


Working for business.
Working for Australia



Fair Work Amendment (Repeal of 4 Yearly Reviews and Other Measures) Bill 2017 | Senate Education and Employment Legislation Committee

7 April 2017



Australian
Chamber of Commerce
and Industry



**WORKING FOR BUSINESS.
WORKING FOR AUSTRALIA**
Telephone 02 6270 8000
Email info@acci.asn.au
Website www.acci.asn.au

CANBERRA OFFICE
Commerce House
Level 3, 24 Brisbane Avenue
Barton ACT 2600 PO BOX 6005
Kingston ACT 2604

MELBOURNE OFFICE
Level 2, 150 Collins Street
Melbourne VIC 3000
PO BOX 18008
Collins Street East
Melbourne VIC 8003

SYDNEY OFFICE
Level 15, 140 Arthur Street
North Sydney NSW 2060
Locked Bag 938
North Sydney NSW 2059

ABN 85 008 391 795
© Australian Chamber of Commerce and Industry 2017

This work is copyright. No part of this publication may be reproduced or used in any way without acknowledgement to the Australian Chamber of Commerce and Industry.

Disclaimers & Acknowledgements

The Australian Chamber of Commerce and Industry has taken reasonable care in publishing the information contained in this publication but does not guarantee that the information is complete, accurate or current. In particular, the Australian Chamber is not responsible for the accuracy of information that has been provided by other parties. The information in this publication is not intended to be used as the basis for making any investment decision and must not be relied upon as investment advice. To the maximum extent permitted by law, the Australian Chamber disclaims all liability (including liability in negligence) to any person arising out of use or reliance on the information contained in this publication including for loss or damage which you or anyone else might suffer as a result of that use or reliance.



Table of Contents

Schedule 1 - Four yearly reviews of modern awards	1
Schedule 2 - Procedural requirements in enterprise bargaining	5
Schedule 3 - FWC Members	13
About the Australian Chamber	15
Australian Chamber Members	16

Recommendation

The Australian Chamber supports passage of the *Fair Work Amendment (Repeal of 4 Yearly Reviews and Other Measures) Bill 2017*, subject to the various detailed recommendations in this submission.





Schedule 1 - Four yearly reviews of modern awards

Introduction

1. The *Fair Work Act 2009* (Cth)(Act) not only provided a process for consolidating the legacy of literally thousands of federal and state awards into fewer instruments (the 'modern awards'), it also provided for a series of automatic or pre-programmed reviews of these awards:
 - a. The two yearly review, to be undertaken two years after the first making of modern awards under the Act (the original modern awards were made in 2010).
 - b. Subsequent four yearly reviews (and the 2014 review is still underway).
2. The thinking behind programming these review processes into the system was understandable. Sound regulation should remain fit for purpose, often needs to be adjusted based on experience and may require regular review, and much of the poor regulation in the former award system arose from poor maintenance and simply adding on more and more regulation over time.
3. However:
 - a. In practice, the rigor exercised in the making of the modern awards in 2010 saw many industries (employers and unions) confronted with challenges in revisiting them under the same statutory framework shortly after their commencement.
 - b. The two yearly review process was also felt by many employer and industry representatives to be a burdensome exercise undertaken just as the modern awards were bedding down.
 - c. The commencement of the four yearly review shortly after the conclusion of the two yearly review has provided an at large invitation for litigation, often to inject new prescription and new entitlements into the award system. The result is that the four yearly review has become an exercise in mass litigation, that has soaked up resources from employers and unions since 2014.
 - d. The Australian Chamber accepts that in some industries there is considerable scope to better align the content of a modern award with the modern awards objective. However:
 - i. This is possible without any automatic reviews.
 - ii. Existing capacities to seek variations to individual awards¹ will remain part of the system following the passage of Schedule 1, and are quite sufficient to address any concerns that do emerge.

¹ Existing s.157 of the Fair Work Act 2009.



4. Applications made outside of an automatic review process would enable interested parties to better target applications to key concerns emerging from the operation of the awards. This would also see key parties better direct their resources and efforts toward these key concerns so that they may be dealt with more efficiently.

