

QUEENSLAND INDUSTRIAL RELATIONS COMMISSION

Industrial Relations Act 2016 – s 458

Queensland Council of Unions

Together Queensland, Industrial Union of Employees

The Australian Workers' Union of Employees, Queensland
Applicants

v

State of Queensland
Respondent

Matter No. B/2019/32, B2019/34 and B/2019/34

APPLICATION FOR A DECLARATION OF GENERAL RULING

STATE WAGE CASE

**SUBMISSIONS OF THE AUSTRALIAN WORKERS' UNION OF EMPLOYEES,
QUEENSLAND**

1. It is the submission of The Australian Workers' Union of Employees, Queensland ("AWU") that in accordance with the principles of fairness, economic prosperity and social justice, Queensland's award-reliant employees should receive a fair and reasonable pay rise. Furthermore, award wages and allowances should be increased to improve Queensland's award safety net.
2. The AWU respectfully submits that the Queensland Industrial Relations Commission ("QIRC") should award an increase to the Queensland minimum wage, award wages and award allowances that improves the relative earnings of low-paid workers in accordance with the following submission.

3. In short, the AWU submits that there is sufficient capacity within the Queensland economy to accommodate the claim as sought, and the increases in wages will provide benefits to employees in the Queensland jurisdiction.
4. The AWU submits that awarding the claim will support future economic growth in the state of Queensland through the provision of higher wages, which will have a positive effect on the Queensland economy.

The Claim

5. The AWU application asks the QIRC to:
 - a) make a general ruling to amend all State awards to increase wages by 3 percent;
 - b) make a general ruling to amend all State awards to increase the existing allowances (which relate to work conditions which have not changed) by 3 percent;
 - c) increase the Queensland Minimum Wage by 3 percent; and
 - d) determine that points (a), (b) and (c) to have an operative date of 1 September 2019.
6. The orders sought above will herein be referred to as “the claim”.
7. This submission will detail why the QIRC should award the claim as sought.

General Ruling under the *Industrial Relations Act 2016 (Qld)*

8. Since 1997, the Queensland Minimum Wage, and award wage and allowance increases have taken place by way of general ruling, pursuant to s 458 of the *Industrial Relations Act 2016 (Qld)* (“the Act”).
9. Section 458 of the Act states that the QIRC Full Bench may make general rulings about a Queensland minimum wage for all employees, and the Full Bench must ensure a general

ruling about a Queensland minimum wage for all employees is made at least once each year.

10. The operative date for such increases has generally been 1 September. Despite the timing of this year's State Wage Case (that it will be determined after 1 September), the AWU seeks a continuation of this operative date.

Legislative Considerations

11. In assessing an application for this year's general ruling ("general ruling"), it is submitted that the QIRC must consider s 3 of the Act.
12. Section 3 indicates the main purpose of the Act is to provide a framework for cooperative industrial relations that is fair and balanced and supports the delivery of high quality services, economic prosperity and social justice for Queenslanders.
13. The AWU submits that the claim is consistent with a fair and balanced industrial relations framework.
14. Section 4 of the Act details how the main purpose of the Act is achieved. The following elements of s 4 are of particular relevance to the QIRC in determining a general ruling about the Queensland Minimum Wage and award wages and allowances increases:
 - Supporting a productive, competitive and inclusive economy, with strong economic growth, high employment, employment security, improved living standards and low inflation;¹
 - Providing for a fair and equitable framework of employment standards, awards, determinations, orders and agreements;²

¹ *Industrial Relations Act 2016* (Qld) s 4(a).

² *Ibid* s 4(d).

- Ensuring wages and employment conditions provide fair standards in relation to living standards prevailing in the community;³ and
- Promoting collective bargaining.⁴

15. In particular, s 4(g) of the Act provides that the main purpose of the Act is achieved by ensuring wages and employment conditions provide fair standards with respect to the immediate economic and living standards of the community.

