

QUEENSLAND INDUSTRIAL RELATIONS COMMISSION

Industrial Relations Act 2016

s.458

(B/2022/52)

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

STATE WAGE CASE 2022

SUBMISSION OF THE QUEENSLAND GOVERNMENT

AUGUST 2022

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Introduction

1. The 2022 State Wage Case (SWC) is being conducted amid Queensland's (and Australia's) ongoing recovery from the social and economic dislocation and uncertainty caused by the novel coronavirus (COVID-19). Further, the impacts the rising cost of living, major flooding in South East Queensland and Russia's invasion of Ukraine are causing increased uncertainty.
2. The Queensland Government notes the substantial economic and social impacts that continue to affect many of the State's industry sectors, including tourism, agriculture, education, retail and hospitality, and export activity.
3. Throughout 2021 and 2022, the Queensland Government has acted swiftly to provide economic support to sustain industries and workplace through the pandemic and recovery. The effective management of COVID-19 variants depends on strong and consistent responses by government in the foreseeable future to drive ongoing recovery and a grow the economy.

Context

Industrial Relations Act 2016

4. Legislative provisions relevant to the State Wage Case have been detailed in previous decisions of the Commission.
5. In summary, section 458(1) of the *Industrial Relations Act 2016* (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. *Queensland minimum wage for all employees.*
6. Section 458(2) requires the full bench of the Commission to ensure a general ruling about a QMW for all employees is made at least once each calendar year.
7. 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.
8. 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.
9. 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.

10. 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.
11. The IR Act also includes equal remuneration considerations for the Commission in exercising its power (e.g. section 4(j) excerpted above) and Chapter 5 of the Act.
12. 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 is maintained through awards and minimum wages.

Number of employees affected by the State Wage Case

13. The Australian Bureau of Statistics (ABS) estimates there were approximately 393,900¹ employees subject to the Queensland industrial relations jurisdiction in June 2021.
14. These are employees engaged within the state and local government sectors, and those employees whose employers have been declared not to be national system employers.
15. 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. those employees who are covered by an award, but are not covered by a certified agreement (i.e. award-reliant employees in the state's industrial relations jurisdiction); and
 - b. those state industrial relations jurisdiction employees who are covered by a certified agreement where the rate of pay prescribed in the agreement may be subject to adjustment by the State Wage Case outcome, or where the relevant award rate of pay may exceed the agreement rate and the award rate is to apply. This applies to certified agreements in the Queensland public sector and also in a small number of local governments, either by operation of the certified agreement or by administrative arrangement.
16. In regard to group 'a.' above, there are approximately 7000 employees who are state award-reliant. This estimate is based upon:
 - a. the Local Government Association of Queensland (LGAQ) has previously estimated that between 1200 and 1500 local government employees are award reliant;
 - b. approximately 2000 auxiliary firefighters employed by Queensland Fire and Emergency Services (generally each of whom works an average of 0.10 full-time equivalent as an auxiliary firefighter and holds other employment);
 - c. Approximately 3500 employees of Parents and Citizens' Associations; and
 - d. 15 employees of the Darling Downs Moreton Rabbit Board.
17. Award-reliant employees in Queensland's industrial relations jurisdiction represent 1.8per cent of all employees subject to Queensland's jurisdiction.
18. As with previous years, the number of affected employees who are award-reliant will remain unchanged regardless of the quantum awarded by the Commission.
19. In regard to group 'b.' above, the number of affected employees who are covered by a certified agreement whose rates of pay may fall below the relevant award rate of pay will vary, depending on the quantum of the increase awarded to the relevant award rate by the Commission.

¹ Australian Bureau of Statistics, Employment and Earnings, Public Sector (Catalogue No. 6248, 11 November 2021)

Queensland Minimum Wage (QWM)

