

# WorkSight Focus

July 2004

News, opinions, events and more from the WorkSight team

## Increases in wages

On 5 May 2004 the Australian Industrial Relations Commission increased all award wages and salaries by \$19.00 a week. This makes the minimum adult full time federal award wage now \$467.40 a week. The pay increase does not take effect until the Commission varies a federal award and the increase can only be sought 12 months from the last increase. However a large number of awards have already been varied. If a federal award covers your business you need to establish whether the increase has taken effect yet.



Increases to Victoria's minimum wage orders will take effect on or around 1 August 2004 (i.e. 12 months from the last increase).

If your business is covered by a federal certified agreement you should check the agreement to establish whether there is any linkage between a decision of the federal Commission to increase wage levels and the pay rates contained in your agreement. If there is no connection you do not have to increase your rates as a result of this decision.

The NSW Industrial Relations Commission adopted the decision of the federal Commission on 4 June 2004. Upon application awards will be varied to increase the rates of pay in line with the federal decision. The WA Industrial Relations Commission has also adopted the federal increase in award rates of pay and all awards were varied to insert the new rates on and from 4 June 2004. It is expected that the industrial relations commissions in Queensland, Tasmania and South Australia will shortly be adopting the decision of the federal Commission and employers in those states should plan on a \$19.00 a week increase in wages.

## New federal redundancy provisions

The Australian Industrial Relations Commission has significantly increased the level of redundancy payments for employees covered by federal awards. It is 20 years since the federal Commission set a standard for redundancy payments and over that period it has fallen behind standards in several states.



The standard now establishes the following payments to federal award employees made redundant:

Period of continuous service	Severance pay
Less than 1 year	Nil
1 year and less than 2 years	4 weeks' pay
2 years and less than 3 years	6 weeks' pay
3 years and less than 4 years	7 weeks' pay
4 years and less than 5 years	8 weeks' pay
5 years and less than 6 years	10 weeks' pay
6 years and less than 7 years	11 weeks' pay
7 years and less than 8 years	13 weeks' pay
8 years and less than 9 years	14 weeks' pay
9 years and less than 10 years	16 weeks' pay
10 years and over	12 weeks' pay

The level of severance pay drops after 10 years to take into account that employees would then be entitled to long service pay in addition to severance pay.

The federal Commission has also extended the requirement to pay severance pay to small businesses that have previously been exempt from such payments. Small business is defined as employing less than 15 employees. The levels of severance pay for these employers are as follows:

Period of continuous service	Severance pay
Less than 1 year	Nil
1 year and less than 2 years	4 weeks' pay*
2 years and less than 3 years	6 weeks' pay
3 years and less than 4 years	7 weeks' pay
4 years and over	8 weeks' pay

"Weeks' pay" has been defined by the Commission as "the ordinary time rate of pay for the employee concerned. Provided that such rate shall exclude:

- overtime;
- penalty rates;
- disability allowances;
- shift allowances;
- special rates;
- fares and travelling time allowances;
- bonuses; and
- any other ancillary payments of a like nature."

These new redundancy provisions will be inserted into federal awards upon application. Many awards have already been varied. If a federal award covers your employees you should be aware of these new obligations. If you have a federal certified agreement that already contains redundancy provisions these new provisions will not apply to you.



## Focus looks at

# The Fine Print



## Choice of Super Funds for employees

For the last 7 years the Federal Government has been attempting to introduce legislation that will allow

employees to choose the superannuation fund their employer superannuation contributions go into. The Government has been continually frustrated in these





attempts by opposition in the Senate. However it would seem that the Democrats are ready to support the latest bill which will give employees the right to choose their superannuation fund and will also require superannuation funds to set out clearly the level of their fees. Undoubtedly this will increase the administration costs of employers who may find that they have a wide variety of superannuation funds that they need to deal with on behalf of their employees.

## Workplace Relations Specialists

### Practical and personal employee relations advice

If you need information or advice about any employee relations issues affecting you or your employees contact Siân Owen or Janet Nicolson at WorkSight.

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This newsletter is intended to provide a general outline and is not intended to be and is not a complete or definitive statement of the law on the subject matter. Further advice should be sought before any action is taken in relation to the matters described in this newsletter.