



QUEENSLAND INDUSTRIAL RELATIONS COMMISSION

*Industrial Relations Act 2016*  
*s.458*

*(No. B/2020/40, B/2020/41 and B/2020/43)*

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

**STATE WAGE CASE 2020**

**SUBMISSION OF THE QUEENSLAND GOVERNMENT  
AUGUST 2020**

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## **Introduction**

1. The 2020 State Wage Case (SWC) is being conducted in the unprecedented circumstances of a global pandemic caused by the spread of the novel coronavirus (COVID-19) which is causing significant social and economic dislocation and uncertainty.
2. The COVID-19 health pandemic emergency emerged globally in January 2020 and is continuing in Australia, most recently with growing community transmissions recorded in Victoria and New South Wales. This is imposing significant direct and indirect costs to the Queensland economy.
3. The Queensland Government notes the substantial economic and social impacts being experienced in many, if not all, of the State's industry sectors, including tourism, agriculture, education, retail and hospitality, and export activity.
4. The Queensland Government has acted quickly and responsibly by introducing measures to suppress the outbreak of the virus within the Queensland community. The Queensland Government has also acted swiftly to provide economic support to sustain industries and workplaces through the pandemic and in preparation for recovery. The Queensland Government 'Roadmap to easing access restrictions' is at Appendix A to this submission.
5. In June 2020, as part of the Queensland Government's response to the pandemic emergency, it amended the *Industrial Relations Act 2016* to defer wage increases in the general government sector that are scheduled for the 2020–21 financial year to maximise the protection of public sector employment and to assist the Government's fiscal position.
6. In this context the submissions put by the Queensland Government this year take account of these circumstances.

## **The Applicants' Claims**

7. The Queensland Council of Unions (QCU), Australian Workers' Union of Employees, Queensland (AWU) and Together Queensland, Industrial Union of Employees (TQ) have filed applications in the Queensland Industrial Relations Commission (the Commission) seeking a general ruling to provide:
  - a) an amendment to all state awards by an increase of 1.75%;
  - b) an amendment to all state awards by increasing existing award allowances which relate to work conditions which have not changed by 1.75%;
  - c) increase to the Queensland Minimum Wage as it applies to all employees by 1.75%;  
and
  - a) determine the above operative from 1 September 2020.

## **Queensland Government Position**

8. In response to these applications the Queensland Government supports:
  - a) an increase in the Queensland Minimum Wage (QMW) by 1.75%; and
  - b) an operative date of 1 September 2020.

9. With respect to any increase to state awards and existing award allowances which relate to work conditions which have not changed, it is the Queensland Government's submission that this is a matter for the Commission to decide after considering all relevant information. Nevertheless, the Queensland Government suggests a cautious approach in light of the COVID-19 pandemic and its continuing impact upon the State.

#### **Federal Wage Review Decision**

10. On 19 June 2020, the expert panel (the Panel) of the Fair Work Commission (FWC) issued a split AWR decision with the majority supporting an increase of 1.75% to the NMW and an increase of 1.75% to award wages with different commencement dates depending on the 'group' that the awards fell into:
- a. Group 1 – 1 July 2020 (the traditional commencement date of the AWR);
  - b. Group 2 – 1 November 2020; and
  - c. Group 3 – 1 February 2021.
11. The Panel found that government enforced measures to reduce the spread of the virus has impacted industries at various levels. The Panel has identified three industry clusters in relation to their impact on job losses as a direct result of the restrictions imposed in response to the COVID-19 pandemic.<sup>1</sup>
12. The three different operative dates based on award coverage in industries are considered to mitigate the impact on businesses deemed the hardest hit by the COVID-19 pandemic. The Panel estimated that 25% of employees covered by group 1 are award reliant, 40% of employees covered by group 2 are award reliant and approximately 1/3 of workers covered by group 3 are award reliant.
13. The Queensland Government observes that the majority of awards which relate to government and public sector related workforces at both a federal and state level are contained in group 1.
14. This year's AWR was undertaken during a global pandemic. The Panel noted that the *"outbreak of the coronavirus, COVID-19, and the measures put in place to contain the spread of the virus have led to significant shifts in the way work and society is conducted, with substantial economic consequences."*<sup>2</sup>
15. The Panel noted that in this year's AWR a degree of tension existed between how the minimum wage increases are able to meet the needs of the low paid and be balanced against the potential impact on employment.<sup>3</sup>
16. The Panel decision considered the polarised views expressed in submission where unions supported increases and employers recommended no increases and/or a general deferral approach to delaying the increase to the NMW and modern award minimum wages. The decision also noted the Australian Government did not propose a specific quantum increase to the NMW and modern award minimum wages but advised a cautious approach in response to the emerging COVID-19 pandemic and potential impact on jobs.<sup>4</sup>

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<sup>1</sup> [2020] FWCFB 3500, p.15-16.

