



Speech by Professor Ian Harper Chairman Australian Fair Pay Commission – to the Australian Workplace Relations Summit, 15 March 2007

Thank you ladies and gentlemen for your welcome.

It's a pleasure to be here this morning and it's also a pleasure to share the podium with Vice President Watson. In many respects, although he's a new kid on the block too, having just taken on that role, I'm an even newer kid than him, both to this whole area, I'm literally the new kid, and also figuratively.

The Australian Fair Pay Commission is a new institution, and setting minimum wages is not an area in which I've had any personal or professional experience. I'm not a labour economist, I'm not an industrial relations or workplace relations specialist.

I was asked to take on this role, in October of 2005, I believe to create a new economic institution. As I'll say a little bit later on in my presentation to you this morning, that's how I approach it – as Chair.

I'm not, of course, alone on the Commission. It's a five person Commission and one of my fellow commissioners, Professor Judith Sloan, is a professional labour economist with long experience in the area. But my role as Chair of the Australian Fair Pay Commission, as I say, is to build a new economic institution for our country, albeit one that has a very defined brief, and that is to set and adjust minimum wages.

So what I'd like to do this morning is to give you a little history, to briefly talk about the first decision of the Australian Fair Pay Commission, which as you know, was brought down last year in October. And then to talk a little bit about this year's minimum wage decision, which is due in the middle of the year, and other aspects of the operation of the Australian Fair Pay Commission as we go forward.

First then, a little history.

We are a comparatively new institution, certainly alongside the Industrial Relations Commission, which as you know, stands at the end of 100 years of history in this particular area. The Australian Fair Pay Commission is very, very new indeed.

My position was announced in October 2005, followed by the Director of the Australian Fair Pay Commission Secretariat, Ms Jennifer Taylor. Jennifer is here with me this morning and I acknowledge her presence.

The Australian Fair Pay Commission Secretariat is an official body of around about 20 or so professionals who support the Commission. So the Commission is a five-person Commission, the Secretariat is a separate body, the Director of the Secretariat, Jennifer, is a separate statutory appointment in her own right. Then, of course as I say, her colleagues on the Secretariat are permanent officials of the Commonwealth Public Service, and their role is to support the five person Australian Fair Pay Commission in the work that it does.

Our wage-setting powers were conferred, as you know, by the WorkChoices legislation on the 27th of March last year. At the same time, my other commissioners were also announced by the government. I mentioned Professor Judith Sloan, who is a labour economist, but there's also of course Mr Hugh Armstrong, who has retired now, but rose to be the national president of the Australian Services Union, and is a lifelong trade unionist.

Patrick McClure who, until recent times, was CEO of Mission Australia, for at least 10 years, but had been involved in that sector for a very long time. And Mr Mike O'Hagan, who is a successful small businessman in Queensland - operates a business called Mini Movers that is active in both Queensland and Victoria.

The Commission made its first minimum wage decision on the 26th of October last year, and that decision was implemented from the 1st of December 2006. So we have passed our first major milestone – our first minimum wage decision. We announced at that time that we would make our next minimum wage decision in the middle of this year, 2007. Let me say a little bit more about that later in my presentation.

As you'd be aware, the remit of the Australian Fair Pay Commission is an important one, but it is a narrow one. The setting and adjusting of minimum wages was transferred from the Industrial Relations Commission to a separate body, the Australian Fair Pay Commission.

The Australian Fair Pay Commission is not judicial in any sense at all, not even quasi-judicial. So my colleagues and I on the Commission do not have any judicial status. We are commissioners appointed by the Governor General for set periods of time – in my case, five years, in the case of my fellow commissioners, four years, and we have a specific task.

The task is set down by the legislation. In particular, the Commission is empowered by the legislation to set and adjust the Federal Minimum Wage; special federal minimum wages – for example, for workers with a disability; to determine and adjust basic periodic rates of pay in the Australian Pay and Classification Scales, the so-called Pay Scales, about which we'll hear more as the year progresses, no doubt; determining or adjusting basic piece rates of pay and determining or adjusting casual loadings. Those are the things that we do.

