



OneStopHR

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Employers to prepare for double whammy on 1 July

Australia's employers had better be prepared for the double whammy on wages on 1 July.

Up to now the Rudd government's industrial reforms have not required employers to make significant changes, but on 1 July around 85% of Australia's employers will need to increase minimum wages and comply with new allowances, loadings and penalties under new Modern Awards.

Small businesses are concerned about being compliant and the extra cost and uncertainty this major change brings. A recent survey of 3000 small businesses conducted by OneStopHR found that [65%] of small business operators feel either confused or very confused about the affect of Modern Awards on their business.

Ben Thompson, CEO of The EI Group, which specialises in integrated and innovative human resource solutions comments "Our business has been helping employers with workplace relations and employment law issues for 20 years and I cannot recall seeing people this confused before. I really feel that employers need more help than ever to understand these changes and find ways to stay compliant."

While the rationalisation of over 4000 state and federal awards to just over 120 Modern Awards may eventually lead to a simpler award system, the five year transition period will prove extremely challenging for businesses.

Minimum rates of pay, some industry allowances, casual loadings and Saturday, Sunday, evening, public holiday penalties and shift allowances are required to be transitioned either up or down in five equal instalments from 1 July 2010.

The differences in classifications and the structure of penalties and loadings under the Modern Awards (when compared to the old Awards) mean that the calculations are often unwieldy and complex. The requirement that no employee will suffer a reduction in take home pay adds a further level of complexity.

The increase to National Minimum Wages by \$26 per week has been announced.

Even those businesses covered by workplace agreements need to be aware of the need to ensure agreement rates - at least - meet the applicable base rate(s) in the relevant Modern Awards.

To compound this concern, Fair Work inspectors are writing to 50,000 retailers around Australia to check they are paying correct minimum rates, penalty rates, loadings and allowances. They are also visiting 10,000 businesses in NSW and many others around the country to audit minimum rates, penalty rates, loadings and allowances.



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With an “ignorance is no excuse” policy, companies can be fined \$33,000 and directors \$6000 per breach.

As well as dealing with pay increases resulting from the transitioning to the Modern Awards, retailers also need to be familiar with the new terms and conditions under the National Employment Standards (NES) which commenced on 1 January 2010.

Some of the ten minimum standards, such as flexible working arrangements, extended parental leave and redundancy are new entitlements, while many of the existing standards have also changed slightly. Businesses need to be on top of these multiple changes and may need to change their contracts, practices and policy documents to ensure they keep up.

The EI Group has recently launched OneStopHR with the goal of helping employers prepare for the new Modern Awards and get compliant with the Fair Work Act. OneStopHR provides businesses with all the tools and information they need to meet their compliance obligations with ease and certainty.

For further information or to organise an interview, please contact:

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