

Explaining the effect of the terms – Cost of Living Adjustment (COLA) Payments for the Core Agreement

The purpose of this document is to support consultation on the COLA clause for the replacement *State Government Entities Certified Agreement 2023 (2023 Core Agreement)*.

Summary

The 2023 Core Agreement includes a cost-of-living adjustment (COLA) payments clause.

The COLA payments clause effectively provides a top-up payment to eligible employees if the annual consumer price index (CPI) percentage for Brisbane in the relevant March period is greater than the wage increase provided under the 2023 Core Agreement, for each of the three years of the Agreement. The top-up payment is calculated as the difference between the relevant wage increase percentage under the Agreement and the Brisbane CPI percentage, capped at 3%, applied to the individual employee's base wages for the relevant COLA year.

An individual's base wages will reflect the periods they actually worked during the COLA year, so will be pro-rata based on things like part-time and casual employment, periods of leave, including on half-pay, leave without pay, etc. Base wages will also include higher duties and the casual loading for casual employees. Base wages will not include any other payments such as disability allowances or special rates, all-purpose allowances, overtime payments, shift penalties, weekend penalties, public holiday penalties, aggregated penalties or allowances, any payments of accrued leave where the leave is not taken, any payments for TOIL where the TOIL is not taken, COLA payments from previous periods, etc (this is not an exhaustive list).

For COLA year 1 (1 July 2022 – 30 June 2023), an employee is an eligible employee if they performed work under a predecessor agreement or arrangement during COLA year 1 and on the calculation date for COLA year 1 (30 June 2023) they were covered by that agreement or arrangement. A predecessor agreement or arrangement is defined in the clause, and refers to work performed under the 2019 Core Agreement or other relevant agreements and arrangements for certain cohorts of staff during COLA year 1 due to changes in coverage for these groups. Specifically, these groups will be covered under the 2023 Core Agreement.

Note, there are eligibility exclusions in the clause relevant to Queensland Police Service (QPS) employees and Queensland Fire and Emergency Services employees who will transition to QPS consistent with the Functional Transition Agreement dated 15 June 2023.

For COLA year 2 (1 July 2023 – 30 June 2024) and COLA year 3 (1 July 2024 – 30 June 2025), an employee is an eligible employee if they performed work under the 2023 Core Agreement during the relevant COLA year, and are covered by the 2023 Core Agreement on the relevant calculation date for the associated COLA Payment (30 June 2024 for COLA year 2 and 30 June 2025 for COLA year 3).

If you were employed under a predecessor agreement or arrangement (for COLA year 1) or the 2023 Core Agreement (for COLA years 2 and 3) during a relevant COLA year, but you are



no longer employed under that arrangement or agreement at the calculation date but remain a Queensland government employee on the calculation date, you will be still eligible to receive a COLA payment for the period you worked under the agreement or arrangement.

However, you must provide notice to the former entity including relevant details of your employment as at the particular calculation date to receive the payment. Notification is also required where an employee moves between entities under the 2023 Core Agreement.

This is because the 2023 Core Agreement entity does not know where you are employed after ceasing to be employed by them and requires evidence to show you are still employed in an entity under the 2023 Core Agreement or predecessor agreement or arrangement or as a Queensland government employee on the calculation date.

COLA payments are one-off, do not form part of base salary and will be taxed.

Individual employees may need to consider their own individual financial situations with respect to the treatment of COLA payments.

This document includes visual aides to support employee understanding of COLA eligibility and payments.

COLA Payments

An eligible employee could receive up to three payments under an applicable COLA clause:

- COLA payment year 1;
- COLA payment year 2; and
- COLA payment year 3.

The COLA payment year 1 will occur within 3 months following certification of the 2023 Core Agreement in the Queensland Industrial Relations Commission, or within 3 months of an employee providing required notice of their employment following certification if they have moved entities.

COLA payments year 2 and 3, if payable, will occur within 3 months of the latter: the relevant calculation date and release of the CPI, or the employee providing required notice of their employment if they have moved entities.