<sup>2</sup> [2020] FWCFB 3500, p.4.

<sup>3</sup> [2020] FWCFB 3500, p.28.

<sup>4</sup> [2020] FWCFB 3500, p.24.

17. In the absence of a Commonwealth Budget for 2020–21 being released, the Panel relied on the Reserve Bank of Australia’s (RBA) baseline forecasts for gross domestic product (GDP), real net national disposable income (RNNDI), profits share of total factor income, labour productivity, unemployment rate, hours worked, participation rate and wage growth.<sup>5</sup>
18. The Panel observed a fall in GDP as the most significant since the global financial crisis in the September quarter of 2009 and that increasing unemployment figures were being masked by declining participation rates during the period. The Panel also noted that the headline inflation rate as increasing significantly from 1.6% to 1.8% over the year to the March quarter 2020.
19. The Panel noted that the March quarter data did not include the full impact of the Federal and State Government imposed restrictions to contain the spread of the virus which were implemented from late March. The social and economic impact of these restrictions which included travel and social distancing rules on business closures and job losses were considered by the Panel.<sup>6</sup>
20. The range of packages announced by Federal and State governments to support households and businesses were also examined by the Panel.
21. The Panel concluded that “the Australian economy is going through a significant downturn and is almost certain to enter a technical recession upon the release of the June quarter ABS National Accounts, the first in almost 30 years. It has been caused by an unprecedented health crisis and the impact of government measures to prevent the spread of the COVID-19 virus. There was also some indication of slowing in the economy before the pandemic, as a result of the bushfires experienced in parts of Australia.”<sup>7</sup>
22. The Panel’s split decision to award an increase to the NMW and modern award wages by 1.75% reflects its concerns for the economy in the wake of the pandemic.
23. The Panel also observed that there are significant downside risks in the period ahead and that there is a high level of uncertainty internationally as well as domestically. In particular, the unknown duration of fiscal support packages by governments and the risk of a second wave of COVID-19 infections was considered important factors in the Panel’s majority decision.<sup>8</sup>
24. The NMW increase equates to a \$13 per week increase to the NMW bringing it to \$753.80 per week and \$19.84 per hour.
25. This year’s Federal AWR resulted in the first ever split decision which saw one member depart from the view that a modest wage increase will not have a noticeable effect on employment.
26. In his dissenting decision Professor Mark Wooden stated that the data presented on the economic environment in 2020 warrants a different approach to previous years. Professor Wooden recommended a zero wage increase on the basis that it could be offset against “previous generous minimum wage increases” decisions. Professor Wooden also opined that in a recession the FWC should prioritise jobs and hours over a wage increase.

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<sup>5</sup> [2020] FWCFB 3500, p.4-5

<sup>6</sup> [2020] FWCFB 3500, p.6.

<sup>7</sup> [2020] FWCFB 3500, p.7.

<sup>8</sup> [2020] FWCFB 3500 at [101].

## **Queensland Government Outline of Submission**

27. The Government notes that the Commission is obligated to provide fair and just wages and employment conditions, while achieving the main purpose of the *Industrial Relations Act 2016* (IR Act) of ensuring 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.
28. The Government also acknowledges the Commission's past commentary with respect to State Wage Cases:

*"Historically, the Commission has, in considering the State Wage Case, placed considerable weight on the Annual Wage Review of the relevant federal tribunal whilst having regard to the economic conditions of the state of Queensland at the time. Whilst the Commission is not bound to follow the FWC's determination in the Annual Wage Review it will do so unless there are compelling reasons not to."*<sup>9</sup>
29. The Queensland Government notes the decision of the FWC to award a 1.75% increase to the National Minimum Wage (NMW) and federal modern award wages. It is also noted that the same increase is applied across three industry award groups, with two of three operative dates delayed in response to the pandemic.
30. The Queensland Government supports the applications of the QCU, AWU and TQ to increase the QMW by 1.75% from 1 September 2020 noting that the increase sought to the QMW is consistent with the increase awarded to the NMW by the FWC in the AWR.
31. The Queensland Government further submits that any increase to State awards and allowances is a matter for the Commission after it considers all relevant information put before it, including the outcome of the AWR and the performances and outlooks for the national and state economies. In this regard the Queensland Government urges a cautious approach in determining an increase to State awards and allowances considering the COVID-19 pandemic and its continuing impact upon the State.
32. An analysis of the current economic conditions and outlook, with the most recent economic data, is provided below.
33. This submission also identifies other relevant information affecting the Queensland economy and in particular, recent developments affecting the Queensland public service.

