QUEENSLAND INDUSTRIAL RELATIONS COMMISSION

Industrial Relations Act 2016

Queensland Council of Unions

Applicant – B/ 2026/59

Together Queensland, Industrial Union of Employees

Applicant – B/2026/60

V

State of Queensland

Respondent

STATE OF QUEENSLAND OUTLINE OF SUBMISSIONS

Applicants' position

1. On 2 June 2026, the Queensland Council of Unions **(QCU)** and Together Queensland, Industrial Union of Employees (**TQ**) lodged applications seeking a general ruling pursuant to s 458 of the *Industrial Relations Act* 2016 **(IR Act)** as follows:
   (a) an increase of 4.75% increase to all Queensland award wages; and
   (b) an increase of 4.75% to monetary allowances (other than expense related allowances) in all state awards that relate to work or to conditions which have not changed, and service increments; and
   (c) the minimum wage rate per week for all full time employees in Queensland be increased to $1,004.90;
   (d) an operative date of 1 September 2026 (**Applications**).
2. In effect, the Applications seek that the Commission adopt an outcome at least equal to the outcome the Annual Wage Review 2026[1] **(AWR)** in the Queensland jurisdiction from 1 September 2026.

Respondent's position

3. The State of Queensland **(State)** supports:
   (a) A fair and reasonable increase to the Queensland Minimum Wage (**QMW**);
   (b) A fair and reasonable increase to all State award rates of pay and allowances which relate to work or conditions which have not changed, and service increments; and
   (c) an operative date of 1 September 2026.

[1] *Annual Wage Review* [2026] FWCFB 3500.

4. The State's position supports adequate protections and competitive pay for workers by seeking increases that are fair and reasonable for the few workers in the State industrial relations jurisdiction who do not benefit from collective bargaining and are reliant on the State Wage Case (**SWC**) for wage increases. As the respondent in this matter, the State has adopted the position of seeking 'fair and reasonable' increases cognisant of the Full Bench's evaluative functions under the IR Act and is providing evidence to support that function.

5. The State acknowledges that:

   (a) the SWC may also benefit workers who receive wage increases and other benefits via collective bargaining. This includes workers in the State public sector for whom the State has provided wage increases through its public sector wages policy, which also contains protective mechanisms that respond to award increases and any inflationary pressures.

   (b) Given the industrial legislation, instruments and factual landscape in Queensland, an increase provided to those public sector workers covered by collective agreements as a result of the SWC is unavoidable in order to ensure those workers who do not benefit from collective bargaining or the State's public sector wages policy receive a fair and reasonable increase to their wages.

6. For the avoidance of doubt, the State does not seek the Full Bench to exercise its discretions under either section 459(2) or section 459A given the current industrial context.

Statutory Framework

7. Section 3 of the IR Act identifies the main purpose of the IR Act and section 4 sets out how it is to be achieved.

8. Section 458(1) of the IR Act provides that the Commission 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.

9. Section 458(2) of the IR Act requires that the Commission must make a general ruling about a QMW for all employees at least once each calendar year.

10. Section 459 of the IR Act outlines the requirements for making a general ruling, this includes at s 459(2) the ability for a general ruling to exclude from the operation of any of its provisions:

    (a) a class of employers or employees; or

    (b) employers or employees in a particular locality; or

    (c) an industrial instrument or part of an industrial instrument.

11. As part of any General Ruling, the Commission must have regard to the matters in ss 141 and 142 of the IR Act. This includes:

    (a) the requirement to establish and maintain minimum wages that are fair and just having regard to the matters outlined in s 142(2), namely:

(i) the prevailing employment conditions of employees covered by the modern award;

(ii) the matters listed in s 141(2)(a) to (d) and (f), namely:

(1) relative living standards and the needs of low paid employees;

(2) the need to promote social inclusion through increased workforce participation;

(3) the need to promote flexible modern work practices and the efficient and productive performance of work;

(4) the need to ensure equal remuneration for work of equal or comparable value; and

(5) the efficiency and effectiveness of the economy, including productivity, inflation and the desirability of achieving a high level of employment; and

(iii) providing a comprehensive range of fair minimum wages to young employees, employees engaged as apprentices and trainees and employees with a disability.