The amendments

5. Together with Schedule 4, Schedule 1 would remove the obligation on the Fair Work Commission (Commission) to undertake four yearly reviews of modern awards with effect from the completion of the current four yearly review.
6. We understand this objective to be supported by the Australian Chamber, by the Australian Council of Trade Unions (ACTU) and the Australian Industry Group (AiG).
7. Putting aside specific instances of coverage, ambiguity or discriminatory effect, the Act provides for the variation of modern awards in two sets of circumstances:
 - a. Under Division 5 Part 2-3 of the Act the Commission may make vary or revoke a modern award if it is satisfied that it should do so is necessary to meet the modern awards objective. The proposal to make, vary or revoke an award can originate from the Commission itself or be made by an employer, employee or an organisation would be affected by the proposed change. This capacity is available at any time and any variation must be confined to permissible terms expressed only to the extent necessary to achieve the modern awards objective.
 - b. Under Division 4 Part 2-3 of the Act the Commission must also review each modern award starting as soon as practicable after each fourth anniversary of the commencement of the Act. The object of the review is to ensure that awards meet the modern awards objective in the provision of a fair and relevant safety net of terms and conditions. The provision of a fair and relevant safety net is assessed by taking into account a number of statutory considerations including stability of the award system. Modern awards are not intended to be in a constant state of change or review.
8. However, the four yearly review process has not contributed to providing a stable modern award system. It has given rise to sustained uncertainty about what is, might or should be, in individual awards, and provided a constant and significant drain on all parties' resources, and has done so often:
 - a. Contrary to the express priorities and positions of the employers, employees, and unions that have been stewards of awards in the industry for decades.
 - b. Without applications, and rather on the Commission's initiation based on its interpretation of its responsibilities under the Act; responsibilities that can and should be changed as proposed in Schedule 1.
9. On the basis that the award is "available" for variation when a four yearly review is triggered, interested parties have sought a range of variations simultaneously and the Commission has introduced its own proposals.



10. The result is that the first four yearly review which commenced soon after 1 January 2014 seems likely to continue close to or past 1 January 2018, which is the date after which the Commission must commence the second four yearly review.
11. It is the firm view of Australian employers, and we understand trade unions, that this not occur. We are at risk of one massively costly and burdensome litigation sink running into another.
12. Removal of the four yearly review process will not give rise to a situation that modern awards fall into irrelevance over time, because they are not reviewed.
 - a. The Division 5 Part 2-3 power of award variation remains available at all times and the Commission retains its own motion power.
 - b. The Commission is not reliant on a dispute to move to make, vary or revoke an award, nor the consent of affected parties.
 - c. Minimum wages will continue to be reviewed annually under separate processes.
13. Most of Schedule 1 comprises amendments which are consequential upon the main amendment (Item 8) which repeals s 156 (Division 4 of Part 2-3) of the Act, and are necessary because of it.
14. Item 15 inserts a new s 582(4)(ab) which gives the President an explicit power to issue a direction about the manner in which a Division 5 Part 2-3 function is to be performed. This amendment may not be necessary but does provide certainty and is not opposed.
15. Item 16 inserts a new s 582(4)(e) which gives the President the power to direct a single Commission member to undertake a function in respect of an award variation. This is an altered capacity for single members which, in concert with Item 17 repealing s 616(2) and (3) and Item 18 which inserts a new s 616(3B)-(3D), means that award variations under s 157 (and specific instances of coverage, ambiguity or discriminatory effect – ss 159 – 161 of the FW Act) can be made by single members as at present, but that award revocations cannot.
16. In the main award variations would be undertaken by a Full Bench (new s 616(3C)). This rearrangement is not a necessary amendment consequential upon repealing Division 4 Part 2-3, but is not opposed.

Recommendation 1.1

Schedule 1 of the Bill should be passed.

Commencement of Schedule 1

18. Schedule 4 of the Bill inserts a number of necessary definitions into the Act and proposed new cl 26 and 27 into Schedule 1 of the Act which continue the current four yearly review after 1 January 2018 which is the day that Schedule 1 is intended to commence and also



- provide a power to dismiss an application under s 158 to make, vary or revoke a modern award which is in relevantly similar terms to an application before the four yearly review. This latter provision has a two year life.
19. The Schedule 1 commencement day of 1 January 2018 means that s 156, requiring the Commission to start a review of modern awards as soon as practicable after 1 January 2018, will not apply and a second four yearly award review will not commence. Proposed s 26 has the effect of continuing the current (first) four yearly review past that date under the current rules. This is supported.
 20. However, proposed s 26 is not time limited which means that the current four yearly review could be prolonged indefinitely. The Australian Chamber accepts that this is unlikely, but also risks undercutting the primary purpose of the amendment, and sending a poor message. By implication at least under the Act's current provisions, a four yearly review would take place and be completed within a four year time span, because the subsequent review was set to commence on the Act's next fourth anniversary.
 21. In reality it was more likely expected that a four yearly review would take not more than a couple of years and there would be a period of award inactivity ahead of the following review.