20. The QMW is \$808.50 per week as of June 2022.

Federal Wage Review Decision

21. On 15 June 2022 the Expert Panel for AWR (the Panel) handed down its decision to increase the NMW by 5.2 per cent (an increase of \$40 per week to \$812.60 per week) and modern award wages by 4.6 per cent or \$40 per week, with operative dates of:
 - a. 1 July 2022 for the majority of modern awards, modern enterprise awards and State reference public sector awards, and
 - b. 1 October 2022 for 10 awards in the aviation, hospitality, and tourism industries (Appendix A).
22. In its decision, the Panel observed “that this level of increase will protect the real value of the wages of the lowest-paid workers” and acknowledged that the lower increases (2.5 per cent) awarded in the 2020-2021 decision have resulted in a fall in the real value of the NMW and minimum award rates.
23. The FWC noted economic and social considerations to be taken into account in relation to NMW and modern award objectives. The FWC also noted the impact of severe flooding in parts of Queensland and New South Wales led to lower output in mining and construction, and highlighted that households are likely to face increases in power bills and that the low paid are particularly vulnerable during this time.
24. The most significant difference since the time of the last Review has been the increase in the CPI. The main contributions to the sharp increase in inflation in the quarter were increases in new dwelling purchases by owner occupiers, due to rising construction costs and fewer grant payments, and Automotive fuel, driven by the Russian invasion of Ukraine.
25. The decision highlights the labour market has rebounded strongly from the impacts of the pandemic, with unemployment and underemployment rates are at their lowest for some time and the participation rate at its highest in more than 10 years. This strong labour market and demand for labour is also evident in the increase in job vacancies.

Different State and Commonwealth Contexts

26. The Government submits that there are factors which distinguish the Commonwealth and State industrial jurisdictions which the Commission is asked to consider when determining the State Wage Case outcome decision.
27. The AWR is heard and determined within the context of minimum rates and modern award rates for private sector workers within the national industrial relations jurisdiction. Moreover, workers impacted by the AWR have experienced low wage rate outcomes over the past decades and have no or extremely limited opportunity to secure wage increases through the auspices of bargaining.
28. The Queensland industrial relations jurisdiction includes a number of unique features which impact upon award rates outcomes for workers covered by the State system. These features are not subject to consideration by the Expert Panel when it determines the outcome of its AWR given the scope of its jurisdiction.
29. Following the Queensland Government’s referral of its residual private sector industrial relations powers to the Commonwealth in 2010, employees in the State jurisdiction are almost exclusively employed in state and local government sectors. The composition of workers in the State jurisdiction is therefore significantly different from those in the federal jurisdiction, most specifically in terms of industry sectors and the manners in which wage increases are determined.

30. Significantly, employees within the Queensland jurisdiction actively participate in collective bargaining. As at 1 March 2021, certified agreements in the State and Local government sectors cover 98.2 per cent of the employees subject to the Queensland industrial relations jurisdiction.
31. As noted in the Queensland Government's submission to the 2022 AWR, there has been an increase in the proportion of private sector employees who rely on national modern awards for their actual rate of pay. In 2010, 17.2 per cent² of Queensland employees were national modern award reliant. By 2021, this had increased to 21.2 per cent³. The submission also noted the concerning decline in the number of private sector agreements and employee coverage under collective bargaining in the national system over the past five years.
32. This situation places a greater emphasis on the AWR Panel's consideration of national minimum wage and national modern award increases in the context of providing a safety net for those 21.2 per cent of private sector workers who do not bargain for increases. This is in contrast to the Queensland industrial relations jurisdiction where only 1.8 per cent of employees are award-reliant for their actual rate of pay.
33. Another unique feature of the Queensland industrial relations jurisdiction is the legislated provision that allows for the flow-on of provisions from certified agreements into a relevant State modern award (section 145 of the IR Act). This feature allows for wages and conditions in an award to be lifted to a level consistent with the prevailing standard achieved by collective bargaining within a specific cohort of employees, rather than any broader standard prevailing in the community. In practice, the facility to flow-on certified agreement provisions into the relevant award has only been applied in the Queensland public sector. The number of public sector awards that have received a full or partial flow-on is 18.
34. Employees within the coverage of awards that have been subject to a successful flow-on application are in a unique position of being able to benefit from both future collective bargaining outcomes and from the outcomes of an increase to the SWC.
35. The Queensland Government notes that since 2011, the Queensland Industrial Relations Commission (the Commission) has determined the SWC by applying the same increase awarded in the AWR to State award minimum wages. In its previous judgements, the Commission has repeatedly observed that it requires compelling argument to depart from mirroring the federal AWR decision and not apply that increase to award wages.
36. In the 2021 State Wage Case the State argued that there is the potential for SWC outcomes to work against legislative intent and to impede, disincentivise or protract collective bargaining negotiations. The Commission indicated in its decision that if it is considered that some inequity or inconsistency rises by operation of certain statutory provision, then that is a matter for the legislature and not for the Commission to determine.
37. It is noted that on 23 June 2022, Hon Grace Grace MP, Minister for Education, Minister for Industrial Relations and Minister for Racing, introduced the Industrial Relations and Other Legislation Amendment Bill 2022 (the Bill) into the Queensland Parliament. The Bill includes a new section 459A that provides explicit discretion for the QIRC to consider the unique features of the Queensland industrial relations jurisdiction when making its determination as to the application of a SWC outcome on awards. The Bill is currently subject to consideration by the Queensland Parliament.