16. The AWU application seeks to provide low-paid workers with a fair increase in wages.

17. Furthermore, the granting of the claim will further develop Queensland's economy through increased consumption as a result of higher wages, maintain and improve on the safety of minimum employment conditions, and assist in the collective bargaining process.

18. The claim will assist in maintaining real wages so that low-paid award-reliant workers are able to acquire fair and reasonable living standards.

19. The AWU submits that the claim for an increase to award rates and to the Queensland Minimum Wage is fair, reasonable and appropriate considering the current and projected state of the Queensland, and more broadly, the Australian economies.

20. The AWU submits that there will be no adverse effects to unemployment in Queensland as a result of the QIRC awarding the claim.

The Queensland Jurisdiction

21. It is difficult to accurately estimate the number of employees who will be affected by the application, but these employees can be split into two groups – those who will be directly affected, and those who will be indirectly affected.

³ *Industrial Relations Act 2016* (Qld) s 4(g).

⁴ *Ibid* s 4(h).

22. In previous years, the AWU has estimated that the Queensland jurisdiction consists of approximately:

- a) 250,000 employees employed by the State of Queensland;
- b) 37,000 employees employed by local governments; and
- c) 3,000 to 4,000 employees employed by the 1250 Parents and Citizens' Associations who are covered by the State jurisdiction and are award-reliant.

23. The determinant for whether an employee is directly affected by the general ruling is of course whether the employee's employment is subject to a certified agreement, or whether the employee is solely reliant upon an award.

24. Those employees who are covered by awards will be directly affected by the general ruling as their wages are bound by the wages contained in the award which covers them.

25. Employees and employers who are covered by awards will be immediately affected,

26. The QIRC in 2018⁵ referred to the following estimates for the number of employees who would be directly affected by the State Wage Case;

- a) Approximately 3,000 to 4,000 employees of Parents and Citizens' Associations;
- b) 2,000 Auxiliary Firefighters;
- c) 1,000 employees of local governments; and
- d) 15 employees of the Darling Downs Moreton Rabbit Board.

27. The AWU makes no submission as to the whether these numbers remain accurate, but absent any submission from the Respondent or the Local Government Association Queensland ("LGAQ"), has no reason to suggest that these figures have changed

⁵ *Declaration of General Ruling* (State Wage Case 2018) [2018] QIRC 113, [38].

dramatically, and as such estimates that approximately 6,000 employees will be directly affected by the general ruling.

28. While there may be only 6,000 employees directly affected by the general ruling, the QIRC should not discount the flow-on effects for the other 250,000 employees employed by the State of Queensland and 36,000 employees employed by local governments whose employment is subject to a certified agreement.
29. Employees who are not covered by an award most certainly do receive a benefit from an increase to award wages and allowances, but the benefit is not immediate.
30. It is the submission of the AWU that increases to the award safety net may provide better outcomes in bargaining for certified agreements, and as such, every employee in the Queensland jurisdiction will receive some benefit at some point from the QIRC awarding the claim as sought.
31. Furthermore, it is the experience of the AWU that employers are heavily influenced by the decision of each year's State Wage Case, and generally seek to rely upon the decision to determine the quantum of wage increases offered through bargaining.

Economic Conditions and Outlook

32. The Australian economy remains in a relatively strong position having entered its twenty-eighth year of consecutive growth. The Australian economy grew by 1.8 percent seasonally adjusted from the March quarter 2018 to the March quarter 2019.⁶
33. The Australian Bureau of Statistics recorded a 1.6 percent increase in the Consumer Price Index ("CPI") between the June quarter 2018 and the June quarter 2019.⁷ The most

⁶ Australian Bureau of Statistics, 5206.0 - Australian National Accounts: National Income, Expenditure and Product, Mar 2019.

⁷ Australian Bureau of Statistics, 6401.0 – Consumer Price Index, Australia, Jun 2019.

significant price rises in the past quarter were automotive fuel (up 10.2 percent) and medical and hospital services (up 2.6 percent). The Brisbane CPI percentage increase for year ended June 2019 was 1.7 percent.