## **Current Economic Conditions and Outlook**

34. The COVID-19 pandemic and related restrictions on business and personal activities have severely impacted economic activity globally and within Australia.
35. Major economies around the world are likely to experience once-in-a-century economic downturns in 2020. The OECD expects World GDP to fall by 6.0% in 2020, with the decline potentially as large as 7.6% if there is a second global wave this year. The OECD has forecast the US economy to fall 7.3%, the UK down 11.5%, the Euro area down 9.1% and Japan down 6.0% in its single-wave scenario.
36. Before the virus reached Australian shores, Australia's GDP had risen 0.5% in December quarter 2020 (seasonally adjusted), to be 2.2% higher over the year. However, the national emergency health response implemented in March saw GDP decline 0.3% in March quarter 2020, to be 1.4% higher over the year. While data on the virus' impact on Queensland's GSP is not yet available, ABS data show Queensland State Final Demand (a measure of

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<sup>9</sup> Declaration of General Ruling (*State Wage Case 2019*) [2019] QIRC 169 at [7].

domestic spending) declined 0.3% in March quarter 2020, while overseas exports and imports both declined in the quarter.

37. It should be noted that economic activity in the March quarter was only briefly impacted by the emergency health response, including social distancing measures. However, activity in June quarter 2020 is expected to have been substantially weaker, reflecting the entire quarter being impacted by some level of social distancing measures.
38. Reflecting this, late April the Reserve Bank of Australia's (RBA) Governor Phillip Lowe stated that:
  - GDP is likely to fall by around 10 per cent over the first half of 2020, with most of this decline taking place in the June quarter.
  - Total hours worked in Australia are likely to decline by around 20 per cent over the first half of this year.
  - The unemployment rate is likely to be around 10 per cent by June, although the unemployment rate would have been much higher than this without the government's *JobKeeper* wage subsidy.
39. Additionally, the RBA's latest formal forecasts outlined in the May 2020 *Statement on Monetary Policy* showed Australia's GDP was expected to decline 5% in 2020, before partially rebounding in 2021. The GDP decline in 2020 included sharp declines in household spending and private investment, while overseas trade activity is also expected to contract significantly.
40. However, Australia's relative success in containing the outbreak and beginning to open up the economy has recently led to Governor Lowe suggesting that '*it is possible that the depth of the downturn will be less than earlier expected*'.
41. Further, in its June 2020 *World Economic Outlook Update*, the IMF forecast Australian GDP to decline 4.5% in 2020. This forecast was revised up by 2.2 percentage points from its previous April report, when it forecast GDP to contract 6.7%. In fact, Australia was the only advanced economy to have its growth outlook for 2020 upgraded by the IMF in its latest report.
42. The more optimistic outlook than forecast in the RBA's May 2020 *Statement on Monetary Policy* is supported by a range of more recent data and partial indicators that point to some steady improvement in economic activity in recent weeks.
43. Recent measures of business and consumer confidence from Westpac and the NAB have shown considerable improvement from previous lows. Improved consumer sentiment is also supported by data showing retail spending levels recovering in May 2020, surpassing levels observed in May 2019.
44. Recent data also show some tentative signs of improvement in the national labour market. The latest ABS Weekly Payrolls data showed the number of employee jobs nationally has recovered 2.7% over the eight weeks to the week ending 13 June. Further, the latest ABS *Household Impact of COVID-19 Survey* showed the proportion of respondents working paid hours rose to 61.1% in the survey conducted 10-15 June, up from the low of 55.8% recorded in the early-April survey.
45. However, the Australian labour market has been substantially impacted. In May 2020, seasonally adjusted employment was down 835,100 (or 6.4%) from the level recorded in March 2020, while hours worked were down a more substantial 10.2%. Further, the

unemployment rate rose to 7.1% (up from 5.2% in March 2020) and the participation rate declined to 62.9% (down from 65.9% in March 2020).

46. While the results for Queensland were a little less severe, they were still unprecedented, with employment falling an aggregate 167,900 persons (6.6%) across April and May, hours worked down 8.4% in the two months to May 2020 and the unemployment rate rising from 5.6% in March to 7.9% in May.
47. The RBA has also forecast the COVID-19 pandemic to have a significant impact on wages and prices. The national wage price index (WPI) is forecast to fall from growth of 2.1% over the year to March quarter 2020 to growth of 1½% by December quarter 2020.
48. Additionally, Australia's CPI growth is expected to be volatile in the near term. National CPI growth was 2.2% over the year to March quarter, however the large fall in global oil prices, combined with the introduction of free childcare and the deferral or reduction in some price increases have led to the RBA forecasting CPI growth to be negative over the year to June quarter 2020.
49. If this were to eventuate, it would be the first time since the late-1990s that the CPI has fallen over a full year. However, in underlying terms, inflation is expected to remain positive, falling to a low of 1¼% over the year to December quarter 2020.
50. Queensland Treasury's preliminary view for the State economy remains broadly aligned with that of the RBA's and IMF for the national outlook, with Queensland's economy also expected to contract in 2020, but to return to growth in 2021, following the removal of domestic restrictions.
51. However, it is likely the overall impact will be somewhat less in Queensland than nationally, given Queensland's larger resources sector, and less reliance on services exports compared with major southern states.
52. More recently, reflecting Australia's overall success in containing the virus, some of Australia's states and territories have continued the process of re-opening their economies. In July 2020 Queensland entered Stage 3 of the State Government's roadmap to easing restrictions, which broadly included allowing private gatherings of up to 100 people, the resumption of sporting activities and allowing pubs and clubs to reopen to a maximum of one person per four square metres of floor space. Additionally, Queensland has announced the re-opening of its borders from 10 July to visitors from all states and territories except Victoria.
53. However, the recent experience in Victoria, where a significant outbreak of community transmission of the virus has resulted in the Victorian Government placing Metropolitan Melbourne back into lockdown from midnight on 8 July 2020 for six weeks (at a minimum), and growing concerns of community transmission in New South Wales, provides some perspective towards the inherent uncertainty surrounding the economic outlook more broadly.

