
INFORMATION NOTE

Australian Fair Pay Commission

1. Introduction

1.1 At the meeting of the Panel on Manpower on 20 March 2008, the Panel requested the Research and Library Services Division (RLSD) to provide details on the Australian Fair Pay Commission (AFPC). This note provides information on:

- (a) function and composition of AFPC;
- (b) terms of appointment, appointment criteria, arrangement for engaging in other paid employment and disclosure of interests of AFPC's members; and
- (c) staffing and funding of the Australian Fair Commission Secretariat (Secretariat).

2. Function of the Australian Fair Pay Commission

2.1 Established in December 2005, AFPC is an independent body responsible for setting and adjusting federal minimum wages and classification rates in Australia.¹ AFPC is supported by the Secretariat which performs functions including commissioning research, managing communications and co-ordinating consultations to assist AFPC in implementing its functions.

2.2 Under the Workplace Relations Act 1996 (WR Act), the two primary functions of AFPC are wage-setting and promoting public understanding of matters relevant to the functions of AFPC.² The WR Act provides AFPC with flexibility to determine the timing, frequency and scope of wage reviews, as well as the manner in which they are conducted and when decisions come into effect.³ To undertake its role and functions, AFPC should be:

- (a) open, providing access for individuals, groups and organizations to put forward their views to AFPC;

¹ AFPC was established under the Workplace Relations Amendment (WorkChoices) Act 2005 (WorkChoices Act). The WorkChoices Act amends the Workplace Relations Act 1996 which is the principal Act that governs employment and workplace relations in Australia.

² Section 21 of the WR Act.

³ Section 24 of the WR Act.

- (b) independent of other organizations;
- (c) honest about processes and decisions;
- (d) transparent, publishing reasons for decisions, research and other material to help promote public understanding; and
- (e) fair in treating all views expressed with respect.

2.3 As to its wage-setting function, AFPC primarily performs the following duties:

- (a) adjusting the standard federal minimum wage;
- (b) determining and adjusting minimum classification rates of pay in the Australian Pay and Classification Scales (Pay Scales)⁴;
- (c) determining and adjusting special federal minimum wages for employees with disabilities, junior employees and employees to whom training arrangements apply;
- (d) determining and adjusting basic periodic rates of pay and basic piece rates of pay payable to employees in general as well as employees of particular classifications; and
- (e) determining and adjusting casual loadings.

2.4 With regard to the function of promoting public understanding of its works, AFPC directs the Secretariat to develop and implement programmes, including:

- (a) public speaking engagements to discuss AFPC's role and functions and to articulate the reasons for its decisions;
- (b) making information available over the Internet and in printed format about AFPC, its reviews, decisions and consultation, submission and research processes; and
- (c) commissioning surveys to measure benchmark levels of awareness of AFPC in the Australian community.

⁴ A Pay Scale typically contains: (a) a guaranteed basic periodic rate of pay for each "guaranteed hour" that an employee works or a piece rate of pay; (b) classification; and (c) coverage provisions.

3. Members of the Australian Fair Pay Commission

3.1 Under the WR Act, AFPC consists of the Chair and four Commissioners. When exercising its wage-setting powers, all members are usually involved. However, if the Chair considers it necessary in circumstances where a few Commissioners are unavailable, the Chair may determine that AFPC is to be constituted by the Chair and no fewer than two Commissioners for such purposes.⁵

Chair of the Australian Fair Pay Commission

Appointment

3.2 The Chair is appointed by the Governor-General via a written instrument. The Chair may be appointed on either a full-time or part-time basis, and holds office for the period specified in his or her instrument of appointment. The period must not exceed five years.⁶ To be appointed as the Chair, a person must have a high level of skills and experience in business or economics.⁷

Engaging in other paid employment

3.3 If the Chair is appointed on a full-time basis, he or she must not engage in paid employment outside the duties of his or her office without the Minister's approval.⁸

Disclosure of interests

3.4 The Chair must give written notice to the Minister of all interests (financial or otherwise) that he or she has or acquires and that could conflict with the proper performance of his or her duties.⁹

⁵ Sections 20 and 25 of the WR Act.

⁶ The WR Act is silent as to whether the term of appointment of the Chair is renewable. Inquiries have been sent to AFPC. As at the publication date of this note, RLSD has not received the relevant information from AFPC.

⁷ Section 29 of the WR Act.

⁸ Section 32 of the WR Act.

⁹ Section 33 of the WR Act.

