unemployment outlook in Queensland is expected to remain subdued for the remainder of 2009. The forecast is for unemployment to peak at 7% in 2010/2011. This compares with the national forecast of a peak unemployment rate of 8% by June quarter 2011.

- [31] The AAWI for federal agreements lodged in Queensland in the March quarter 2009 has moved from 4.1% in the December quarter to 4.6%. [QCU Submissions, p. 45]
- [32] Within Queensland, growth in the WPI is forecast to move from 4.25% (2008/2009) to 3.5% and 3.25% (2009/2010 and 2010/2011).
- [33] The statistics for enterprise bargaining outcomes for non Award dependent employees shows no real decline during the previous 12 months. It is forecast that the increases may decline over the next few years. This highlights the point that the distance between outcomes sought and obtained collectively will continue to widen the gap between award and bargaining wages.
- [34] Nationally, a full-time male employee dependant upon award outcomes earns 52% less average weekly earnings than employees on a collective agreement. For full-time women, the comparison is 62%.
- [35] In pursuit of maintenance of the real value of wages, the applicants highlighted the CPI outcomes for each Australian capital city:

"Table12: Consumer Price Index percentage changes

	Annual change Mar 08 - Mar 09 %	Quarter change Dec 08 - Mar 09 %
Sydney	2.4	0.1
Melbourne	2.1	0.2
Brisbane	3.1	0.2
Adelaide	2.3	0.0
Perth	2.2	-0.1
Hobart	2.2	0.2
Darwin	2.8	0.1
Canberra	2.7	0.4
Weighted average 8 capital cities	2.5	0.1

Source: ABS Cat No 6401.0.". [QCU Submissions, p. 53]

- [36] From these statistics, it can be seen that Brisbane has the highest CPI increase for the March 2008/March 2009 quarter of 3.1%.

4. QUEENSLAND GOVERNMENT SUBMISSIONS

- [37] Queensland Government seeks the following outcome from the Commission:
- A general ruling to provide an increase of 2.5% to the QMW and Award rates up to \$645.80 - the equivalent of the C10 rate in the *Engineering Award - State 2002* and a flat increase of \$16.15 per week to all Award rates greater than this amount.
 - An increase of 2.5% to existing Award allowances which relate to work or conditions which have not changed and to service increments.
 - An operative date of 1 September 2009.
- [38] These proposed increases would increase average weekly earnings growth for the state of Queensland by approximately 0.06% to 0.10%.
- [39] The Government estimates that a wage increase would affect up to 172,000 employees. The concentration of employees who would be affected by this decision is found in the following industries:
- retail;
 - accommodation and food services;
 - health care and community services; and
 - property and business services.
- [40] Queensland has a greater proportion of employees generally in unincorporated businesses than Australia as a whole and a significantly greater share of part-time employees in unincorporated businesses.

- [41] The Federal Government budget forecast is for the CPI to increase by 1.75% for 2009/2010 thus resulting in a real wage decline for minimum wage workers of 1.75%.

Other 2009 Wage Decisions

- [42] Reference was made to the Australian Fair Pay Commission (AFPC) decision where no wage increases were awarded and the Federal Minimum Wage (FMW) remains at \$543.78 (\$14.31 per hour) until the next wage review in July 2010. It was also noted that the AFPC did not have the jurisdiction to fix Award based allowances.
- [43] With regard to the AFPC decision, the Queensland Government states that there are 2 primary flaws in the AFPC reasoning for granting no wage increases.
- (a) There was no evidence to show that a small increase to the minimum wage has a negative effect on employment; and
- (b) there has been an undue reliance upon evidence from previous recessions in Australia which are characterised by a completely different set of conditions to the present downturn. [Queensland Government submissions, p. 12, no. 47]
- [44] The State Wage Case decision from the Western Australian Industrial Relations Commission (WAIRC) represented a 2.2% increase to the minimum wage. There was a 3 month delay in the operative date for that decision.
- [45] The Western Australian legislative framework for setting wages is similar to that of Queensland. The WAIRC, in responding to a request to grant no increase, stated that its legislation required it to ensure Western Australia had a fair wages system which met the needs of the low paid and provided for a fair wages standard in the context of living standards generally prevailing in the community.
- [46] The New South Wales Government has sought a 2.5% increase in its State Wage Case. While this is not based on forecast CPI increases (3% for 2009/2010), it would equate to a \$13.81 per week rise at the minimum wage level at the C10 rate and \$24.84 at the highest Award rate.
- [47] The South Australian Government's position is that it supports a moderate increase without specifying a quantum.
- [48] The following table shows that Award rates of pay have fallen behind wages in the community generally:

"Table 8: Minimum wage movements compared with AWOTE movements 1998 – 2008

	C14 \$	AWOTE avge 4 qtrs through year after incr \$	C14 ys avge awote %
1-Sept-98	373.40	700.90	53.27%
1-Sept-99	385.40	725.13	53.15%
1-Sep-00	400.40	766.75	52.22%
1-Sep-01	413.40	801.95	51.55%
1-Sep-02	431.40	837.20	51.53%
1-Sep-03	448.40	888.70	50.46%
1-Sep-04	467.40	934.75	50.00%
1-Sep-05	484.40	972.25	49.82%
1-Sep-06	503.80	1002.35	50.26%
1-Sep-07	528.40	1033.30	51.14%
1 Sep 08	552.00	1093.50	50.49%

Source: ABS *Average Weekly Earnings* Cat. No. 6302.0; *Engineering Award – State 2002.*". [Queensland Government Submissions, p. 17]

- [49] The international economy, as described by the IMF, predicts that the economy is expected to contract by 1.4%, before returning to growth of 2.5% in 2010.

"Table 9: World Economic Outlook Update Projections

Selected countries/regions	2005	2006	2007	2008	Projected 2009	Projected 2010
World Output	4.4	5.0	5.2	3.2	-1.4	2.5
United States	3.1	2.9	2.0	1.1	-2.6	0.8
Euro area	1.5	2.8	2.7	0.9	-4.8	-0.3
Japan	1.9	2.4	2.4	-0.6	-6.0	1.7

Selected countries/regions	2005	2006	2007	2008	Projected 2009	Projected 2010
Other advanced countries	3.2	3.7	4.7	1.6	-3.9	1.0
Africa	5.9	5.8	6.2	5.2	1.8	4.1
Developing Asia	9.0	9.6	10.6	7.7	5.5	7.0
China	10.4	11.1	13.0	9.0	7.5	8.5
Middle East	5.6	5.8	6.3	5.9	2.0	3.7

Source: IMF (2009).". [Queensland Government Submissions, p. 18]

- [50] Australia's economy has been affected by the global credit crisis and subsequent global economic crisis.
- [51] However, Australia has been affected less than other advanced economies due primarily to its more pronounced regulatory framework and the strong monetary and fiscal positions at the beginning of the crisis.
- [52] Australia's GDP is forecast to fall by 0.5% for 2009/2010. This is mainly due to:
- a fall in business investment (18%);
 - a fall in exports (4%); and
 - a fall in household consumption (0.25%).
- [53] Factors which may contribute to Australia's overall economic recovery include:
- the recovery of the Chinese economy and a subsequent increased demand for Australia's coal and iron ore;
 - the Government's fiscal policy strategy;
 - the RBA's easing of monetary policy;
 - a rise in business confidence; and
 - stronger performances in manufacturing, construction, wholesaling and financial industries.
- [54] The primary area of concern for the Australian economy is unemployment.
- [55] Within Queensland, the growth in Gross State Product (GSP) is estimated to slow to 0.5% in 2008/2009 and is forecast to contract by 0.25% in 2009/2010.
- [56] In the area of household consumption there had been an ease in consumption in early 2008/2009 as well as a decrease in growth in retail trade since September 2008. However, after the implementation of Government fiscal stimulus, household consumption during 2008/2009 is expected to grow by 1.25%. This growth is expected to ease further in 2009/2010 to 0.75%. Recovery is forecast to strengthen in 2010/2011.
- [57] During 2008/2009, housing investment has declined by 7.5%. However, with the extension of the First Home Owners Grant, reductions in stamp duty and recent interest rate cuts there should be a moderate improvement in construction. Coupling such an increase with a generally poorly performing sector, it is estimated that total dwellings will fall by a further 3% in the year-average terms.
- [58] While business investment has remained high in 2008/2009, it is unlikely to grow further. It is predicted that there will be a decline in 2009/2010 of around 17% and that this trend would continue into 2009/2010. This would offset the decline in private demand anticipated in 2009/2010. This must be viewed within the context of public demand growing by 5% in 2008/2009 and a further 5.75% in 2009/2010. During 2009/2010, the growth in public investment is forecast to contribute one percentage point to economic growth.
- [59] Net exports are estimated to contract by 2% in 2008/2009 and 2.25% in 2009/2010 primarily relating to recessions faced by Queensland's major trading parties.