#### **COVID-19 Pandemic and Queensland Government response**

54. The World Health Organisation officially declared COVID-19 to be a pandemic on 11 March 2020.
55. On 29 January 2020, under the *Public Health Act 2005* (Qld) (PH Act), the Minister for Health and Minister for Ambulance Services made an order declaring a public health emergency in relation to COVID-19. The public health emergency area specified in the



order is for 'all of Queensland'. Its duration has been extended by regulation to 17 August 2020 and is likely to be further extended.

56. Further to Queensland's public health emergency order, the Chief Health Officer, Dr Jeannette Young, has issued directions pursuant to the powers under s 362B of the PH Act to assist in containing, or to respond to, the spread of COVID-19 within the community. This has included the Public Health Direction known as the *Home Confinement, Movement and Gathering Direction* which restricted social and business activity.
57. The declaration of the public health emergency and the implementation of directions restricting social and economic activity in Queensland has been designed to suppress the spread of the virus and support Queensland businesses through this phase of the COVID response plan and to prepare for the recovery phases. The Queensland Government's COVID Roadmap to Recovery is at Appendix A.
58. Beginning on 18 February 2020 the Queensland Government has announced a series of measures to support businesses affected by the COVID-19 coronavirus pandemic.<sup>10</sup> These include:
  - \$27.25 million of measures targeting the tourism industry (announced 18 February 2020)
  - a six-month deferral of payroll tax for affected businesses with an annual wage bill of up to \$6.5 million (announced 2 March 2020)
  - \$1 billion in loans (up to \$250,000), with a 12-month interest-free period, to support the continued payment of employees (announced 18 March 2020 and increased on 9 May 2020)
  - \$8 million of grant extension and payment waivers to support the arts industry (announced 18 March 2020)
  - an additional \$30 million in funding for the Primary Industry Productivity Enhancement Scheme (announced 18 March 2020)
  - \$2.5 billion in industry support measures, including two months' payroll tax refunds for affected businesses, a three-month payroll tax holiday, and a further six-month payroll tax deferral (in addition to the deferral announced 2 March 2020), for small and medium enterprises (SMEs), waiving liquor license fees and rent of Queensland Government property, and \$500 power bill rebates for SMEs (announced 24 March 2020)
  - \$400 million in tax relief for owners of commercial and residential property, with a requirement that the savings be passed on to leaseholders, to support the ongoing viability of retail tenancies (announced 4 April 2020)
  - a \$54.5 million support package for regional transport providers and holders of taxi and limousine licences to enable transport systems to continue functioning despite social distancing requirements (announced 25 April 2020), and
59. In total to date the Queensland Government has committed to \$6.176 billion additional funding for measures to support ongoing employment and business viability during the COVID-19 pandemic.

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<sup>10</sup> Unite & Recover: Support for Business and Workers <http://elink.dtesb.qld.gov.au/m/1/54992083/02-b20176-912869fcd3c346a88ec641de76ed3c56/7/507/c6de443b-664a-4301-add7-5ec000b54f07>.

60. The support being provided by the Queensland Government is in addition to the Australian Government's \$259 billion economic support package for affected workers, businesses and the broader community.<sup>11</sup>
61. The Queensland Government also moved quickly to support its public sector workforce responding to COVID-19. In March 2020 the Queensland Government introduced pandemic leave arrangements, including access to 20 days' special pandemic leave where other leave balances had been exhausted. The Government also supported the widespread uptake of flexible and remote working arrangements wherever possible to do so.
62. The Queensland Government also notes the recent announcement by the Prime Minister on 21 July 2020 to extend the JobKeeper and JobSeeker payments to March 2021 and December 2020 respectively at a cost of \$86 million.