COLA years

The agreement years for each COLA payment is as follows:

- COLA year 1 – the period 1 July 2022 to 30 June 2023.
- COLA year 2 – the period 1 July 2023 to 30 June 2024.
- COLA year 3 – the period 1 July 2024 to 30 June 2025.

COLA calculation dates

The calculation dates for each COLA payment is as follows:

- COLA payment year 1 – 30 June 2023.
- COLA payment year 2 – 30 June 2024.



- COLA payment year 3 – 30 June 2025.

COLA percentage

The top-up payment is calculated as the difference between the relevant wage increase percentage under the agreement and the CPI percentage, capped at 3%:

- COLA payment year 1 – the payment will be 3.0%. This has been calculated by the difference between the relevant CPI figure for March 2023 of 7.4%, and the relevant wage increase under the 2023 Core Agreement of 4.0%, capped at 3.0%.
- COLA payment year 2 - a comparison will occur between the relevant CPI figure for March 2024 and the wage increase under the 2023 Core Agreement on 1 July 2024 of 4%, capped at 3%.
- COLA payment year 3 - a comparison will occur between the relevant CPI figure for March 2025 and the wage increase under the 2023 Core Agreement on 1 July 2025 of 3%, capped at 3%.

For each COLA Payment, if the relevant CPI figure is equal to, or less than, the relevant wage increase percentage, then no COLA payment will be paid that year.

Base wages

Base wages is defined as the salary actually payable to the particular employee in the relevant COLA year for work covered by the predecessor agreement or arrangement in COLA year 1, or the 2023 Core Agreement in COLA years 2 and 3, and includes higher duties under that agreement or arrangement and the casual loading where applicable.

Base wages **do not** include any other allowances or additional payments howsoever described (such as: disability allowances or special rates, all-purpose allowances, overtime payments, shift penalties, weekend penalties, public holiday penalties, aggregated penalties or allowances, any payments of accrued leave where the leave is not taken, any payments for TOIL where the TOIL is not taken, COLA payments from previous periods, etc). This is not an exhaustive list.

Because 'base wages' means the salary actually payable to the particular employee, this automatically pro-ratas the COLA payment for each individual employee, including for the following matters, where applicable to that employee:

- Part-time employment, including changes to their FTE status and additional ordinary hours during the agreement year;
- Casual employment;
- Movement between full-time, part-time and casual employment by recognising the respective periods worked in each capacity;
- Commencing employment part way during an agreement year;
- Periods of secondment into this agreement;
- Periods of no pay (e.g. leave without pay);
- Increment progression;
- Promotion or higher duties within the agreement;
- Paid leave consistent with the definition of base wages;



- Aggregate employment;
- Any increase to base wages which could occur due to the award overtaking the agreement rate during the life of the agreement, if payable.

Employees in receipt of workers compensation for lost wages will have their base wages for the purposes of the COLA payment, determined by reference to the amount payable to them and the definition of base wages. For example – if the employee receives 85%, this percentage will apply to determine their base wages.

Income protection insurance payments paid to employees will not be recognised as base wages for the purposes of the COLA payment.

Base wages are the amount payable to the employee before tax and before any salary sacrifice arrangements or other distributions (where applicable) for the employee.

Work covered

The definition of base wages is by reference to work covered by a predecessor agreement or arrangement in COLA year 1, or the 2023 Agreement in COLA years 2 and 3. As the COLA payment is made at the beginning of the agreement year, the term predecessor agreement or arrangement captures work covered by the relevant agreements or arrangement in place for Core employees in COLA year 1 prior to the 2023 Core Agreement.

Because of the definition of base wages it means that work covered by other agreements or other instruments is not included for the purposes of calculating any COLA payments under the 2023 Core Agreement.