(b) the requirement to ensure that a modern award provides for fair and just wages and employment conditions that are at least as favorable as the Queensland Employment Standards and generally reflect the prevailing employment conditions of employees covered, or to be covered by the award. In satisfying this requirement, the Commission must have regard to the matters listed s 141(2).

12. In addition to these requirements, ss 459(2) and 459A provide particular discretions for the Commission in particular circumstances.

State Wage Case

13. The SWC provides an annual increase to the QMW and to state award rates of pay (wages or salaries) and existing allowances which relate to work or conditions which have not changed, and service increments.

14. The increase to state award rates of pay provided through the SWC:

(a) directly impacts and is relevant for low-paid, award-reliant workers who do not participate in collective bargaining; and

(b) indirectly impacts a larger group of State public sector and local government sector employees who regularly participate in collective bargaining processes, by virtue of clauses contained in certified agreements, as well as the *Minister Assisting the Premier*

Directive No. 12/12: State Wage Case[2] (**Directive 12/12**) which applies to state public service officers.

15. As outlined by the Commission previously, the Commission requires two bodies of evidence in considering the SWC:
    (a) firstly, a body of evidence that permits the Commission to undertake an evaluative function having regard to the matters in ss 141 and 142 of the IR Act and assess the qualities of the safety net by reference to the statutory criteria, to ensure the Commission establishes and maintains wages that are fair and just; and
    (b) secondly, evidence identifying relevant differences between the national workforce and Queensland workers who are not national system employees.[3]

State Wage Case beneficiaries

16. Since the State's referral of its residual private sector industrial relations powers to the Commonwealth in 2010,[4] the majority of employees in Queensland within the private sector are covered by the *Fair Work Act 2009*.
17. This has meant that the State's industrial relations jurisdiction is limited to covering predominately employees within the Queensland Government sector, local government sector and small statutory bodies.
18. Employees directly impacted by the SWC's award rate increases are award-reliant employees who are covered by a state award but not by a certified agreement. These employees work in local government, the Queensland public sector and in some statutory bodies. The number of directly impacted employees is extremely small. It is estimated award-reliant employees in Queensland's industrial relations jurisdiction represent around 2% of all employees subject to Queensland's jurisdiction.[5]
19. Employees indirectly impacted by the SWC's award rate increases are covered by certified agreements where, pursuant to the certified agreement or administrative mechanisms, pay rates may be adjusted due to the SWC outcome, or where the relevant award rate exceeds the certified agreement rate and must therefore be applied. The number of indirectly impacted employees varies in any given year depending on the size of the increase awarded in the SWC and the pay rates in certified agreements at the particular point in time.
20. The Queensland Government employs approximately 333,329 workers in the State industrial relations jurisdiction. Of these, only an estimated 1,898 are entirely award reliant.[6]

[2] Affidavit of Shane Donovan filed on 31 July 2026, Exhibit SVD-6.
[3] *Declaration of General Ruling (State Wage Case 2024)* [2024] QIRC 244 [30] – [31].
[4] *Fair Work (Commonwealth Powers) and Other Provisions Act 2009.*
[5] Statement of Agreed Facts, filed 16 July 2026.
[6] Statement of Agreed Facts, table 4, filed 16 July 2026.

21. The local government sector employs approximately 45,870 workers in the State industrial relations jurisdiction. Of that number, 44,231 are covered by certified agreements and 1,639 are award-reliant.[7]

22. There are also a range of small statutory bodies covered by the IR Act who are award reliant such as the Darling Downs-Moreton Rabbit Board which comprises 14 staff covered by the *General Employees (Queensland Government Departments) and Other Employees Award – State 2015.*[8]

Evidence

23. The statement of agreed facts filed by the parties on 16 July 2026 outlines those matters the parties can agree in relation to information relevant to the assessment of the prevailing conditions in the State and national economies and the assessment of the low paid.