Other States' Wage Reviews

38. On 11 March 2022, the New South Wales Industrial Relations Commission (NSWIRC) delivered its decision in relation to State Wage Case orders from October 2021 to 2 March

² Based on ABS Employee Earnings and Hours, reference period May 2010.

³ Based on ABS Employee Earnings and Hours, reference period May 2021.

2022. The NSWIRC decision adopts the 2021 AWR decision to apply the NMW of \$753.80 per week to award free workers.

39. The NSWIRC decision also applies increases of 2.5 per cent to local government, nursing homes and nurses, entertainment and broadcasting industry awards as well as the marine charter vessels and miscellaneous workers home care industry awards. Furthermore, the NSWIRC awarded an increase of 2.04 per cent to the childcare, clerical, health and fitness, security and transport industry awards. Operative dates range from October 2021 to April 2022 for these awards.
40. On 16 May 2022, the South Australian Employment Tribunal (SAET) published its declarations and orders from the State Wage Case 2021 increasing minimum wages by 2.5 per cent to \$786.70 per week in South Australia. The increase of 2.5 per cent reflected the 2021 AWR decision.
41. On 23 June 2022, the Western Australian Industrial Relations Commission (WAIRC) handed down its decision increasing the State Minimum Wage by \$40.90 to \$819.90 per week from 1 July 2022. The WAIRC also increased award rates up to the C10 classification rate by \$40.90 per week, and increased rates of pay for award classifications at the C10 classification and above by 4.65 per cent.
42. No wage case has been determined for Tasmania since the Tasmanian Industrial Commission's last increase to the state minimum wage in March 2021 aligned it with the 2020 AWR decision for the NMW increase of 1.75 per cent to \$753.80 per week.

Current Economic Conditions and Outlook

National Economy

43. The Australian economy rebounded by 4.8 per cent in 2021 following the 2.2 per cent decline in GDP in 2020 as a result of the COVID-19 pandemic. Australia's economy has performed well since the onset of the pandemic compared with most other countries, supported by the relative success in containing outbreaks of the virus, significant fiscal and monetary policy support, and more recently, elevated commodity prices.
44. A strong rebound in household consumption was the main contributor to the recovery in Australia's economic growth in 2021. Substantial fiscal and monetary stimulus, including national and state level support enabling employers and employees to remain engaged throughout the pandemic, assisted the rebound in consumption.
45. In the dwelling sector, investment in alterations and additions was particularly strong, rising 17.8 per cent in 2021 to a record level. The pandemic driven increase in work-from-home arrangements, combined with the inability to travel overseas and record low interest rates, resulted in many Australians choosing to invest substantially in their own homes.
46. The economic recovery continued in early 2022, with GDP up a further 0.8 per cent in March quarter 2022. This recovery has been underpinned by high vaccination rates, accumulated savings throughout the pandemic, record amounts of construction work in the pipeline and a strong labour market.
47. The national labour market has proved resilient throughout the pandemic. The unemployment rate has averaged 3.8 per cent in the 3 months to June 2022, its lowest level since the inception of the monthly series in 1978, while employment has surged to beyond its pre-COVID level and the participation rate is at a record high.
48. Similar to other advanced economies, Australia experienced a build-up of inflationary pressures throughout 2021. Australia's annual headline consumer inflation rose to 6.1 per cent in June quarter 2022, the highest rate since 1990.

49. In an effort to curb recently elevated inflation outcomes, the RBA joined other global central banks in beginning to aggressively tighten monetary policy. The RBA has raised the cash rate a cumulative 125 basis points over the three Board meetings in May, June and July, with expectations for further cash rate hikes throughout the rest of 2022 and into early-2023.
50. The RBA has stated that the behaviour of household spending in the face of higher prices and higher interest rates is a source of ongoing uncertainty to the national economic outlook and one to which the RBA would be paying close attention.

