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## Media release - Commission announces new piece rate Pay Scale for the real estate sector

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The Australian Fair Pay Commission has announced a new piece rate Australian Pay and Classification Scale for the real estate sector.

*The Real Estate Agents' (Commission Only) Australian Pay and Classification Scale* is optional and available only to real estate employees who satisfy minimum safeguards by demonstrating they have relevant experience and are capable of achieving satisfactory earnings from commission-based pay arrangements.

The new piece rate Pay Scale is limited to employees who:

- agree in writing to be paid by commission-only instead of by the hour; and
- hold the relevant qualifications and/or are properly registered as real estate agents; and
- have been performing work as real estate agents for at least 12 months; and
- have shown that they are capable, based on their previous sales performance, of earning sufficient income under the commission-only arrangements that are set out in the Pay Scale.

Sufficient income is demonstrated where:

**IF** the commission-only arrangements had applied to the employee in any single 12 month period in the five years before entering into the commission-only agreement,

**THEN** the employee would have earned at least the amount they would have received under their current Pay Scale for the 12 month period immediately before entering the commission-only agreement.

An employee who agrees to be covered by the new Pay Scale and satisfies the requirements, will be paid 35 per cent of their employer's net commission for each property sale.

The decision follows a review by the Commission of minimum wage arrangements in the real estate sector earlier this year, in which it consulted with key stakeholders and invited submissions from interested groups and individuals working in and/or representing the industry.

Australian Fair Pay Commission Chair, Professor Ian Harper, said submissions to the Commission's first wage review in 2006 raised issues regarding a range of historical piece rates or commission-based payments in awards.

"Some of the submissions we received sought the creation of a new Pay Scale for piece rate workers," he said.

“In response, the Commission conducted a review of pay arrangements in the real estate sector that involved submissions and consultations.

“We noted in submissions that commission-only wage arrangements were common and well accepted in many jurisdictions in Australia prior to the introduction of the Work Choices legislation.

“Submissions also indicated that both employees and employers in the sector sought greater flexibility in pay arrangements.”

Professor Harper noted that the real estate industry features a wide range of pay structures.

He said the Commission also understands a range of factors outside the control of a real estate sales employee may impact their ability to obtain sales.

“As a result, commission-only arrangements may not provide satisfactory levels of pay to employees and could be unreasonably used by some employers particularly in relation to the remuneration of inexperienced recruits.

“Therefore the Commission has put in place a number of safeguards to protect employees.

“The new piece rate Pay Scale provides commission-only wage arrangements as an option to real estate employees and employers across Australia who are eligible and who willingly choose to be covered by such arrangements. It is further limited to those employees who have demonstrated sufficient experience and a proven track record earning commissions in excess of the otherwise applicable minimum basic periodic rates of pay.

“It can not cover real estate sales employees who are under 21 years of age, engaged as casual employees, or to whom training arrangements apply”, he said.

Professor Harper said this decision has been determined because of the specific and unique nature of minimum wage regulation in the real estate industry.

The Commission also noted that this decision establishes no precedent for future reviews in this or other industry sectors.

The new Pay Scale comes into operation on 1 October 2007.

A fact sheet detailing eligibility and calculations to determine sufficient income is available at [www.fairpay.gov.au](http://www.fairpay.gov.au).

The Australian Fair Pay Commission is an independent body responsible for setting and adjusting federal minimum wages to promote the economic prosperity of the people of Australia.

The Commission uses a combination of commissioned research, meetings with stakeholders, public consultations and written submissions to inform its wage-setting decisions.

**ENDS**

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