24. The affidavit evidence filed by the State further:
    (a) analyses the information in the statement of agreed facts;
    (b) identifies economic and social conditions which may be peculiar to Queensland and relevant to the Commission's determination of the SWC;
    (c) addresses other matters relevant to the Commission's evaluative function as outlined in ss 141 and 142 of the IR Act; and
    (d) identifies relevant differences between the national workforce and Queensland workers who are not national system employees.

Requisite considerations in the provision of fair and just wages

25. The State's position will ensure the wages of workers that are set through awards and the QMW remain fair and just.

Prevailing employment conditions of employees covered or to be covered by the award

26. The State submits that in determining a 'fair and reasonable increase' the Commission should have regard to the industrial landscape and prevailing employment conditions of employees in Queensland, including any differences between these conditions for workers in this jurisdiction and workers in the national jurisdiction.[9]

27. The State submits that the different legislative frameworks of each jurisdiction, coupled with the practical impacts of the high rates of certified agreement coverage and regular process of collective bargaining in the Queensland jurisdiction, inherently render the prevailing employment conditions in the Queensland jurisdiction distinct from those applying to the national workforce.

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[7] Statement of Agreed Facts, table 4, filed 16 July 2026.
[8] Statement of Agreed Facts, table 4, filed 16 July 2026.
[9] *Declaration of General Ruling (State Wage Case 2024)* [2024] QIRC 244 [30] – [31].

Legislative framework

28. In contrast to the national system, the legislative framework in the Queensland industrial relations jurisdiction:

    (a) allows for an employee to be covered by both an award and a certified agreement;[10]

    (b) allows for the incorporation of certified agreement rates of pay into awards; and

    (c) provides no limitations on the amount an employee covered by an award may earn.[11]

29. As outlined in previous SWC decisions, as a result of particular clauses contained within certified agreements,[12] as well as Directive 12/12, employees in the State industrial relations jurisdiction receive the award rate of pay where it exceeds the certified agreement rate of pay. These clauses apply to 27 certified agreements in the Queensland public sector.[13] If the SWC outcome is 4.75% it will result in the award rate of pay being payable to workers covered by 29 of the 36 certified agreements in the Queensland public sector, effective 1 September 2026, based on the current status of collective bargaining negotiations in the sector.[14] The Commission has previously observed that the continued existence of such mechanisms creates an absence of compelling grounds to exercise the discretion under s 459(2) or 459A.[15] It has also previously identified that there is a level of uncertainty associated with the application of Directive 12/12 in terms of its interaction with the setting of wages and conditions through bargaining.[16] A similar level of uncertainty may apply by virtue of analogous clauses in certified agreements. In seeking a 'fair and reasonable increase' the State acknowledges the potential impacts on employees covered by these certified agreement clauses and/or Directive 12/12. However, such an outcome is unavoidable in the present industrial context to ensure that workers who do not benefit from collective bargaining receive a fair and reasonable wage increase and do not get left behind.

30. Further, the impact of the SWC extends beyond that of the AWR because the Queensland legislative framework does not limit award coverage to employees earning less than the high-income earning threshold, in contrast to the arrangements in the national system for employees with a guarantee of annual earnings above the 'high income threshold'.[17] For example, in the

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[10] Compare with *Fair Work Act 2009* (Cth) s 57.
[11] Compare with *Fair Work Act 2009* (Cth) s 47(2).
[12] For example clause 2.11 of the *State Government Entities Certified Agreement 2023.*
[13] Affidavit of Shane Donovan filed 31 July 2026, [48].
[14] Affidavit of Shane Donovan filed 31 July 2026, [49].
[15] *Declaration of General Ruling (State Wage Case 2023) (No. 3)* [2024] QIRC 111, [146]-[153].
[16] *Together Queensland, Industrial Union of Employees v State of Queensland (Queensland Corrective Services)* [2020] QIRC 073, [73].
[17] See for instance section 329 to 333 *Fair Work Act 2009* (Cth).

