

**OUTLINE OF SUBMISSIONS**

**IN THE QUEENSLAND INDUSTRIAL RELATIONS COMMISSION**

**INDUSTRIAL RELATIONS ACT 2016**

**S.4587 – APPLICATION FOR A GENERAL RULING**

**INDUSTRIAL REGISTRAR**  
**25 MAY 2018**  
**QUEENSLAND**

**Re: 2018 STATE WAGE CASE – Matter No. B/2018/12 and 2018/17**

**The Australian Workers Union of Employees Queensland**

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

**The Claim**

3. The AWU application seeks the following:
  - 3.1 To make a general ruling amending all state awards by a \$60.10 per week wage adjustment for workers employed at award classification rates equivalent to or below the Queensland Local Government Industry (Stream C) Award - State 2017 C10 classification;
  - 3.2 To make a general ruling amending all state awards by a 7.2 percent wage adjustment for workers employed at award classification rates above the

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Queensland Local Government Industry (Stream C) Award – State 2018 C10

Classification;

- 3.3 To make a general ruling amending all state awards by increasing existing award allowances which relate to work or conditions which have no changes in service increments by 7.2 percent
- 3.4 Increase the Queensland minimum Wage as it applies to all employees by \$60.10 per week; and,
- 3.5 Rescind the State Wage Case 2013 Statement of Policy 29 August 2013.
4. The aforementioned sought orders will hereby be referred to as ‘the claim’.
5. The claim seeks to deliver a flat-dollar increase to workers who are employed at rates of pay equivalent to or lower than Queensland Government Industry (Stream C) Award – State 2017 C10 and a percentage increase to workers employed at rates higher than C10 Classification of the Queensland Government Industry (Stream C) Award – State 2017.
6. The AWU submits that there is sufficient capacity for the Queensland Economy to accommodate such an adjustment for a variety of reasons detailed in these submissions, but primarily due to the solidification of the Economy over recent years and the Projected Advances in the Economy for 2018 and beyond.
7. The AWU submits that should the QIRC award this wage increase, it will assist employees who are disadvantaged compared to employees subject to the enterprise agreement bargaining process, an imbalance that has existed since the commencement of bargaining in the 1990’s. It will assist in addressing Queensland’s gender-pay inequalities, maintaining wages so that low paid award-reliant workers are able to

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acquire fair and reasonable living standards and support future economic growth in the state of Queensland.

8. The AWU submits that the claim for an increase to award rates and to the Queensland Minimum Wage is fair, reasonable and appropriate in light of the current state of the Queensland, and more broadly, the Australian Economies.

### Legislative Requirements

9. In assessing any application for a wage adjustment, the QIRC must consider the implications of s3 of the Act (Main purpose of Act) and s4 (How main purpose is primarily achieved) of the Act.
10. Specifically, s3 indicates the main purpose of the Act is to provide a framework for cooperative industrial relations that is fair and balanced and supports the delivery of high quality services, economic prosperity and social justice for Queenslanders.
11. S4 establishes how the main purpose is to be realised, as outlined below:
- (a) Supporting a productive, competitive and inclusive economy, with strong economic growth, high unemployment , employment security, improved living standards and low inflation; and
  - (b) Promoting high-performing, apolitical State government and local government sectors that are responsive to democratically-decided priorities and focused on the delivery of public services in a professional and non-partisan way; and,

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- (c) Promoting and facilitating security in employment and consultation about employment matters, technological change and organisational change; and
- (d) Providing for a fair and equitable framework of employment standards, awards, determinations, orders and agreements; and
- (e) Promoting productive and cooperative workplace relations including by recognising mutual obligations of trust and confidence in the employment relationship; and
- (f) Providing for a guaranteed safety net of fair, relevant and enforceable minimum employment conditions through the Queensland Employment Standards; and
- (g) Ensuring wages and employment conditions provide fair standards in relation to living standards prevailing in the community; and
- (h) Promoting collective bargaining, including by—
  - i. providing for good faith bargaining; and
  - ii. establishing the primacy of collective agreements over individual agreements; and
- (i) Preventing and eliminating discrimination, bullying and other unfair treatment in employment; and
- (j) Ensuring equal remuneration for work of equal or comparable value; and
- (k) Promoting diversity and inclusion in the workforce, including by providing a right for employees to request flexible working arrangements to help balance their work and family responsibilities; and

