

IR POLICY AND GOVERNANCE UPDATE



INTRODUCTION

This week, updated Award minimum rates, PAYG amendments from 1 July, the RBA's latest interest rate decision, current unemployment rates, and we review several recent decisions of interest.

UPDATED AWARD RATES AND GUIDES – 1 JULY 2024

The increase from the National Minimum Wage Decision has flowed through to all Awards. We have updated the relevant industry Award Rates and Guides which are now available on the website. We provide a link [here](#). These new Award minimum rates apply from the first full pay period that commences on or after 1 July 2024.

PAYG AMENDMENTS START FROM 1 JULY 2024

With the Stage 3 taxation amendments kicking in from 1 July, members should ensure they understand the changes and its effects on employees. This includes how much less to withhold for tax purposes and particularly any required amendments to payroll system calculations.

RBA JUNE DECISION

In its Board meeting decision last week, the RBA determined to leave the cash rate at 4.35%. In a related statement, RBA Governor Michele Bullock said that while inflation has "fallen substantially since its peak in 2022" the pace of decline has slowed in the most recent data.

It's a balancing act by the RBA at present, although inflation is not falling as much as preferred, a rate decrease at this time would likely increase inflation, whereas a rate increase would likely create more recessionary conditions.

MAY UNEMPLOYMENT FIGURES

The Australian Bureau of Statistics has released its latest labour force figures for the past month. The seasonally adjusted unemployment rate fell to 4% in May, a decline of 0.1 percentage point. This was down from 4.1% in April and was largely in line with economist predictions. According to data released today by the ABS, unemployment rose by around 40,000 people, and the number of unemployed fell by 9,000.

RECENT DECISIONS OF INTEREST

FAILING TO PAY ACCRUED ENTITLEMENTS UPON TERMINATION

In a recent case the Federal Court fined an employer \$17K plus damages for delaying payment of a terminated employee's accrued annual leave. In this case, the employer failed to pay the employee's outstanding accrued annual leave balance until three months after the termination in contravention of section 90(2) of the Fair Work Act. This decision is a reminder to employers that when terminating an employee's employment, it is essential the terminated employee is paid out, among other entitlements:

- outstanding wages;
- any outstanding accrued leave entitlements including annual leave and long service leave; and
- notice or payment in lieu (if entitled under the circumstances of the employees termination).

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REDUNDANCY AND REDEPLOYMENT PROCESSES UPHELD BUT FAR FROM IDEAL

As part of refurbishment plans for its Burwood store in Sydney, David Jones redeployed 19 employees and made another 16 redundant. To determine who would be redeployed, David Jones had managerial staff use a relatively informal “skills and caps assessment” and circulated a survey for employees to complete. Four of the redundant part-time employees who complained they were unfairly dismissed said they believed they were not redeployed to other stores because they scored low on the assessment.

The particular employees complained of “unfairness” in the redeployment process and threw around the term “favouritism”, but Commissioner Crawford said the Fair Work Commission did not have the power to overrule David Jones’ decision about which employees it selected to continue working.

However, and upon a review of the processes, Commissioner Crawford said the assessment was an “inherently subjective” process, so it was likely that some managerial staff would have given different scores for different people. Further, the Commissioner found that the particular employees could not refer to any particular consultation obligations that were not complied with by David Jones. The redundancies were found to be “genuine redundancies”, with each of the employees notified of the major change to the store, given notice in writing, and had a discussion with managerial staff.

Nonetheless, Commissioner Crawford found that the redeployment processes were far from ideal given passionate, dedicated and long-term employees have been left feeling so disgruntled at the end of the process. The Commissioner recommended that David Jones reflects on how the process was managed so improvements can be made in the future.

CONTACT

Any Industrial Relations Member who has a related query should contact the HR Hotline on 1800 835 167 or contact Charles Watson, GM – IR, Policy and Governance via email: charles@visualmediaassociation.org.au

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