

25 May 2012

The Research Director
Finance and Administration Committee
Parliament House
George Street
Brisbane QLD 4000

Submitted via email: fac@parliament.qld.gov.au

Dear Research Director,

The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide feedback to the Finance and Administration Committee on the *Industrial Relations (Fair Work Act Harmonisation) and Other Legislation Amendment Bill 2012* (the Bill). The Bill aims to amend the *Industrial Relations Act 1999* to modernise the law to reflect certain key aspects of the *Fair Work Act 2009* and to require the Queensland Industrial Relations Commission (QIRC) to give consideration to the prevailing economic conditions when determining wages and employment conditions.

The Queensland Government referred their private sector industrial relations powers to the Federal Government in 2010 leaving the Queensland *Industrial Relations Act 1999* primarily covering State public service and local government employees. Subsequently, CCIQ does not believe that the current Bill will have a direct impact on the operation of Queensland businesses. However CCIQ would like to provide feedback on particular aspects of the Bill which are outlined in the sections below. In relation to the private sector, CCIQ and its members overwhelmingly support the continued referral of the State Government's industrial relations powers to the Commonwealth Government.

Consideration of the state's financial position during wage negotiations

CCIQ is strongly supportive of the objective to require the QIRC to give consideration to the State's financial position and fiscal strategy, including the financial position of the relevant public sector entity, when determining wage negotiations. Support is also provided for similar objectives for the local government, local government owned corporations and parents and citizens associations.

One of the key outcomes sought by Queensland businesses from the new State Government is better economic and fiscal management. This is required to bring the State Budget closer to a more sustainable position and restore the state's vitally needed AAA credit rating. Queensland has been the only state during recent years to have its credit rating adjusted downwards. Furthermore, the overall trend in Queensland's finances in recent years has been one of deterioration driven by growth in recurrent spending. Failure to reduce spending growth will threaten the sustainability of our public finances over the medium term and damage the economy's competitiveness through dependence on prevailing high business taxes and charges. This is an outcome that must be avoided.

The challenge for the LNP Government is to improve fiscal management. This can only be done by dramatically reigning in current government expenditure. In a recent CCIQ survey of over 1,000 businesses, 73.7% of Queensland businesses strongly agreed that there is considerable room for improvement in the efficiency and effectiveness of State Government service delivery (a further 20.8% of businesses agreed).¹ CCIQ is supportive of strong efforts to ensure departmental operating expenses do not rise unchecked. CCIQ is also supportive of a small, flexible, highly skilled public sector with the knowledge and capacity to work cooperatively and engage with business.

In 2011-12, State Government employee expenses increased by 7.8%, an outcome inconsistent with Queensland's private sector. Indeed \$1,317 million or 46.2% of the forecasted 2011-12 budget deficit could be slashed if the wages bill was capped at 2010-11 levels.² CCIQ believes that the Queensland community understands that the public sector has to bear more responsibility for cost saving measures. Queensland businesses are required to look closely at their own expenditure in order to balance the books, and the State Government should not be any different.

Subsequently, CCIQ remains supportive of the objective in the Bill to ensure the State's financial position and fiscal strategy are taken into consideration when determining wage outcomes for the Public Service in order for the State Government to achieve improved economic and fiscal management outcomes. Therefore support is also provided for introducing a process whereby the Treasury Chief Executive briefs the QIRC about the State's financial position, fiscal strategy and related matters.

In summary, CCIQ is supportive of the following quote by the Attorney-General from his speech during the introduction of the Bill on the 17 May 2012: *"In order to ensure responsible financial management and return the state's budget to surplus, the Queensland government believes that it is important and in the interests of all Queenslanders that the Queensland Industrial Relations Commission is required to consider the state's financial position and fiscal strategy when determining wage outcomes for the Public Service."*³

Power for the Attorney-General to terminate protected industrial action

CCIQ is supportive of the provisions in the Bill which would introduce a power for the Attorney-General to make a declaration terminating industrial action if the Attorney-General is satisfied that the action is threatening the safety and welfare of the community or is threatening to damage the economy. The power would be similar to that provided to the Federal Minister under the *Fair Work Act 2009* (section 431 (1)):

The Minister may make a declaration, in writing, terminating protected industrial action for a proposed enterprise agreement if the Minister is satisfied that:

- a) The industrial action is being engaged in, or is threatened, impending or probable; and*
- b) The industrial action is threatening, or would threaten:
 - I. To endanger the life, the personal safety or health, or the welfare, of the population or a part of it; or*
 - II. To cause significant damage to the Australian economy or an important part of it.*⁴*

CCIQ is supportive of providing the Queensland Minister with the same powers as the Federal Minister in relation to their industrial relations' jurisdiction. CCIQ is supportive of bringing Queensland legislation in line with federal provisions and believes that the Minister would exercise caution in using this power and that such declarations would only be made in extreme cases where it was considered in the public benefit to take such action. CCIQ support is provided for this provision due to the negative impact that industrial action can have on Queensland businesses and the community, as well as the severe economic and social damage that must be mitigated.

Other matters

In relation to the other objectives of the Bill, CCIQ is supportive of:

- The State Government working with public sector employees and their representatives to deliver an improved and more efficient process for determining and finalising certified agreements, including the employee balloting process;
- Allowing members of the QIRC to be appointed to conduct appeals of certain decisions which affect Public Service employees.

In conclusion, CCIQ is supportive of harmonising components of the Queensland *Industrial Relations Act 1999* with the *Fair Work Act 2009* and ensuring that the state's economic conditions are taken into consideration when determining wages and other conditions of employment. CCIQ would also like to further reiterate our continued support for the referral of the State's industrial relations powers for the private sector to the Commonwealth Government.

If you have any questions regarding this correspondence, please do not hesitate to contact either myself or CCIQ Senior Policy Analyst Leanne Connell on (07) 3842 2237.

Yours Sincerely



Nick Behrens
General Manager, Advocacy
Chamber of Commerce and Industry Queensland

¹ CCIQ (2012) *Big 3 for Business: State and Local Government Election Report 2012: Business Priorities for Queensland's State and Local Governments*, p. 16. Available: www.cciq.com.au/assets/documents/Big-3-for-Business/CCIQBig3-ElectionReport-lores.pdf

² *Ibid*, p.17

³ Queensland Parliament (17 May 2012) *Industrial Relations (Fair Work Act Harmonisation) and Other Legislation Amendment Bill: Attorney-General and Minister for Justice's Explanatory Speech*, Available: www.parliament.qld.gov.au/documents/tableOffice/HALnks/120517/Industrial.pdf

⁴ Fair Work Act 2009. P. 397. Available: www.comlaw.gov.au/Details/C2010C00741