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- (l) Supporting employees experiencing domestic and family violence by conferring leave entitlements and protection from discrimination; and
- (m) Encouraging fairness and representation at work, and the prevention of discrimination, by recognising the right to freedom of association, the right to organise and the right to be represented; and
- (n) Encouraging representation of employees and employers by organisations that are registered under this Act; and
- (o) Being responsive to emerging labour market trends and work patterns; and
- (p) Providing for effective, responsive and accessible mechanisms to support negotiations and resolve industrial disputes; and
- (q) Establishing an independent court and tribunal to facilitate fair, balanced and productive industrial relations; and
- (r) Assisting in giving effect to Australia's international obligations in relation to labour standards.

12. In particular, s4(g) provides that the main purpose of the Act can be achieved by ensuring wages and employment conditions provide fair standards with respect to the immediate economic and living standards of the community.

13. The granting of the application will provide low-paid workers with a fair increase in wages consistent with s4(g) and will ensure they do not receive a reduction in real wages.

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### General Ruling under the Act

14. Since 1997, the administrative process for awarding wage and allowance increases has taken place by way of General Ruling, pursuant to s458 of the Act. S458(2) states that the QIRC full bench must ensure a general ruling about a Queensland minimum wage for all employees is made at least once each year.
15. The operative date for such increases has generally been 1 September. The AWU seeks a continuation of this operative date.

### Capacity of the Queensland Jurisdiction

16. The State jurisdiction consists of approximately:
- a. 250,000 State Government employees, with approximately 1, 000 directly impacted by this State Wage Case decision; and,
  - b. 37,000 local government employees; and,
  - c. Less than 2, 000 are award reliant; and,
  - d. 1250 Parents and Citizen’s Associations; and,
  - e. Which employ 3,000 to 4,000 which are covered by the State system and are award reliant.

### Economic Conditions

17. The Australian economy remains in a strong position having achieved twenty-seven years of consecutive growth. The Australian economy grew by 2.4 percent, seasonally adjusted, in the 2017 Calendar year, which included growth of 0.4 percent seasonally

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adjusted, into the December Quarter.<sup>1</sup> This maintained the 2.4 percent growth experienced in the 2016 Calendar year.<sup>2</sup>

18. The Australian Bureau of Statistics recorded a 1.9 percent increase in the Consumer Price Index between the March Quarter 2017 to the March Quarter 2018, solidifying the same 1.9 percent improvement made over the previous twelve months.<sup>3</sup> Likewise, Underlying Inflation as assessed by the Reserve Bank of Australia has continued to record growth of 1.75 percent over the two most recent quarters.<sup>4</sup>

19. Real net national disposable income experienced further growth having risen by 1.5 percent over the twelve months leading into the December Quarter.<sup>5</sup> During this time compensation of employees increased 1.1 percent.<sup>6</sup>

20. With regard to interest rates, on 1 May 2018 the RBA left the cash rate unchanged at 1.5 percent with a view to maintaining further growth in the Australian Economy while achieving the inflation target over time.<sup>7</sup>

21. However, the RBA at that time also advised that household consumption remains an area of uncertainty and that household income has only been experiencing slow, gradual growth coupled with high household debt levels.<sup>8</sup>

<sup>1</sup> Australian Bureau of Statistics, 5206.0 - Australian National Accounts: National Income, Expenditure and Product, Dec 2017.

<sup>2</sup> Australian Bureau of Statistics, 5206.0 - Australian National Accounts: National Income, Expenditure and Product, Dec 2016.

<sup>3</sup> Australian Bureau of Statistics, 5206.0 - Australian National Accounts: National Income, Expenditure and Product, Dec 2017.

<sup>4</sup> Reserve Bank of Australia, Statement of Monetary Policy – February 2018.

<sup>5</sup> Australian Bureau of Statistics, 5206.0 - Australian National Accounts: National Income, Expenditure and Product, Dec 2017.

<sup>6</sup> Ibid.

<sup>7</sup> Reserve Bank of Australia, Statement by Philip Lowe, Governor: Monetary Policy Decision, 1 May 2018 <https://www.rba.gov.au/media-releases/2018/mr-18-11.html>

<sup>8</sup> Ibid.