If proposed s 26 were given a 9 month life it would mean that the current four yearly review would have up to four years and 9 months over which to be conducted were that amount of time needed. Assuming the Royal Assent by mid-year, the proposed amendment would also give parties at least 15 months' notice of the final date.

Recommendation 1.2

That the Committee recommend that the following be inserted after cl 26(3) in Division 2 of Schedule 4:

Sunset provision

(4) This clause ceases to have effect at the end of 9 months after the Schedule 1 commencement day.

23. Proposed cl 27 is intended to prevent parties re-bringing a matter before the four yearly review again under Division 5 Part 2-3 for the two years following Schedule 1 commencement day. The Commission can already dismiss applications which are frivolous, vexatious or have little prospect of success (s 587) which should be sufficient to dismiss failed applications or indirect appeals, but the proposed clause is not opposed.
24. A second consequence of proposed cl 27 signals is that after two years a matter could be re-opened. Given this would be only two years, and perhaps less if the four yearly review continued some time into 2018, it may be that a longer period may be more appropriate.

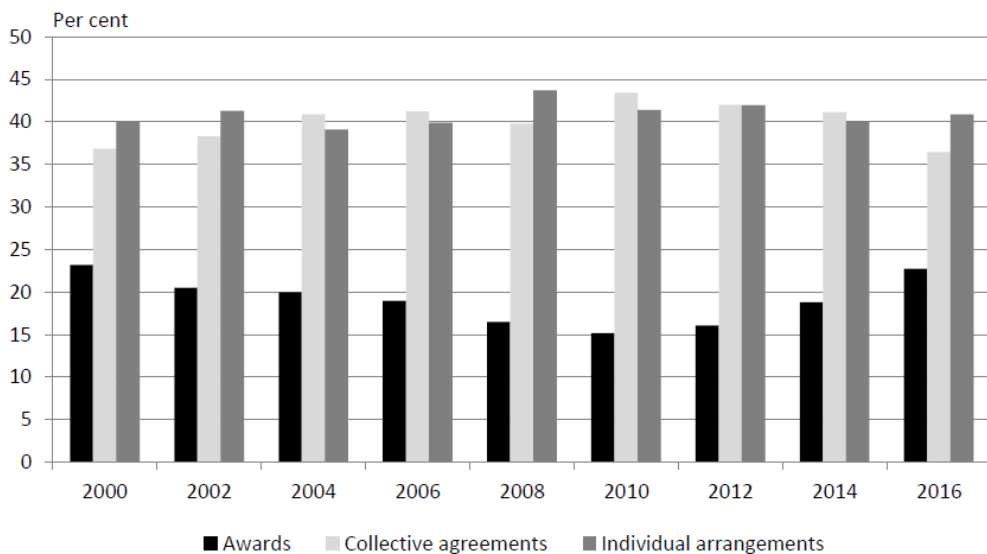


Schedule 2 - Procedural requirements in enterprise bargaining

Our bargaining system is in crisis

25. The Australian Chamber network is very concerned at the present state of enterprise bargaining under the Act. Enterprise bargaining was placed at the centre of our workplace relations system by successive Labor and Coalition governments to be the key vehicle to deliver increased productivity, increased incomes for employees, and more secure and sustainable jobs.
26. More employees working under agreements, and fewer under awards, has long been recognised as a positive, for employers, employees and our economy. More people not employed solely on award rates means (or should mean) employees are taking home higher wages for working more productively in more sustainable enterprises.
27. Unfortunately, this is not what is going on in our system:

Methods of Setting Pay²



28. Collective agreement coverage is falling as a proportion of employment, and award reliance (that is payment on minimum award rates of pay only) is increasing, see below.
29. Some of this may be compositional, reflecting a shift towards services in our economy, however is inescapable that something is turning potential users off the bargaining system.
30. Employers express a range of concerns to the Australian Chamber and its member organisations regarding the risks v rewards of enterprise bargaining under the Act.
31. The principal concerns the Australian Chamber hears from its members include:

²FWC Annual Wage Review [Statistical Report](#) – Annual Wage Review 2016-17, Chart 7.1, p.29 – ‘Award reliance’ defined below.