For example – if an employee takes up an opportunity to work under a different agreement for a period of time during a relevant COLA year, the COLA payment under the 2023 Core Agreement will not reflect that period. However, if the employee was subject to the terms and conditions of the other agreement and that agreement included a COLA payment for the period while they were working, they may be eligible for the COLA payment under that agreement.

Other agreements will have different arrangements, COLA/agreement years and calculation dates for COLA payments. Employees are encouraged to familiarise themselves with the relevant agreements they have performed work under to understand the relevant COLA arrangements that may apply.

Employee eligibility

As described in the summary, eligible employees who are employed in the same entity under a predecessor agreement or arrangement in COLA year 1, or in the same entity under the 2023 Core Agreement in COLA years 2 and 3, on the calculation date (i.e. on 30 June each year) will automatically have their COLA payment calculated and paid to them.

If an employee moves between Core Agreement entities during the course of a COLA year, they will remain eligible for a pro-rata COLA payment from each entity with reference to the base wages earned for the period in each entity. To facilitate these payments the employee is required to provide relevant details of their employment to each former entity.

Employees don't have to actually work on the calculation date to receive their payment. For example – if you are a part-time employee and don't work on the calculation date for COLA year 1 on 30 June 2023 you will still automatically receive your payment if you are still employed under the agreement in the same entity.

If you are employed under a predecessor agreement or arrangement in COLA year 1, or the 2023 Core Agreement in COLA years 2 and 3, during the relevant COLA year, but you are no longer employed under that agreement or arrangement at the calculation date, you will be still eligible to receive a COLA payment for the period you worked under that agreement or arrangement if you remain a Queensland Government employee. However, you must provide notice to the former entity including relevant information confirming you remain a Queensland Government employee on the calculation date to receive the payment.

The definition of Queensland Government employee is provided in the COLA clause and includes all departments and the majority of statutory authorities, as well as the Queensland Police Service, Queensland Parliamentary Service and the Office of the Governor. The local government and government owned corporations are not included.

Notification is required because the entity does not know where an employee is employed after ceasing employment with the entity and requires evidence to show the employee was still employed as a Queensland government employee on the calculation date.

Arrangements for casual employees

Casual employees are eligible employees provided they have performed work under a predecessor agreement or arrangement for COLA year 1 or the 2023 Core Agreement for COLA years 2 and 3, or as a Queensland government employee, within the 12-week payroll period immediately prior to the relevant calculation date.

Eligible casual employees will receive a COLA payment calculated using their total base earnings, including all earnings under the predecessor agreement or arrangement or the 2023 Core Agreement (e.g. earnings as a casual, temporary or permanent employee). To ensure equitable treatment of employees engaged on a casual basis, base wages for the purposes of calculating the COLA will include earnings attributable to casual loading.



Employee eligibility – COLA Year 1

Predecessor agreement or arrangement means:

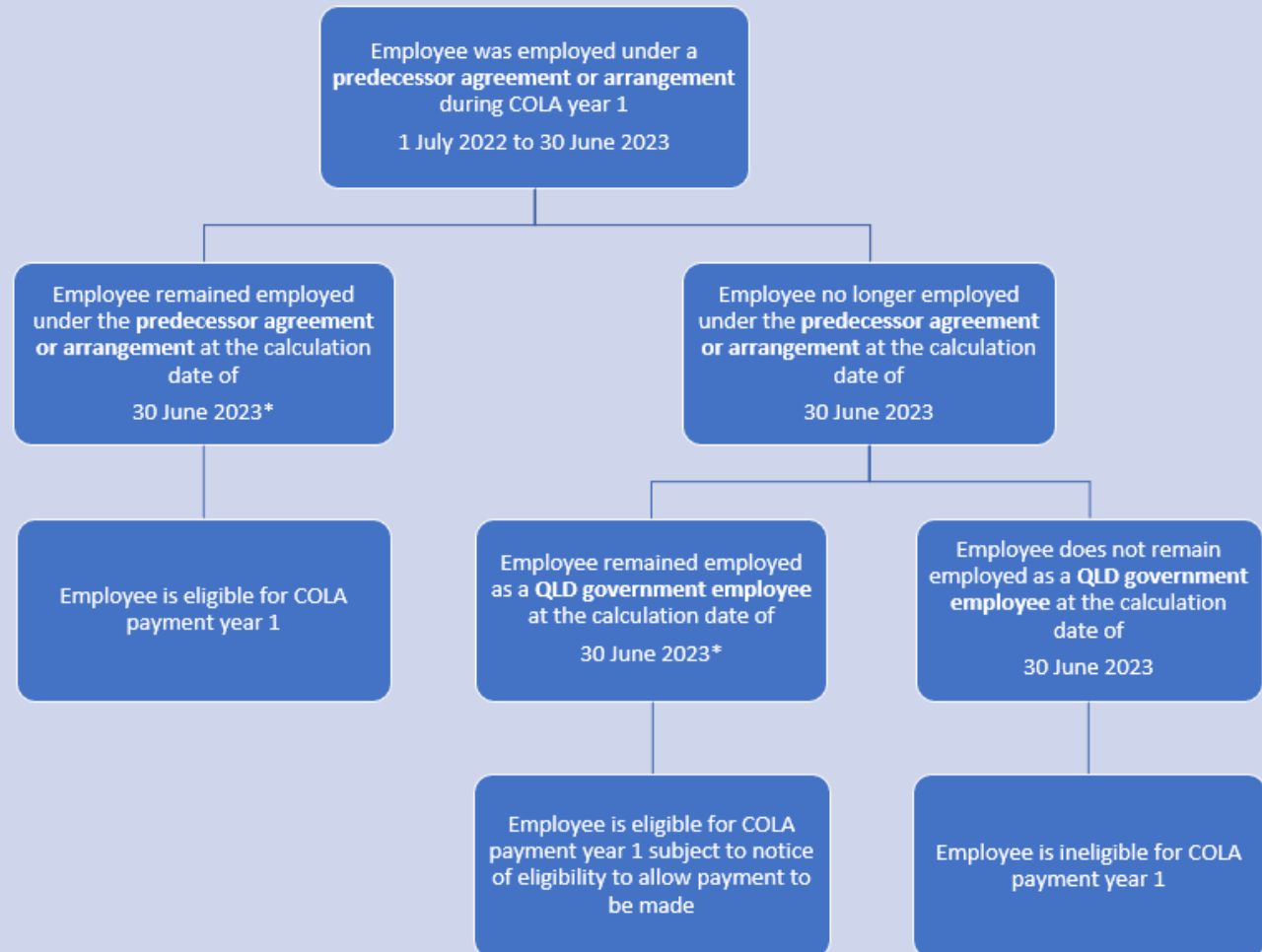
- the *State Government Entities Certified Agreement 2019* (2019 Core Agreement);
- the *QBuild Office Staff Certified Agreement 2019*; and
- the remuneration arrangements for Community Visitors employed pursuant to the *Public Guardian Act 2014*.

For the purposes of COLA year 1, the predecessor agreement for Disability Services and Seniors employees, and Multicultural Affairs employees, is the 2019 Core Agreement.