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22. Brisbane's CPI increase is slightly below the national level and was recorded as having grown 1.7 percent between March 2017 and March 2018, solidifying and maintaining recent strong growth.<sup>9</sup> This growth was driven largely by Alcohol and Tobacco and Insurance and Financial Services, however detractions were experienced in household consumption groups such as Recreation and Culture, Clothing and Footwear and Furnishings, and Household Equipment and Services.<sup>10</sup>

23. To surmise, the Australian Economy has continued to build and strengthen on its recent growth, with low household consumption levels one of few domestic concerns with the potential to impact future growth both in Queensland and Australia.

#### **Conclusion on Economic Conditions**

24. Award-reliant employees are to a large degree reliant on a wage increase to maintain the real value of wages to offset significant costs including transport costs, government charges and inflationary increases across a variety of sectors.

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

26. The AWU submits that the Queensland and Australian economies are sufficiently robust to accommodate the claim, and that the claim is reasonable and appropriate given current economic conditions.

<sup>9</sup> Queensland Government Statistician's Office, Consumer Price Index, March Quarter 2018.

<sup>10</sup> Ibid.

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27. Aside from the benefits of a wage rise for individual families and workers, increases in wages and subsequently disposable income can help drive household and consumer spending, while avoiding the systemic risk of increased levels of private debt.
28. This is in contrast to the adverse effects of a fall in real wages relative to economic growth which not only exacerbates the financial pressure experienced by low-income award-reliant employees but can potentially lead to falls in consumer spending.
29. The AWU submits that given the combination of low levels of household spending coupled with high levels of household debt, the QIRC should consider the desirability of helping to drive wage growth as a means of combatting potential uncertainty regarding household consumption. As identified above, addressing this would go some way to resolving a potential area of uncertainty for the Australian and Queensland Economies.

### Economic Outlook

30. The Reserve Bank has forecast continued economic growth for the Australian Economy, with GDP growth rates of 2.75 percent and 3.25 percent predicted by June and December 2018 respectively. These future increases lend further weight to the submission of the AWU that the Australian economy can sustain the increase set out in the claim.<sup>11</sup>
31. Likewise, inflation is projected to rise further, with the Consumer Price Index forecast to gradually increase to 2.25 percent by 2019.<sup>12</sup> Likewise, the Reserve Bank has forecast

<sup>11</sup> Reserve Bank of Australia, Statement of Monetary Policy – February 2018.

<sup>12</sup> Budget 2017-18 - Budget Paper No. 1 - Statement 2: Economic Outlook.

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underlying inflation to increase to approximately 2 per cent in early 2019 and to 2¼ per cent by 2020.<sup>13</sup>

32. However, wage growth is expected to remain subdued in the near-term due to spare-capacity in the labour market.<sup>14</sup>

### Queensland's Economic Outlook

33. In the coming years, Queensland is expected to maintain its status as one of Australia's best performing and strongest growing economies, with projected growth rates from 2.75 percent in 2018 to 3 percent in 2019 and beyond.<sup>15</sup>

34. In doing so, Queensland's growth is forecast to outpace that of Victoria, New South Wales and South Australia by 2019 and as such is better positioned to sustain an increase to the minimum wage than Australia as a whole.<sup>16</sup>

35. Recent weak household consumption, as detailed previously, is a concerning trend and could place significant limits on expected future growth. It is the opinion of the AWU that household consumption is of particular relevance to future economic prosperity across the broader community and an increase to the minimum wage would be an appropriate means of providing further stimulus in this area.

36. Increasing the relevant rates as envisaged by this claim will assist employees who are unable to bargain to maintain a reasonable standard of living.

<sup>13</sup> Reserve Bank of Australia, Statement of Monetary Policy – February 2018.

<sup>14</sup> Budget 2017-18 - Budget Paper No. 1 - Statement 2: Economic Outlook.

<sup>15</sup> Queensland Treasury Corporation, Queensland Investor Book, December 2017.

<sup>16</sup> Ibid.

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### Conclusion on Economic Growth

37. With regard to the current position of both the Australian and Queensland Economies the AWU submits there will continue to be sufficient capacity to accommodate our claim.