34. Real net national disposable income has experienced further growth having risen by 3 percent from the March quarter 2018 to the March quarter 2019, but during this time compensation of employees has only increased by 1.2 percent.⁸
35. With respect to interest rates, on 6 August 2019 the Reserve Bank of Australia (“RBA”) left the cash rate unchanged at 1 percent, noting that the outlook for the global economy remained reasonable, but that the increased uncertainty generated by the trade and technology disputes was affecting investment.⁹
36. The RBA also made the point that economic growth in Australia over the first half of 2019 had been lower than expected due to household consumption having been weighed down by a protracted period of low income growth.¹⁰
37. The RBA has repeatedly warned of the danger of caps on wages growth, particularly those in the public-sector, and has encouraged further increases in wages growth.¹¹ The Governor of the RBA has repeated these comments on a number of occasions, including in an appearance before the House of Representatives Standing Committee on Economics, with the remark being made that the wages in public sectors are tending to cement low wage

⁸ Australian Bureau of Statistics, 5206.0 - Australian National Accounts: National Income, Expenditure and Product, Mar 2019.

⁹ Reserve Bank of Australia, Statement by Philip Lowe, Governor: Monetary Policy Decision, 6 August 2019.

¹⁰ Ibid.

¹¹ Ibid.

norms across the country¹² and that a pick up in wages growth is both affordable and desirable.¹³

38. To summarise, the Australian economy is growing, with low wages growth being one of the main domestic concerns.

39. The Australian economy is expected to continue to grow moving forward, with budget forecasts remaining at 2.75 percent for the financial years 2019-20 and 2020-21, and increasing to 3 percent in 21021-22 and 2022-23.¹⁴

40. The RBA has estimated that inflation is likely to remain subdued across most of the economy, only reaching the targeted 2 to 3 percent band in 2021.¹⁵ The budget papers forecast CPI to increase 2.25 percent in 2019-20, and increase by 2.5 percent in 2020-21, 2021-22 and 2022-23.¹⁶

41. In the coming years, Queensland is expected to remain one of the fastest growing states in Australia, with projected growth rates in Gross State Product increasing to 3 percent in 2019-20, and remaining at 2.75 percent for the following three years.¹⁷ Only Western Australia is forecast to outperform Queensland in this period.

42. The National Labour Market remains relatively steady. The current national unemployment rate is sitting at 5.2 percent¹⁸ and is forecast to remain at around 5 percent

¹² Evidence to House Standing Committee on Economics, Parliament of Australia, Canberra, 9 August 2019, 14 (Philip Lowe).

¹³ Evidence to House Standing Committee on Economics, Parliament of Australia, Canberra, 9 August 2019, 2 (Philip Lowe).

¹⁴ Budget 2018-19 - Budget Paper No. 1 - Statement 1: Budget Overview, 1-8.

¹⁵ Reserve Bank of Australia, Statement by Philip Lowe, Governor: Monetary Policy Decision, 6 August 2019.

¹⁶ Budget 2018-19 - Budget Paper No. 1 - Statement 1: Budget Overview, 1-8.

¹⁷ Queensland Treasury Corporation, Queensland Investor Book, 2019.

¹⁸ Australian Bureau of Statistics, 6202.0 - Labour Force, Australia, Jul 2019.

for the coming years. The unemployment rate is at its lowest level in more than seven years, and the participation rate is at near-record high (66.1 percent).¹⁹

43. In Queensland, seasonally adjusted employment has grown 2.3 percent to the year ended July 2019, while the unemployment rate has increased to 6.4 percent in July (up from 6.1 percent in July 2018). This is in part due to an improvement in the participation rate as a result of the strong employment growth.²⁰

Conclusion on Economic Conditions and Outlook

44. Award-reliant employees and those receiving the Queensland minimum wage are the lowest paid employees in the Queensland jurisdiction. These employees are heavily reliant on a wage increase to maintain the real value of wages to offset costs which have increased recently (such as automotive fuel and medical and hospital costs).

