

## Modern Awards: When Do They Really Start?

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Modern Awards commenced with a blaze of publicity on 1 January 2010. In the lead-up, it was frequently stated that any increases to wages costs resulting from the introduction of Modern Awards would be delayed until 1 July 2010. Unfortunately, as many employers are now discovering, this not entirely true.

So when do Modern Awards really start? As a general guide:

- increases to minimum wages, loadings and penalties will not apply between 1 January 2010 and 30 June 2010
- increases can be phased in by equal instalments commencing on 1 July 2010, 1 July 2011, 1 July 2012, 1 July 2013 and 1 July 2014
- all other changes in Modern Awards (including different arrangements for hours of work and increases to allowances and overtime rates of pay) took full effect on 1 January 2010.

Changes to working hours arrangements and overtime obligations are particularly likely to result in cost increases for employers, especially if a Modern Award defines “ordinary hours” and/or the span of hours differently from the industrial instruments which employers have been used to operating under prior to 1 January. The potential consequences of not complying with Modern Awards are also severe, including fines of up to \$33,000.00 per breach for corporations and separate penalties for individuals, including company managers and directors.

However, it’s not all bad news and there are a number of strategies employers can adopt to manage changes resulting from the introduction of Modern Awards. Those strategies include wages and entitlements audits, the negotiation of enterprise agreements or individual flexibility agreements and formal guarantees of annual earnings for some high-income workers.

If you would like to discuss your workplace’s needs and how these strategies might benefit, or if you would like any further information about the matters contained in this Client Alert, please contact:

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