Queensland public sector there are an estimated 5,148 employees covered by an award in receipt of a base salary that is in excess of $190,100 per annum.[18]

Certified agreement coverage

31. In the national system there are 122 modern industry and occupational awards, 21.1% of all workers are paid at the applicable award minimum pay rates[19] and only 34.6% of workers have their pay set through an enterprise agreement.[20] By contrast, in the Queensland industrial relations jurisdiction, the number of employees who are award reliant is extremely small (estimated to be 2%) and the majority of workers receive the benefits of regular collective bargaining (an estimated 98%).[21]

32. Further, while employees in the national system may receive the award rate where it exceeds the certified agreement rate,[22] a key distinction is that, unlike the national system, provisions in the IR Act have provided for the incorporation of certified agreement rates of pay into awards.[23] Such provisions in Queensland have been utilised for a range of Queensland public sector awards, and have led to circumstances where award pay rates frequently exceed certified agreement pay rates during periods where SWC outcomes are higher than the bargained annual wage increases. In many circumstances this has led to a cyclical pattern of employees receiving both certified agreement increases and increases attributable to the SWC throughout the year. As identified in the 2017 State Wage Case decision *"another important difference is that s 145 of the 2016 IR Act relevantly provides (at s 145(1)) that the Commission may include in an award provisions that are based on a certified agreements, which obviously includes increases in wage rates...there are no comparable provisions in the FW Act."*[24] These provisions have been used extensively in the Queensland public sector.[25] Consequently, this issue does not arise in the national system and, by extension, national system workers who are covered by enterprise agreements do not in that same way receive both the benefits of the AWR and certified agreement increases.

Regular collective bargaining

33. The regular process of reviewing and negotiating terms and conditions of employment through certified agreements has an extensive history in Queensland and provides workers and their

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[18] Affidavit of Shane Donovan filed 31 July 2026 at [36].
[19] *Annual Wage Review* [2025] FWCFB 3500 [16].
[20] Statement of Agreed Facts, Table 4, filed 16 July 2026.
[21] Statement of Agreed Facts, Table 4, filed 16 July 202.
[22] *Fair Work Act 2009* (Cth) s 206(2).
[23] *Declaration of General Ruling (State Wage Case 2017)* [2017] QIRC 081 at [40].
[24] *Application for Declaration of General Ruling (State Wage Case 2017)* [2017] QIRC 081 (B/2017/16, B/2017/19) at [40].
[25] See for instance: *Together Queensland, Industrial Union of Employees AND Department of Justice and Attorney-General* (A/2011/9) and *The Australian Workers' Union of employees, Queenslnad AND Department of Justice and Attorney-General* (A/2011/38).

representatives in the Queensland industrial relations jurisdiction with regular opportunities to review and consider their rates of pay and other terms and conditions of employment, and seek the assistance of the Commission if required. The certified agreements currently operating in the Queensland State public sector provide for wage increases of up to 10.5% across three years including a mechanism to respond to inflation if it exceeds the guaranteed wage increase in a particular year and a mechanism to respond to the impacts of the SWC.[26]

34. Relevantly, the mechanism to respond to inflation (known as CUA) is payable for year 1 for the 18 public sector agreements certified to date, such that employees will benefit from a 3.5% increase in year 1 paid on the higher of the award or agreement rate at the nominal expiry date of the current agreement.

35. By contrast, the process of enterprise bargaining occurs less regularly in the national system[27] and the proportion of workers covered by an agreement when in the national system has declined over the period 2014 to 2026 from 41.1 percent to 34.6 percent.[28]

Relative living standards and the needs of low paid employees

36. The State's position will maintain relative living standards and the needs of low paid employees.

37. The national and Queensland industrial relations system both require consideration of relative living standards and the needs of the low paid in determining an increase to award wages and the relevant minimum wage.

38. The State submits that, consistent with previous SWC decisions and the AWR, the low paid threshold can be treated as encompassing full time equivalent employees whose earnings are below two thirds of median adult earnings of all full time employees – equivalent to $1,164.67 per week or $1,234.67 per week.[29]

39. Very few full time equivalent adult rates of pay in Queensland awards are less than these threshold amounts. The State estimates that there are currently 2,628 full time equivalent employees in the Queensland public sector who are paid at a full time equivalent rate equivalent to or below the $1,164.67 threshold, including employees under 21 years of age.[30] Notably, there are also approximately 5,148 employees covered by State awards whose base wages exceed the high income earning threshold of $190,100.[31] In contrast, the AWR identified that 35.9 % of all modern award reliant employees, and 11.7% of all employees, in the national