Queensland Economy

51. In December quarter 2021, Queensland's domestic economy, as measured by state final demand, was 6.9 per cent higher than its pre-pandemic level in March quarter 2020, much stronger than the 5.1 per cent increase in the rest of Australia. In addition, employment in Queensland in December 2021 was more than 128,400 persons higher than pre-COVID levels and the unemployment rate had fallen to 4.6 per cent, the lowest in almost 13 years.
52. Since then, surges in Omicron variant cases in early 2022, major flooding in South East Queensland, and the Russian invasion of Ukraine and subsequent global sanctions have all impacted the supply side of the economy and further exacerbated the inflationary pressures that were emerging in the latter half of 2021.
53. The Omicron outbreaks in early 2022 impacted activity and the Queensland economy differently from previous COVID-19 outbreaks, with widespread initial impacts on labour supply feeding into some supply chain disruptions. However, Queensland's overall domestic economic activity still rose in March quarter 2022, to be 7.8 per cent higher than the pre pandemic level, and maintained its stronger performance compared with the major southern states during the COVID-19 crisis.
54. Meanwhile, the overall economic impact of the floods in February/March 2022 is expected to be relatively limited compared with some previous major natural disasters in Queensland, as key mining and agriculture regions outside of South East Queensland were largely unaffected. Queensland Treasury estimates the impact on economic output in 2021–22 to likely be around \$1 billion, or ¼ percentage point of Queensland's GSP.
55. Strong household balance sheets and elevated savings, driven by robust labour market conditions, substantial government stimulus and an acceleration in asset prices, have supported household consumption activity in Queensland during the pandemic. Retail trade has been particularly robust, with data showing nominal retail turnover in Queensland in May 2022 to be 25 per cent above its pre-pandemic level, the strongest growth in the nation.
56. Dwelling investment has rebounded strongly from the pandemic-induced low during the nationwide lockdowns in June quarter 2020, rising 30.6 per cent over the year to June quarter 2021. The combination of record low interest rates, indications by the RBA that rates would remain low for an extended period and generous government incentives underpinned this boom in dwelling investment. Renovation activity in Queensland has been particularly strong, more than doubling to record levels since 2013, with many households having preferred to improve existing homes rather than build new homes.
57. Reflecting strong demand in the dwelling investment sector, there was a record \$10.6 billion of residential work in the pipeline in December quarter 2021. However, despite the record amount of work in the pipeline, dwelling investment fell in December quarter 2021 and March quarter 2022 (although remaining elevated). This suggests that prevailing labour and material shortages, along with the recent severe flooding in South East Queensland, have partially constrained construction output in the near term.
58. However, the substantial work in the pipeline is expected to sustain ongoing strong growth in dwelling investment in 2022-23.

59. The onset of the COVID-19 pandemic saw an initial sharp decline in business investment in Queensland, falling by 10.3 per cent during the year to March quarter 2021. Since then, the general trend in business investment has been upward, with an increase of 10.7 per cent in the year to March quarter 2022. This recovery was supported by strong levels of business confidence and low interest rates.
60. While business confidence has fallen from the exceptionally high levels of a year ago, business conditions remain well above their long-run average level, with profitability and capacity utilisation remaining strong.
61. Engineering construction, which primarily involves longer-term projects, held up well during the past two years and a considerable pipeline of committed work is yet to be done. Survey-based measures of business investment intentions have been revised higher while other leading indicators such as non-residential building approvals also remain strong. Finally, the prevailing tight labour market may also encourage firms to substitute capital for labour.
62. Public final demand has grown strongly in recent years, averaging 4.8 per cent growth over the six years to 2020–21. In addition to the Queensland Government's substantial response to the COVID-19 pandemic, public final demand growth has been supported by a range of initiatives, including the National Disability Insurance Scheme, the NBN, substantial investment in roads and the Cross River Rail project.
63. Queensland's exports of goods and services are estimated to have grown by $\frac{3}{4}$ per cent in real terms in 2021–22, driven by a strong rebound in agricultural exports. Exports of goods and services are forecast to grow by 4 per cent in both 2022–23 and 2023–24, as international tourism and education exports recover from the COVID-19 induced lows.
64. Queensland's imports of goods and services are estimated to grow by 6 per cent in 2021–22, as the strong domestic economy resulted in strong demand for goods imports. Overseas imports are forecast to grow strongly in both 2022–23 and 2023–24, as Queenslanders return towards pre-COVID levels of international travel.
65. Although real exports are estimated to rise modestly in 2021–22, nominal exports are expected to almost double to over \$125 billion, supported by record high coal prices, elevated prices for oil (with LNG contract prices linked to oil prices), and strong growth in nominal metals and beef exports. The strong growth in nominal exports is expected to flow through to strong income growth in 2021–22, supporting domestic activity.
66. The impacts of the Russian invasion of Ukraine and associated sanctions are still evolving and remain highly uncertain. As a commodity exporter sharing several key markets with Russia, Queensland has benefitted from the higher commodity prices. However, the broader impacts of any lower global growth induced by the conflict could likely have negative implications for trade and economic activity over the medium to longer term.
67. Offsetting some of the negative factors recently impacting the Queensland economy has been the high level of net interstate migration to Queensland, which has supported stronger overall population growth in Queensland than in the rest of Australia. In net terms, more than 50,000 people moved from interstate to Queensland in 2021, a period which included the extended Delta variant lockdowns in New South Wales and Victoria.
68. This population growth has supported jobs growth in the state. The latest June 2022 ABS Labour Force data showed that employment in Queensland had grown a further 91,100 persons in the first six months of 2022, taking the total increase in employment since pre-COVID March 2020 to 219,400 persons.
69. Queensland's unemployment rate had fallen from a pre-COVID rate of 5.8 per cent to 4.0 per cent in June, at the same time as the state's participation rate had increased from 65.5 per cent to 67.4 per cent.