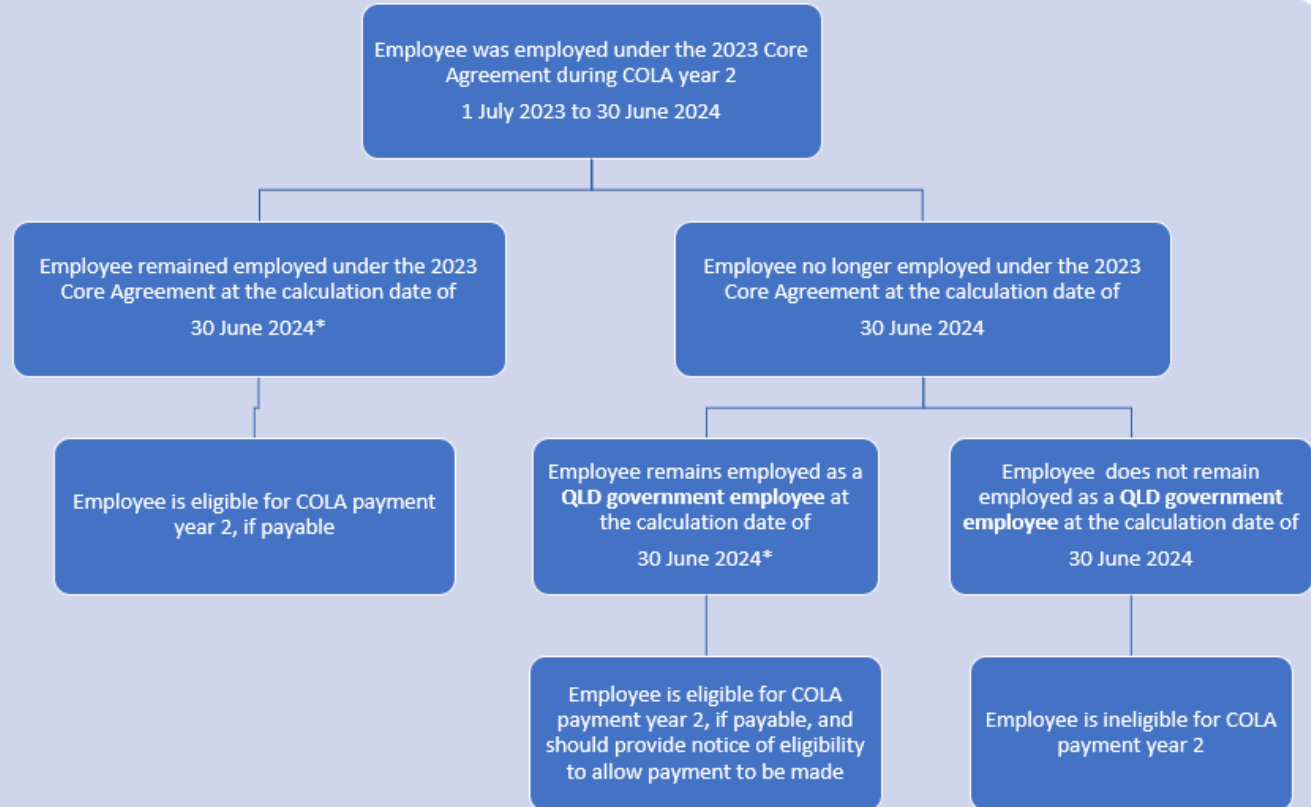
Queensland government employee means:

a person employed in a government entity, as defined in section 24 of the repealed *Public Service Act 2008* (Qld) as in force at 1 October 2022, and the entities specified at sections 24(2)(c), 24(2)(d) and 24(2)(h) of the Act: the parliamentary service, the Governor's official residence and its associated administrative unit, and the police service.

*Casual employees only- must have performed work in the 12 week payroll period prior to the calculation date of 30 June 2023