### **Deferral of Public Sector Wage Increases**

63. On 2 April 2020, in consideration of the employment impact of the COVID-19 pandemic on everyday Queenslanders and on the State of Queensland's fiscal position, the Honourable Anastacia Palaszczuk MP, Premier and Minister for Trade, announced that Queensland public sector wage increases would be put on-hold.
64. On 17 June 2020, the Queensland Parliament made temporary amendments to the IR Act which became operative upon assent on 22 June 2020. The purpose of the amendments are to maximise the protection of public sector employment in Queensland and to respond to the financial impact of the COVID-19 emergency by:
  - a. providing certainty of ongoing employment security for General Government sector employees through honouring all current agreements and settlement of all outstanding agreements within the terms of the current Public Sector Wages Policy (PSWP);
  - b. providing that the timing of wage increases in all agreements will be adjusted to incorporate a nil wage increase for the 2020–21 financial year while honouring all other aspects of agreements for all General Government sector employees (with some exceptions for Government Owned Corporations and Statutory Authorities and through the operation of the 2020 State Wage Case);
  - c. providing for a delayed wage increase to follow six months after the scheduled 2021–22 wage increase in all agreements;
  - d. providing a 2.5% wages policy adjustment increase to those agreements not having received a wage increase in 2019;
  - e. extending a certified agreement's nominal expiry date if required; and
  - f. temporarily modifying the collective bargaining processes under chapter 4 of the IR Act.<sup>12</sup>
65. The amendments apply only to Queensland public sector. They do not apply to Local Governments, Parents and Citizens Associations or the Darling Downs-Moreton Rabbit Board.<sup>13</sup>
66. The wage deferral arrangements apply to all Queensland public sector certified agreements by specifying that the wage increase normally due in the 2020–21 financial year would instead be

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<sup>11</sup> Australian Government Economic Response to the Coronavirus <https://treasury.gov.au/coronavirus>.

<sup>12</sup> *Industrial Relations Act 2016* (Qld), s.952A.

<sup>13</sup> *Industrial Relations Act 2016* (Qld), s.952B.

paid one year later; the subsequent wage increase that would normally be due in the 2021–21 financial year would instead be paid 6 months later; and any wage increases subsequent to this would not be impacted. In this way, after the wage increase deferral period had been completed, public sector certified agreement rates of pay will have returned to their original trajectory.

67. The legislative amendments do not impact the conduct of the State Wage Case or the Commission awarding a general increase in award rates of pay or allowances, nor the entitlement for an employee to receive the award rate of pay if a certified agreement specifies the award rate is payable,<sup>14</sup> or if Ministerial Directive 12/12 is applicable.<sup>15</sup>

### **Other Savings Measures**

68. On 9 July 2020, the Queensland Treasurer announced ‘...a range of savings measures that will aim to prioritise functions and, together with the public service wage freeze, enable a savings target of \$3 billion over four years’ and that the measures would provide significant savings without the need to ‘cut services, sack public servants or sell Queensland assets’.<sup>16</sup>

69. Decisions will be guided by key priorities of creating jobs; building essential infrastructure; and delivering frontline services.

70. The measures announced by the Treasurer include:

- a. Maintain public service positions at 1 July 2020 levels (excluding frontline services) for 12 months in line with the priorities outlined above;
- b. Internal recruitment only to fill non-frontline roles for 12 months;
- c. Limit secondment of frontline staff to non-frontline roles;
- d. Better utilise outer urban government office space to allow more public servants to work closer to home;
- e. Stop the reallocation of non-frontline public service positions into the Brisbane CBD including 1 William Street;
- f. Natural reduction of Senior Executive Service roles;
- g. Consolidation of underutilised government social media accounts;
- h. Six-month hold on non-essential new ICT projects;
- i. Reduce the use of external consultancies and contractors by government with a view to ending arrangements where possible;
- j. Limit printing of glossy publications to those focused on creating jobs, attracting industries or building economic recovery;
- k. Simplify production of government annual reports to reduce production costs;
- l. Eliminate program replication across agencies;
- m. Cease production of marketing materials except for critical government activities:
  - i. Essential information on Queensland’s Unite and Recover economic plan including tourism, business promotion and investment attraction;
  - ii. Public and road safety.

<sup>14</sup> *Industrial Relations Act 2016* (Qld), s.952D(2)(a).

<sup>15</sup> *Declaration of General Ruling (State Wage Case 2018)* [2018] QIRC 113 at [27].

<sup>16</sup> Treasurer, Minister for Infrastructure and Planning dated 9 July 2020:

<http://statements.qld.gov.au/Statement/2020/7/9/new-savings-measures-for-queensland>.