70. Annual growth in Brisbane's consumer price index (CPI) has been stronger than anticipated. Brisbane's CPI strengthened to 2.1 per cent in 2020–21, up from 1.2 per cent during the height of the COVID-19 pandemic in 2019–20. However, inflationary pressures continued to build in 2021–22, with CPI rising by 7.3 per cent over the year to June quarter 2022.
71. While price increases have been broad-based, the acceleration in Brisbane's annual CPI growth has been primarily driven by sharp rises in housing and automotive fuel prices. Strong demand for housing construction in addition to labour and material shortages have resulted in new dwelling purchase costs for owner-occupiers rising by 30.2 per cent over the year to June quarter 2022, while record low vacancy rates have also seen Brisbane rents rise faster than most other capital cities.
72. Meanwhile, global oil prices rose sharply in early 2022, caused by Russia's invasion of Ukraine impacting global supply at a time when the ongoing easing of COVID-19 restrictions was strengthening global oil demand. Prices are likely to remain elevated in the near term as the global economy continues to recover and uncertainty remains about the war in Ukraine.
73. While housing and automotive fuel have been the key drivers of headline consumer inflation, more recently food prices have also begun to increase. While COVID-19-related supply chain disruptions and high transport and fertiliser costs have contributed to various food price increases, the impact on production from severe flooding in Queensland and New South Wales in March quarter 2022 has also been a significant factor.
74. Reflecting higher housing costs, global oil prices and ongoing supply chain disruptions, consumer price inflation in Brisbane was 5.4 per cent in 2021–22.
75. However, beyond 2021–22, the gradual resolution of global supply chain issues, combined with slowing growth in fuel and food prices as global oil prices normalise and agricultural production recovers from the impacts of the floods, CPI growth is expected to moderate to 3¼ per cent in 2022–23 and then moderate further to 2½ per cent in 2023–24, and then remaining within the RBA's target band for national inflation of 2 to 3 per cent over the rest of the forward estimates.
76. Growth in Queensland's wage price index (WPI) has picked-up, accelerating to 2.5 per cent over the year to March quarter 2022, up from an average of 1.6 per cent in 2020–21.
77. In terms of headline real GSP growth, after rising 2.0 per cent in 2020–21, the Queensland economy is now forecast to grow by a further 3 per cent in 2021–22. Queensland's GSP growth is then forecast to average 2¾ per cent per annum over the rest of the forward estimates, driven mainly by continued growth in the domestic economy.
78. Consistent with this ongoing robust growth in domestic activity, in year-average terms employment grew by 4.9 per cent in 2021–22 and is forecast to grow a further 3 per cent in 2022–23. As the economy returns to more sustainable growth rates, employment growth is expected to move broadly in line with population growth, at 1½ per cent per annum through to 2025–26.
79. After falling to 4.6 per cent in 2021–22, the state's unemployment rate is forecast to remain low across the remainder of the forward estimates, between 4 and 4¼ per cent, as sustained employment growth and a pick-up in wages growth keep the participation rate elevated at an estimated 66½ per cent in 2021–22, and 66¾ per cent in both 2022–23 and 2023–24.

COVID-19 Impact and Government Response

80. The Queensland Government has implemented a comprehensive range of initiatives to provide financial and economic support to Queenslanders in response to the COVID-19 health and economic crisis.
81. Collectively, the Government has responded with \$15.2 billion in additional financial assistance to support Queenslanders, drive the economy, and create jobs.