[26] Affidavit of Shane Donovan filed 31 July 2026 at [45].
[27] Affidavit of Shane Donovan filed 31 July 2026 at [25].
[28] AWR Statistical Report, Chart 7.1 (Document (w) of Agreed Bundle).
[29] *Annual Wage Review* [2026] FWCFB 3500 [84].
[30] Affidavit of Shane Donovan filed 31 July 2026 at [39].
[31] *Fair Work Regulations 2009* (Cth) r 2.13.

system were low paid as at May 2025.[32] It should also be noted that workers in the national jurisdiction cannot be covered by an award where they have a guarantee of annual earnings in excess of $190,100 in contrast to Queensland.[33]

40. In determining the AWR this year, the Fair Work Commission's decision distinguished the outcomes between workers reliant on the National Minimum Wage who received an increase equivalent to 6% through a structural adjustment, and workers reliant on modern award rates of pay who received an increase of 4.75%. The Fair Work Commission acknowledged that the increase provided to the award reliant was constrained given "the risk of contributing to inflationary expectations, a slowing economy caused by the RBA's tightening of monetary policy and, most importantly, the uncertainty engendered by the Middle East conflict, militate against this course." In making its decision the Fair Work Commission acknowledged that this means that the award reliant would not receive a real wage increase, but identified that their decision would ensure that *"the real wage gap for the very lowest-paid employees is entirely closed."*

41. As outlined above, only a very small percentage of workers in Queensland's jurisdiction are award reliant. This can be contrasted with the situation in the Federal jurisdiction. In the main, workers in the Queensland jurisdiction benefit from high rates of collective bargaining, and this is reflected in their rates of pay. For example:
    (a) The C10 rate in the national system is $1,119.10 per week;
    (b) The C10 rate under the *Building Engineering and Maintenance Services Award – State 2015* is $1,098 per week, and with an increase of 4.75% will become $1,150 per week
    (c) The C10 rate under the *Queensland Health Building Engineering and Maintenance Services Certified Agreement 2022* is $1,403.30 per week and, noting it is currently the subject of an interim wage increase application, may increase to $1,469.95
    (d) The C10 rate under the *QBuild Field Staff Certified Agreement 2022* and the *Transport and Main Roads Operational Employees Certified Agreement 2022* is $1,343.70 per week and, noting the former is currently the subject of an interim wage increase application, may increase to $1,407.50 per week.

42. The State notes that the QCU have identified at paragraph 31 of their submissions, that wages growth in Queensland appears to be slightly better than in the national economy. This is consistent with the evidence of Mr Bonaventura in relation to WPI growth in Queensland, which has grown in excess of the national WPI, and that growth in nominal base pay for

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[32] *Annual Wage Review* [2026] FWCFB 3500 [15].
[33] Above n (31).

Queensland public sector workers has also exceeded wages growth for other workers.[34] This

43. Relevantly, for the 99% of public sector employees who bargain, the State has included a CPI Uplift Adjustment mechanism which has been triggered this year, ensuring an increase of 3.5% in year 1 of new agreements.[35]

44. As outlined above at paragraph 39, compared to the national system, Queensland's jurisdiction does not have the same proportion of employees at the low paid threshold. In contrast, the Queensland state public sector has a higher proportion of high paid workers with 5,148 public sector workers under Awards earning in excess of $190,100 per annum, whereas in the federal jurisdiction a worker earning at this threshold cannot be covered by an award.

45. Additionally, workers in Queensland will benefit from the range of cost of living measures announced in the 2026-27 State Budget to support Queensland Households. Such measures outlined in the State Budget 2026-27 include but are not limited to:[36]

(a) permanently embedding 50 cent public transport fares;
(b) increasing the Back to School Boost by 50% to $150 for every primary school student in Queensland;
(c) increases to the Patient Travel Subsidy Scheme to a nation-leading 45 cents per kilometre;
(d) increasing the vulnerable household Electricity Rebate Scheme by 3.4% to almost $400;
(e) freezing bulk water prices in South East Queensland to save approximately $130 per household;
(f) expanding free kindy health checks;
(g) extending the boosted home owner grant to $30,000 for another four years.