- a. The complexity of enterprise bargaining under the Act requiring legal / expert representation that can be cost prohibitive for smaller businesses.
 - b. The risks of industrial action for medium to larger employers that pursue bargaining under the Act (particularly compared to preceding legislation).
 - c. The myriad of procedural landmines or points of potential error in the system, at which enterprise bargaining can go wrong despite the best will and advice.
 - d. The experiences of employers who have fallen foul of the Act and seen their workplace relations go backwards as a function of having attempted to bargain under the Act.
 - e. The impractical application of the Better Off Overall Test (BOOT), and the danger of agreements that are approved being overturned.
 - f. **The concerns with the Notice of Employee Representational Rights (NERR) that are addressed in Schedule 1 of the Bill.**
32. It is likely that such concerns are having a negative impact on propensity to bargain. The following data tracks 'award reliance' in Australia. Award reliance is defined as the proportion of employees in an industry that are paid exactly the award rate.

Award Reliance³

	2008	2010	2012	2014	2016
Accommodation and food services	50.3	45.2	44.8	42.8	42.7
Administrative and support services	33.9	31.4	29.0	37.3	42.1
Retail trade	28.9	22.3	25.6	28.5	34.5
Health care and social assistance	17.2	17.1	19.0	22.3	28.8
Rental, hiring and real estate services	20.2	22.8	20.9	22.1	27.2
Arts and recreation services	14.2	15.1	19.7	22.0	26.2
Education and training	8.4	5.1	6.8	5.1	26
Construction	9.1	10	10.6	13.7	19.7
Public administration and safety	3.6	1.9	6.9	12.8	18.1
Manufacturing	12.2	14.6	11.3	15.7	17.7
Wholesale trade	9.0	10.9	8.1	11.9	16.8
Transport, postal and warehousing	8.3	8.0	7.3	10.9	13.4
Professional, scientific and technical services	5.4	4.2	6.0	9.9	9.3
Electricity, gas, water and waste services	5.4	3.1	4.3	6.9	6.5
Information media and telecommunications	5.6	5.7	5.7	5.2	5.5
Mining	1.2	1.9	0.6	0.8	n/a
Financial and insurance services	2.2	2.1	4.7	5.0	n/a
Other services	25.4	27.2	24.6	25.1	34.3
All industries	16.5	15.2	16.1	18.8	24.5

³ FWC Annual Wage Review [Statistical Report](#) – Annual Wage Review 2016-17, Table 7.1, p.30



33. We see that with the exception of accommodation and food services, the most award-reliant industries (and the lower paying) are making less use of agreement making, not more during the past eight years.
34. This is a serious problem, and a very poor reflection on both our enterprise bargaining system, and the costs and difficulty of doing business in Australia.
35. We acknowledge that it can be difficult to formally bargain in enterprises with low margins where labour costs form a high proportion of operating costs, but how can award reliance have increased / bargaining decreased within such industries? Perhaps shops will always be less capable of bargaining that mines, for example, but how can fewer retail employees be covered by enterprise agreements in 2016 than worked under them in 2008?
36. The Chamber network is also uniquely placed to report the feedback of smaller employers. The whole system for enterprise bargaining has become too complex and risky for small businesses in particular. The Australia Chamber and its members support Schedule 2 for the reasons below, but we maintain a much wider set of concerns need to be addressed and that there is a more fundamental imperative for structural reform to make the system far easier to understand and navigate, for both employers and employees, without harming employee interests.

Fix the paper work problems

37. One of the problems with our enterprise bargaining system raised with the Productivity Commission (PC) during its 2015 review of Australia's Workplace Relations Framework is the impractically strict approach to the very technical and complicated paper work requirements of the Act, which was seeing agreements rejected that enjoy the support of both employers and employees and that would have, excepting minor technical breach, met all the statutory tests for approval (i.e. the employees were going to be better off overall).
38. At issue are minor errors in navigating the unnecessarily complicated, inflexible and unforgiving procedures for providing employees with the Notice of Employee Representational Rights (NERR).
39. In Chapter 20 of its Final Report⁴, under the heading 'Make procedure a servant, not the king' the Productivity Commission (PC) recounts various examples of the Commission's application of the bargaining provisions of the Act elevating procedure above substance.
40. The PC usefully recounts evidence from employers in Launceston whose enterprise agreement was rejected by the Commission due to a technical defect in their NERR:

We are now forced to go back to the ballot again. Whilst I understand and respect the legalities imposed by legislation, the pedantic nature in which the provisions are applied has a significant impact on the productivity of the organisation for no apparent reason or protection of the employees from any wrongdoing.