## **Background**

### ***Industrial Relations Act 2016***

71. The relevant legislative provisions which the Commission must take account of for the State Wage Case have been detailed in previous decisions of the Commission.<sup>17</sup>
72. In summary, section 458(1) of the IR Act provides that the full bench may make general rulings about—
- (a) *an industrial matter for employees bound by an industrial instrument if multiple inquiries into the same matter are likely; or*
  - (b) *a Queensland minimum wage for all employees.*
73. Section 458(2) requires the full bench of the Commission ensure a general ruling about a QMW for all employees is made at least once each calendar year.
74. The objects of the IR Act require the Commission to balance economic and social factors in making determinations on matters such as state wage cases.
75. In economic terms, there is a need to ensure wage outcomes are consistent with strong economic performance. In social terms, there is a need to ensure that people are covered by fair and reasonable wages that allow them to participate in society and that those who do not benefit from bargaining are not left behind.
76. These economic and social objectives are encapsulated in the main purpose of the IR Act and how it is primarily achieved; which is to provide a framework for industrial relations that supports economic prosperity and social justice:

#### ***“3 Main purpose of Act***

*The main purpose of this Act is to provide for a framework for cooperative industrial relations that-*

- (a) is fair and balanced; and*
- (b) supports the delivery of high quality services, economic prosperity and social justice for Queenslanders*

#### ***4 How main purpose is primarily achieved***

*The main purpose of this Act is to be achieved primarily by-*

- (a) supporting a productive, competitive and inclusive economy, with strong economic growth, high employment, employment security, improved living standards and low inflation; and...*
- ... (g) ensuring wages and employment conditions provide fair standards in relation to living standards prevailing in the community; and...*
- ... (j) ensuring equal remuneration for work of equal or comparable value.”*

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<sup>17</sup> *Declaration of General Ruling (State Wage Case 2019) [2019] QIRC 169 [15] to [21]; Declaration of General Ruling (State Wage Case 2018) [2018] QIRC 113 [14] to [15].*

77. The IR Act has a strong focus on the importance of ensuring fair and just wages and employment conditions with reference to prevailing community standards.
78. In addition to the reference in the main purpose of the IR Act and how it is to be achieved, sections 141, 142(2) and 447(1) place obligations on the Commission to ensure fairness in wages are maintained through awards and minimum wages.

### **Queensland Minimum Wage**

79. As outlined above, the main purpose of the IR Act is to provide a fair and balanced framework for cooperative industrial relations that supports economic prosperity and social justice for Queenslanders. This is primarily achieved by supporting a productive, competitive and inclusive economy with strong economic growth, and high employment, and by ensuring wages and employment conditions are fair in relation to the living standards prevailing in the community.
80. Particular concerns have been expressed in the federal jurisdiction around the impact of increasing minimum wages on the employment of low-skilled workers. Arguments around the empirical evidence regarding the impact of wage adjustments on employment have been a constant feature of national and state wage cases.
81. The economic evidence suggests that the impact of safety net-type adjustments to the QMW are relatively uncontentious. In previous wage case decisions, the Commission has noted that a general assessment of employment data has not disclosed any basis to suggest that past safety net adjustments have had any significant adverse employment effects in the Queensland jurisdiction.
82. In this context, it is submitted that an increase of 1.75% to the QMW is appropriate for maintaining living standards of the low paid. The Queensland Government notes that an increase of 1.75% to the QMW is also recommended by the QCU, TQ and the AWU in their applications.
83. The minimum wage rate per week for all full-time employees in Queensland, the QMW is \$775.50 per week. This is \$21.70 above the NMW.
84. A 1.75% increase would result in \$13.57 increase to the QMW bringing it to \$789.07 per week. This would maintain the previous margin of around \$35 above NMW.

### **Number of employees affected by the State Wage Case**

85. The Australian Bureau of Statistics (ABS) estimates there were approximately 384,300 employees subject to the Queensland Industrial Relations jurisdiction in June 2019.<sup>18</sup> These are employees within the state and local government sectors, and those employees whose employers have been declared not to be the national system employers.
86. Employees likely to be affected by a decision in the State Wage Case to increase award rates of pay can be separated into two categories:
- a. employees who are covered by an award, but who are not covered by a certified agreement (i.e. state award-reliant employees); and
  - b. employees who are covered by a certified agreement and whose rate of pay prescribed in the agreement may fall below the relevant award rate of pay;

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<sup>18</sup> Cat. No. 6248 Employment and Earnings, Public Sector, 7 November 2019.

