

CG Workplace - October Bulletin

Since the introduction of Work Choices on 27 March 2006, employers have been endeavouring to come to grips with the impact of Work Choices.

As part of the major reforms to Workplace Laws in Australia, the Australian Fair Pay Commission (the **AFPC**) has been established and has replaced the wage-setting and adjusting functions of the Australian Industrial Relations Commission.

AFPC sets and adjusts the federal minimum wage to promote the economic prosperity of the people of Australia. Today, the AFPC made the first minimum wage determination under Work Choices, which are to take effect from 1 December 2006.

The AFPC awarded the following increases:

- an increase of \$27.36 per week to the Federal Minimum Wage (that is, an increase in the FMW from \$12.75 per hour to approximately \$13.47 per hour)
- an increase of \$27.36 to all Australian Pay and Classification Scales (AFPCS) that provide a minimum wage of less than \$700 per week (this means an increase of approximately \$0.72 cents per hour);
- an increase of \$22.04 per week to all Australian Pay and Classification Scales paying \$700 per week and above (this means an increase of approximately \$0.58 cents per hour).

(As you will recall, the "Australian Pay and Classification Scales" are those rates of pay prescribed in an applicable Notional Agreement Preserving a State Award (a **NAPSA**) (or put another way a State Award which existed prior to the commencement of Work Choices).

By way of practical example, if you:

1. employ a clerical employee under a NAPSA (the State Award being the Clerical Employees Award – State 2002); and
2. the employee is employed as a 1st year, Level 4 employee on a Weekly basis; then

their salary will increase from \$626.30 gross per week to \$653.66 gross per week.)

This decision applies only to employees and employers within the federal jurisdiction.

Importantly, the increases pass on to junior employees, employees to whom training arrangements apply, employees with a disability and basic piece rates of pay.

New Workplace Agreements

Employers who have made new agreements under Work Choices must pay their employees, wages that are *at least equal to* the applicable new minimum wage, as increased by this decision.

Pre Work Choices Agreements

In relation to employees covered by an agreement made prior to Work Choices, the above increases do not apply if the employee is covered by:

- the 5 year transitional federal award system;
- Australian Workplace Agreements and certified agreements which were approved prior to the commencement of the Work Choices legislation; or
- a preserved state agreement (that is, for example, a certified agreement that was in place prior to the commencement of the Work Choices legislation)

We understand that the AFPC's next general wage-setting decision will be handed down in mid 2007.

For further information about any of the above issues or other issues please contact:

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