⁴ Productivity Commission (2015) [Workplace Relations Framework](#), Volume 2, pp.663-667

The situation has now caused a potentially detrimental relationship between the organisation and the workforce. Because it has been on a knife-edge before, so to speak, they do not understand the reasons for the rejection. Rather, they are becoming suspicious that they must have done something wrong because the Fair Work Commission rejected the agreement.⁵

41. The PC identifies further grounds for avoiding rejection of fundamentally-sound EAs on the basis of technical purity:
 - a. Delays in agreement approval, delay benefits for employees.
 - b. Such decisions can influence perceptions of the cost and complexity of bargaining, and thus discourage businesses and employees from pursuing enterprise agreements.
 - c. Delays in agreement approval create uncertainty about future labour costs, and can affect a business' capacity to self-finance or raise the cost of external finance.
 - d. Delaying agreements delays benefits to consumers / the community.⁶
42. The PC noted the consequences of what it characterises as an inescapable approach under the present legislation:

A FWC decision invalidating a NERR can particularly delay an agreement because the parties must issue a new NERR and wait at least 21 days after issuing it before the agreement can be approved by holding another employee vote.⁷

43. The PC ultimately recommended that:

[PRODUCTIVITY COMMISSION] RECOMMENDATION 20.1

The Australian Government should amend the *Fair Work Act 2009* (Cth) to:

- allow the Fair Work Commission wider discretion to overlook minor procedural or technical errors when approving an agreement, as long as it is satisfied that the employees were not likely to have been placed at a disadvantage because of an unmet procedural requirement.
- extend the scope of this discretion to include minor errors or defects relating to the issuing or content of a notice of employee representational rights.

44. This recommendation is progressed in Schedule 2 of the Bill before the Committee.
45. Proposed new s.188(2) of the Act would therefore fix one of the serious problems plaguing agreement making under the Act, allowing the FWC discretion to progress agreements notwithstanding minor and non-prejudicing paperwork errors.

⁵ Productivity Commission (2015) [Workplace Relations Framework](#), Volume 2, p.663

⁶ Productivity Commission (2015) [Workplace Relations Framework](#), Volume 2, p.664

⁷ Productivity Commission (2015) [Workplace Relations Framework](#), Volume 2, p.666



How the FWC will exercise greater discretion

46. The Committee may wish to take into account the comments of one FWC member who was bound to reject an agreement by the strictures of the existing Act, but recognised the absurdity of having to do so, and that the situation could be improved:

If it seemed the Act allowed discretion in relation to the matter, I would exercise it; that is, the departure in the content of the notices of representational rights from the prescribed form might be considered to be something akin to a misnomer of no real consequence, rather than anything that, in a practical sense, alters the advice to employees of their rights in such respects.⁸

The amendments

47. Schedule 2 is intended to allow the Commission to overlook technical or procedural errors made in the making of an agreement which would prevent the Commission from approving the agreement when it is satisfied that the errors are not likely to impose any disadvantage on the employees to be covered by it, and who otherwise genuinely agreed to the agreement.
48. The proposed amendment is consistent with the objects of the Act.
49. The enterprise bargaining system is intended to provide a fair and simple framework for the making of agreements. The enterprise bargaining provisions in the Act were explicitly intended to reduce the red tape and complexity associated with the negotiation and approval processes, to amongst other things, drive productivity improvement. This is consistent with the Act's policy goal of putting bargaining at the heart of the system. Of themselves modern awards are not directed toward driving productivity improvement, although their impact on productivity is one matter that the Commission is to take into account.
50. The Commission may approve an enterprise agreement if it is satisfied that employees have genuinely agreed to its terms. This essentially means that employees made an informed decision about the agreement's merits and that their vote was not coerced. Employees are to have a minimum of seven days to consider the form of the agreement which they are to vote on.
51. "Genuine agreement" also requires that employees were given a notice advising their rights to be represented within 14 days of bargaining commencing. Although a round of bargaining often takes much longer, this requirement provides employees or their representatives with the opportunity to comment on the draft agreement before a final draft for voting is settled. Thus "genuine agreement" also requires procedural compliance directed to ensuring employees can represent themselves or be represented in the way they feel most appropriate for their circumstances.