I think it's important for people to understand, as I'm sure professionals in this room understand, that the Australian Fair Pay Commission has really only one task, and that is setting and adjusting minimum wages in our country. That takes a little more explanation than it does in other countries, for example, like Britain where there is only one minimum wage – the equivalent of our standard Federal Minimum Wage.

In our country, as you know, there are large numbers of effective minimum wages. Each wage which appears in the Pay and Classification Scales is for a person who is in that classification their minimum wage. So all of those minimum wages, of which there is a significant number, are effectively set by the Australian Fair Pay Commission.

There are objectives and constraints that face the Commission in undertaking that task – we can't just set and adjust minimum wages in any way that we like. The legislation lays down the criteria which must guide the Commission in its decisions or determinations in respect of setting minimum wages.

The overarching objective for the Australian Fair Pay Commission is to promote the economic prosperity of the people of Australia.

But then very specifically, the Act lays down the powers, the items that we must take onboard – we must give regard to – when we exercise our powers. And they'd be familiar to you if you know our Act. These are:

- The capacity of the unemployed and low paid to obtain and remain in employment. So we need to think about the relationship between minimum wages and employment and unemployment.
- We need to think about the relationship between minimum wages and employment conditions and competitiveness in the economy. Generally, if you like, the micro-economics of the labour market, how do minimum wages interact with employment and unemployment. Then employment and competitiveness across the economy, the macro-economic conditions.
- Thirdly and importantly, providing a safety net for low-paid Australians.

So it isn't just about employment or unemployment of low-paid people or indeed, macro conditions, it's also about providing a safety net for low-paid Australians. Because of course, the setting of minimum wages both traditionally in our country and under the new WorkChoices legislation recognises the fact that the setting of minimum wages is part of the safety net that we place under us all, but in particular, looking to the interests of low-paid Australians.

Then finally, specific provisions for juniors, for employees to whom training arrangements apply, and employees with a disability – that the Commission shall provide minimum wages for employees in those situations, that ensure that they remain competitive in the labour market. So there is, if you like, a special focus on junior employees to whom training arrangements apply and for employees with a disability.

Let me briefly then refer back to last year's decision.

Again, as you would be aware, in its first decision of October 2006, the Commission awarded an increase in the standard federal minimum wage, and in all pay classification wages, all pay scales, up to \$700 a week, of \$27.36 a week.

I'm often asked why that's an odd number, or with odd cents, rather than being a round number like, say, 28 or 27. I'm sure you'd understand the reason for that, but let me express it anyway. The legislation requires that minimum wages be determined in hourly terms, and that increases in minimum wages be expressed in hourly terms. There's a good reason for that, of course. Not everybody works full-time, apart from anything else.

So the increase is actually 72 cents an hour. Now, most of us are used to thinking about weekly wages and weekly increases, so we simply multiply that by 38. But if instead the Commission had decided, no, we'll give a weekly wage and express that increase as \$28 even, because it's a nice, even number, then you divide that by 38, the legislation would chop off the two last decimal places anyway.

So really, this is purely for presentational purposes. The actual increase is 72 cents an hour – for most people that's not terribly meaningful – so we say \$27.36 an hour, but the orders, of course, express it in hourly terms as the legislation requires. So \$27.36 for people earning up to \$700 a week, that covers about a million Australians or about 10 per cent of the workforce.

Then from the \$700 and above for those on pay classifications at the higher end of the scales, the Commission's first decision awarded a weekly increase of \$22.04, or 58 cents an hour, and that covers about 220,000 workers, or a further 2 per cent of the workforce.

Another point I think is important for us all to understand is that only 12 per cent of Australia's workforce is actually affected directly by decisions of the Australian Fair Pay Commission.