87. As with previous years, the number of affected employees who are award-reliant will remain unchanged regardless of the quantum awarded by the Commission.
88. There are approximately 7,000 employees who are state award-reliant:
- a. The Local Government Association of Queensland (LGAQ) has previously estimated that between 1,200 and 1,500 local government employees are award reliant;
  - b. Approximately 2,000 auxiliary firefighters employed by Queensland Fire and Emergency Services, each of whom works an average of 0.10 FTE;
  - c. Approximately 3500 employees of Parents and Citizen's Associations; and
  - d. 15 employees of the Darling Downs Moreton Rabbit Board.
89. In the 2019 State Wage Case, the Queensland Government produced indicative modelling that a 3.0% increase to award rates of pay would see 32,500 FTE public sector employees indirectly affected at a cost of between \$18.90 million and \$86.64 million, depending on the operative date of a 2.5% increase to the replacement to the *State Government Entities Certified Agreement 2016* (the 'Core'). That is, employees who are covered by a certified agreement and whose rate of pay prescribed in the agreement would fall below the relevant award rate of pay.<sup>19</sup>
90. An increase in Queensland award rates of pay by 1.75% on 1 September 2020 will impact the rates payable to state public sector workers in an additional six public sector certified agreements where some agreement classification rates will fall below the parent award rates. The six agreements are in addition to the 12 certified agreements already affected by the 2019 SWC. These additional agreements are a consequence of the 2020–21 wages increase deferral and will be a short-term phenomenon because the effect of a 1.75% SWC increase to award rates will be absorbed by a 2.5% wages policy increase to agreement rates that will be made six months following the first post-deferral wage increase.
91. The cost of a 1.75% increase to public sector awards on 1 September 2020 will be approximately \$74 million and will affect approximately 57,530 full time equivalent public sector workers in 18 public sector certified agreements.
92. The estimated costs are based on the 2019 Core and Core related agreements which have recently split from the 2016 Core and which represent the bulk of the employees who would be impacted by a decision of the Commission to increase award rates of pay.

#### **Other States Wage Reviews**

93. The Western Australian Industrial Relations Commission (WAIRC) delivered its decision on the 2020 State Wage Case on 26 June 2020. No other State Wage Cases have yet been determined for 2020. The Guaranteed Minimum Wages in other States are:
- a. New South Wales (NSW): \$740.80 per week;
  - b. South Australia (SA): \$754.30 per week;
  - c. Tasmania (TAS): \$740.80 per week;
  - d. Western Australia (WA): \$760.00 per week (as of 1 January 2021).
94. The WAIRC determines its minimum wage to apply to employers and employees covered

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<sup>19</sup> *Declaration of General Ruling (State Wage Case 2019)* [2019] QIRC 169 at [64] – [65]. Note, the indicative modelling included a number of options regarding the replacements to the *State Government Entities Certified Agreement 2015* ('Core'). While a new Core has recently been certified, it contains a mechanism to further determine wages either by agreement of the parties or by decision of the Commission.

by the WA industrial relations system before 1 July each year. Due to the Covid-19 virus, the WAIRC had advised that it would not hear oral submissions and there would be no public hearing with the decision being based on written submissions.

95. The WAIRC decision grants a 1.75% per week increase in the state minimum wage and WA award rates of pay from 1 January 2021. The new state minimum wage from 1 January 2021 will be \$760.00 per week. The current minimum wage is \$746.90 per week.
96. In determining this year's wage increase the WAIRC concluded that deferral of the increase would allow time for the effects of the lifting of restrictions to develop and stabilise.
97. It is notable that unlike all other States, WA has not referred its private sector industrial relations jurisdiction to the federal jurisdiction. For this reason and unlike the Queensland state wage case, the WAIRC must also consider the impact of the COVID-19 pandemic on a number of private sector employers, including small businesses.

### **Conclusion**

98. This submission has examined the background and context for the 2020 State Wage Case, and the key social and economic factors that are relevant to the determination of the full bench in this matter, consistent with the provisions of the IR Act. The submission notes the extraordinary circumstances faced by all Queenslanders as a result of the unprecedented health crisis caused by the COVID-19 pandemic.
99. The domestic economy is expected to contract in 2020, but to return to growth in 2021, following the removal of domestic restrictions. However, as the recent experience in Victoria shows, there is unprecedented uncertainty around the economic outlook.
100. The Queensland Government supports:
  - a) an increase in the Queensland Minimum Wage (QMW) by 1.75%; and
  - b) an operative date of 1 September 2020.
101. With respect to any increase to state awards and existing award allowances which relate to work conditions which have not changed, it is the Queensland Government's submission that this is a matter for the Commission to decide after considering all relevant information. Nevertheless, the Queensland Government suggests a cautious approach considering the COVID-19 pandemic and its continuing impact upon the State.

## Appendix A: COVID Roadmap to easing restrictions

# Roadmap to easing Queensland's restrictions

A step-down approach to COVID-19

## Unite against COVID-19

**CONTINUING CONDITIONS** • Social distancing, 1.5 metres and hygiene • Stay at home if you're sick • Tracking, tracing, rapid response • Frequent cleaning and disinfection

**STAGE 1: 15 MAY 2020 (2 weeks)** *from 11:59pm* **commenting from 12 noon**

**Family, friends and community**

- Gatherings in homes household plus max 5 visitors, allowed from separate households
- Gatherings of up to 10 people: outdoor, non-contact activity
- personal training and pools (indoor and outdoor)
- public spaces and lagoons (e.g. South Bank, Parklands, Calma, Atrife Beach etc.)
- libraries, parks, playground equipment, skate parks and outdoor gyms
- weddings and places of worship
- hiking and other recreational activities in national and state parks
- Funerals (max 20 indoors or 30 outdoors)
- Recreational travel (max 150kms within your region for day trips).