⁸ Productivity Commission (2015) [Workplace Relations Framework](#), Volume 2, p.667



52. The decision in *Uniline*⁹ highlighted the unduly strict and exacting approach the Commission found it must apply, which is precisely the problem that Schedule 1 of this Bill seeks to address. The outcome in this decision and the position the Commission found itself bound to apply was described in the judgement as “*subjecting the workplace relations system to ridicule*”.¹⁰
53. Together with Division 3 of Schedule 4, Application and transitional provisions, Schedule 2, Procedural requirements in enterprise bargaining, addresses minor procedural errors which are preventing the Commission from accepting that there was genuine agreement to an agreement before it for approval.
54. The PC recommended that the Act be amended to allow the FWC to overlook minor procedural or technical errors provided it was satisfied that employees were not likely to have been placed at a disadvantage because of the error.
55. The PC was proposing this as a general rule attached to the approval process but also specifically recommended that its same recommended rule apply to minor errors in the issuing and content of a notice of employee representational rights NERR.
56. The strict reading of the NERR requirements has continued to be a problem since the PC’s report.
 - a. In *Shop, Distributive & Allied Employees Association v ALDI Foods Pty Ltd* ([2016] FCAFC 161) the Federal Court considered circumstances where ALDI’s NERR identified the employer’s representative who should be approached should the employee have any questions about the agreement, rather than providing the employer’s name.
 - b. In the Court’s view this most likely would have meant that the agreement was not genuinely agreed to.
 - c. The Court’s observation has subsequently been followed by the Commission.
57. The information required in the NERR have been modified with effect from 3 April 2017. Under the amended NERR requirements the employee is directed to the Commission or Fair Work Ombudsman. However this is not sufficient to address technical breaches of the nature identified by the PC and which continue to emerge. Legislative amendment is needed
58. Since the issuing of the PC’s report the Commission has also read the NERR requirements to prohibit distribution of the NERR after the 14 day period from the commencement of bargaining. Non-compliance with this requirement also means that the agreement has not been genuinely agreed, which means that, where the NERR has been given to employees outside the 14 day period, the parties must formally cease bargaining, formally commence (a new round of) bargaining, and in the case of a completed agreement, re-vote and re-lodge the same agreement to the Commission to have it approved.

⁹ [2016] FWCFB 4969

¹⁰ [2016] FWCFB 4969, at [3]



59. The proposed amendment would address this problem as well, and where a delay in issuing the NERR did not impact the capacity of employees to negotiate the agreement to the version circulated for voting, the Commission would be able to find that the agreement was genuinely agreed if it was otherwise compliant.

Australian Chamber position

60. As the Committee considers this amendment, it is worth recalling that it falls short of the approach employers would have preferred.
61. Employers do not support having to circulate paperwork to employees in 2017 where other sources of information are available, such as websites, and where Government spends hundreds of millions of dollars to provide information on the workplace relations system. Employers would like the NERR removed from the system completely.
62. However, looking to the proposition at hand in Schedule 1:
- a. Proposed new s.188(2) provides the Commission with new discretion to determine that an agreement has been genuinely agreed to notwithstanding minor procedural or technical errors.
 - b. The various matters in proposed s.188(2)(a) and lie with the Commission to determine and on its face an onus will lie with those seeking to have the Commission exercise this discretion and to find that an agreement has been genuinely agreed to notwithstanding minor technical or procedural errors.
 - c. The Australian Chamber would have approached this differently, and would have preferred an amendment that obliged the Commission to overlook minor technical or procedural errors in enterprise agreement paperwork, unless it was satisfied that employees were or would be disadvantaged. This would see the onus of proof lie with any party asserting that an error would materially disadvantage employees.
63. The Australian Chambers' preferred approach is not the one being pursued by the Government, which chose not to place the degree of weight on agreement between employers and employees that we would have wished to see.
64. In summary / conclusion, the Committee can be satisfied that:
- a. A genuine concern with the bargaining system and barrier to enterprise agreement making is being addressed.
 - b. This amendment would give effect to a recommendation of the independent PC.
 - c. Discretion to facilitate agreement making and to overlook errors will lie with Commission.
 - d. There is minimal if any risk to employees or employers in such an amendment.

