

Update on Changes to Modern Awards effective 1 January 2015

HR Update – from the blog desk of www.hradviceonline.com.au

Update on Modern Awards

*What Award is my business covered by?
Do you have an Enterprise Agreement for your business?
I pay over the Award so therefore the Award doesn't apply*

These and many more questions relating to pay and conditions are frequently asked of our HR hotline team.

So let's address these for you.

Firstly, a bit of background

As part of a formal request from the Australian Government, the Australian Industrial Relations Commission (AIRC) commenced the award modernisation process in 2008. By the end of 2009, the AIRC had reviewed more than 1500 awards and created 122 industry and occupation awards. These Awards commenced on 1 January 2010, with most including transitional provisions to phase in changes in wages, loadings and penalties over a five-year period.

Effective **1 January, 2015** these 122 modern awards will be fully in effect.

Australian businesses are all covered by the Fair Work Act 2009, the National Employment Standards and potentially a Modern Award or Enterprise Agreement. Some businesses are award free, however there are still minimum pay rates and conditions that apply for all Australian businesses through the National Employment Standards.

The annual minimum pay rates are set around June every year and come into effect from the first pay period on or after 1 July each year. This is known as the National Minimum Wage Order and is set by an expert panel of the Fair Work Commission.

Enterprise Agreements – are agreements made between a business and its employees about terms and conditions of employment. An agreement must provide for an employee to be better off than the minimum award conditions that would have applied. A Union may be involved in the negotiation of an Enterprise Agreement.

Modern Awards – there are 122 Modern Awards which will be fully effective from 1 January 2015. Which Award, if any, a business is covered by is determined by the type of work the individual does and/or the industry the business is in. Businesses can be covered by more than 1 Modern Award with the Award being determined by the majority of the work that the individual undertakes. For example a building and construction company employs carpenters as well as administration staff. The carpenters are covered by one award (Building and Construction) and the administration staff another award (Clerk's Private Sector).

The changes for 2015

Annual Leave Loading

- Annual leave loading – a loading of 17.5% payable when at the time the employee takes annual leave is fully effective in the Modern Awards

For those employers already paying above the Award, the Annual leave loading can be absorbed into the hourly rate/annual salary, provided that this has been communicated in writing.

If your business is currently paying the Annual leave loading at the time the employee takes annual leave, you can continue to do so.

If you have an Enterprise Agreement, the Enterprise Agreement may take precedence over the award provisions. Please get advice on this before assuming that is the case.

From the Blog Desk at HR Advice Online

For any further information contact advice@hradviceonline.com.au or www.hradviceonline.com.au