The need to promote social inclusion through increased workforce participation

46. The State's position does not conflict with the Commission's obligation to promote social inclusion through increased workforce participation of workers. The FWC did not appear to attribute significant weigh to this obligation in making its decision.[37] The State considers that a similar approach may be adopted in these proceedings noting that labour market conditions in the state remain strong, with the unemployment rate persistently low even as employment growth has eased to an estimated 1 1/2 % in 2025-26.[38]

The need to promote flexible modern work practices and the efficient and productive performance of work

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[34] Affidavit of Matt Bonaventura filed 31 July 2026, [5.23] to [5.25].
[35] Affidavit of Shane Donnovan filed 31 July, [45].
[36] The State of Queensland (Queensland Treasury), *Queensland Budget 2026–27: Budget Strategy and Outlook* (Budget Paper No 2, 23 June 2026) Page 7 (Document (v) of Agreed Bundle)
[37] *Annual Wage Review* [2026] FWCFB 3500 [127]-[141].
[38] The State of Queensland (Queensland Treasury), *Queensland Budget 2026–27: Budget Strategy and Outlook* (Budget Paper No 2, 23 June 2026) Page 22 (Document (v) of Agreed Bundle).

47. The State's position does not conflict with the Commission's obligation to ensure that modern awards promote flexible modern work practices and the efficient and productive performance of work. Consistent with the AWR decision, the Commission should consider this factor is not relevant to the SWC because it does not relate to the setting of award minimum rates of pay.[39]

The need to ensure equal remuneration for work of equal value

48. A fair and reasonable increase for award reliant workers and workers receiving the QMW will ensure equal remuneration for work of equal value.

49. The Queensland industrial relations jurisdiction, and this Commission, have a proud and nation leading history of ensuring equal remuneration for work of equal value,[40] and the principles for equal remuneration established in Queensland have been referred to and supported by the FWC.[41]

50. The gender pay gap for Queensland's largest employer, the Queensland State Government, is lower than the national gender pay gap, the Commonwealth public service gender pay gap and the Victorian public sector and public service gender pay gaps. Specifically:
    (a) The Queensland Public Sector Gender Pay Equity dashboard for 2025 identifies an average gender pay gap based on total remuneration of 5.8%.[42]
    (b) The Workplace Gender Equality Agency gender pay gap dashboard for 2025 identifies a national average gender pay gap based on earnings of 21.1%.[43]
    (c) The Workplace Gender Equality Agency gender pay gap dashboard for 2025 identifies that for the Commonwealth public service the average gender pay gap based on total remuneration is 7.4%.[44]
    (d) The Victorian Public Sector Commission's State of the Sector Report 2025 identifies that the Victorian public sector has an average gender pay gap of 17.0% and the Victorian public service has an average gender pay gap of 5.6%.[45]

51. In the AWR, the Fair Work Commission noted that because modern awards only apply to about one fifth of the employee workforce, and the wages of the modern award-reliant workforce constitute only about one tenth of the national wage bill, it is not possible to eliminate the aggregate gender pay gap by means of adjusting modern award wage rates alone.

52. The same applies in the Queensland industrial relations jurisdiction where the number of award-reliant employees is extremely small. Further, given the significant number of employees who

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[39] *Annual Wage Review* [2026] FWCFB 3500 [126].
[40] *Equal Remuneration Principle* (2002) 114 IR 305; *LHMU v The Australian Dental Association (Queensland Branch) Union of Employers* [2005] QIRComm 139, 180 QGIG 187.
[41] *Gender Based Undervaluation Priority Awards Review* [2025] FWCFB 74 at [256].
[42] Affidavit of Shane Donovan filed 31 July 2026, Exhibit SVD-3.
[43] Affidavit of Shane Donovan filed 31 July 2026, Exhibit SVD-1.
[44] Affidavit of Shane Donovan filed 31 July 2026, Exhibit SVD-2.
[45] Affidavit of Shane Donovan filed 31 July 2026, Exhibit SVD-3.

receive the benefit of collective bargaining ensuring equal remuneration for work of equal value is able to be undertaken via other means than the SWC for the majority of employees.

