

Time to review your employment contracts ...

August 2011

Over the last month there have been two key changes to Work Place Agreements which are to apply from July 2011. These are as follows:

1 Paid Parental Leave

The Paid Parental Leave scheme is a new entitlement for eligible employees to receive 18 weeks of government funded Parental Leave Pay at the rate of the national minimum wage (\$589.30 a week before tax).

An eligible employee is one who:

- Is the primary carer of a newborn or recently adopted child, usually the mother;
- Is an Australia resident;
- Has worked for at least 10 of the 13 months prior to the birth or adoption of their child and worked for at least 330 hours in that 10 month period (just over one day a week), with no more than an eight week gap between two consecutive working days;
- Has received an individual adjusted taxable income of \$150,000 or less in the financial year prior to the date of birth, adoption or date of claim, whichever is earlier; and
- Is on leave or not working from the time they become the child's primary carer until the end of their Paid Parental Leave Period.

An employer must provide Parental Leave Pay to an eligible employee who:

- Has a child born or adopted from 1 July 2011;
- Has been an employee of the employer for at least 12 months prior to the expected date of birth or adoption;
- Will be the employee of the employer for their Paid Parental Leave Period;
- Is an Australian-based employee; and
- Is expected to receive at least eight weeks of Parental Leave Pay.

The Family Assistance Office (FAO) will contact the employer to initiate the process as the FAO will determine the eligibility of the employee.

The FAO will advance the funds to pay the employee and this is to be treated as salary and wages (with the usual

tax being deducted). The employer is not required to make superannuation contributions on Parental Leave Pay and also it will not increase the payroll tax liability or workers compensation premiums of the employer.

To provide Parental Leave Pay to an eligible employee the employer is required to be registered for the scheme through Centrelink.

2 Change to Minimum Wage by Fair Work Australia

Each financial year Fair Work Australia's Minimum Wage Panel conducts an annual review and issues a decision on the national minimum wage for award/agreement free employees. The annual wage review affects employees in the national system who are:

- Covered by a modern award or a transitional instrument; or
- Not covered by either an award or an agreement.

In its decision on the Annual Wage Review 2010/11, the Panel decided on a 3.4% increase in:

- Modern award minimum wages;
- Minimum wages in most transitional instruments (refer to the decision for exceptions); and
- The national minimum wage – an increase of \$19.40 per week to a new base rate of \$589.30 per week (or \$15.51 per hour).

Special national minimum wages have also been set for trainees, apprentices and juniors who are not covered by any other award or agreement (refer to www.fwa.gov.au).

The change to the minimum wage means that for employees who are on awards the increase is absorbed in their pay rate where they are paid in excess of the award rate. Whereas for employees who are not on an award, employers are obliged to ensure that they are paying their employees at least the minimum wage for all work undertaken.

The increase takes effect from the first full pay period on or after 1 July 2011.

Should you wish to discuss this matter further, please contact one of our Fordham Motor Dealer Services team:

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