82. Queensland has led the nation and the world in its response to COVID-19, and the state has shown resilience in the face of the recent floods. This strong health and economic response has seen 219,400 more Queenslanders employed as at June 2022 than before COVID-19, the largest increase in Australia.
83. Building on the success of this strong health and economic response, the 2022-23 Queensland Budget outlined how the Government's budget priorities and economic strategy will continue to drive ongoing recovery and a growing economy.

Government fiscal position and strategy

84. Improving economic conditions since mid-2020 are leading to a stronger revenue outlook. However, some of the drivers of that improvement will be temporary. At the same time, government has needed to commit to essential additional spending measures to meet increasing demand in key service areas such as health, school-based education, and child protection.
85. Additionally, the 2022-23 Budget necessarily provides for a continuing response to COVID-19 and recovery from the February 2022 South East Queensland flood event.
86. Employee and superannuation expenses account for almost 46 per cent of general government operating expenses in 2022-23.
87. The expected stronger revenue performance reflected in the 2022-23 Budget is being managed carefully. Revenue uplifts from short-term factors, such as unusually high commodity prices and housing activity, are being directed to the restoration of fiscal buffers and investment in longer-term growth initiatives.
88. While a net operating surplus is expected for 2021-22, this is partly due to short term factors that are anticipated to normalise over the forward estimates with deficits forecast for 2022-23 and 2023-24. The budget only returns to modest net operating surpluses in 2024-25 and 2025-26.
89. The outlook for modest operating surpluses reflects that a full recovery from COVID-19's fiscal impact continues in the medium-term guided by renewed fiscal principles set out in the 2021-22 Budget. This requires the government to continue to act prudently in managing spending and stabilising its debt burden.

The Applicants Claims

90. The Queensland Council of Unions (QCU), Together Queensland, Industrial Unions of Employees (TQ) and the Australian Workers Union (AWU) have filed applications in the Queensland Industrial Relations Commission seeking a general ruling to provide:
 - a. To make a general ruling amending all state awards by a wage adjustment of \$40 per week or 4.6 per cent, whichever is higher
 - b. To make a general ruling amending all state awards by increasing existing award allowances which related to work or conditions which have not changed in service increments by 4.6 per cent
 - c. Increase the QMW as it applies to all employees by 5.2 per cent
 - d. Operative date from 1 September 2022.

Queensland Government Position

91. In response to these applications the Queensland Government supports:
 - a. an increase in the Queensland Minimum Wage (QMW) of 5.2 per cent;

- b. a fair and reasonable increase to minimum pay rates and relevant work-related allowances in State modern awards, but not greater than the 2022 AWR decision in relation to Federal modern awards; and
 - c. an operative date of 1 September 2022.
92. With respect to any increase to state awards and relevant work-related allowances which relate to work conditions and 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, including the information provided to the Commission by this submission.
93. The Government notes that the Commission is obliged to work towards achieving the main purpose of the 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. In respect to wages and employment conditions, this purpose is achieved by providing for fair standards in relation to living standards prevailing in the community.
94. The Government notes that collective bargaining by employees and employers, in good faith and with a view to reaching agreement, is intended to be the primary basis under the IR Act on which wages and employment conditions are decided. There is the potential for SWC outcomes to work against this legislative intent and to impede, disincentivise or protract collective bargaining negotiations, particularly in the State public sector where certain award wages and conditions have been lifted to a level consistent with the prevailing standard achieved by collective bargaining within a specific cohort of employees, rather than any broader standard prevailing in the community.
95. The Government also acknowledges the Commission's past commentary with respect to State Wage Cases:
- [h]istorically, 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.*⁴
96. The Queensland Government supports the applications of the QCU, TQ and AWU to increase the QMW by 5.2 per cent from 1 September 2022 noting that the increase sought to the QMW is consistent with the increase awarded to the NMW by the FWC in the AWR.
97. 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 different State and Commonwealth contexts for the consideration of annual general wage increases; and the current rates of pay in public sector awards, the history of how those rates have been determined and the requirements of the IR Act with respect to determining award rates of pay, including section 141; the potential for SWC outcomes to impede, disincentivise or protract enterprise bargaining negotiations, particularly in the State public sector; and the state of the Queensland economy and the Queensland Government fiscal position and strategy.

Conclusion

98. This submission has examined the background and context for the 2022 State Wage Case, the unique features of the Queensland industrial relations jurisdiction 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.

⁴ Declaration of General Ruling (State Wage Case 2019) [2019] QIRC 169, [7].