5. RESPONSES TO THE CLAIMS

Queensland Chamber of Commerce and Industry Limited, Industrial Organisation of Employers (QCCI)

- [60] QCCI opposes the application and believes that there should be no wage increase granted in the 2009 State Wage Case.
- [61] QCCI is the peak business organisation in Queensland with membership across all industry sectors. QCCI represents in excess of 25,000 businesses within the State.

- [62] QCCI cites the following indicia as reasons why there should be no increase in wage rates through this decision:
- inflation pressures declining;
 - wage pressures are slowing as more employees are losing their employment;
 - WPI is expected to reduce as a result of a weaker labour environment; and
 - interest rates have reduced as a result of the RBA taking action to try to stimulate the economy.
- [63] QCCI's view is that the State Wage Case hearing is taking place when Queensland is facing its worse economic downturn in many decades. Since February, some 29,300 jobs have been lost within Queensland. The ramifications of this are most seriously felt by small business.
- [64] QCCI observes that prior wage outcomes granted by the Commission align closely with the percentage growth in the Queensland economy. The Queensland economy is forecast to decline by 0.25% throughout 2009/2010 and any increase in the minimum wage rate would seriously erode employment prospects.
- [65] In response to the applicant's claim to retain real wage outcomes, the QCCI submit that since 2000/2001 wages in real terms have increased to 8.7%. QCCI claims that "it is not unreasonable to freeze wages for the next year in a courageous measure by the QIRC to protect jobs". [QCCI Submissions, p. 6]
- [66] QCCI submitted that any increase in wages would impact upon low paid workers and their ability to retain jobs. QCCI had surveyed approximately 800 Queensland employers in order to ascertain what impact a wage increase might have on their businesses. Over half of the employers surveyed indicated that they would be forced to reduce staffing levels with as little as a \$10 increase per week. 81% of employers surveyed stated that there would be employment losses with any increase between \$10 and \$15 per week.
- [67] Since the last State Wage Case, a number of factors had arisen which should impact upon any consideration the Commission might give to the application. These included:
- a falling CPI;
 - tax cuts operative from 1 July 2009;
 - 2 Federal Government stimulus packages; and
 - lower interest rates.
- [68] It is anticipated that the cost of living in Queensland will decline over the coming 12 months. Queensland Treasury cites the impact of subdued economic activity and a softer labour market as measures which will retain an inflation rate of 2.5% in 2009/2010 below the prior average of 3.1%.
- [69] QCCI presses the Commission to take into account the recent decision of the AFPC of 12 June 2009. As well, the Commission is asked to consider the decision emanating from the WAIRC.
- [70] Within the context of the State economy, the Commission is requested to consider:
- rising unemployment;
 - business and consumer confidence being at an historic low;
 - 1 in 3 Queensland businesses struggling to maintain current conditions;
 - domestic decline in consumer and business spending and investment; and
 - economic growth in Queensland forecast to contract further by 0.25% in 2009/2010. That forecast is dependant upon a consideration of forecasts for household consumption, dwelling investment, business investment, public final demand and net exports, which all are expected to decline within the 2009/2010 period.
- [71] From an international perspective, the Commission is asked to consider the GFC as being the biggest single influence on Australia's and Queensland's economic performance over the coming year.
- [72] The labour market has weakened during the 2008/2009 period. QCCI reports that business, having found it difficult to find and retain skilled workers, is reluctant to reduce staff levels but would prefer to seek to reduce hours worked by employees.
- [73] While employment is forecast to recover modestly during 2010/2011, it would remain at a below-average rate.

Local Government Association of Queensland (Incorporated) (LGAQ)

[Note: LGA is not a registered organisation of employers within the State jurisdiction. Notwithstanding that, LGA sought to represent the views of Regional Councils in this hearing. It is unable to do that. It could have sought to act as agent for one or more Regional Councils (as it does in matters before the Commission generally). However, that had not occurred. An objection was raised to the LGA being heard by the AWU. The Full Bench considered the submission, and pursuant to s. 329(b)(v) of the Act determined to grant LGA only very limited rights to be heard with limited weight to be attributed to its submissions.]