Current Chair

3.5 The current Chair is Professor Ian Harper, Sidney Myer Professor and Executive Director of the Centre for Business and Public Policy at the Melbourne Business School. Professor Harper is an academic economist and has been the Chair in a part-time capacity since 15 December 2005. In 2000, Professor Harper was elected as a Fellow of the Academy of Social Sciences in Australia in recognition of his standing as an academic economist.

Commissioners of the Australian Fair Pay Commission

Appointment

3.6 The AFPC Commissioners are appointed by the Governor-General via written instruments and hold office on a part-time basis for the period specified in the instrument of appointment. The period must not exceed four years.¹⁰ To be appointed as a Commissioner, a person must have experience in one or more of the following areas: business, economics, community organizations or workplace relations.¹¹

Disclosure of interests

3.7 Each Commissioner must give written notice to the Minister of all interests (financial or otherwise) that he or she has or acquires and that could conflict with the proper performance of his or her duties.¹²

4. The Australian Fair Pay Commission Secretariat

4.1 The Secretariat was established by the WR Act as a statutory agency responsible for the financial management of AFPC and the provision of resources to facilitate the work of AFPC. It performs a range of activities to assist AFPC in the performance of its statutory functions, including:

- (a) conducting and commissioning research on behalf of AFPC;
- (b) conducting consultation and submission processes;

¹⁰ The WR Act is silent as to whether the term of appointment of the Commissioners is renewable. Inquiries have been sent to AFPC. As at the publication date of this note, RLSD has not received the relevant information from AFPC.

¹¹ Section 38 of the WR Act.

¹² Section 41 of the WR Act.

- (c) evaluating and monitoring the impact of AFPC's wage-setting decisions;
- (d) undertaking activities to promote understanding of AFPC, its role and functions; and
- (e) providing corporate and administrative support to AFPC.

Staffing of the Australian Fair Pay Commission Secretariat

4.2 As at 30 June 2007, there were 31 staff in the Secretariat. Table 1 below shows the employees of the Secretariat by classification.

Table 1 – Staffing and salary profile of the Australian Fair Pay Commission Secretariat as at 30 June 2007

| Classification | Broadband salary pay point (lowest) | Broadband salary pay point (highest) | Headcount |
|-----------------------------|--|---|------------------|
| Principle Executive Officer | Not disclosed | | 1 |
| Senior Executive Band | Not disclosed | | 2 |
| AFPCS Broadband 3 | AUS\$72,000 (HK\$471,600)* | AUS\$98,000 (HK\$641,900) | 10 |
| AFPCS Broadband 2 | AUS\$46,001 (HK\$301,307) | AUS\$66,000 (HK\$432,300) | 13 |
| AFPCS Broadband 1 | AUS\$32,000 (HK\$209,600) | AUS\$46,000 (HK\$301,300) | 5 |

* The average exchange rate in 2007 was AUS\$1 = HK\$6.55.
Source: Australian Fair Pay Commission Secretariat (2007).

Funding of the Australian Fair Pay Commission Secretariat

4.3 The main source of funding for the Secretariat is appropriation from the federal government, which accounts for 99.6% of the income of the Secretariat. During 2006-2007, the income of the Secretariat was AUS\$7.75 million (HK\$50.8 million), and expenses were AUS\$7.17 million (HK\$47 million). Table 2 shows the Income Statement of the Secretariat for the period ending 30 June 2007.

Table 2 – Australian Fair Pay Commission Secretariat Income Statement for the period ending 30 June 2007

| | Amount | |
|--------------------------------|-----------------------|-------------------------|
| Income | | |
| Revenue | AUS\$7,718,084 | (HK\$50,553,450) |
| Gains | AUS\$32,500 | (HK\$212,875) |
| Total Income | AUS\$7,750,584 | (HK\$50,766,325) |
| Expenses | | |
| Employee salaries and benefits | AUS\$2,944,949 | (HK\$19,289,416) |
| Suppliers | AUS\$3,810,416 | (HK\$24,958,225) |
| Depreciation and amortization | AUS\$418,258 | (HK\$2,739,590) |
| Total Expenses | AUS\$7,173,623 | (HK\$46,987,231) |
| Surplus | AUS\$576,960 | (HK\$3,779,088) |

Source: Australian Fair Pay Commission Secretariat (2007).

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References

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4. *Workplace Relations Act 1996*. Available from: <http://www.comlaw.gov.au/comlaw/Legislation/ActCompilation1.nsf/0/67F07A6832543892CA25741F001AA724?OpenDocument> [Accessed June 2008].