



SUBMISSION TO THE ANNUAL WAGE REVIEW 2013–14 COVER SHEET

Name:

(Please provide the name of the person lodging the submission)

MR PETER GARSKE,
ACTING SECRETARY/TREASURER

Organisation:

(If this submission is completed on behalf of an organisation or group of individuals,
please provide details)

AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION (ARTIO)

Address:

Street Address 1: PO BOX 5

Street Address 2:

Suburb/City: SOUTH MELBOURNE VIC

Postcode: 3205

Contact details:

(Please provide details of the preferred telephone number and/or email address to
contact you on)

Telephone: 07 3394 4388

Email: peter@qta.com.au



ARTIO

Australian Road Transport
Industrial Organisation

ABN: 63 734 697 902

AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION

Respect, Respond and Represent

27th March 2014

Fair Work Commission
Annual Wage Review 2013-14
GPO Box 1994
Melbourne VIC 3000

Your Honour

RE: 2013/14 ANNUAL WAGE REVIEW

The Council of the Australian Road Transport Industrial Organisation (ARTIO) wishes to make a submission to the 2013/14 Annual Wage Review.

Introduction

The Australian Road Transport Industrial Organisation (ARTIO) is an Industrial Organisation of Employers registered under the Fair Work (Registered Organisations) Act 2009. It has been so registered since 1984. ARTIO represents employers in the transport and logistics industry, particularly those engaged in road transport.

ARTIO's membership includes large multi-national transport companies including those publicly listed. Our collective membership extends across privately owned small to medium sized companies. Collectively, members of ARTIO's Branches perform a large percentage of Australia's urban, regional, remote and interstate freight task across the manufacturing, retail, housing and construction, agriculture, mining, import, export and other sectors of the economy.

ARTIO has represented the industry in the Australian Industrial Relations Commission and its successor the Fair Work Commission since achieving registration.

The State of the Economy

It is clear from a range of economic data that the Australian economy is undergoing a transition from a two speed economy to an economy in which changes in economic activity and contributions to economic growth are likely to be spread across more sectors of the economy.

Gross Domestic Product

ARTIO believes trend Gross Domestic Product growth, which has hovered in the 2.5 to 3 per cent annual growth range for the past two years, is a sign of ongoing weakness in the Australian economy. Having regard to actual and desirable growth rates in population and productivity, in ARTIO's opinion, Australia needs economic growth to be at or slightly above 3 per cent per annum. A growth rate of at least 3 per cent is also probably required to sustain growth in employment and a rate of unemployment at manageable levels.

ARTIO National

PO Box 5, South Melbourne, Victoria 3205

T 03 9646 8590 | F 03 9646 8596 | E reception@vta.com.au

State Branches

ARTIO VIC	PO Box 5, South Melbourne, Victoria 3205	T 03 9646 8590	F 03 9646 8596	E reception@vta.com.au
ARTIO QLD	PO Box 325, Stones Corner, Queensland 4120	T 07 3394 4388	F 07 3397 9324	E admin@qta.com.au
ARTIO NSW	PO Box 277, Hurstville, New South Wales 2220	T 0412 880861	F 02 9579 2333	E hughmc@artionsw.com.au
ARTIO WA	37-41 Cohn Street, Carlisle, Western Australia 6101	T 08 9355 3022	F 08 9355 3122	E iking@warta.com.au
ARTIO TAS	PO Box 728, Riverside, Tasmania 7250	T 0409 274 482		E ed@tta.org.au

ARTIO welcomes recent signs of a possible recovery in the Australian economy, including signs of improvement in retail sales and new housing approvals. However, much more evidence is required that recovery in economic activity is sustainable across a wider range of industry sectors as well as across successive quarters. This is clear for a range of reasons, including:

- Closures and significant rationalisation in industries such motor vehicle and aluminium manufacturing, the mining services sector as well as aviation.
- Sharp falls in investment levels in the mining and energy sectors, albeit from abnormally high levels.
- Surveys of businesses and consumers which are showing declining confidence levels.

It can also be expected that tougher than normal budgets will be handed down by the Federal Government and by some of the States due to the political cycle. Falling underlying revenue levels and higher underlying expenditure levels are likely to increase the pressure for further spending restraint and/or increased taxes and charges. These measures can be expected to dampen economic growth.

Inflation

Inflation as measured by the Consumer Price Index (CPI) rose 2.7 per cent in the year ending 31 December to be at its highest level in two years. ARTIO believes greater care is required to ensure that inflation remains within the 2 to 3 per cent band considered desirable to long term economic growth.

When inflation reaches levels in excess of an agreed target band, adverse consequences are more likely to be felt across the economy. The Reserve Bank has less scope with which to use interest rate settings as a macroeconomic policy tool. Other things being equal, interest rates are likely to be nudged upwards sooner than may be considered desirable when inflation exceeds an agreed target band. Higher inflation also adds to uncertainty facing investors.

Employment Trends

ARTIO believes the labour market in Australia is anaemic. At 6 per cent, unemployment in January and February is at its highest level since 2003. The unemployment rate in February 2013 was 5.4 per cent.

The rate of job creation is also excessively sluggish. On a seasonally adjusted basis, the Australian Bureau of Statistics (ABS) found on a seasonally adjusted basis there were 11.628 million Australians in the labour force in February 2013, compared to 11.531 million in February 2014. During that twelve month period, the participation rate when measured in percentage terms fell by 0.5 of a percentage point from 65.3 to 64.8.

Wage Trends

Wages in Australia are currently growing at the lowest levels since the ABS commenced recording wages growth trends using its current data series in 2000. ABS data shows wages, excluding bonuses, growing by 2.5 per cent across both the private sector and the economy as a whole in the 2013 calendar year. This means wages are currently growing at levels which are less than the CPI.

In ARTIO's opinion, modest wages growth levels reflect prolonged sluggish macroeconomic and labour market conditions extending over the past two years in which growth levels can be described as being modest at best.

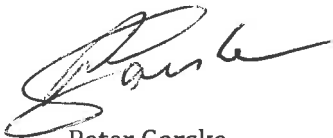
Conclusion

ARTIO does not intend to specify a quantum in either nominal or percentage terms whereby wages should be varied in this Annual Wage Review. ARTIO submits that instead the Fair Work Commission should be guided by signs of overall health in the Australian economy and in particular the labour market.

ARTIO reiterates that major macroeconomic indicators show the Australian economy and in particular the labour market is not generating sufficient growth to sustain strength in the labour market. Indicators such as rising unemployment, a fall in the labour force participation rate and historically modest wages growth on an annualised basis growth provide useful guidance to the Fair Work Commission in terms of its decision making. These indicators all suggest that in ARTIO's opinion any increase in wages decided upon in this Annual Wage Review should be modest.

Please contact Peter Garske, Acting Secretary/Treasurer, ARTIO, telephone, 07 3394 4388, email peter@qta.com.au, if further information is required.

Yours sincerely



Peter Garske
Acting Secretary/Treasurer