[74] LGA opposes the application and supports QCCI's submissions. However, LGA submits that were the Commission to grant any wage increase, it should reflect the 2.5% increase in the National CPI.

[75] The outlook for the Queensland economy during 2009/2010 was:

- an expectation that the economy, after experiencing an expansion of 0.5% in 2008/2009, would contract by 0.25% in 2009/2010 before recovering by 2.75% in 2010/2011;
- therefore, there would be three consecutive years of below average growth, largely due to the financial crisis amongst other factors; and
- business investment is forecast to fall in 2009/2010.

[76] Local Government faces a new subsidy scheme introduced by the State Government to be operative from 2011/2012 which is to be capped at \$45 million per annum. This would represent a significant reduction in income for affected Regional Councils. Queensland Regional Councils have been affected by Government Budget decisions in the areas of lost subsidies, e.g. the abolition of the street lighting subsidy for south-east Queensland councils, the abolition of the fuel subsidy and from 2011, when water and sewerage subsidies are capped. The loss of these subsidies could result in the loss of some 175 jobs.

[77] Many Regional Councils continue to utilise Award provisions, however, most generally provide over award payments via certified agreements. However, for agreements which have a direct linkage to State Wage Case outcomes, those Regional Councils will be affected by any increase which might be granted through these applications.

[78] LGA notes that the QMW is already \$8.20 above the Federal Minimum Wage. Were an increase of 2.5% granted then this amount would deliver an outcome of \$22 per week greater than the current Federal rates.

[79] Were an increase to be granted, LGA submits that the decision should be operative as from 1 January 2010.

Queensland Cane Growers' Association Union of Employers (QCGA)

[80] This organisation endorses the submissions made by the QCCI. It is also submitted that the Commission should not increase any wages or allowances, within the context of these applications, until 1 September 2010 - in effect, a 12 months wages freeze.

Queensland Motel Employers Association, Industrial Organization of Employers (QMEA)

[81] QMEA endorses the submissions made by the QCCI. In support of its position, QMEA believes that any increase to wages and allowances would have a detrimental impact upon the economy, a negative impact upon employment levels and would threaten the viability of the accommodation industry generally.

The Restaurant and Caterers Employers Association of Queensland Industrial Organisation of Employers (RCEA)

[82] Reliance is placed upon the AFPC decision and a similar outcome is sought in this matter. It is submitted that the Commission "should strongly align itself to the mandates of the AFPC". [Submissions, p. 14]

[83] This organisation states that the industry in which it is involved has continued to grow despite current economic difficulties. In January 2009 there was an increase in turnover within the industry by 1%. Notwithstanding that, the increase in wages has been approximately 10% and the cost of food has increased by over 5%. This has resulted in a decrease in profitability by under 2% profit before tax.

[84] Employment within the industry has remained the same for approximately 5 years as a consequence of increased wage cost pressure.

[85] A number of factors should be considered by the Commission - namely, the 2008 AFPC decision which this organisation says could not be justified at the time; the taxation relief awarded on 1 July 2009; the possibility of

large wage increases occurring Federally as a consequence of the implementation of the *Hospitality Industry (General) Award 2010*; the prospect of job losses in the industry were a wage increase granted; the fact that the industry operates with a highly labour intensive model and small profit margins; the potential of increases to menu prices and the loss of future employment opportunities for workers.

- [86] Within the restaurant industry, 75% of businesses employ less than 20 people. There are some 68,000 businesses in the total accommodation, café and restaurant sector (including hotels, pubs and clubs). Restaurants generally account for 55.4% of the hospitality industry by numbers of businesses. Most recent statistics from the Australian Bureau of Statistics (ABS) show that businesses employing less than 5 people have been generating a loss of around 0.3%. Of significance in the statistics, is that labour costs have risen significantly.
- [87] ABS statistics (April 2008) show industry wide employment in accommodation, cafes and restaurants in August 2008 was 527,900. 39% of employees within cafes and restaurants were casual with permanent full-time employees making up a further 16.9% of the workforce. The proportion of casual workers is more than double the all industry average of approximately 26%. Because of this, the hourly rates of pay are far greater than the standard hourly rate in other industries. There has been a 1% growth in casual employment per annum. Notwithstanding that, the largest proportion of the restaurant, café and catering workforce is part-time females. Further, the hospitality industry has roughly a 40:60 split of full-time to part-time workers, whereas all industry averages is 70:30. There is a prediction that the average restaurant in January is facing less than 2% profit before tax.
- [88] Were the Commission to grant a wage increase to all employees, this organisation believes the increase should be less for employees engaged in this industry because of an obvious incapacity to pay on the part of employers.
- [89] There is a direct relationship between lower employment and wage increases in this industry because of the relatively fixed nature of wage costs for restaurant and catering businesses.