The need to provide penalty rates for relevant employees

53. The State's position does not conflict with the legislative obligation of the Commission to ensure that modern awards provide penalty rates for employees who:

    (a) work overtime; or

    (b) work unsocial, irregular or unpredictable hours; or

    (c) work on weekends or public holidays; or

    (d) perform shift work.

54. The State notes that these matters have frequently been the subject of claims through the process of collective bargaining resulting in enhanced entitlements payable through certified agreements. Consistent with the AWR findings, the Commission should consider this factor is not relevant to the SWC because it does not relate to the QMW or the minimum rates of pay in awards.[46]

Efficiency and effectiveness of the economy

55. The State submits that in seeking a 'fair and reasonable' increase, the Commission should have regard to the efficiency and effectiveness of the economy in Queensland and any differences between the Queensland economy and the national economy, including as assessed in the AWR.

56. The State has agreed matters relevant to the State and national economies in the Statement of Agreed Facts. The State also relies on the affidavit of Mr Bonaventura in relation to the efficiency and effectiveness of the State and national economies and the differences between them. Specifically, Mr Bonaventura's evidence is that the outlook for the Queensland and national economies, including the labour market, is broadly similar; however, he identifies some differences concerning Queensland's economic growth, which is forecast to be slightly ahead of the national forecast, Queensland's GDP growth which is excepted to be softer than the national forecast, and Queensland's unemployment rate which is generally forecast to be 0.25% higher than the national rate.[47]

57. The State acknowledges that the QCU has formed the view that "there are no meaningful differences between the national economy that are significant enough to warrant the Full Bench departing from the FWC decision of a 4.75%." Mr Bonaventura observes that while the outlook for the Queensland and national economies are broadly similar there are some distinctions

[46] *Annual Wage Review* [2025] FWCFB 3500 [129]-[130].
[47] Affidavit of Matt Bonaventura filed 31 July 2026, [7.1] to [7.11].

between the two economies, and updated data compared to the time of the AWR, which may be relevant to the Commission's evaluation.[48]

58. The evidence of Mr Bonaventura indicates that while global outlook on inflation is accelerating,[49] recent inflationary data points to a softening when compared with data at the time of the AWR[50] and that inflation is still forecast to reduce.[51] In the AWR, the Fair Work Commission identified that there was a risk of any decision contributing to inflationary expectations through the 'signalling effect' of its decisions on wage growth and by extension inflation.[52] This is attributed to the indirect impacts of AWR outcomes on State Wage Cases and "the interaction between increased rates of pay in modern awards and the 'better off overall' test for approval of enterprise agreements (ss 186(2)(d) and 193 of the FW Act) and 'signalling' to the labour market generally."[53] These impacts are identified as being difficult to measure by the Fair Work Commission given their indirect nature, however it appears relevant that it, alongside the impacts on the economy of the Middle East conflict, were considered moderating factors in the AWR outcome.[54] Brisbane's annual headline inflation accelerated to 4.6 per cent in 2025-26, largely reflecting with a tight national labour market and conflict in the Middle East which significantly increased global oil prices. Higher global oil prices are also expected to impact headline inflation in 2026-27, seeing growth remain elevated at 3.75 per cent, before moderating to 2.5 per cent in 2027-28 and beyond.[55] The latest monthly data show inflation was down.[56] The RBA forecast inflation to fall to 4.0 per cent by the end of 2026 and back near the middle of the 2-3 per cent.[57]

59. The evidence of Mr Bonaventura in relation to WPI growth in Queensland, which has grown in excess of the national WPI, and that growth in nominal base pay for Queensland public sector workers has also exceeded wages growth for other workers. This is consistent with the QCU's submissions at paragraph 31. Queensland wages growth is forecast to be a relatively robust 3½% in 2025-26 and 2026-27 and 3¼ % in the following two years.[58] This profile reflects strong but easing labour demand as well as expected compensation for an acceleration in