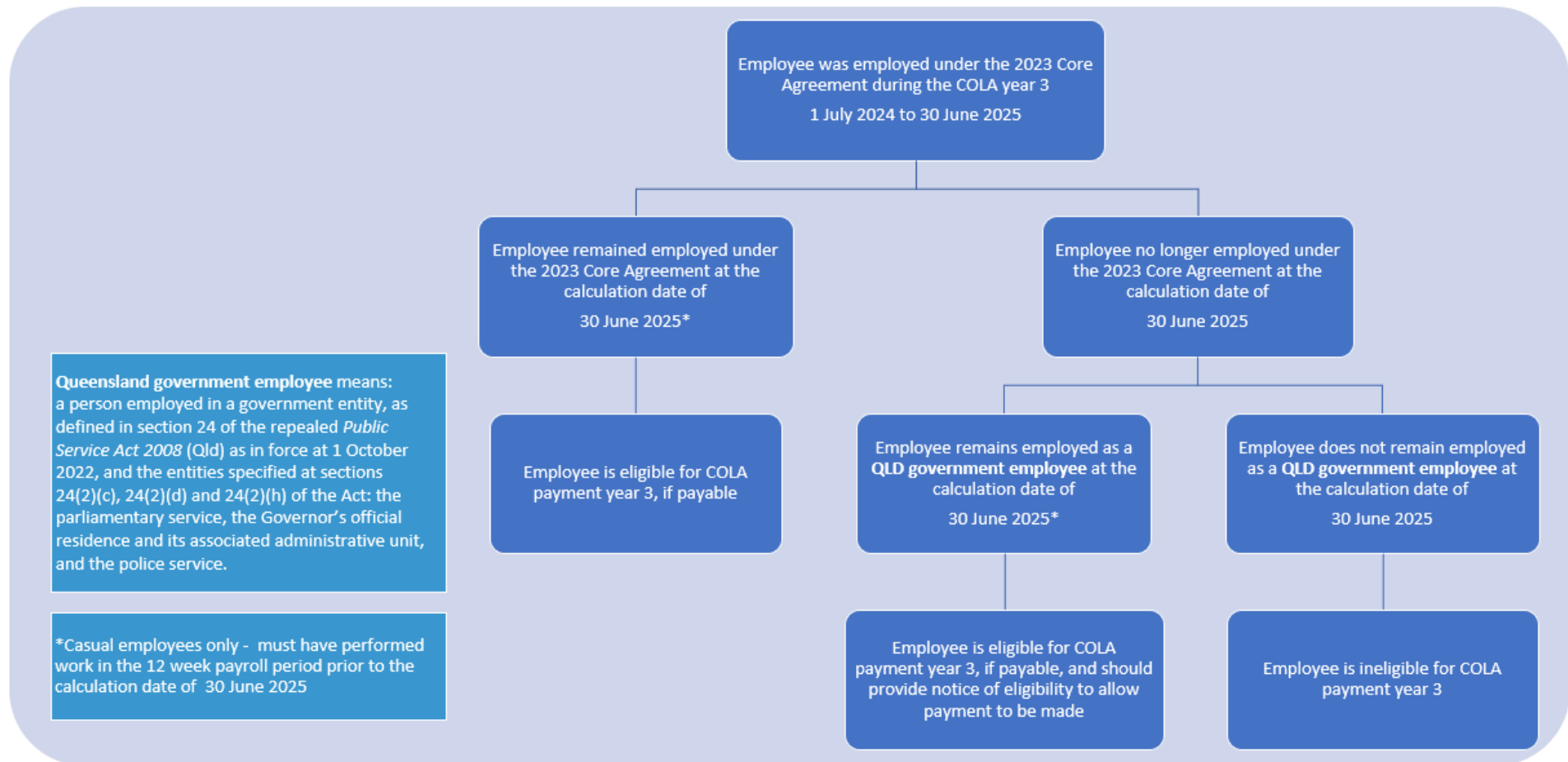
Employee eligibility – COLA Year 2



Queensland government employee means: a person employed in a government entity, as defined in section 24 of the repealed *Public Service Act 2008* (Qld) as in force at 1 October 2022, and the entities specified at sections 24(2)(c), 24(2)(d) and 24(2)(h) of the Act: the parliamentary service, the Governor's official residence and its associated administrative unit, and the police service.