Its decisions, as you know, set wages for people who are pay-scale dependent. That is to say they have no other mechanism, there is no other agreement in place, or no other mechanism which would raise their wages over time, but for the decisions of the Australian Fair Pay Commission. That used to be true of a far larger number of Australians than it is today.

Many more Australians again, as you would know, have their wages and conditions determined by agreement of one form or other, either individual or collective. But of course, there are still, at this stage, 12 per cent or so of our fellow workers in the workforce whose wages are determined by decisions of the Commission. But it's only about 12 per cent – about a million Australians at the lower end from \$700 down, and another 220,000 or so from \$700 and above.

Now, even though it's only 12 per cent of the workforce, the Commission has been directed by its legislation to look to the interests of these workers in particular, because generally speaking – certainly at the lower end of the pay scales – they are low-paid Australians. The focus of this legislation – the focus of the work of the Australian Fair Pay Commission – certainly under my chairmanship, will be exactly on the interests of unemployed and low-paid Australians.

So, the federal minimum wage moved up as a result of that decision from \$484.40 a week to \$511.76 a week and – as many people commented at the time – that was the first time the minimum wage, the standard Federal Minimum Wage, had ever risen above \$500 a week. That increase flowed on to juniors, to employees to whom training arrangements apply, and also of course to employees with a disability.

Now a few words on the rationale or reasons behind the decision. The legislation requires that the Australian Fair Pay Commission give reasons for its decision and that it publishes those reasons. I'm sure most of you have actually seen the document that we've published. If you haven't, the decision is available on the Commission's website: www.fairpay.gov.au and I'll come back to that in a moment. That decision is there in soft copy. Of course, if you would like a hard copy, then you're very welcome to contact the Commission and we would send you one.

That document sets down in 180 pages or so, not just the decision itself – there are the legal documents, the legal instruments that give rise, the orders that actually give effect to the determination – but there is also a set of data and arguments that explain why we did what we did. Let me just give you the highlights of those.

Firstly, what was the rationale for the differential decision, the fact that we awarded a larger increase to those on the Federal Minimum Wage and the lower pay scales, relative to those who were further up the Australian Pay and Classification Scale?

The answer to that is the research that the Commission itself commissioned from external researchers, and the findings and arguments that were brought to the Commission in submissions and consultations.

All agreed that Australian workers who are further down the Australian Pay and Classification Scales – at the lower end of the scales, and in particular on the standard Federal Minimum Wage – that workers who are lower paid in our community are, generally speaking, more reliant on minimum wage setting. This is not something that would strike anyone, I imagine, as a shocking or surprising conclusion. Low paid Australians are more reliant on the setting of minimum wages and therefore, more reliant on the Australian Fair Pay Commission for wage increases.

Secondly, the research also showed that on the other side of that – as you move up the Australian Fair Pay and Classification Scales – that higher paid workers are generally more likely to negotiate their wage increases directly with their employers by agreement making. Not everybody; obviously the numbers indicated earlier on, but nearly a quarter of a million Australians are still reliant on the Pay Scales, even at the upper end of the Pay Scales.

The evidence, both brought to the Commission in submissions and through the research we commissioned ourselves, points out that the further up the Pay Scales you go, the more likely it is that people have negotiated, either individually or collectively, pay rates in excess of minimum wages.

Unsurprisingly, the minimum wage is of greater significance for Australians who are at the lower paid end of the Pay Scales than at the other end. And so we award the comparatively higher increase to recognise that fact.

Indeed, the standard Federal Minimum Wage, by going up by 72 cents an hour or \$27.36 a week, as I said before, increased by 5.6 per cent. There had been an 18 month gap between the last time the standard Federal Minimum Wage was adjusted and when it was adjusted again on 1 December last year, when our first decision took effect.

That increase represented a 5.6 per cent increase over 18 months. Inflation or CPI inflation at least over the same 18 month period was about 5.3 per cent. So in other words, the Commission increased the standard Federal Minimum Wage by a little more than inflation, so it rose in real times slightly after the 18 month delay. Importantly, the real increase that we awarded was highest at the lowest end, again, because the Commission is focused on low paid Australians.