38. In doing, the AWU also encourages the Full Bench to consider the benefits to the Queensland economy of supporting an increase in the minimum wage as a means of countering low wage growth and low household consumption.

### The Labour Market

39. The National Labour Market remains steady, with signs of improvement over the coming years. The current national unemployment rate is at around 5.5 percent,<sup>17</sup> and is forecast to gradually decline over the coming years to a forecast low of roughly 5.25 percent.<sup>18</sup> Employment is forecast to continue to grow at a rate of around 1 percent, with labour force participation also remaining stable.<sup>19</sup>

40. In Queensland, the Labour Market has continued to improve as Queensland economy continues to diversify following the resources investment boom. While unemployment is slightly above the national figures at just over six percent, this is expected to gradually decrease over the coming years coupled with steady rates of labour force participation.<sup>20</sup>

<sup>17</sup> Australian Bureau of Statistics, 6202.0 - Labour Force, Australia, Apr 2018

<sup>18</sup> Budget 2017-18 - Budget Paper No. 1 - Statement 2: Economic Outlook.

<sup>19</sup> Ibid.

<sup>20</sup> Queensland Treasury Corporation, Queensland Investor Book, December 2017.

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41. The Australian and Queensland labour markets continue to show signs of improvement, maintaining gradual growth in employment. These trends are the solidification of recent improvements and support the AWU's claim that the current conditions are able to accommodate an increase to the minimum wage.
42. Furthermore, the AWU would submit that an increase in the minimum wage may see other workers join the labour market, incentivised by wage gains, which could further increase the participation rate.
43. The combination of these factors supports the AWU's claim for a moderate and sustainable increase to the Queensland minimum wage and award rates of pay.

#### **Nature of the Claim**

44. The AWU seeks a flat-dollar increase to workers who are employed at rates of pay equivalent to or lower than Queensland Government Industry (Stream C) Award – State 2017 C10 and a percentage increase to workers employed at rates higher than C10 Classification of the Queensland Government Industry (Stream C) Award – State 2017.
45. Flat rate increases for employees engaged in lower classifications prevents greater levels of wage disparity between employees of differing classifications. The decision to award both a flat and relative increase in recent State Wage Cases has assisted in closing the gap between wages at the higher and lower ends of the classification spectrum. Awarding both a flat and percentage increase on the grounds as sought by the claim will assist in redressing existing disparities in wage classifications and will prevent a further widening in the gap. It will go some way to providing salary justice for workers, ensuring

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their salary continues to increase in real terms as they progress through the salary scale that is applicable to their employment.

### Other Matters

46. It is the submission of the AWU that the claim sought should result in an increase to all Awards that fall within the State Jurisdiction.
47. S459(2) of the Act does allow for the exclusion of certain employees and industrial instruments. The Application made by the AWU does not seek the QIRC to make any exclusions, nor have exclusions been a feature of previous State Wage Case Decisions.
48. Accordingly, the general ruling should affect all Awards within the jurisdiction.

### Conclusion

49. The AWU application seeks a \$60.10 per week wage adjustment for workers employed at award classification rates equivalent to or below the Queensland Local Government Industry (Stream C) Award - State 2017 C10 classification and a 7.2 percent wage adjustment for workers employed at award classification rates above this classification.
50. In addition the application seeks a 7.2 increase of all allowances.
51. The increases sought will provide an increase for low paid workers and address the issue of wage relativities in classification scales.
52. A decision to award the claim to Queensland's lowest paid, award-reliant employees is wholly justified and reasonable in the circumstances. The increase will help promote

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workforce participation and social inclusion. The best way to encourage people to work, we submit, is to provide decent work at decent rates of pay.

53. The increase is sought to ensure an increase in the real value of the minimum wage so that award-reliant workers do not fall further behind other workers. The claim will go some way to redressing the persistent gender pay inequity that exists in Queensland where the majority of low-paid workers are women. By seeking the claim, the AWU application is designed to benefit those greatest in need.

54. The decision will have a minimal impact on Queensland's employers, given the limited size and the low degree of award dependency within this jurisdiction. The Queensland economy is able to accommodate this increase given its position as one of the better performing state economies in Australia. The claim is economically appropriate, sustainable and affordable and will increase the living standards of low paid workers.

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