Recommendation 2.1

Schedule 2 of the Bill should be passed.

Commencement of Schedule 2

66. Schedule 4 of the Bill inserts a proposed new cl 28 into Schedule 1 of the Act which applies the proposed s 188 to agreements which have been lodged for approval on or after the day the Bill receives the Royal Assent.
67. It is not usual practice, and nor should it be, for statutory amendments to be legislated with retrospective effect. However, the purpose of this proposed amendment is to redress a situation where a technical non-compliance renders void the outcome of an otherwise complying bargaining process where there has been no detriment arising from the technical error.
68. The amendment is not imposing a new requirement, it is relaxing the current application of existing requirements in order to better meet the objects of the Act, and there is no good policy reason why an agreement which would be found to be the subject of genuine agreement if lodged the day after Assent would not be so found because lodged the day before.
69. The Committee is requested to consider giving retrospective effect to Schedule 2 of the Bill.

Recommendation 2.2

The Committee recommend that Division 3 of Schedule 4 be withdrawn. This would have the effect of applying Schedule 2 without time limitation from the day after the Bill receives the Royal Assent and not distinguish between agreements by the date of lodgement for approval.



Schedule 3 - FWC Members

70. Termination of appointment for misbehaviour or incapacity is quite properly a very rare occurrence anywhere in our courts or tribunals, which are overwhelmingly staffed by persons of exemplary character and conduct.
71. However, all independent statutory bodies staffed by commission from the Governor General, require the equivalent of s.641 of the Act addressing termination of appointment on grounds of proven misbehaviour or incapacity.
72. We have examined the Explanatory Memorandum and the stated reasons for the amendments in Schedule 3 of the Bill.¹¹
73. It is appropriate that any allegations or investigation of any member of the Commission, or its successors, in regard to alleged misbehaviour or incapacity, be able to proceed on the same basis regardless of when that person may have been appointed, and the nomenclature of the tribunal at that point.
 - a. An exception may be the President of the tribunal, primarily because she or he, is by convention also a judge of the Federal Court and the JMIPC process would unambiguously apply (i.e. any future investigation may proceed into an incumbent's judicial appointment, rather than concurrent Commission appointment, vice versa, or the same conduct may be pursued for potential action under both the Act and the *Federal Court of Australia Act 1976*).
74. Put another way, the same rules and the same investigation powers should apply whenever there is cause for an examination into possible misbehaviour or incapacity.
75. The Australian Chamber supports the removal of doubt and the clarification of investigatory powers in regard to such matters, and notes the recommendations of the Heery Report.
76. We note in support of the proposed approach that the Parliament would appoint persons to conduct an inquiry, which would then proceed independent of both Parliament and the tribunal.

Recommendation 3

Schedule 3 of the Bill should be passed.

¹¹ Fair Work Amendment (Repeal of 4 yearly Reviews and Other Measures) Bill 2017, [Explanatory Memorandum](#), p.ii, pp-9-13





About the Australian Chamber

The Australian Chamber of Commerce and Industry is the largest and most representative business advocacy network in Australia. We speak on behalf of Australian business at home and abroad.

Our membership comprises all state and territory chambers of commerce and dozens of national industry associations. Individual businesses are also able to be members of our Business Leaders Council.

We represent more than 300,000 businesses of all sizes, across all industries and all parts of the country, employing over 4 million Australian workers.

The Australian Chamber strives to make Australia a great place to do business in order to improve everyone's standard of living.

We seek to create an environment in which businesspeople, employees and independent contractors can achieve their potential as part of a dynamic private sector. We encourage entrepreneurship and innovation to achieve prosperity, economic growth and jobs.

We focus on issues that impact on business, including economics, trade, workplace relations, work health and safety, and employment, education and training.

We advocate for Australian business in public debate and to policy decision-makers, including ministers, shadow ministers, other members of parliament, ministerial policy advisors, public servants, regulators and other national agencies. We represent Australian business in international forums.

We represent the broad interests of the private sector rather than individual clients or a narrow sectional interest.