The second rationale for the Commission's first decision is that in the Commission's view, a decision of this type balanced the sensitivities of low paid employment to wage movements – in other words, the demand side of the equation; with incentives for people to seek and remain in paid employment, namely the supply side.

The Commission, as you know from the legislation, needs to have regard to the capacity of unemployed people to obtain work and low paid Australians to retain work. That draws our attention immediately to both the demand and supply sides of the labour market. Certainly, the minimum wage is a cost to employers and if it were to be raised 'too high', it is likely that employment opportunities for low paid Australians would be withdrawn or at the very least, unemployed Australians would find it harder to get work.

On the other hand, if the minimum wage is not raised fast enough, against the background of the fact that unemployment benefits and other forms of social security are indexed by the CPI – in short if the gap between unemployment benefits and the minimum wage narrows too much – then the incentive for unemployed people to actually seek work, even low paid work, starts to become attenuated.

In the end, the Australian Fair Pay Commission has to ensure that we do what we can just with the instrument that we have – the setting and adjusting of minimum wages – to ensure that the employment circumstances for low paid Australians are as positive as possible and that there is, at least as far as minimum wages are concerned, the minimum possible obstacle to unemployed Australians finding work. That requires us to balance the sensitivities of those two things: demand and supply.

Similarly, the decision balanced employment and competitiveness across the economy, with the need to provide a safety net for low paid Australians.

Finally, you will see the decision document is pointing out the ways in which we took into account the 18 months since the previous adjustment of Australia's Federal Minimum Wage, the continued strong performance of the economy, although not uniform, the labour market, movements in consumer prices and the potential impact of our decision on unemployment and inflation.

And since a little bit more time has passed since this decision was announced, then I can say – even I think with greater reason – that I am encouraged as my fellow Commissioners are, by the fact that since that decision was announced and indeed since it was implemented, the Reserve Bank of Australia has met at least twice and the Reserve Bank has expressed no concern at all about the Commission's decision being inflationary. Indeed the evidence isn't there, and in fact, unemployment as you would be aware, has stayed at 4.5 per cent across the community – no change.

So I believe the Commission was correct in assessing the potential impact of its decision on unemployment and inflation – there has been no movement at all. We've also asked of course, in our next round, for people to provide to the Commission additional evidence about the impact of its first decision, so I may stand to be corrected.

But at this stage, there is no evidence that the Commission's first decision has affected either of those macro aggregates and indeed we deliberately intended that the decision wouldn't do that of course, because it's required under our legislation.

Let me now move our focus forward and talk a little bit about this year's minimum wage decision. I made the point to you that last time, we announced that we would make another decision at the middle of this year. There will be something like about seven months between the last decision coming into effect and the next decision being made. That's a much shorter period than normal, of course, but then again the 18 months was a much longer period.

One of the very quick reactions we had to the decision – certainly from employers – was to ask us if in future, we couldn't make this decision in the middle of the year, make it effective in the middle of the year rather than towards the end of the year when they are coping with Christmas and various other issues like that.

Well, that's one consideration. Another consideration of course is that the state jurisdictions still tend to bring down their decisions in the middle of the year – maybe not June but certainly around the middle of the year rather than the end of the year – and the Australian Fair Pay Commission would sooner be doing that than sitting out by itself at the end of the year.

So my colleagues on the Commission and I decided that we would make the next decision in the middle of this year, so that all the minimum wage decisions that are made around the country are more or less at the same time. It's up to the states to decide what they do, of course, the individual state tribunals, but given that the Australian Fair Pay Commission decided to do this, and we have about 85 per cent of Australian workers covered by the federal jurisdiction, then maybe they'll make a decision to come with us at more or less the same time, but I emphasise that's their choice of course.

So far we've called for submissions on 1 December and submissions close at the end of this month, well nearly the end of this month, 30 March. We're looking forward to additional submissions being provided and certainly if organisations that you represent here are planning to make a submission, we would be delighted that you would and hope that you are able to do so by 30 March.