45. The costs can present significant challenges and pressures for many working families, and whenever possible action should be taken to assist in alleviating these burdens.

46. The claim sought will have an immediate impact on those who are award-reliant.

47. The AWU submits that the Queensland and Australian economies are sufficiently robust to accommodate the claim, and that the claim is reasonable and appropriate given current economic conditions (a moderate outlook for the economy, and persistent calls from the RBA for a pick-up in wages growth including in the public sector).

48. Aside from the benefits of a wage rise for individual families and workers, increases in wages and subsequently disposable income can help drive household and consumer spending. The AWU also encourages the Full Bench to consider the benefits to the

¹⁹ Budget 2018-19 - Budget Paper No. 1 - Statement 1: Budget Overview, 1-8; Australian Bureau of Statistics, 6202.0 - Labour Force, Australia, Jul 2019.

²⁰ Queensland Treasury, Labour Force, July 2019.

Queensland economy of supporting an increase in the Queensland Minimum Wage and to award wages and allowances as a means of countering low wage growth. This principle is consistent with s 4(a) of the Act.

49. With respect to the current position of both the Australian and Queensland economies, the AWU submits there will continue to be sufficient capacity to accommodate the claim.

50. The AWU submits that there is no incapacity for employers in the Queensland jurisdiction to pay increased wages (whether that be through a direct increase for employers employing award reliant employees, or through a potential wage increases for employers who are bound by a certified agreement).

51. If the Respondent or the LGAQ should be minded to make a submission about an alleged incapacity to pay, such a submission must be thoroughly substantiated.

Other Matters

52. It is the submission of the AWU that the claim sought should be applied to all awards that fall within the Queensland jurisdiction.

53. Section 459(2) of the Act does allow for the exclusion of certain industrial instruments from the operation of a general ruling.

54. The AWU is seeking for the general ruling to be applied to all awards made pursuant to the Act. As such, the AWU is not seeking for any class of employers or employees, or for any industrial instruments to be excluded from the operation of the general ruling.

Fair Work Commission Annual Wage Review

55. The claim seeks the same outcome that was awarded by the Fair Work Commission (“FWC”) in the Annual Wage Review²¹ earlier in 2019.
56. In the decision, the FWC made the point that the 3 percent increase would not lead to any adverse inflationary outcome or have any negative impact on employed, but that it would mean an improvement in real wages for employees who are award-reliant.²²
57. These comments are persuasive and should be taken into account by the QIRC.
58. Furthermore, given that Queensland is one of the better placed State economies, it is respectfully submitted that there should be no issue in making the same determination as the FWC.

Conclusion

59. The AWU application seeks a 3 percent increase to award wages and allowances, and a 3 percent increase to the Queensland Minimum Wage.
60. The AWU is seeking for these increases to be operative by 1 September 2019.
61. The increases sought will provide an increase for low-paid workers who rely on the awards system.
62. A decision to award the claim to Queensland’s lowest paid, award-reliant employees is wholly justified and reasonable in the circumstances.
63. The increase is sought to ensure an increase in the real value of the Queensland minimum wage so that award-reliant employees do not fall further behind employees who are covered by certified agreements which generally provide for better conditions and higher wages.

²¹ [2019] FWCFB 3500.

²² Ibid [82].

64. The decision will have a minimal immediate impact on Queensland's employers, given the limited size and the low degree of award dependency within the jurisdiction.
65. For other employers who are bound by certified agreements, there will be no immediate impact as a result of the claim being awarded, and by the very nature of the collective bargaining process, there is no guarantee that these employers will be required to pay wage increase of the quantum awarded in the general ruling (save for the instance where a certified agreement provides rates of pay equivalent or very close to the award rates of pay).
66. The Queensland economy is able to accommodate the increase sought given its position as one of the better performing State economies in Australia. The claim is economically appropriate, sustainable and affordable and will increase the living standards of low-paid workers.

The Australian Workers' Union of Employees, Queensland

26 August 2019