11 May 2009

Professor lan Harper  
Commission Chair  
Australian Fair Pay Commission  
Locked Bag 35003  
Collins Street West  
Melbourne VIC 8007  
submissions@fairpay.gov.au

Dear Professor Harper

Further to our earlier submission to the Commission on the 2009 Minimum Wage Review the Chamber of Commerce and Industry Queensland (CCIQ) has had the opportunity to gather further information relevant to this process.

CCIQ has surveyed over 800 Queensland employers on the impact that a wage increase would have on their business.

As you will be aware CCIQ has previously submitted that for the 2009 Minimum Wage Review there should be no wage increase on the basis that it would undermine employment.

This position is significantly strengthened after an extensive survey of the impact of wage increases on Queensland employment, profitability and investment.

The ‘trigger point’ at which wage increases impact negatively on employment, profitability and investment is considerably lower this year.

At this point in time any increase would cause Queensland businesses to significantly decrease their employment and investment levels. Profitability would also be decimated by a wage increase.

Of all the impacts the need for employers to decrease their employment levels as a result of a wage increase is of the most alarm. Over half of employers (51%) surveyed indicated that they would be forced to reduce employment levels with just a $10.00 increase or less a week. This skyrockets to 81% of employers for an increase between $10.00 and $15.00.

It is imperative that there be no change to wage levels this year. Unions and the Government must decide if they are serious about protecting jobs or instead wish to push for wage increases that are proven to undermine jobs.
An increase in wages would have the following repercussions:

Impact of Wage Increase on Employers:
Aggregate % of employers indicating change in indicator

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>$2.00 - $4.99</td>
<td>$0.00 - $9.99</td>
</tr>
<tr>
<td>Profitability</td>
<td>$5.00 - $9.99</td>
<td>$10.00 - $14.99</td>
</tr>
<tr>
<td>Investment</td>
<td>$10.00 - $14.99</td>
<td>$15.00 - $19.99</td>
</tr>
<tr>
<td></td>
<td>$15.00 - $19.99</td>
<td>$20.00 - $24.99</td>
</tr>
<tr>
<td></td>
<td>$20.00 - $24.99</td>
<td>$25.00 - $30.00</td>
</tr>
<tr>
<td>Increase</td>
<td>$5.00 - $9.99</td>
<td>$10.00 - $14.99</td>
</tr>
<tr>
<td>Decrease</td>
<td>$10.00 - $14.99</td>
<td>$15.00 - $19.99</td>
</tr>
<tr>
<td>Increase</td>
<td>$15.00 - $19.99</td>
<td>$20.00 - $24.99</td>
</tr>
<tr>
<td>Decrease</td>
<td>$20.00 - $24.99</td>
<td>$25.00 - $30.00</td>
</tr>
</tbody>
</table>

Legend:
Salary increase has

- Little impact
- Medium impact
- Major impact

↑ Increase: aggregate % of employers indicating $ range has an impact
↓ Decrease: % of employers identifying specific $ range as trigger point

*The AFPC and State Industrial Commission is currently reviewing the Minimum Wage. Please indicate the point at which an increase in the minimum wage will have a negative impact on the following aspects of your organisation.

Source: March Quarter 2008 & 2009 Pulse Survey

The 2009 Minimum Wage Review takes place when Queensland is facing its worst economic downturn in many decades. Queensland businesses are experiencing severe financial difficulties with a number of businesses laying off staff or considering further reducing staff numbers. 9,000 jobs have been lost in March and April 2009 alone.

There is minimal reason why we should be advocating a wage increase at this present time. The Australian Government is supplementing wage incomes through the two stimulus packages and income tax cuts that have and will significantly boost take home pay.

Industry is unanimous that there exists a significantly reduced case to adjust wages for 2009. This trend is even more severe for the State’s 95% of small businesses. Accordingly CCIQ implores the Commissions to freeze wages.

Yours sincerely

Nick Behrens
General Manager – Policy