Queensland Hotels Association, Union of Employers (QHA)

- [90] QHA is the peak industry group in Queensland for the hotel and hospitality industries, accommodation providers, resorts, theme parks, convention centres and casinos. QHA has approximately 800 members in Queensland.
- [91] QHA believes that there should be no increase in the state wage case and asks the Commission to consider its position within the context of the following:
- Corporate travel has reduced. This has the effect of decreasing accommodation and food and beverage demand.
 - Corporate function and event bookings have fallen.
 - Personal travel has reduced as a consequence of less discretionary spending within the community.
 - Hours of work for employees generally has fallen. This has resulted in a move from full-time positions to part-time positions.
 - Recruitment has slowed to a minimum level.
 - Overall, the industry profitability and investment have declined.
 - The Commission should take into account the fact that employees have received a reduction in interest rates; that taxation rates have benefited the low paid and the Federal Government's economic stimulus packages.

Queensland Cane Growers' Association Union of Employers (QCGA)

- [92] QCGA is opposed to the claim. It says that wages and allowances should not be determined by the Bench for a period of 12 months to 1 September 2010.
- [93] QCGA supports the submissions made by the QCCI.

6. DECISIONS OF OTHER STATE TRIBUNALS AND FAIR PAY COMMISSION

Australian Fair Pay Commission

- [94] From a Federal perspective, the most recent wage case decision emanating from the AFPC sets out the criteria which it was required to consider in determining its wages outcome.

"S23 AFPC wage-setting parameters

The objective of the AFPC in performing its wage-setting function is to promote the economic prosperity of the people of Australia having regard to the following:

- (a) the capacity for the unemployed and low paid to obtain and remain in employment;
- (b) employment and competitiveness across the economy;
- (c) providing a safety net for the low paid;
- (d) providing minimum wages for junior employees, employees to whom training arrangements apply and employees with disabilities that ensure those employees are competitive in the labour market".
[*Workplace Relations Act 1996*]

- [95] In its decision, the AFPC determined not to grant a wage increase for the 2009/2010 period.
- [96] An overview of that decision is contained hereunder.
- [97] The AFPC states that since its 2008 decision, "the economic outlook has changed markedly. Employment growth is slowing, average working hours are falling, and the unemployment rate is expected to rise to 8.5%. As in previous downturns, the impact of these changes in the labour market will be felt more acutely by low-paid, low-skilled workers.". [AFPC decision, Executive Summary]
- [98] Of significance was the fact that consumer prices continued to increase, thereby putting pressure on household disposable income. The AFPC referred to the economic stimulus packages introduced by the Federal Government and changes to the tax/transfer system which, in its view, have created real increases to disposable income and enabled a safety net to be maintained without the risk of increasing unemployment.
- [99] The AFPC viewed unemployment as the "chief cause of relative poverty and social exclusion in Australia". [AFPC decision, Executive Summary]
- [100] In considering the time period during which the decision would be implemented, the AFPC notes that these economic times are vastly different to that experienced during the 2008/2009 year. It is predicted that unemployment will reach 8.5% during 2009/2010. A predominant factor to be considered was the retention of employment for low skilled workers. There was a direct link between increases in minimum wage rates and unemployment during a recession.
- [101] The AFPC stated that many industries are directly affected by changes to minimum rates and an example was given of accommodation and food services. Within this vein, occupations were also identified, namely, elementary clerical, sales and service workers. Further, various demographic groups, such as young people, low-skilled workers and migrants from non-English speaking backgrounds were identified as being significantly impacted by changes to minimum wages. The AFPC believed that an increase in minimum wages might exacerbate the forecast increase in unemployment.
- [102] The AFPC stated that it viewed that the income safety net is adequately met by a combination of minimum wages and the tax/transfer system. This, coupled with the Federal Government's economic stimulus packages also assisted in ensuring that employment of low paid workers was protected. To this end, the AFPC believed that recent increases in disposable income have out-placed increases in living costs.
- [103] The Commission has previously made mention of the differences whether specifically or in emphasis between the Commission and the AFPC. [2006 State Wage Case Decision, p. 46; 185 QGIG 422 at p. 21]
- [104] Those views generally are encapsulated in the comments of the Full Bench of the Commission in 185 QGIG 422 at p. 23 where it states that the intent of the Queensland legislation is that awards no longer be a mere safety net of wages and conditions because:

"... decisions which the Commission is now called upon to make are not in the context of setting rates which provide a safety net of wages and conditions but rather, wages which represent fair standards for employees in the context of living standards generally prevailing in the community."

The Western Australian Industrial Relations Commission (WAIRC)

- [105] The WAIRC granted a pay increase of \$12.30 as from 1 October 2009. The minimum wage rate is now \$569.70 per week. In making its decision, which was substantially less than that of previous years when the economy was more buoyant, the WAIRC was influenced by changed economic conditions and the labour market. However, the WAIRC did not accept that the economic situation should necessitate a freeze in the minimum wage.
- [106] The WAIRC delayed the implementation of the minimum wage increases by 3 months after taking into account the impact of the Federal stimulus packages.

The New South Wales Industrial Relations Commission (NSWIRC)

[107] The wage increase for employees within the New South Wales jurisdiction was 2.8%.

[108] The NSWIRC identified the criteria upon which it relied to grant the increase. In brief, but not exclusively, the New South Wales Government, believed a moderate wage increase was sustainable after considering the following factors:

- In New South Wales, the WPI is estimated to be 3.25% in 2008/2009 and forecast to increase by 3.5% in 2009/10 and 3.25% in 2010/2011.
- Enterprise agreements in New South Wales reflect a 3.9% increase.
- There is a considerable degree of "housing stress" amongst many low paid workers.
- Low paid workers face increasing financial hardship in times of economic stress.
- In many industries, low paid workers find it impossible to engage in enterprise bargaining.
- There is no conclusive link between increases in minimum wages and unemployment.
- Job losses are more than likely to be attributable to "a demand shock instigated by precautionary saving behaviour of households and businesses and (lack of) availability of finance, rather than wage costs".
- There are signs that business and consumer confidence is returning.

South Australia

[109] As previously mentioned, the South Australian Government's position is that it supports a moderate increase without specifying a quantum.

7. CONCLUSION

Reasons for Decision

[110] This decision has been made by the Commission pursuant to all of the legislative requirements previously cited, and after considering the full submissions of all parties.

[111] Many of the parties opposing the applications have cited the recent decision from the AFPC as one which this Commission should adopt *in toto* or, at the very least, be one by which the Full Bench should be guided.

[112] It is clear that the legislative requirements governing the decision from the AFPC differ to those governing this decision. This point has been made by other State Tribunals in the determination of state wage outcomes.

[113] The *Workplace Relations Amendment (Work Choices) Act 2005* set a new legislative scheme for wage fixation in the Federal industrial relations system. The changes were significantly different from what was and continues to be legislatively required under most State systems, and particularly so for the Queensland jurisdiction.

[114] In considering the AFPC decision, we make the following comments:

- Wages are set by the AFPC under entirely different guidelines from those imposed upon the Commission.
- There is no requirement on the AFPC to conduct its proceedings in a public and transparent manner.
- Within the Commission parties make oral submissions in open Court and submit themselves to enquiries from the Full Bench.
- An example of the difference between the Queensland legislation and the AFPC legislative requirements is that there is a requirement for "fair standards" to apply to wage outcomes within the Queensland jurisdiction. There is no comparable reference to that requirement within the AFPC guidelines.
- The AFPC has a requirement to provide a safety net for the low paid however, most of its commentary in its recent decision centred upon the issue of unemployment. It said that its "chief concern is that an increase in minimum wages may exacerbate the forecast increase in unemployment.". [AFPC 2009 Wage Review Decision, p. 12]
- At the introduction of the Act, it is relevant to note the second reading speech of the then Queensland Minister for Employment, Training and Industrial Relations, the Hon. Paul Braddy MP where he stated that awards would no longer be a mere safety net of wages and conditions. The Minister said:
 "Section 273(1)(a) of the Act provides that the Commission must perform its functions in a way that furthers the objects of the Act and s. 320(5) of the Act provides for the Commission to consider the objects of the Act as well as the likely effects of the Commission's decision on the community, local community, economy, industry generally, and the particular industry concerned.". [Hansard, 25 May 1999, p. 1831]
- The Commission is also required to award minimum wages for those employees who are award-free and consequently the minimum wage increases are to apply to all employees rather than to award only employees.

- Other State Tribunals, as well as this Full Bench, question the AFPC's view that even small increases to the minimum wage have a negative effect on employment. Our view, together with that of the other State Tribunals, is that there has been no clear evidence to show that is the case.
- Within that context, State Tribunals have a lengthy and significant history in setting minimum wage rates for award reliant employees as opposed to the short period of time during which the AFPC has operated. The advantage which the State Tribunals have is that there has been an ability to monitor, for extensive periods of time, the actual outcomes achieved from moderate wage increases under a wide range of prevailing economic circumstances.
- Further analysis of the AFPC decision shows that it has placed significant reliance upon evidence from previous recessions. This Full Bench believes that previous recessions show a significantly different set of conditions to the present downturn.
- To highlight that point, a wage freeze occurred in Queensland in 1983. At that time, the unemployment rate was 10.4% and the CPI for Brisbane was 11%. These statistics are significantly greater than current unemployment and CPI statistics. Further, the WPI in 1982/83 was 17%, whereas the WPI for 2008/09 was approximately 4.25%. These statistics are also dramatically different from those now encountered by the Queensland economy.
- It is the view of the Full Bench that the AFPC decision is one which must be considered within its own legislative framework and constraints.

- [115] Significant analysis of the global economic crisis has been undertaken by the applicants.
- [116] There is little distance between all parties in acknowledging the positive impact of the Federal Government's economic stimulus packages. We adopt the views expressed by both the NSWIRC and WAIRC where each state that the packages were not intended to be a substitute for wage increases. The purpose of the packages was to stimulate the economy in order to mitigate the effects of the downturn.
- [117] The economic stimulus packages must be viewed within context. The packages relate to a specific period in time. The packages were not meant to supplant wage increases. Were it to be used in that manner, wage outcomes for award reliant employees would decline further. Many of the Federal Government benefits applied to a large cross-section of employees, and it would be significantly unfair if, for the low paid, a wage decrease followed as a consequence.
- [118] In determining the applications, this Commission has a range of criteria which must be addressed. This includes the statutory obligation to provide secure, relevant and consistent wages for employees together with a requirement to ensure that fair standards "in the context of living standards generally prevailing in the community" apply. [s. 126(f) of the Act] There is also a statutory requirement to consider relevant economic data, together with a requirement to ensure equal remuneration for men and women performing work of equal value. These criteria are set against a backdrop of an overarching requirement to "provide a framework for industrial relations that supports prosperity and social justice". [s. 3 of the Act]
- [119] This decision is made within an entirely different economic climate than that of recent wage case decisions where strong economic conditions and low unemployment prevailed.
- [120] Since 2000/2001, the QMW has grown by 7% in real terms, however, the Average Weekly Ordinary Time Earnings (AWOTE) has grown by 11.2%. This shows that the QMW has not kept pace with real wage growth.
- [121] It is imperative that the gulf between award reliant employees and the vast majority of employees who gain outcomes through collective bargaining is not widened to the point where a sub-group of disadvantaged employees emerge. The statutory requirements to provide relevant and consistent wages which provide for fair standards for employees in the context of living standards and outcomes which ensure "social justice" demand a measured response from the Commission, after taking into consideration current and projected economic conditions.
- [122] The economic material before the Commission shows that the Queensland economy has suffered as a consequence of the GFC. However, the Queensland Government points to particular developments in the international and national outlook which should produce positive results for Queensland. It states that there has been better than expected growth in China producing more resilient demand for iron ore and coal. Further, the Full Bench has taken into account RBA reports that consumer confidence is slowly returning and that the downturn has not been as serious as previously predicted.
- [123] The Queensland Government submits that Queensland is better placed than other States to withstand the more negative aspects of this downturn.
- [124] Recognition must be given to the plight of those employees who rely only upon State Wage Case outcomes for any improvement in their wages. The National Centre for Social and Economic Modelling predicted that in 2005/2006

there were approximately 439,200 people characterised as "working poor". [AMP NATSEM Income and Wealth Report (2008)] The Full Bench is of the view that a reasonable increase in minimum wages would help alleviate any further decline in standards of living and the cost of living expenses.