Australian Chamber Members

AUSTRALIAN CHAMBER MEMBERS: BUSINESS SA CANBERRA BUSINESS CHAMBER CHAMBER OF COMMERCE NORTHERN TERRITORY CHAMBER OF COMMERCE & INDUSTRY QUEENSLAND CHAMBER OF COMMERCE & INDUSTRY WESTERN AUSTRALIA NEW SOUTH WALES BUSINESS CHAMBER TASMANIAN CHAMBER OF COMMERCE & INDUSTRY VICTORIAN CHAMBER OF COMMERCE & INDUSTRY **MEMBER NATIONAL INDUSTRY ASSOCIATIONS:** ACCORD – HYGIENE, COSMETIC & SPECIALTY PRODUCTS INDUSTRY AGED AND COMMUNITY SERVICES AUSTRALIA ARAB CHAMBER OF COMMERCE AND INDUSTRY AUSTRALIA AIR CONDITIONING & MECHANICAL CONTRACTORS' ASSOCIATION ASSOCIATION OF FINANCIAL ADVISERS ASSOCIATION OF INDEPENDENT SCHOOLS OF NSW AUSTRALIAN SUBSCRIPTION TELEVISION AND RADIO ASSOCIATION AUSTRALIAN BEVERAGES COUNCIL LIMITED AUSTRALIAN DENTAL ASSOCIATION AUSTRALIAN DENTAL INDUSTRY ASSOCIATION AUSTRALIAN FEDERATION OF EMPLOYERS & INDUSTRIES AUSTRALIAN FEDERATION OF TRAVEL AGENTS AUSTRALIAN HOTELS ASSOCIATION AUSTRALIAN INTERNATIONAL AIRLINES OPERATIONS GROUP AUSTRALIAN MADE CAMPAIGN LIMITED AUSTRALIAN MINES & METALS ASSOCIATION AUSTRALIAN PAINT MANUFACTURERS' FEDERATION AUSTRALIAN RECORDING INDUSTRY ASSOCIATION AUSTRALIAN RETAILERS' ASSOCIATION AUSTRALIAN SELF MEDICATION INDUSTRY AUSTRALIAN STEEL INSTITUTE AUSTRALIAN TOURISM INDUSTRY COUNCIL AUSTRALIAN VETERINARY ASSOCIATION BUS INDUSTRY CONFEDERATION BUSINESS COUNCIL OF CO-OPERATIVES AND MUTUALS CARAVAN INDUSTRY ASSOCIATION OF AUSTRALIA CEMENT CONCRETE AND AGGREGATES AUSTRALIA CHIROPRACTORS' ASSOCIATION OF AUSTRALIA CONSULT AUSTRALIA CUSTOMER OWNED BANKING ASSOCIATION CRUISE LINES INTERNATIONAL ASSOCIATION DIRECT SELLING ASSOCIATION OF AUSTRALIA EXHIBITION AND EVENT ASSOCIATION OF AUSTRALASIA FITNESS AUSTRALIA HOUSING INDUSTRY ASSOCIATION HIRE AND RENTAL INDUSTRY ASSOCIATION LTD LARGE FORMAT RETAIL ASSOCIATION LIVE PERFORMANCE AUSTRALIA MASTER BUILDERS AUSTRALIA MASTER PLUMBERS' & MECHANICAL SERVICES ASSOCIATION OF AUSTRALIA MEDICAL TECHNOLOGY ASSOCIATION OF AUSTRALIA MEDICINES AUSTRALIA NATIONAL DISABILITY SERVICES NATIONAL ELECTRICAL & COMMUNICATIONS ASSOCIATION NATIONAL EMPLOYMENT SERVICES ASSOCIATION NATIONAL FIRE INDUSTRY ASSOCIATION NATIONAL RETAIL ASSOCIATION NATIONAL ROAD AND MOTORISTS' ASSOCIATION NSW TAXI COUNCIL NATIONAL ONLINE RETAIL ASSOCIATION OIL INDUSTRY INDUSTRIAL ASSOCIATION OUTDOOR MEDIA ASSOCIATION PHARMACY GUILD OF AUSTRALIA PHONOGRAPHIC PERFORMANCE COMPANY OF AUSTRALIA PLASTICS & CHEMICALS INDUSTRIES ASSOCIATION PRINTING INDUSTRIES ASSOCIATION OF AUSTRALIA RESTAURANT & CATERING AUSTRALIA RECRUITMENT & CONSULTING SERVICES ASSOCIATION OF AUSTRALIA AND NEW ZEALAND SCREEN PRODUCERS AUSTRALIA THE TAX INSTITUTE VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE