



2008 Wage Decision and Award Modernisation Process.

2008 Wage Setting Decision

The Australian Fairpay Commission has increased the standard federal minimum wage rate by \$0.57 per hour to \$14.31 per hour, or the equivalent of \$21.66 per week.

The decision takes effect from the first pay period on or after 1 October 2008 and is only applicable to employers and employees in the Federal industrial relations system.

Important notes from the decision include:

- The increase of \$0.57 per hour has also been added to the adult Australian Pay and Classification Scales (**Pay Scale**) for each Notional Agreement Preserving the Terms of a State Award (**NAPSA**); and
- The increases flow on to junior employees, employees employed under training arrangements, employees with disabilities, employees employed on a casual basis, and employees who receive basic piece rates of pay.

What Does This Really Mean For Employers?

- For employers whose employees are employed under a workplace agreement, the increase means that from the first pay period on or after 1 October 2008, the rates of pay in the workplace agreement will need to be increased if the new wage rates in the Pay Scale for the applicable NAPSA are higher than those stipulated in the workplace agreement.
- For employers who are contemplating a workplace agreement, there is a possibility that your workplace agreement will be assessed under the new minimum wage and not the 2007 minimum wage depending on when the agreement is lodged with the Workplace Authority, and, the Workplace Authority's capacity to review the agreement before 1 October 2008.
- For employers who do not have a workplace agreement with their employees, and, who pay their employees in accordance with the Pay Scale for the applicable NAPSA, then the new rates of pay as set out in the Pay Scale must be paid from the first pay period on or after 1 October 2008.

Should you have any questions or queries in relation to the federal minimum wage rate then please do not hesitate to contact either Ben Foley or Danny Clifford.

(Please note that there are exceptions to who is entitled to receive the wage increase as of 1 October 2008. For example, employees employed pursuant to a Workplace Agreement made before 27 March 2006 are excluded from receiving this benefit. Please contact us if you have any questions in relation to this).

Award Modernisation Process

On 20 June 2008, the AIRC released a decision relating to the Award Modernisation (**AM**) process. The recent decision has confirmed the following as priority industries for the AM process:

- Coal Mining Industry
- Glue and Gelatine Industry
- Higher Education Industry
- Hospitality Industry
- Metal and Associated Industries
- Mining Industries
- Private Sector Clerical Occupation
- Racing Industry
- Rail Industry
- Retail Industry
- Rubber, Plastics and Cable Making Industries
- Security Industry
- Textile Clothing and Footwear Industry
- Vehicle Manufacturing Industry

If your business operates within one or more of the above industries it would be prudent for you to be involved in (or at least aware of) the AM process.

If you are involved in a priority industry then it would be prudent to be involved in the AM process so that you can seek clarity at a very early stage as to the award coverage of your employees and also be involved in creating the modern award that will govern the terms and conditions of your employees for an indefinite period into the future. This AM process is ground breaking and may only be seen once in your lifetime. The extent of the process is enormous because the awards that are being created through this AM process will impact significantly on your ability to manage your employees on a day to day basis, and also significantly impact on the cost associated with employing staff (for example the modern award covering your business will determine when overtime and penalty rates will apply).

For your information, the closing date for lodging written submissions, drafts of modern awards and other proposals concerning the scope, content and transitional arrangements for each priority modern award is 25 July 2008.

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