- [125] The economic forecasts for unemployment show that jobs will be lost over the following year. The reasons for this are varied and, in our view, are not attributable to moderate wage increases. We concur with the views expressed by the NSWIRC where reference was made to the "precautionary saving behaviour of households and businesses and (lack of) availability of finance" as contributing to job losses, rather than wage costs. [NSW Wage Case Decision, 30 July 2009]
- [126] The Full Bench accepts the submissions made by the applicants, however, not to the extent of the wage increases sought. The economic background against which these applications have been made require the Full Bench to adopt a more cautionary approach to ensure that the balance is maintained between ensuring that award reliant employees are able to maintain real wages and appropriate living standards and the need to ensure that business viability and productivity is maintained by Queensland employers.
- [127] We have determined to accept the Queensland Government economic assessment that a moderate wage increase to the QMW of 2.5% is warranted and sustainable.
- [128] The Queensland Government says that an increase in the GMW of \$16.15 would increase the total average weekly earnings growth in Queensland by between 0.26% and 0.10% and AWOTE growth of private sector unincorporated businesses by 0.23% and 0.37%. We agree with the Queensland Government that these cost considerations are both reasonable and affordable.
- [129] Significantly, we accept the Queensland Government's proposition that, having considered the likely effect of the proposed increase, "the small cost impact is acceptable given the other imperatives of the Commission in setting minimum wages". [Queensland Government's Submissions, point 180]
- [130] In accepting the Queensland Government's submissions with regard to the monetary increase, in accordance with the practice of the Commission in rounding amounts to the nearest 10 cents (with 5 cents and above being taken upwards), we have determined the monetary increase to be \$16.20.
- [131] The applicants have sought to maintain the real value of wages. The Full Bench accepts that proposition and to do this, any increase granted should be a flat rate increase. This ensures that any wage increase is not eroded by inflation and that those employees at the lower classification level (*Engineering Award - State 2002*) receive the greatest benefit.

Decision

[132] The Full Bench has determined the following:

- a \$16.20 wage increase for award employees;
- a 2.5% allowance increase for award employees;
- a \$16.20 increase to the QMW as it applies to all employees;
- a Statement of Policy in regard to a Statement of Principles that may be generated as a result of the aforementioned General Ruling; and
- that the operative date for this Decision be 1 September 2009.

[133] The effect of this Decision would be:

- (a) the adoption of a \$16.20 increase to award rates;
- (b) the increase of existing award allowances which relate to work or conditions which have not changed and service increments by the equivalent percentage increase to that which the \$16.20 wage adjustment bears to the C10 wage rate as it appears in the *Engineering Award - State 2002*;
- (c) an increase to the level of the QMW as it applies to all employees by \$16.20; and
- (d) the determination of (a), (b) and (c) above with an operative date of 1 September 2009.

Statement of Policy and Declaration of General Ruling

[134] The parties were in agreement that current Statement of Principles, through a Statement of Policy should remain with the necessary amendments to reflect the changes to the operative date, the quantum wage and allowance adjustments awarded in this decision and any other consequential amendments to be made. A new Statement of Policy will issue with respect to the Wage Fixing Principles with this Decision. The Full Bench also releases a Declaration of General Ruling to reflect the outcome of this decision.

We order accordingly.

D.A. SWAN, Deputy President.

I.C. ASBURY, Commissioner.

J.M. THOMPSON, Commissioner.

Hearing Details:

2009 2, 31 July

Released: 21 August 2009

Appearances:

Ms L. Booth for the Queensland Council of Unions.

Mr C. Simpson and Ms R. Broanda for The Australian Workers' Union of Employees, Queensland.

Ms V. Semple for the Queensland Government.

Mr N. Behrens for Queensland Chamber of Commerce and Industry Limited, Industrial Organisation of Employers.

Mr N. Teskey for Queensland Motel Employers Association, Industrial Organization of Employers.

Mr K. Ryalls for Local Government Association of Queensland (Incorporated).

Mr G. Trost for the Queensland Cane Growers' Association Union of Employers.

Mr K. Law for The Restaurant and Caterers Employers Association of Queensland Industrial Organisation of Employers.

Ms J. Minchinton for Queensland Hotels Association, Union of Employers.