

Work Choices – What does it all mean?

The new Work Choices industrial relations system is due to be introduced in March 2006, although the Federal Government has yet to announce the exact date. With its introduction, the vast majority of businesses will move into the new federal system with a completely new set of rules and jargon. Here we will try to explain what some of the new terminology, new bodies and new rules will mean to you.

The Australian Fair Pay Commission (AFPC)

The Australian Fair Pay Commission will take over the role of the Australian Industrial Relations Commission to set award wages. In addition the AFPC will set minimum wages, rates of pay for apprentices, trainees, juniors and piece workers and casual loadings. Annual national wage cases are now a thing of the past. The AFPC will determine when and by how much minimum and award wages will increase. They will consult with interested parties to assist in their consideration. The Government has stated that it expects the AFPC



to make the first adjustment to wage rates this Spring.

Australian Pay and Classification Scales (APCS)

Awards will no longer contain wage rates and classification structures. The AFPC will establish pay and classification scales for all employees covered by the Work Choices system. Initially it is likely that these will be taken straight from existing awards but over time it is expected that the AFPC will develop simplified classification structures with revised rates of pay. It is not yet clear what these will look like or how they will be applied.

Australian Fair Pay and Conditions Standard (AFP&CS)

This is the minimum set of employment conditions that an employer can give an employee under the new system. It includes:

- 38 hours a week (these hours can be averaged over a year)
- 4 weeks annual leave (2 weeks can be cashed out each year)
- 10 days paid personal/carer's leave
- 2 further days of unpaid carer's leave – for unexpected emergencies when paid leave is exhausted or for casual employees
- 2 days of paid compassionate leave
- 52 weeks of unpaid parental leave
- 20% casual loading

However there are circumstances that allow employers to avoid giving their employees these conditions immediately. For instance, if you have already made a federal certified agreement and some of your conditions are less than the AFP&CS you will not need to increase them until you make a new agreement or if you terminate your agreement. Similarly, if you are currently operating under a state agreement, when you come into the new federal system, if some of your conditions are less than the AFP&CS you will not need

focus The Fine Print

Glossary of Terms:

The Work Choices system has brought forth a new range of acronyms.

Here is a checklist of the most commonly used:



- AFPC** – Australian Fair Pay Commission
- AFP&CS** – Australian Fair Pay and Conditions Standard
- APCS** – Australian Pay and Classification Scale

to increase them until you make a new agreement or if you terminate your agreement or at the end of the 3 year transition period.

If your award (whether it is state or federal) provides for a standard 40 hour working week you will not be required to reduce it immediately to the 38 hour working week provided in the minimum employment standards.

Federal Awards

Federal Awards will continue to operate but will be “simplified” and “rationalised”. In this context “simplified” means that many employment conditions will be taken out of them – for instance those employment conditions that are covered by the minimum employment conditions (the AFP&CS) will not continue to operate in awards. However there

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.

is an exception to this rule: if you provide more generous employment conditions than those contained in the minimum standards, those award conditions will be preserved for your employees. In addition, awards cannot cover matters such as long service leave, jury service or superannuation. These employment conditions will be covered by state or federal legislation.

However, again, if your employment conditions are more generous than the standards set in the legislation, the award conditions will be preserved.

There will be other restrictions on what can be in awards. For instance, an award cannot restrict the use of labour hire employees or independent contractors or prevent an employer offering an Australian Workplace Agreement (AWA) to an employee.

Awards will also be “rationalised” which means that they will be reduced in number. It is not yet clear how many awards will be deleted but some employer organisations want to reduce the number of awards to one per industry.

There will be very few new awards made and those awards that survive the “rationalisation” process will gradually become less and less relevant as they will not keep up with community standards and agreements will become even more attractive because they can contain the full range of employment conditions that apply to a business.

State Awards

Those businesses that are “constitutional corporations” (i.e. most businesses that are



Awards to be reduced in number

incorporated) and currently use state awards will be brought into the new federal system. They will be allowed to continue to use their state awards for a 3 year transitional period. At the end of that time, if they have not made an agreement in the new system they will be moved onto a federal award. Whilst they remain on the state award, that award cannot be varied or up-dated (other than to remove any ambiguity or discriminatory or prohibited conditions).

If you need information or advice about how these changes will affect your business or any other employee relations issues affecting you or your employees contact Siân Owen or Janet Nicolson or Rae-Anne Medforth at WorkSight.



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