There are a varieties of ways in which you can make a submission to the Commission. We've now got an online form that can be filled in, in a quite straightforward fashion or you can simply call or email the Commission and give us the benefit of your views, even if it's just a two line email or a voicemail that you'd like to leave, expressing your particular individual concerns. Obviously institutions tend to make more elaborate submissions and we're welcoming those as well.

We've scheduled our decision for the middle of this year. I can't give you any idea yet exactly when that will be, other than to say that it will be the middle of this year, for the reasons that I've given you already.

Clearly, I can't talk to you about what that decision might be, but just for noting, here are some contextual facts.

According to the latest data, the Australian economy is actually improving its growth rate, picking up 2.8 per cent up from about 2.4. The outlook for the economy appears to be quite strong, but at least we know those data that are strengthening the economy. Wages growth, according to the WPI, the wage price index of December 06, 4 per cent per annum; inflation, 3.3, commentators suggesting that might fall a bit, but they are the latest data; and unemployment nationally at 4.5 per cent, obviously much lower in the strong Western Australian economy and higher in the weaker economies of South Australia and Tasmania, but across the country 4.5 per cent is still at a 30 year low.

I make the point that obviously the decision we make this year will recognise the elapse of only seven months since the implementation of the 2006 decision. We're not dealing with an 18 month lag as we did last year.

A few words about how we're engaging with stakeholders. You'd be aware that the legislation requires the Commission to go about its business by consulting, seeking submissions from the public and undertaking and/or commissioning research. So the watch words for the Australian Fair Pay Commission are: consultation, submissions and research. That's how this Commission operates. It does that, because that's how the legislation requires it to operate. It's a new approach to setting minimum wages for our country and we've actively engaged in

that last year for the first decision; we'll do exactly the same this year with some slightly different instruments.

We have established a pilot Business Consultative Group – I emphasise it's a pilot consultative group. This one happens to be of small and regional employers in Victoria. Our first meeting was very successful and the feedback we've had from people who were at that group – there were about 15 or so representatives of small businesses and regional employers in Victoria – was very positive. If that model works, and these are about two hour meetings where we go through a structured set of issues that we raise and we simply seek feedback from these people around the table, then the Commission would anticipate expanding the number of consultative groups, obviously broadening their geographical representation, but broadening the representation beyond employers as well.

We've implemented a Research Advisory Group. Within the Secretariat, the Commission requested that a separate part of the Secretariat be devoted to research. That has been the case and Jennifer Taylor and her colleagues on the Secretariat have established the research section, and it's very active, under a director or assistant director to Jennifer herself.

We made it clear to the stakeholders of the Commission that research is a very important element of the decision making process for the Commission and that we would like, as a group – that is to say the stakeholders as well as the Commission – to become much more familiar with what the academic research tells us about the types of questions that the Commission is asked to answer.

We don't possess all the expertise, far from it, so we've established a Research Advisory Group. On that group, there are suitably qualified researchers from the various stakeholders of the Commission, obviously employer organisations, trade unions, specialist academics and others from the community sector who have specialised knowledge and research expertise. They form an advisory group helping to direct the agenda of the Commission in its research activities.

What we're hoping to establish is a shared bank of knowledge and expertise on questions like the 'employment effects of minimum wage movements'. That is not a question which should be subject to political debate. That's an empirical question. It doesn't mean that it's cut and dried, it's a question about which people have very strong professional views, depending on how one reads the data and how the tests should be set up and so on. But what we're hoping to provide here is a forum in which those who have expertise in the area can agree on the way in which we should approach it, on how we should collect the data, what good tests look like, who the experts are and so forth, and that group is working very well.

We've established specialist round tables and the very first of these was a great success where we engaged all the interested parties in the questions of minimum wages for workers with a disability. In particular the supported wage system and there were the employer groups, again the trade union movement, community groups, specialised groups representing the employers of workers with a disability and of course the workers with disabilities themselves.