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[48] Affidavit of Matt Bonaventura filed 31 July 2026, [7.1] to [7.11] and 5G.
[49] Affidavit of Matt Bonaventura filed 31 July 2026, [5].
[50] Affidavit of Matt Bonaventura filed 31 July 2026, [5.26] to [5.34].
[51] Affidavit of Matt Bonaventura filed 31 July 2026, [5.27], [5.30] to [5.31].
[52] *Annual Wage Review* [2026] FWCFB 3500 [132].
[53] Ibid [33]
[54] Ibid [132].
[55] Affidavit of Matt Bonaventura filed 31 July 2026, [5.29].
[56] Affidavit of Matt Bonaventura filed 31 July 2026, [5.27].
[57] Affidavit of Matt Bonaventura filed 31 July 2026, [5.31].
[58] Affidavit of Matt Bonaventura filed 31 July 2026, [5.25]

inflationary pressures and productivity improvements. The increases sought by the applicants' exceed these forecasts and lack any justification to increased productivity improvements.

60. The Fair Work Commission also identified that the fact that there has been no overall growth in productivity over the last five years tended against any arguments for productivity related justification to award a "real wage increase" as part of the AWR.[59] The evidence of Mr Bonaventura is that Queensland's market sector labour productivity improved slightly to 1.4 per cent in 2024-2025 , but remains weak; multifactor productivity growth averages just 0.6 per cent per annum over the last decade.[60] Productivity in the non-market sector is acknowledged as difficult to measure, however no evidence has been led by the Applicants' that suggests any difference between market and non-market sector productivity performance in Queensland.

Response to TQs submissions regarding AO2.1 and OO2.1 classifications

61. The State acknowledges that Together Queensland's submissions confirm that the award rate applicable to the AO2.1 and OO2.1 classification levels is above the Australian Bureau of Statistics Characteristics of Employment (CoE) measure of $1,164.67 per week as outlined at paragraph 37 of their submissions.

62. As observed by the Fair Work Commission in the Annual Wage Review, even where a modern award classification has a minimum weekly pay rate that is below the benchmark amounts, this "does not necessarily mean the employee is low paid." It was observed that this is because "the benchmarks are calculated by reference to total cash earnings and therefore include shift allowances, evening and weekend penalty rates payable in respect of ordinary time, the casual loading where applicable, overtime earnings, and other allowances." To illustrate, the expert panel identified that a full time employee at level 3 under the *Hospitality Award* would earn $1014.70 per week, and "*If such an employee does not work any hours which attract a penalty rate, the employee is considered 'low paid' because they earn less than both of the benchmarks. By contrast if the employee's regular ordinary hours included two 10-hour shifts on Saturday and Sunday, they would earn $1,214.90 in a week, which would not low paid on at least the CoE measure.*" On TQs examples, the AO2.1 and OO2.1 current modern award rates of pay already exceed the CoE measure, and could be further supplemented through shift allowances, evening and weekend penalty rates, casual loading where applicable, overtime earnings and other allowances.

63. The State would also observe that, as outlined in the Statement of Agreed Facts filed by the parties on 16 July, an estimated 97.4% of this jurisdiction is covered by both an award and an

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[59] Ibid [135].

[60] Affidavit of Matt Bonaventura filed 31 July 2026, [5.35] to [5.38].

agreement, with 99% of the Queensland public sector being covered by both instruments. These instruments provide workers with a range of terms and conditions, and the high rates of regular collective bargaining in the jurisdiction allows the parties opportunities to regularly review and agree entitlements to ensure they continue to be fit for purpose. Of note, for the Queensland state public sector, 18 agreements have been certified since 2025, each reflecting items negotiated and agreed by all parties and including a CUA mechanism. The State submits that circumstance materially distinguishes employees in the Queensland jurisdiction from the larger cohort of award-reliant employees, and significantly larger cohort of low-paid award-reliant employees, considered by the Fair Work Commission in the Annual Wage Review.

Disposition

66. Effective 1 September 2026, there ought to be a fair and reasonable increase to the QMW, the wages and salaries prescribed by all state awards and existing allowances in all state awards which relate to work or conditions which have not changed, and service increments.