**Businesses and economy**

- retail shopping
- 20 people permitted at any one time for:
  - dining in (with COVID Safe Checklist): restaurants, cafés, pubs, registered and licensed clubs, RSL clubs and hotels
  - no bars or gaming
- open homes and auctions
- beauty therapy and nail salons (with COVID Safe Checklist)
- All students back at school from 25 May 2020.

**Outback\***

- Dining in (with COVID Safe Checklist): restaurants, cafés, pubs, registered and licensed clubs, RSL clubs and hotels (max 20 at any one time) for locals only (must show proof of residence) – no bars or gaming
- Recreational travel including overnight accommodation max 500 kms within the outback only if you live in the outback.

\* Move with COVID Safe Plan or Site Specific Plan approved by health authorities  
 † COVID Safe Checklist when not complying with the COVID Safe Industry Plan  
 ‡ Outback areas as defined by Local Government Area  
 § Except Blockbuster Areas or Restricted Areas  
 ¶ Provided contact details are kept for at least 56 days  
 †† Defined areas no longer required.

**STAGE 3: 3 JULY 2020** *commenting from 12 noon*

**Family, friends and community**

- Private, non-commercial (e.g. home) gatherings of up to 100 with friends and family
- Weddings and funerals (max 100 people)
- Maximum number of persons at museums, art galleries, libraries and historic sites determined by the one person per 4 square metre rule
- Sport, recreation and fitness organisations when following a COVID Safe Industry Plan:
- resumption of activity including competition and physical contact is permitted on the field of play
- Indoor sports facilities can open with one person per 4 square metres (off the field of play)
- outdoor sports facilities can open with physical distancing (off the field of play).

**Businesses and economy**

- Maximum number of customers for a business at any one time is determined by the 4 square metre rule<sup>††</sup>
- For smaller venues below 200 square metres, businesses can have one person per 2 square metres up to 50 persons at a time<sup>††</sup>
- The following businesses and areas may re-open with a COVID Safe Plan:
  - casinos, gaming and gambling venues (including electronic gaming machines)
  - non-therapeutic massage<sup>‡</sup>
  - saunas and bathhouses<sup>‡</sup>
  - nightclubs
  - food courts
- Office-based workers can return to their place of work up to 25,000 spectators or 50% of capacity (whichever is the lesser) at Queensland's Major Sports Facilities, with a COVID Safe Plan
- Concert venues, theatres and auditoriums can open and have up to 50% capacity or one person per 4 square metres (whichever is the greater), with a COVID Safe Plan
- More events allowed:
  - fewer than 500 people – no approval needed when following a COVID Safe Event Checklist
  - 500 to 10,000 people – need a COVID Safe Event Plan approved by local public health units
  - over 10,000 people – need a COVID Safe Event Plan approved by the Queensland Chief Health Officer
- COVID Safe Industry Plans continue to apply with revisions to reflect changes in Stage 3. COVID Safe Checklists continue to apply.

**BORDERS**

**From 12:01pm 10 July 2020**

- The Queensland Government will implement enhanced border control measures, including border passes and identification screening.
- From 10 July 2020, any person travelling from New South Wales, Western Australia, South Australia, Tasmania, the Australian Capital Territory and the Northern Territory may enter Queensland subject to completing and signing a border declaration and undertaking to present for a COVID-19 test if they develop symptoms.
- Any person that has been in a COVID-19 hotspot during the past 14 days, including Victoria, must not enter Queensland. The only exceptions (and subject to strict conditions) are:
  - a Queensland resident returning home who will be subject to government directed quarantine
  - a person entering to perform an essential activity approved by the Chief Health Officer
  - a person listed in other limited categories as listed in the border directive.

**Offences and enforcement measures**

- All persons entering Queensland must complete and sign a border declaration stating whether they have been overseas or in a COVID-19 hotspot, had contact with a confirmed COVID-19 case or had symptoms consistent with COVID-19. Significant penalties apply for false statements.
- All flights will be checked, and road vehicle borders will be enforced.
- Police will enforce quarantine.
- A person who refuses testing in quarantine will be subject to a further 10-day period at cost.

**Review**

- The Queensland Chief Health Officer will review levels of community transmission and may impose additional restrictions should new hotspots occur.

### Ongoing review

- Ongoing review of state-based restrictions will be undertaken based on levels of community transmission. This includes:
  - density requirements, including consideration of moving from 4 to 2 square metres per person for all venues
  - remaining restrictions on high-risk businesses and activities.