We put all of those around a big table and we agreed on the approach and I was personally very proud to be able to announce – and no one has spoken about this at all, which is a little bit disconcerting from my point of view – but the whole section of last year's decision that related to the conditions for workers with a disability was all agreed, right down to the detail of the orders themselves, with all of those who represented different aspects of this very important area.

That is how this Commission will go about its business under my chairmanship, and I was very, very pleased to be able to gather together in that group, in that room, a group of people who are very concerned that is obviously for any thinking insentient Australian, a very important issue. That is how we deal with some of the most vulnerable workers in our community. Complete agreement and those orders have now been issued as you know.

We will do the same thing when we come to deal with juniors. We'll set up a similar round table for those with interests and expertise in that question as well.

We've commissioned research into our stakeholders themselves. We've asked our stakeholders how they found the process last time, what they liked about it, what they didn't like about it and of course about the decision itself – how did the decision affect them?

We've commissioned independent research on those scores. We're not asking them, an independent researcher is asking them and then handing back to us the results of those enquiries.

And this isn't just us being fine fellows. The legislation requires us to do this. The legislation requires us to monitor the impact of our decisions and to seek feedback from the community about how the Commission is going along and we encourage anybody and everybody to be involved in that.

And of course we've scheduled a series of face to face meetings as we did last time with our stakeholder representatives.

Last time we did use targeted focus groups. We also had public consultations but we quickly learnt that the public consultations didn't always bring us the full range of people from whom we needed to hear – either because they couldn't get there or they were too embarrassed or they didn't know about it or whatever.

So this time we have again commissioned a professional group of social researchers to undertake a series of targeted focus groups, focussing on the different groups: low paid, the employers of low paid people, juniors, the unemployed, Indigenous Australians and those from culturally and linguistically diverse backgrounds, specifically to target their views about minimum wages and the role of the Commission.

I have personally attended three of those occasions. One for the low paid in Melbourne, one for juniors in Adelaide and one for unemployed Australians in Adelaide.

My colleagues on the Commission have attended a variety of the others as have senior members of the Secretariat. They are very interesting occasions. After we have the focus group, my colleagues and I go in and meet people and talk to them about their experiences and what they think the Commission can do, can't do, is doing right, is doing wrong.

And that's again very helpful for me in forming my views, talking to people, talking to our fellow Australians about these issues.

We have an internet bulletin board that's set up and there's been quite an active conversation going on there, I can assure you. On the weekend I was scrolling through what people have been saying about the Commission and about minimum wages and a variety of things. A very useful way of getting access particularly to younger people who are of course far more comfortable with that sort of technology than people getting a little long in the tooth like me, but there it all is, it's great. Site visits as well, my fellow commissioners have been visiting various sites around the country, meeting with people and talking with them.

The submission process I've spoken about. We've been encouraging submissions, we've sent out brochures and posters to about 7,000 community locations across Australia where we would hope that people will see what the Commission is up to and what it's looking for, and as I've indicated we've also developed an online form that is available at the website.

This Commission is about collecting people's views, seeking to find out what collectively people think about minimum wages – that's how we proceed.

Last year we commissioned a range of research. All of that research incidentally is published and available on the website, if you're interested. And for the 2007 decision because of course it comes so quickly, we won't have time to do as much research this time but we have two other projects that we've already submitted to public tender.

One is to develop the monitoring strategy to determine the impact of our first decision. We're not making that up. We've asked professionals to tell us how we should design a system to ensure that we, on the Commission, get all the information we need about what our decision actually did, both in terms of employment and of course in terms of living conditions for low paid Australians.

And we have another project that looks at the economic and social circumstances of young Australians aged 15 to 20 in anticipation of the Commission's enquiry into junior wages.

As we were commissioning research on reaction to the Commission and so forth it became fairly clear to us that there is quite a low level of knowledge about the Commission, particularly among people who are the object of the Commission's attentions – particularly amongst low paid Australians, young people and women.