*Casual employees only - must have performed work in the 12 week payroll period prior to the calculation date of 30 June 2024

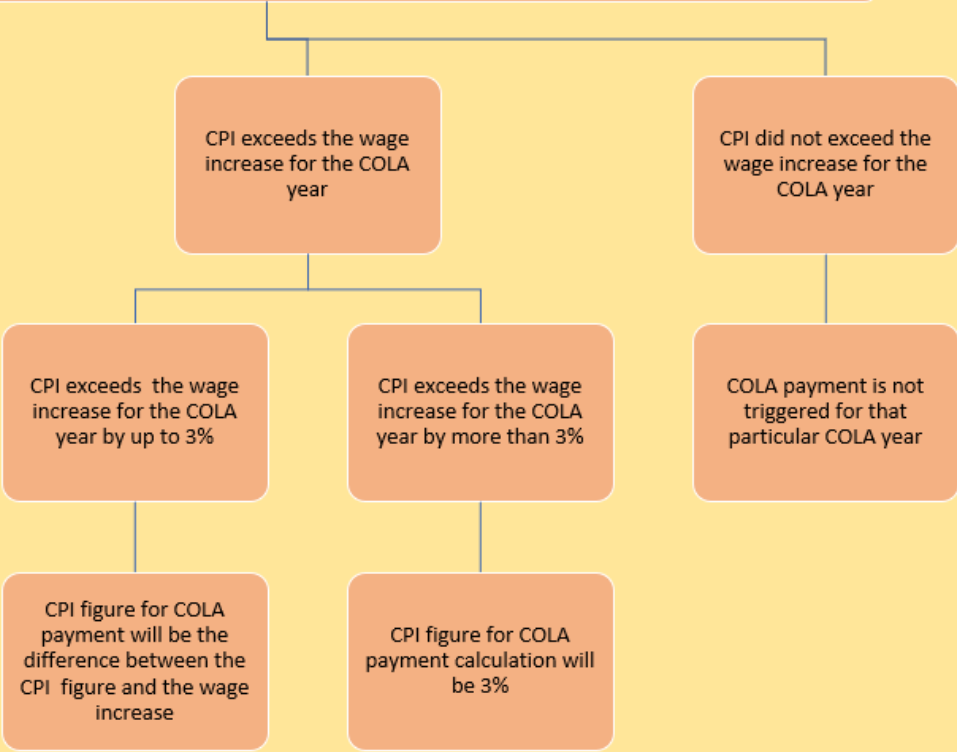
Employee eligibility – COLA Year 3



COLA Percentage

The difference between the relevant wage increase under the Agreement and relevant CPI percentage
COLA year 1 – difference between 1 July 2023 wage increase (4%) and March 2023 Brisbane CPI percentage i.e. 7.4%
COLA Year 2 – difference between 1 July 2024 wage increase (4%) and March 2024 Brisbane CPI percentage
COLA year 3 – difference between 1 July 2025 wage increase (3%) and March 2025 Brisbane CPI percentage

Did CPI trigger a COLA payment?



Consumer Price Index (CPI) means - the Brisbane Consumer Price Index (all groups, March quarter annual percentage change from the March quarter of the previous year), for the March that falls within the relevant COLA year, as published by the Australian Bureau of Statistics.

COLA Payment

COLA Percentage – COLA Year 1

3%

(the percentage difference between the wage increase under the Agreement of 4% and CPI of 7.4%, capped at 3%)



Base Wages – COLA Year 1

The salary actually payable to eligible employees during COLA year 1 for work covered by a *predecessor agreement or arrangement*

Includes higher duties and casual loading, *excludes* other allowances or additional payments howsoever described



Payment – COLA Year 1

Payment will be made to eligible employees within 3 months of certification of the 2023 Core Agreement, or the employee providing relevant notice following certification if they have moved entities

COLA Percentage – COLA Years 2 & 3

The percentage difference between the wage increase under the Agreement (4% for year 2, or 3% for year 3) and CPI for the relevant COLA year, capped at 3%



Base Wages – COLA Years 2 & 3

The salary actually payable to eligible employees during COLA years 2 and 3 for work covered by the 2023 Core Agreement
Includes higher duties and casual loading, *excludes* other allowances or additional payments howsoever described



Payment – COLA Years 2 & 3

Payment will be made to eligible employees within 3 months of the latter: calculation date and release of CPI, or the employee providing relevant notice if they have moved entities