Obviously a group like this one today is very well informed about the Australian Fair Pay Commission but of course you're not representative.

So we had a commissioned survey done of 1,000 randomly selected Australians last year, at least 300 of whom were on the Federal Minimum Wage to find out even if they knew anything much about the Australian Fair Pay Commission. And these are the results: unprompted, only five per cent of those people actually could name the Australian Fair Pay Commission. They were aware that there was a body that set minimum wages at least 45 per cent of them were, but they couldn't name it.

When prompted of course, then people responded a bit more affirmatively – 43 per cent had heard of it when it was put to them, and that was up from 29 per cent just before the decision was brought down in October of last year. And were they aware of the decision? More or less the same numbers were aware of the first decision.

We've got a job to do in terms of building public awareness – that's part of the reason I'm here speaking to you this morning. Not so much that you don't know about us but then the various circles within which you move you've now got some more information about helping people to understand what we do and how to get access to us. And I'd be very grateful on behalf of the Commission if you would see that as part of your responsibility to help us to become better known.

Now some results of what people thought. These are the people who actually said they did know about the Commission and were prepared to say something about it.

It indicates that broadly speaking people react to the Commission quite positively – those who know about us. Interestingly the weakest is for 'consults the general public', which is a bit strange.

So again if you're wondering why I'm going on about our consultation process, it is partly to try and remedy that. Our research tells us people don't think we do.

But encouragingly people think that we're transparent and open and honest and they think that we consider the economic impact as well as the social impact, that we are independent of the government – so all of those things are encouraging. Obviously there are plenty of people who don't agree with those things but they are in the minority at this stage.

But I make the point once more – the Commission is aware that it needs to be doing things to raise public awareness and we are doing exactly that.

What type of organisation are we trying to build? This is an organisation, that is directed by the legislation to focus on the interests of unemployed and low paid Australians and their employers. And my fellow Commissioners and I are committed to doing exactly that.

This Commission has only one instrument – minimum wages. It's not an anti-poverty Commission. It doesn't have a very broad ranging brief. It has one instrument and that instrument is to be focussed on the conditions of unemployed Australians and low paid Australians and their employers, and that's what we'll do.

The decisions that we make will be evidence-based and informed and balanced. The legislation directs us there but my fellow Commissioners and I are committed to doing that.

Our procedures will be open and transparent and independent as far as is consistent with the public role and responsibility that we have. They'll emphasise research and analysis and in the end my vision for the Australian Fair Pay Commission – during my term as initial Chair – is that it become a respected authority on the link between employment and minimum wages in an Australian context.

This is a uniquely Australian institution. And my dream if you like, or vision for the Commission, is exactly that – that we be seen as a respected authority on that link and on those conditions.

I ask you to hold us to account and you can hold us to account in all the ways I have described. You individually or your organisations can feed back to us at any time, views that you have about the way we are going about things. And if you think that that's less than desirable then I want to be the first one to hear what you have to say.

Here's our agenda for this year: the Minimum Wage Decision for 2007, we'll commence a review of junior wages as well this year, and we will also commence a review of the rationalisation of pay and classification scales in the light of the award review task force recommendations last year.

You know that a rationalisation of the pay scales is part of the Commission's responsibility. We weren't able to make any progress on that until we had received Commissioner O'Callaghan's report, which we did receive in the middle of last year.

We haven't made any further progress on that at this stage. And the reason for that is the following: both Commissioner O'Callaghan himself and just about every major stakeholder group who put a view to the Commission as part of our consultation process last year, told us to go very carefully with the rationalisation of pay scales because this is a complex business and it's not to be done lightly or quickly. We took that advice to heart.

The Commission made its first determination last year. We now have before us these other matters, one of which is the rationalisation process, and we will approach that in exactly the way that we were advised by our stakeholders to approach it – carefully and with great deliberation and consideration to ensure that we don't make obvious mistakes in that area which I know will be very close to the hearts of many people here.

Thank you.